








2016

ANNUAL REPORT



2016 at a glance

-  Sustainability measures implemented
-  **Strong commercial performance** (race field fee growth of 30 per cent, international revenue up 44 per cent)
-  **Development of 2020 Corporate Plan** following industry consultation
-  Continued focus on animal welfare
-  **New sponsorship agreements with CUB and Tabcorp (Luxbet)**
-  **New 10 year deal with Tabcorp (Sky)**
-  **Record Magic Millions sale results** in first year of renewed three-year agreement

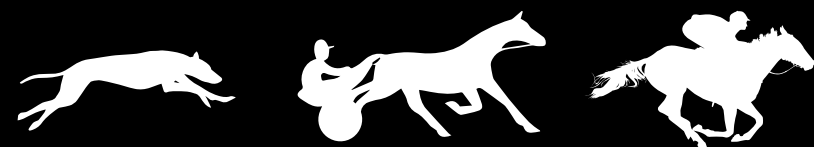
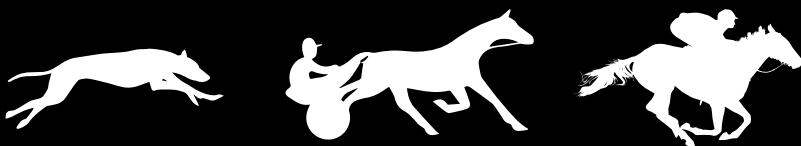


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From the Chairman

The 2015/16 financial year was a period of remarkable change and unique challenges for Tasracing and the Tasmanian racing industry.

As readers of this Annual Report would appreciate, a racing industry funding realignment announced in July 2015 placed Tasracing on a sustainable financial basis for the first time since its establishment in 2009.

Resolving the issue of business sustainability – and establishing and implementing a road map to take the company to a sustainable position – has been a focus of the Board for the past four years.

While the context that led to the decision was explained in last year's Annual Report, the reset occurred during the current financial reporting period.

Tasracing was sympathetic to concerns expressed by industry participants at the time and appreciated and understood the impact the decision had on their operations.

Immediately after the reset announcement by the Tasmanian Government, Tasracing proactively engaged with peak industry groups to develop a plan to deliver an annual saving of \$3.0 million.

The reductions were planned to minimise the impact on local participants, maintain equitable outcomes for all three codes and preserve race field fee income.

With wagering turnover remaining constant at \$472 million during the year, it is pleasing to reflect on the strategies formulated and agreed to with our industry stakeholders that have achieved these goals, despite a 4.6% reduction in racing volume.

Race field fee revenue increased by 30 per cent to \$9.5 million in 2015/16.

I am pleased to report that as a result of the sustainability measures introduced, together with the company's continued disciplined financial management, Tasracing recorded a modest profit of \$0.18 million in 2015/16 (compared with a loss of \$1.2 million in 2014/15).

The company's existence up until the last financial year was largely defined by funding and sustainability issues. The company now has a sustainable business model and cash reserves of \$12.3 million which places it in a favourable position to invest and grow the industry.

Following the stakes reset, the challenge was to maintain confidence in the industry.

In November 2015, Tasracing launched an industry consultation paper - 2020 and Beyond - to provide industry partners and stakeholders with an opportunity to contribute to a new five-year strategic plan.

A follow-up paper was released in March 2016. Feedback received was critical to the Board's deliberation and formulation of the company's new corporate plan. The final plan was released in August 2016.

Overwhelmingly, infrastructure and stakes were identified as critically important to industry participants.

The Board has committed, subject to business performance, a 4% increase to code allocations per year until 2020. This should be welcomed as a strong and positive statement by Tasracing to address the concerns of industry. It should also be seen as a demonstration that Tasracing's business development strategies are working to achieve the increase.

Tasracing has completed an analysis of its assets and infrastructure needs and has developed a list of priority investments for each racing venue. At the time of writing,



consultation about these investments had concluded and Tasracing is formulating the final plan for release to industry.

Announcing an infrastructure plan following a period of limiting non-essential projects for cash flow purposes is yet another positive outcome for the industry and its participants. It is important to acknowledge and appreciate that these capital works would not be possible but for the sustainability decisions taken by Tasracing and the government.

This year also saw the end of two long-running sponsorship deals and the welcoming of two new sponsorship partners.

Tasracing announced a new three-year naming rights partnership with Tabcorp, the market leading wagering operator in Australia, under its Luxbet brand for Elwick, Mowbray and Spreyton race tracks. Luxbet will also have naming rights for the thoroughbred Tasmanian Summer Racing Carnival and the Hobart and Launceston Cups.

Tabcorp is an important partner in terms of racing product distribution through the Tabcorp-owned Sky Racing.

Importantly, Tasracing and Sky Racing negotiated a new exclusive 10-year media rights deal that secures national and international broadcasts for Tasmanian racing.

The new arrangements also provide Tasracing with the right to stream all Tasmanian racing live on the Tasracing website (tasracing.com.au) and via every Tasmanian racing club website.

It is also important to acknowledge the thoroughbred carnival's previous naming rights partner, Betfair.

Betfair is a high-profile, international organisation that already had a relationship and a presence in Tasmania before joining with the thoroughbred industry in the sponsorship of the summer carnival.

I would also like to acknowledge outgoing venue-rights sponsor UBET which has been a valued supporter of racing in Tasmania for many years. UBET's on-course wagering outlets will remain an important service for racecourse patrons and Tasracing remains committed to working with UBET to support and enhance on-course wagering activity.

I am also pleased to welcome Carlton & United Breweries (CUB) as the preferred beverage supplier to all major racecourses across the State. This sponsorship deal is tangible evidence of all clubs and Tasracing working together to create value for the Tasmanian racing industry.

The 2016 Magic Millions Yearling Sale in Launceston grossed \$2.32 million (\$1.54 million in 2015). It was the first sale conducted under a new three-year arrangement with Magic Millions and Tasbreeders. Both parties' ongoing support and commitment to the Tasmanian industry has been crucial.

As the 2015/16 financial year drew to a close, the New South Wales Government announced its decision to shut down the greyhound racing industry in that state. It was pleasing to see the Tasmanian Government quickly indicated that it did not have any intention of following suit in Tasmania.

Tasracing has clearly stated that it believes greyhound racing in Tasmania is conducted lawfully and ethically and that overwhelmingly participants treat their dogs with the utmost respect and compassion.

Tasracing wants to see an industry where each greyhound has every opportunity to have a fulfilling life after racing and accordingly introduced a number of key reforms which are detailed elsewhere in this Annual Report.

While the sudden passing of Tasracing Chairman Brian Speers in August 2015 was noted in last year's Annual Report, it is appropriate to again recognise his contribution to Tasracing and the industry.

He was involved in the racing industry as an administrator and participant for more than 40 years, and was a founding member of the Board.

More recently, he was instrumental in overseeing the development of the changes that closed Tasracing's funding gap which, going forward, has ensured the sustainability of the industry.

There were a number of changes to the Board in 2015/16. The term of long-standing Director Trevor Leis expired at the end of the 2015 calendar year, and Justin Crawford resigned. He is the Chief Financial Officer for Maintenance Systems Solutions of which the former Racing Minister, Adam Brooks, is a shareholder. Mr Crawford took the decision to resign to avoid any perception of conflict of interest.

Joel Wallace, an accountant and the immediate past-president of the Launceston Pacing Club, was appointed to the Board this financial year. Early in 2016/17, we welcomed Helen Galloway.

I would like to thank Chief Executive Officer Dr Eliot Forbes, his management team and all at Tasracing for their collective work during the financial year.

I would like to particularly thank Dr Forbes who is leaving Tasracing in August 2016 following his appointment as CEO of Racing Queensland.

I am confident Dr Forbes' appointment will be a positive one for the Queensland racing industry given his achievements during his time at Tasracing. He has been an outstanding CEO who has built and led a committed team which has turned around Tasracing's financial position. Equally importantly, he has improved the company's relationship with the industry.

Finally, I would like to thank Racing Ministers Jeremy Rockliff and Adam Brooks for their support of Tasracing and the industry.


Dean Cooper
Chairman





From the Chief Executive Officer

As prominently noted in the Chairman's Annual Report message, resolving the issue of business sustainability has been a key focus for Tasracing since the business was established in 2009.

The decisions taken were not simple ones but were required in order to comprehensively address the unsustainable business model which the company had inherited.

Tasracing was ever mindful of the concerns expressed by industry participants, and it is pleasing that the decisive, commercial strategies put in place by the company meant that the reset adjustments were limited to the quantum as implemented, rather than reflecting the historic funding gap levels.

Delivering the company's first-ever profit, off the back of outstanding revenue growth and continued disciplined expenditure, is a watershed moment in the company's short history.

Specifically, the sustainability package announced by Racing Minister Jeremy Rockliff included amending the Funding Deed to remove the requirement to maintain stakes in "real terms" every year, allowing flexibility for Tasracing to rollover any unallocated prize money into future years, and broadening the definition of capital expenditure to improve the ability of Tasracing to access capital via the existing Tascorp debt facility.

The stakes reset was evenly spread across the three codes on an equal percentage basis – 13 per cent for each resulting in a \$1.6 million reduction for thoroughbreds, \$0.8 million for harness and \$0.6 million for greyhounds.

For its part, Tasracing rigourously maintained cost reductions achieved in prior years, increased revenue and delivered on its responsibilities.

Financial performance

Tasracing's annual revenue growth in 2015/16 was driven by a 30 per cent increase to domestic race field fees and a 44 per cent increase in international fees. A review of pricing strategies with

our wagering operators led our growth in domestic fees.

Our opportunities in international markets are exciting and our strong growth over 2015/16, particularly from Singapore, New Zealand, UK and France, coupled with significant growth over previous years, provide a strong platform for future returns to industry.

Driving revenue growth will continue to be a key focus for Tasracing.

Total wagering turnover for all codes remained constant in 2015/16 at \$472 million due to the reduction in races. During a challenging year for participants, this is very pleasing. Punters like our product and it is our role to embrace this opportunity for the benefit of industry.

Our balance sheet reflects our strong cash position, from \$8.6 million in 2014/15 to \$12.3 million in 2015/16. Cash reserves will be used to fund necessary and much needed infrastructure projects, which have suffered from under investment in past years due to sustainability concerns.

Tasracing continues to remain focused on expenditure and costs of operations. During the year we implemented new procurement procedures to ensure we follow best practice to deliver best value.

Labour costs increased by \$0.8 million during 2015/16 due to a number of factors. As part of sustainability measures, Tasracing streamlined its internal operations and a number of roles were made redundant. Tasracing also assumed responsibility for thoroughbred trials and race day operations at Mowbray, and took on additional operational overhead for the delivery of the Magic Millions sale. Further, new roles were created in digital (a strategy to deliver increased race field fee growth) and corporate services, providing increased discipline around corporate planning and reporting, procurement and project governance.

2020 and Beyond

A new Corporate Plan – 2020 and Beyond – was developed during 2015/16 and released in August 2016.

The plan includes a code allocation growth strategy of up to four per cent a year over five years, subject to business performance, and a commitment to spend up to \$43 million over the same period on investment in assets and infrastructure.

Resolving the issue of business sustainability was an important step Tasracing and the government took that has allowed us to develop a new plan for the future, rebuilding confidence and investing in the industry.

Industry funding

The allocation for prize money and industry funding across the three codes was \$19.96 million, down 13 per cent as a result of sustainability measures.

Following the reset, thoroughbreds received a code allocation worth \$10.9 million, harness received \$5.26 million, while greyhounds received \$3.75 million. The allocation between codes was calculated on a model developed in 2014/15, following a period of industry consultation. This model will again be used for code allocations in 2016/17.

Racing overview

The Tasmanian thoroughbred breeding industry produced two Group One winners in 2015/16 – Mongolian Khan, which won the Caulfield Cup, and Palentino, which won the Australian Guineas.

Locally, the David Brunton-trained Up Cups was the first Tasmanian horse since St Andrews to win the \$100,000 UBet Cups Double Bonus when the gelding won the Hobart and Launceston Cups in the same year. Winning both cups in the same year is a unique feat – it has been achieved just five times in the past 40 years.

The Magic Millions Tasmanian Yearling Sale in Launceston was an outstanding success grossing \$2.3 million (up 51 per cent).

The top price of \$115,000 was paid for an Armidale Stud horse and the average price of the 100 lots sold was \$23,250 (up 34 per cent).

Tasmania hosted the Sky Racing Australian Driving Championships in November 2015. Tasmania was represented by Ricky Duggan (who finished sixth) and Gareth Rattray (who finished equal seventh with Victorian Gavin Lang).

Though the 100th win was recorded outside the reporting period (August 2016), Sidmouth-based trainer Ben Yole was the first trainer in 20 years to train 100 winners in a single harness season. The last Tasmanian trainer to achieve the feat was Barrie Rattray in 1996/97.

Beautide again featured prominently on interstate tracks during the reporting period, winning the Coca Cola sprint final at Menangle. In the 2015 Inter Dominion final in Perth, the premier Australian harness race each season, six-year-old gelding Devendra won two heats.

When reflecting on the greyhound code's achievements for 2015/16, it is pleasing to report that its key achievements were welfare related.

Greyhound Adoption Program (GAP) Tasmania adoptions set a new high in 2015/16 reaching 85, an increase of nearly 35 per cent compared to last financial year.

Tasracing doubled GAP Tasmania's funding to more than \$0.2 million in 2015/16.

During the year, Tasracing announced its plans to construct a purpose-built greyhound adoption centre following consultation that commenced with industry stakeholders in November 2015. A comprehensive three-year GAP strategy was also released during the year.

Strong national rules for breaches of live baiting rules have been introduced and strict controls around breeding put in place.

Mandatory industry training requirements linked to licensing categories were also introduced and, following a grading schedule review by the Office of Racing Integrity, Tasracing introduced new Masters Races and non-penalty Reverse Order of Choice races that created new opportunities for greyhounds of all abilities.



The decision by the NSW Government to shut down greyhound racing in that State, and the impact it will have on thousands of participants and greyhounds, was a disappointing one.

At the time, I said it was unfair to draw comparisons between the NSW industry and the industry in Tasmania. There is a formal finding by the Director of Racing and the Chief Veterinary Officer that there is no evidence of live baiting occurring in Tasmania.

Importantly for Tasmania, the NSW decision provided the opportunity to reaffirm our commitment to welfare and talk about our reforms and achievements relating to animal welfare.

Digital and customer reach

Tasracing continued to deliver a digital marketing strategy designed to drive awareness and demand for Tasmania's tri-code racing in national and international markets.

This was a contributing factor to the company being able to successfully maintain turnover at 2014/15 levels, despite reduced race meetings and several other market challenges.

Pageviews for tasracing.com.au, our key online digital platform, increased by 33 per cent to 1.8 million.

Following negotiations with Tabcorp, Tasracing secured the right to stream all Tasmanian racing product online on tasracing.com.au and associated Tasmanian racing club websites. Considerable work was completed during the year in order to launch this initiative in August 2016.

Tasracing also developed a new digital and marketing strategy for the State's racing clubs called 'Go Racing Tasmania'.

The website was released in August 2016 and provides all major Tasmanian racing clubs with a state-of-the-art digital presence that will help clubs sell race day attendance, membership and merchandise.

On social media platforms, Young Racing Tasmania Instagram followers grew from 165 to 7,865, total customers reached via Facebook increased by 168 per cent to 56,000 and total Twitter impressions increased by 35 per cent to 1.8 million.

Assets and infrastructure

In order to improve safety and welfare outcomes for greyhounds, considerable time and effort was invested during the year to design and implement a new loop arm lure system.

This has been a technically challenging project, but by working closely with greyhound participants, Tasracing expects to launch the new lure for racing and training in early 2016/17.

The synthetic track at Spreyton continues to be an important industry asset and, due to an exceptionally wet winter, Spreyton served the thoroughbred code well by hosting meetings that could not proceed at Elwick.

Importantly, a sharp focus on management of the synthetic surface this year has seen improved track performance with less kickback.

The air-conditioning system at the Hobart greyhound kennels was upgraded this year, as were the photo-finish cameras across the State.

Following the closure of the North West Greyhound Racing Club's straight training facility at Penguin during the year, the Tasracing Board approved the construction of a new straight track facility at land secured from the Central Coast Council. The project will start once weather improves in the spring.

The turf tracks at Elwick and the thoroughbred training surfaces at Brighton continue to be affected by very wet weather. Thoroughbred facilities in the south of the State will be an area of key focus during infrastructure consultation discussions and decisions in 2016/17.

The sustainability changes implemented during the course of the year and outlined earlier now allow for the formulation of robust plans to comprehensively address infrastructure that is at the end of its useful life.

An industry consultation paper was released explaining that the asset needs of the State have been systematically assessed, using Tasracing's Strategic Asset Management Information System.

While this system provides an overview, the focus will switch to working with industry to prioritise needs in order to develop a responsible and needs-based approach for infrastructure investment over the five-year planning period.

Consultation

Tasracing continued to meet industry representatives through formal industry groups on a quarterly basis. Other meetings were conducted on an as-needs basis in response to specific challenges or issues.

All racing codes held extraordinary meetings to discuss the sustainability adjustments towards the end of calendar year 2015. The Greyhound Reference Group also met regularly to discuss interstate industry developments.

The insight gained from these meetings was of critical importance to Tasracing in its formulation of policy and industry governance matters.

I would like to place on the record our appreciation for the time and effort devoted by our industry stakeholders during these important deliberations.

Farewell

As this will be my final report as Tasracing's CEO, I would like to thank all members of the Tasmanian racing industry for their patience and support, as we have navigated a challenging and at times tumultuous period, in order to redress the company's unsustainable business model which it inherited.

At all times you have demonstrated your undying passion and commitment to the industry and I can assure you that your advice and concerns always remained front of mind.

Your friendship and confidence entrusted to me has been, and will remain, deeply valued.

I remain confident and strongly optimistic about the future of racing in Tasmania. With a sustainable business model in place, a healthy balance sheet and appropriate cash reserves, the company is now well positioned to more effectively serve the racing community and state of Tasmania.

Together we have carved out some important competitive niches utilising revolutionary racing technologies, innovative digital strategies and developed lucrative, international export markets. Just as importantly, I believe that both Tasracing and the industry have an insatiable passion to succeed and as confidence builds on the solid foundations in place, there is no reason why the ambitions of all stakeholders cannot be realised.

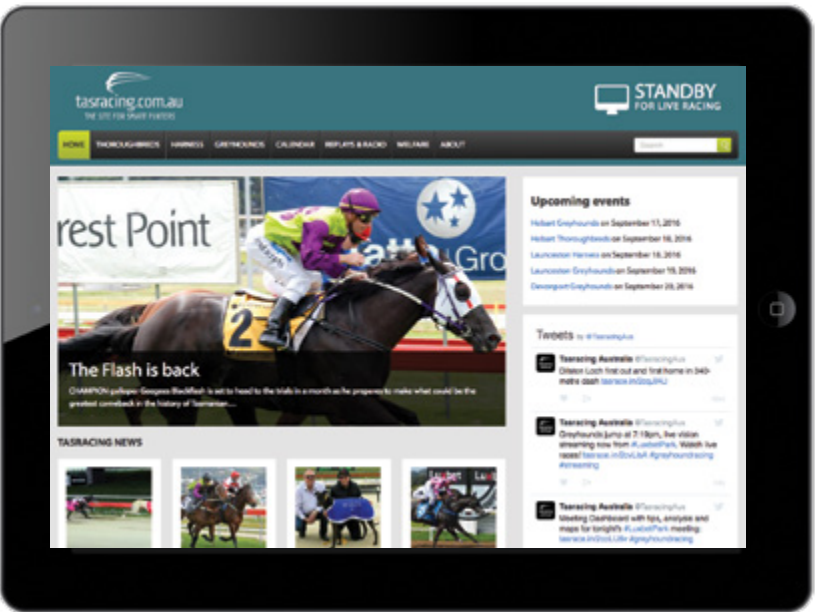
What remains indisputable is that in order to realise such plans, new and enhanced levels of cooperation are required across all sectors of industry. Much has been achieved by working together, but as we march towards a more dynamic and competitive commercial environment, these relationships will become critical sources of value creation and important

platforms to drive greater community support for racing. I would like to acknowledge all Ministers for Racing who I have worked with during my tenure, who have all demonstrated a strong commitment to addressing industry challenges. My sincere gratitude is extended to the Board of Tasracing, in particular previous Chairman, the late Brian Speers, and current Chairman Dean Cooper, for their guidance and wise counsel. Finally my deep appreciation is directed to the dedicated and hardworking team at Tasracing, right across the State, in whose passion and commitment I found daily inspiration. It has been a rare honour to serve as your Chief Executive Officer.



Dr Eliot Forbes
CEO

Our Digital Presence



Instagram followers increased by over 4,000%



Facebook reach increased by 168%



Twitter impressions increased by 35%



Statement of Corporate Intent

As a State-owned company, Tasracing must prepare a corporate plan each year together with a statement of corporate intent (SCI). The SCI sets out the key business and operational objectives and expected outcomes in a financial year.

Returns to Government		2015-2016	
		Target	Actual
Guarantee Fees		\$284,648	\$288,107
Dividend		\$0	\$0

Financial		2015-2016	
		Target	Actual
Net Profit After Tax (NPAT)		\$-1,298,594	\$181,327
Race Field Revenue		\$8,461,015	\$10,139,698

Non-Financial			
Racing Information		Target	Actual
Thoroughbred	Number races	621	567
	Total Starters	5,925	5,822
	Average Starters	9.5	10.3
Harness	Number races	717	699
	Total Starters	6,000	6,232
	Average Starters	8.4	8.9
Greyhound	Number races	1,602	1,592
	Total Starters	12,336	12,402
	Average Starters	7.7	7.8

Thoroughbred Track Performance	Target	Actual
Summer (% of tracks presented good 3 to dead 5)	85%	98%
Winter (% of tracks presented good 3 to slow 7)	85%	81%
Wagering Turnover	\$500,600,436	\$471,989,364

The above SCI for 2015/16 was prepared and presented to the Department of Treasury and Finance in March 2015, prior to the announcement and implementation of sustainability measures in the second half of 2015. As such, there was a reduction in the number of races for all three codes, a sustainability measure to reduce code allocations. Nevertheless, races enjoyed a higher number of average starters and total starters overall increased for all three codes.

Wagering turnover was slightly down on target, predominately due to the reduction in the number of races and also reduced turnover for the Launceston Cup (likely as a result of wet weather).

Pleasingly, race field revenue increased from target, a result from growth in domestic and international market share, and NPAT was significantly up due to the implementation of sustainability measures and encouraging race field fee growth.

Thoroughbred tracks performed very well over the summer period. Heavy rainfall over autumn and winter affected the Elwick tracks and planning is underway to address this.



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 customer's attention. Focus on innovative digital products, such as our sectional timing tool StrideMASTER, are 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 long standing interest in harness racing, as an owner and administrator. He also serves as the honorary legal counsel for Harness Racing Australia (HRA) and is Chairman of the HRA Rules Committee.

During 2015/16, Mr Cooper chaired Tasracing's HR & Remuneration Committee, Asset and Safety Committee, Nomination Committee and Director Selection Advisory Panel, and was a member of the Racing Rules and Policy Committee.



Des Gleeson (Vice Chairman)

Mr Gleeson has been a director with Tasracing since 2010 and was appointed Vice Chairman in December 2015.

A highly respected and experienced racing administrator and steward, Mr Gleeson currently serves as a director with Racing Australia, and is the former Chairman of Stewards for Victoria Racing Club and Director Integrity Services and Chairman of Stewards for Racing Victoria.

During 2015/16, Mr Gleeson chaired Tasracing's Racing Policy and Rules Committee.

Mr Gleeson will retire as a director of Tasracing at the annual general meeting in November 2016.



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 2015/16, 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 2015/16, Mr McCarthy was Chair of Tasracing's Audit and Risk Committee.



Joel Wallace

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.

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

During 2015/16, Mr Wallace was a member of the Asset and Safety Committee and Audit and Risk Committee.



Helen Galloway

Mrs Galloway recently joined the Tasracing Board in July 2016.

An experienced executive in the commercial wagering and gaming industries, Mrs Galloway was formerly Vice President of Casino Development and Strategic Analysis with Marina Bay Sands in Singapore, the largest casino operator in the world.

A certified practising accountant, Mrs Galloway has held a number of board positions, including the Canterbury Hockey Club in Hobart and the Singapore Hockey Federation.

Directors of Tasracing during the financial year, also included:

Justin Crawford

Justin was a director of Tasracing from November 2014 to February 2016.

A chartered accountant, Mr Crawford is CFO of Maintenance Systems Solutions, a global firm specialising in asset management and consulting based in Devonport, Tasmania.

Mr Crawford is actively involved in the greyhound industry, as an owner of greyhounds and was former Treasurer and member of the North West Greyhound Racing Club.

During 2015/16, Mr Crawford was a member of the Audit and Risk Committee.

Trevor Leis

Mr Leis was a director of Tasracing from July 2009 to November 2015.

A retired veterinarian, Mr Leis has a long standing association with the harness racing industry in Tasmania, as a breeder and racer of standardbred horses.

During 2015/16, Mr Leis was Chair of the Asset and Safety Committee and member of the Racing Rules and Policy Committee.

Brian Speers

The late Brian Speers was Chairman of Tasracing up until his sudden passing in August 2015.

An experienced insurance broker and director of various private companies, Mr Speers was heavily involved in the racing industry as an administrator and participant for more than 40 years. He was instrumental in overseeing the sustainability measures that were introduced in August 2015.

During his time as Chairman in 2015, he was Chair of the HR & Remuneration Committee.

Our Management Team



Dr Eliot Forbes
CEO (up until 12 August 2016)



Mark Tarring
CFO (Interim CEO from 13 August 2016)



David Manshanden
Racing Manager



Kim Elliot
Asset and Facilities Manager



Sam Steven
Sales and Marketing Manager



Daron Heald
Financial Controller



Kellie Dean
Corporate Services Manager



Ann Swain
General Counsel



Our Organisational Structure and Culture

Tasracing has a workforce aligned to deliver on its legislative responsibilities and that of a contemporary commercial business environment.

We employ 68 FTEs across the State, as compared to 70 in 2014/15. Roles include racing administration, track and asset maintenance, race day operations, marketing, finance and corporate services. In order to deliver on increased race field fee growth, new roles across digital as well as corporate services were introduced during 2015/16.

Maintaining a loyal and experienced team is one of the company’s greatest assets. Our culture is inclusive and performance driven, with a focus on accountability and delivering solutions. Our RACE corporate values (page 18) underpin everything we do.

Our employees are highly engaged, with a recent annual survey indicating an above average 81 per cent engagement rate. Our employees tell us that Tasracing is a great place to work – and our industry benefits from a dedicated and diverse team of people working towards maintaining a sustainable racing industry in Tasmania.

Organisational responsibilities

- Racing:** Our racing team is responsible for the management of the three codes of racing, including race programming, budgets, welfare, rules, industry training and the apprentice jockey program, as well as thoroughbred race day operations.
- Assets & Facilities:** Our assets and facilities team is responsible for all racing and training venues, management of track surfaces, infrastructure projects and safety.
- Sales & Marketing:** Our sales and marketing team is responsible for driving wagering growth, development of digital products and management of tasracing.com.au and goracingtasmania.com.au. This team also undertakes event management and manages sponsorship relationships and stakeholder communication.
- Finance:** Our finance team undertakes management accounting, payment of stakes, budgets and forecasts, internal and external financial reporting, treasury, payroll, IT, business analysis and risk management.
- Corporate Services:** Our corporate services team and legal are responsible for corporate governance, human resources, procurement, ministerial communications, corporate planning, project governance and the provision of legal advice and compliance management.

TASRACING VALUES

We know that the values we hold and behaviours we practice define our culture.
We want to do the right things and to do things right.
We want a pattern of thinking and acting with our customers in mind.
We want a workplace where people are listened to and differences are respected.
We want our culture to be lived, not words on a wall.
That's why we have agreed on a set of values to help guide our decision-making and underpin our actions.

These values reflect our passion and our driving force:

- Racing is our passion
- Aiming for excellence
- Communicating clearly
- Encouraging teamwork

Underneath each value, we have identified a series of descriptors that outline behaviours to support each value.
These behaviours guide every conversation we have, every decision we make and every interaction we have with our customers, stakeholders and each other.

R

RACING IS OUR PASSION

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

A

AIMING FOR EXCELLENCE

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

C

COMMUNICATING CLEARLY

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

E

ENCOURAGING TEAMWORK

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



2020 and Beyond

Our 2020 and Beyond 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
BUSINESS 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 AND SAFETY Responsibly manage risk and 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 3 regions (South, North, North West)	Safeguard animal welfare Responsibly manage risk including safety Be a great place to work, with a dynamic culture and appropriate organisational capabilities



Thoroughbred Code Report



The 2015/16 financial year produced a year of consolidation in wagering turnover on thoroughbred product, achieving one per cent growth, despite a reduction in racing volume of 7.4 per cent (612 races in 2014/15 compared to 567 this financial year).

The improvement was on top of strong wagering growth experienced in 2014/15 of 4.4 per cent, and a six per cent increase in 2013/14.

It represents an increase in gross turnover, from \$199.5 million in 2014/15 to \$201.7 million in the reporting period.

The 2015/16 thoroughbred season continued to showcase the Tasmanian thoroughbred at racing's highest level.

Once again The Cleaner led the charge. The front running gelding from Longford and trainer Mick Burles won successive Group 2 Dato Tan Chin Nam Stakes, before a narrow third in the Group 1 Underwood Stakes and again contesting the Group 1 Cox Plate, finishing seventh behind superstar Winx.

After winning the 2015/16 New Zealand Horse of the Year, Tasmanian-bred Mongolian Khan won the Group 1 \$3 million Caulfield Cup over 2400 metres. Bred by Graeme and Christine McCulloch at Grenville Stud at Whitemore, the horse was struck down by illness on the eve of the Melbourne Cup and has since been retired to stand at stud in New Zealand.

In 2014 leading Victorian trainer Darren Weir spent \$85,000 to secure the top lot at the Tasmanian Magic Million Yearling Sale, a chestnut colt by Teofilo bred and raised by Jenny and Geoff Watson's Macleay Thoroughbreds. In Autumn of 2016 that colt,

now named Palentino, won the Group 1 Australian Guineas at Flemington.

In Tasmania, the David Brunton trained Up Cups became the second horse to secure the \$100,000 Ubet Cups Double Bonus in the past four years. The Tasmanian bred gelding was partnered by the State's leading rider in David Pires, who delivered a text book ride from a good draw to win in Hobart. Despite drawing wide in Launceston, Pires again produced a masterful ride in the wet conditions to secure the elusive double for local owners Rick and Tina Polley and Brian and Justine Outtram.

The WFA races were dominated by Barry Campbell trained galloper Admiral, while Adam Trinder delivered a clean sweep of the 3YO features with Jerilderie Letter, who in his Tasmanian Derby triumph saw off subsequent Group 1 South Australian Derby winner Howard Be Thy Name.

Two star fillies emerged from the 2YO ranks in Elwick Stakes winner Gee Gees Double Dee and Gold Sovereign winner Hot Dipped.

The feature fillies and mares races were won by interstate horses - John Salanitri's classy mare I Love It (Vamos Stakes) secured her second Group 3 in Tasmania, and Sydney's leading trainer Chris Waller secured an important stakes win with Sebring Sally (Strutt Stakes).

With an outstanding support program the Tasmanian Summer Racing Carnival saw more than 80 per cent of features won by Tasmanian horses, collecting more than \$2.2 million in stakes,

Up Cups BECAME THE SECOND HORSE TO SECURE THE \$100,000 DOUBLE CUPS BONUS



with other quality performances by Hellova Street, GeeGees Top Notch and GeeGees Golden Girl.

The prominence of the on track performances continued in the sales ring where the Tasmanian Magic Millions Yearling Sale produced an unprecedented sale result.

One hundred lots were sold at a gross of \$2.3 million - up more than 51 per cent compared to last year's successful auction, with an average price of \$23,250, up 34 per cent on 2015. The median price also rose by 80 per cent on the previous sale.

Offered by Armidale Stud, the top lot was a son of Written Tycoon from Kandy Korn with the colt sold for a record price of \$115,000 to leading Tasmanian trainer John Blacker.

Complementing the Magic Millions Yearling Sale and affirming Tasracing's commitment to the breeding industry in Tasmania, the year marked the third season for the tasBonus incentive scheme. It was highlighted by tasBonus payments paid to winners throughout the State, including prominent gallopers Jerilderie Letter, Hot Dipped, Geegees Red Prince and Geegees Double Dee.

The wagering growth experienced by Tasmanian product was recognition of the attractiveness of Tasmanian racing, including the many programming strategies implemented throughout the year, the continuation of increased winter product and customer approval of the hybrid program consisting of benchmark and class based races.

The Wednesday night racing season in Launceston consolidated its position as a first-class product, showcased by live coverage on SKY 1 and Sky Thoroughbred Central featuring trackside interviews and pre-race mounting yard analysis, which assisted in providing a 19 per cent premium on income generated by

Wednesday night racing. Night racing also contributed strongly to the continued expansion of Tasmanian racing in international markets.

International expansion was strengthened with the Singapore Turf Club extending coverage of Tasmanian Night racing throughout the Launceston season, which saw more than 50 races taken throughout the racing season. This was complemented by continued demand for night racing product by many countries including New Zealand, South Africa and Sri Lanka.

Tasmanian racing continued to be one of the few regular Australian racing products broadcast into the French market. In 2015/16, 17 meetings were exported in the year. This continues to highlight Tasracing's commitment to the competitive positioning of the product and focus on driving customer demand.

StrideMASTER, Tasmania's state-of-the-art GPS tracking system, continued to provide unique sectional and biometric data to all sectors of the racing community, alongside the free supply of all race replays, official trials and head-on vision.

Tasracing, with the assistance of Victorian registered training organisation skillsinvest, continued the training of Tasmanian apprentices within the Certificate IV jockey program. It also introduced Jockey coaching through former leading rider Stephen Maskiell.

Tasracing acknowledges the efforts of the members of the Thoroughbred Advisory Network which met with Tasracing on a quarterly basis. In particular, the efforts of Chair Robyn Whishaw are appreciated. Tasracing looks forward to continuing to work with TAN members to strengthen and improve thoroughbred racing in Tasmania.

Tasracing's Off the Track (OTT) program was further strengthened through a working sponsorship with the Agricultural Show Council of Tasmania. OTT thoroughbreds are recognised for their outstanding performances within equestrian disciplines. Highlights of these events were promoted with regular features in the Tasmanian racing calendar and on the popular Tasracing OTT Facebook page.

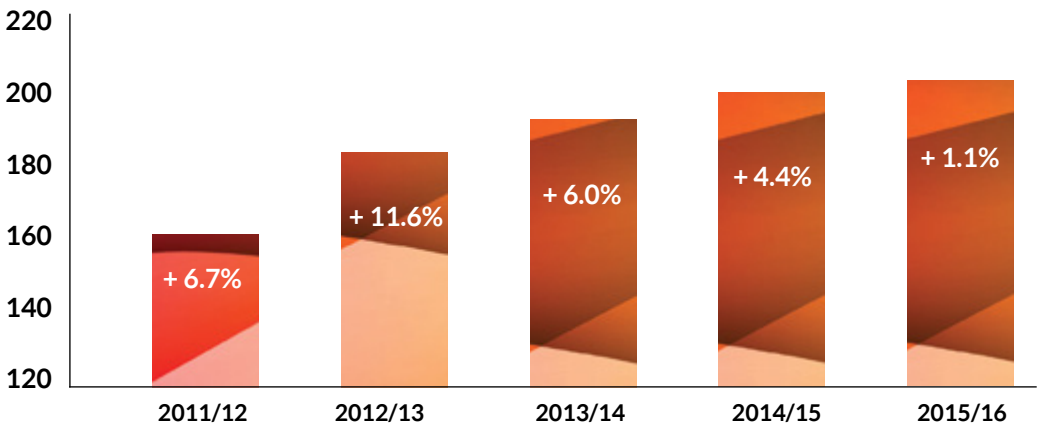
2015/16 saw racing related race day operations at the Tasmanian Turf Club assumed by Tasracing in line with the continued race day operational functions for the Devonport Racing Club and Tasmanian Racing Club. This assists with the long-term viability of race clubs. This structure will continue to deliver efficiencies across all venues and allow for a coordinated, centralised system that will complement Tasracing's ongoing statewide responsibility for tracks and assets.

The annual racing awards recognised the outstanding year of Tasmanian racehorses on the local and national stage, as well as the achievements of the State's leading participants and breeders.

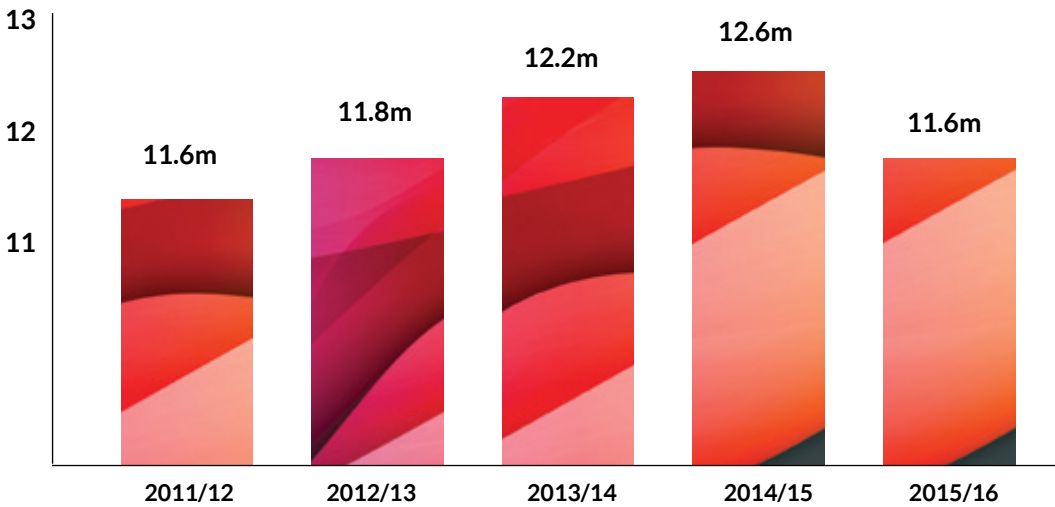




Thoroughbred
wagering turnover (\$M)



Total code allocation
Thoroughbreds (\$M)



Key racing statistics

Thoroughbred	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Meetings	74	77	78	77	76	73
Races Held	625	626	622	621	612	567
Overall Starters	6391	6127	5925	6046	5823	5822
Average Starters/Race	10.2	9.8	9.5	9.7	9.5	10.3

* One meeting was transferred from 2012/13 to the following year due to weather.
All data includes King Island meetings, races and starters.

Annual Racing Awards

Luxbet Horse of the Year	Up Cups
Armidale Stud "Needs Further "	Iggimacool
Tasbreeders Leading Race Filly or Mare	
Tasmanian Racing Club 3YO Horse of the Year	Jerilderie Letter
Tasmanian Turf Club 2YO Horse of the Year	Hot Dipped
Tasbreeders Leading Stallion	Savoire Vivre
Tasbreeders Leading Juvenile Stallion	Wordsmith
Tasracing Leading Broodmare	Centaft
ATA Leading Trainer	Scott Brunton
Tasracing Leading Jockey	David Pires
SkillInvest Leading Apprentice	Raquel Clark
TJA Dux of Apprentice School	Victor Wong
Racehorse Owners of Tasmania Leading Owner	Paul and Elizabeth Geard
Magic Millions Recognition Award	Macleay Thoroughbreds
Magic Millions Recognition Award	Grenville Stud
TAN Industry Recognition Award	Chris Crook



Harness Code Report

The continued success of Tasmanian pacers interstate, record wagering at major race meetings and Ben Yole becoming only the fourth person to train 100 winners in a season were some of the highlights for harness racing in 2015/16.

The national focus on the quality of Tasmanian horses commenced early in the season when Beautide was again named Australian Horse Of The Year (2014/15) for the second consecutive year. The Rattray family bred gelding, trained in New South Wales by James Rattray, won the 2015 Inter Dominion, was second in the Miracle Mile and won another Group 1 race.

Group 1 success for Tasmanian-bred horses continued in 2015/16. Beautide won the \$200,000 Coca-Cola Amatil Sprint at Menangle, while Fred and Pauline Barker added another feature race win to their extensive list of breeding achievements when Sheezallapples won the \$127,500 2YO Fillies Breeders Challenge at Menangle. Devendra, bred by the Rattray Family Trust and owned by Viv Clark, won two Group 2 races being \$50,000 heats of the Inter Dominion in Perth. Devendra also finished second in the \$450,000 WA Pacing Cup.

Tasracing hosted the 2015 Sky Racing Australian Driving Championships at Launceston in November. The event featured the best two drivers from each of the six states. Gareth Rattray and Ricky Duggan were the local representatives. Grant Dixon (Queensland) was the overall winner.

The championships provided an opportunity to showcase local product interstate, and with excellent support from Sky Racing

and Gareth Hall (trackside interviews) a record wagering outcome (excluding Inter Dominion finals) was achieved.

Six weeks later at the Tasmania Cup meeting at Hobart in the Sunday afternoon timeslot a new wagering benchmark was established. Factors that contributed to the result included widespread promotion by the Tasmanian Pacing Club, Gareth Hall trackside, Sky Racing scheduling and strong acceptances across the 11 races.

As noted earlier, trainer Ben Yole became the first trainer in 20 years to train 100 Tasmanian winners in the one season. The 32-year-old Sidmouth resident is the fourth trainer to achieve the milestone. The others are Barrie Rattray (1994 – 1997), Wayne Rattray (1990) and Neville Webberley (1991). Webberley has the record of 118 winners in a season with 115 race meetings. On a strike rate basis, Yole's 108 wins trumped Webberley given there were 86 meetings in Tasmania in the 2015/16 season.

After six years of sustained wagering growth (more than 50 per cent), a five per cent decrease in turnover was recorded in 2015/16 due to a number of factors. Timing, sustainability outcomes and two deleted meetings because of adverse weather resulted in total turnover of \$77.4 million (\$81.8 million in 2014/15) from 26 less races (725 in 2014/15 down to 699 this reporting period).

On a positive note, international revenue on Tasmanian harness racing increased by 48 per cent.



BEN YOLE BECAME THE FIRST TRAINER IN 20 YEARS TO TRAIN 100 WINNERS



The publication of high-level form and analysis through the Tasracing and Harness Racing Australia web sites played a critical role in this growth. This enhanced form information, funded by Tasracing on all Tasmanian harness races broadcast on Sky, also helped increase website traffic. Tasracing social media channels were also utilised to increase form distribution. A 10-minute harness preview segment continued to be broadcast on RadioTAB on Sunday mornings from 7.50 am, together with a 15 minute segment in Mobile Rolling on Thursday morning. A 30 minute harness segment was included in the weekly Tasracing Talk on RSN Carnival.

Tasracing continued to support harness breeders in 2015/16 through:

- a Tasbred Bonus distribution of \$182,000
- \$276,000 stakes for Tasbred heats and finals
- Tasbred Breeders Coupon and Tasbred Owners Breeding Incentive payments of \$129,000
- payment of foal notification fees on behalf of breeders saving them more than \$23,000.
- payment of \$14,000 for yearling sale first win bonuses.

Highly respected Tasracing Board member and harness code representative Trevor Leis ended his term as a Director after six years of committed service. Despite the long road trips from his base at Smithton, Trevor attended meetings statewide to gather stakeholder input and to detail Tasracing's policies, plans, challenges and success. His replacement is another passionate harness enthusiast, Joel Wallace, who, like Trevor, brings an extensive business background to the role.

The significant contributions of three industry participants was recognised with Harness Racing Australia awards. Chester

Bullock received a Distinguished Service Award for his long-term industry support including sponsorship, club, BOTRA and light harness administration roles and breeding, ownership and training.

David Rawlings and Art Meeker were granted Meritorious Service Awards. Rawlings' achievements include breeding Thorate, the 1990 Inter Dominion winner. He was a major instigator in the innovation and success of the Burnie Harness Racing Club and was a Harness Racing Tasmania Board Member for eight years.

Meeker, an American-born veterinarian, came to Tasmania in 1972 and established and managed Neptune Stud at Colebrook until it was sold in 1990. Holly Sand, Duke Duane, Scotch Luck and Timely Napoleon were some of his prominent stallions. Meeker is still working as a vet and officiates at harness meetings in southern Tasmania.

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

Ryley Major, trained and driven by Rohan Hillier, dominated the 3YO races. The Tasbred gelding became the first local horse in 27 years to win the Tasmanian Derby and the Globe Derby Final, and finished the season with a perfect record of nine wins from nine starts.

Playing Arkabella was dominant in the 2YO fillies category, winning the \$30,000 Evicus and the \$20,000 Sweepstakes for trainer Paul Hill and driver Ricky Duggan.

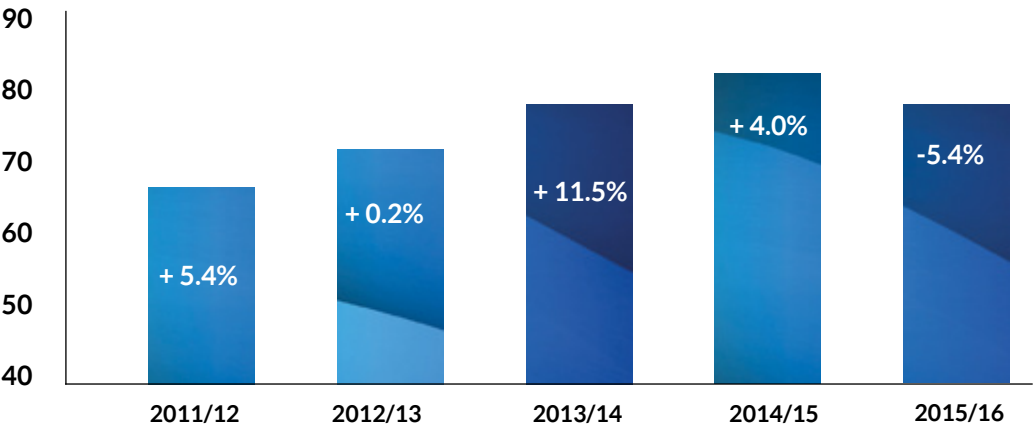
Reinsman Mark Yole won his first drivers title. He drove 84 winners to defeat Ricky Duggan (77) and Gareth Rattray (62). Rattray won the previous 10 titles. Yole, an ex-Victorian, was first licensed in Tasmania in 2006 when he drove 34 winners.

Twenty-year-old Matthew Howlett won his first Junior Driver award. Howlett also won his second junior drivers' championship – the annual 6ty° Youngbloods Challenge – having previously won the series in 2013.

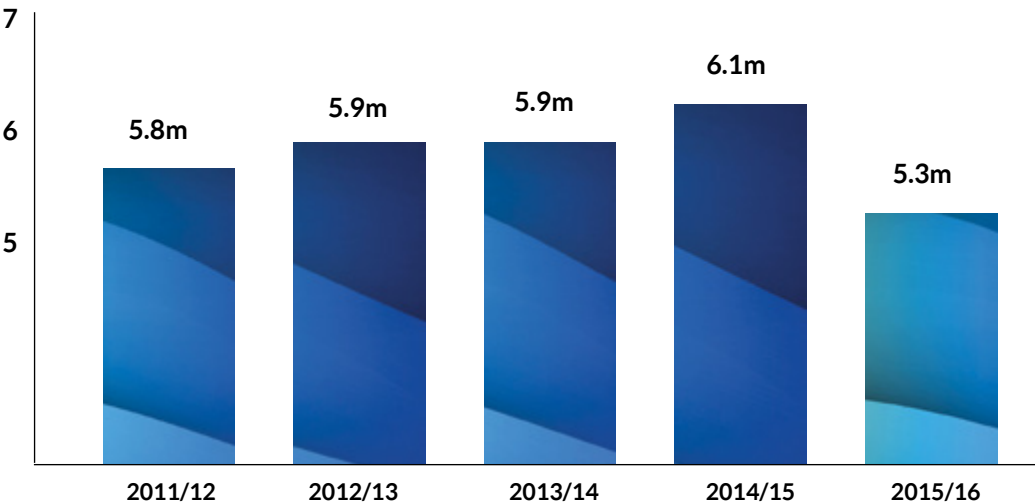
In recent years, two different formats have applied to Tasmanian harness yearling sales. From 2006 to 2014, the traditional yearling sale concept was utilised. In 2015 and 2016 a website page sale was developed.



Harness
wagering turnover (\$M)



Total code allocation
Harness (\$M)



Key racing statistics

Harness	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Meetings	84	83	86	85	87	78
Races Held	765	778	773	758	725	699
Overall Starters	7149	7366	7260	6392	6047	6232
Average Starters/Race	9.3	9.5	9.4	8.4	8.3	8.9

In 2016, 16 yearlings from nine vendors were listed on the website page and five sales were notified. After reviewing both concepts, the Tasracing Board has resolved that the website page format will continue in 2017 but the traditional sale arrangement will be adopted from 2018.

The Harness Industry Forum (HIF) met quarterly in 2015/16.

Regular topics covered included sustainability, safety and welfare, programming, the harness budget, policies, marketing and breeding. Tasracing appreciates the time and effort that all HIF participants commit to this important forum that provides an opportunity for direct interaction and consultation between Tasracing and industry.

2015/2016 Award Winners

LEADING FEMALE DRIVER	Erin Hollaway
LEADING FEMALE TRAINER	Juanita McKenzie
LEADING JUNIOR DRIVER	Matthew Howlett
LEADING DRIVER	Mark Yole
LEADING TRAINER	Ben Yole
2YO FILLY OF THE YEAR	Playing Arkabella
2YO COLT OR GELDING OF THE YEAR	Scooterwillrev
3YO FILLY OF THE YEAR	Chica Bella
3YO COLT OR GELDING OF THE YEAR	Ryley Major
TASMANIAN MARE OF THE YEAR	Angel or Demon
TASMANIAN 4YO & OLDER HORSE OR GELDING OF THE YEAR	Devendra
TASMANIAN BROODMARE OF THE YEAR	Queen Carey
TASMANIAN HORSE OF THE YEAR	Devendra
HALWES MEDAL (Sponsored by BOTRA Tasmania and Jamie Cockshutt)	Ben Yole
YOUNG ACHIEVER (Sponsored by BOTRA Tasmania)	Dylan Ford
THE EDGAR TATLOW MEDAL	David Mace



Greyhound Code Report

Key achievements for the greyhound code in 2015/16 were generally welfare related.

Tasracing doubled Greyhound Adoption Program (GAP) Tasmania funding to more than \$200,000 and adoptions for the financial year reached 85, an increase of 35 per cent (63 last year).

Mandatory industry training requirements linked to licensing has been ongoing for the past 2 years. As from 1 August 2016, participants will be required to hold the relevant certificates before their licences will be renewed.

In an Australian first, Tasmania introduced a probationary licence for handlers and catchers from 1 August 2016. This licence is essentially a learner's licence which will allow participants to gain the necessary training and skills under the guidance of a licensed trainer at trial sessions before applying for a licence to be involved in a race day.

While bonus payment schemes to breeders were wound down, other opportunities were provided with an additional Breeders Classic Series and the introduction of a new Tasbred Bonus series each month where a Breeders Classic Race was not scheduled.

A comprehensive three-year plan for the development of a GAP strategy was drafted and distributed for industry comment. It included a decision on the development of a purpose-built greyhound adoption centre.

After almost three years of development, trialling and testing, a design for a loop arm lure to be used at all tracks was finalised and equipment has been distributed to clubs for final testing and assessment with an expected implementation date for races in the 2016 calendar year.

While welfare reforms will continue to be introduced and rolled out nationally, the breeding regulations have been an important step in gaining acceptance by participants of the need to change and modernise the culture within the industry to ensure all practices and standards are at a level acceptable to the community in general.

A new straight track at Ulverstone has been approved and is under development. This new facility will replace the facility that was available to participants at Penguin until that track was closed to allow for a housing development.



Wagering turnover on greyhound races fell by less than one per cent in 2015/16 from 23 less races - \$192.9 million in 2015/16 compared to \$193.9 million last financial year. The slight decrease follows two years of substantial turnover growth.

Penny's Roman broke the 25-second barrier at Devonport setting a new track record for the 452 metre distance of 24.95.


Keune won the Group 3 Dowling McCarthy Hankook Tyres Devonport Cup in January 2016 from 2015 Greyhound of the Year Breaker's Tip in a time of 25.37.

The Annual Awards dinner was held in February 2016 with the following awards presented:

2015/2016 Award Winners

Tasmanian Greyhound of the Year	Breaker's Tip
Leading Trainer	Anthony Bullock
Leading Owner	Debbie Cannan
Most Consistent Greyhound	Star Chamber
Leading Breeding Female	Miss Roman Nose
Leading Sire	Magic Sprite

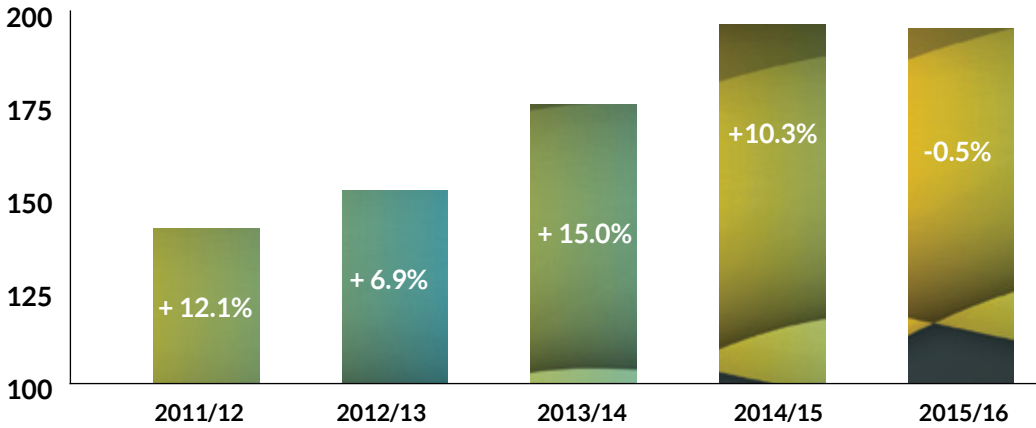
GAP ADOPTIONS INCREASED BY 35% DURING THE YEAR



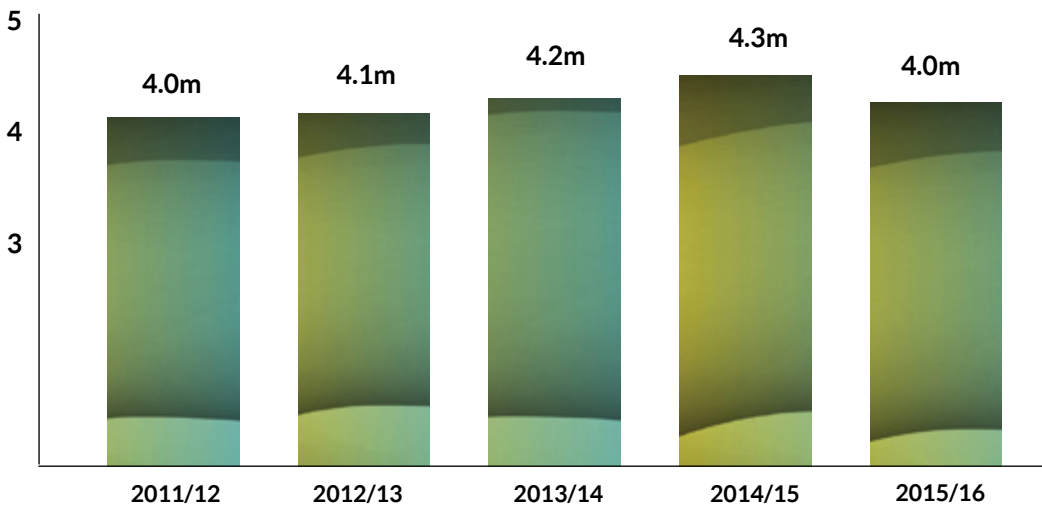


Greyhound Code Report

Greyhound
wagering turnover (\$M)



Total code allocation
Greyhound (\$M)



Key racing statistics

Greyhound	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Meetings	156	157	157	157	157	157
Races Held	1567	1628	1637	1601	1615	1592
Overall Starters	12219	12663	12814	12336	12477	12402
Average Starters/Race	7.8	7.8	7.8	7.7	7.7	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.

The following is a summary of Tasracing's key governance principles.

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 is responsible for the general management and leadership of Tasracing including day-to-day business operations, and is 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 apprised 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 Remuneration 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 FY16.

The Chief Executive Officer and Chief Financial Officer 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 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 respectively, who are nominated by industry 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 undertakes a skills assessment to determine the skills and experience that may be necessary for the Board to achieve its objectives and strategic plans. They then establish a Director Selection Advisory Panel to consider and nominate candidates for approval by the Tasmanian Cabinet.

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 and 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 meets quarterly to consider and oversee matters relating to financial reporting, risk management, internal audit and compliance, and reports 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 advisors.

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 remuneration framework is governed by government guidelines on director and executive remuneration. The total annual remuneration (TAR) levels for the CEO and CFO are set out by government, and any increases must be approved by Cabinet. Cabinet granted Tasracing an exception in previous years, with the CEO receiving 18 per cent more than TAR and the CFO, five per cent.

The HR and Remuneration Committee oversee Tasracing's remuneration policies and ensure 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.

Government Reporting Obligations

As a State-owned company, Tasracing must comply with various Government requirements and reporting obligations. These include:

Public Interest Disclosures

Tasracing is subject to the requirements and obligations under the *Public Interest Disclosures Act 2002* (PID Act) and has adopted policies and procedures to ensure compliance, which have been approved by the Ombudsman. Further information can be found on our website tasracingcorporate.com.au.

No reports or disclosures were made during the financial year.

Right to Information

Tasracing is subject to the *Right to Information Act 2009* (RTI Act) and has adopted relevant policies and procedures to ensure compliance.

Tasracing understands and appreciates the need to make information readily available to the public and is committed to the objectives of the RTI Act. We routinely publish 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 the RTI Act.

Further information can be found on our website tasracingcorporate.com.au.

During the financial year:

Number of applications for assessed disclosure received	1*
Number of applications for assessed disclosure accepted	0
Number of applications for assessed disclosure transferred or part transferred to another public authority	0
Number of applications withdrawn by the applicant	0
Number of applications for assessed disclosure determined	0

1* An assessed disclosure was received however the prescribed fee was not included. As such the application was not accepted by Tasracing.

Personal Information Protection

Tasracing is subject to the *Personal Information Protection Act 2004* which prescribes personal information protection principles for Tasmania. Tasracing must also comply with the national *Privacy Act 1988* which contains the National Privacy Principles.

During the financial year, Tasracing has not received any complaint or query in relation to privacy or personal information.

Buy Local

Tasracing supports local Tasmanian businesses and follows best practice procurement processes. Details of our expenditure during the financial year are as follows:

Purchases from Tasmanian Businesses			
% of purchases from Tasmanian businesses		78%	
Value of purchases from Tasmanian businesses		\$11.7 million	

Consultancies valued at more than \$50,000			
Proinn Consulting Pty Ltd (QLD)	Asset and track support	1 July 2015 - 30 Sept 2015	\$61,828
Number of consultants engaged for \$50,000 or less	16	Total value of expenditure	\$100,666

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

International Travel

Tasracing funded one international trip in 2015-16, which included the Chairman, Dean Cooper and the CEO, Eliot Forbes. They both attended the Asian Racing conference in Mumbai, India to promote Tasmanian racing to international markets, a key strategy for building race field fee growth.

The total cost of travel for both parties was \$23,592.





Tasracing Pty Ltd

Annual Financial Report

for the financial year ended 30 June 2016

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Directors’ Report

The directors present their report together with the financial report for the year ended 30 June 2016 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 appointed 1 December 2015
Des Gleeson
Danny McCarthy
Tania Price
Joel Wallace - appointed 1 December 2015
Late Brian Speers - deceased 26 August 2015
Justin Crawford - resigned 18 February 2016
Trevor Leis - resigned 1 December 2015
Helen Galloway - appointed 20 July 2016

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 2016, the company recorded total comprehensive income of \$181,327 (2015: loss of \$1,224,136). No dividends were paid to members during the year (2015: nil). The company had no options or unissued shares during the current or previous year.

Significant changes in state of affairs during the year

During the financial year, the stakeholder Minister for Racing announced a package of measures that resolved the company’s structural funding gap issues. The company has now been placed on sustainable footing and is moving to a phase of investment and growth.

Other than the above, there was no significant change in the state of affairs of the company during the financial year.

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

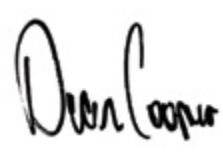
During the financial year the company paid a premium of \$6,105 (2015: \$6,106) in respect of insurance for directors and officers liability.

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 as such an officer or auditor.

Auditor’s independence declaration

The auditor’s independence declaration is included on page 73 of the financial statements.

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



Mr Dean Cooper
Chairman
8 August 2016

Directors’ Declaration

The directors declare that:

- (a) in the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the company; and
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in the General Information note to the Financial Statements.

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 2016.

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, 8 August 2016

Financial Statements

for the year ended 30 June 2016

Statement of Comprehensive Income

for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue and Other Income			
Racing revenue	A1	11,878,827	10,004,919
Government grant	A1	30,287,497	30,238,499
Interest revenue	A1	625,795	680,153
Impairment reversal	A2	-	2,231,760
Total Revenue and Other Income		42,792,119	43,155,331
Expenses			
Prize money and industry funding		21,769,763	24,369,574
Raceday and racing expenses	A3	6,265,946	5,387,267
Depreciation and amortisation expense	A4	3,824,763	3,619,242
Expenses for obsolete property, plant & equipment	B3	-	1,793,049
Sales & Marketing	A5	603,265	675,248
Employee benefits expense	A6	6,810,795	6,032,331
Finance and leasing costs	A7	1,141,838	1,122,360
Other expenses	A8	1,735,422	1,371,396
Total Expenses		42,151,792	44,370,467
Profit/(Loss) before tax		640,327	(1,215,136)
Income tax expense	A10	-	-
Profit/ (Loss) for the year after tax		640,327	(1,215,136)
Other comprehensive income	A6	(459,000)	(9,000)
Total Comprehensive Profit/(Loss) for the Year		181,327	(1,224,136)

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

Financial Statements

for the year ended 30 June 2016

Statement of Financial Position

for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	B1 (a)	12,371,822	8,563,566
Trade and other receivables	B2	1,321,170	1,076,057
Prepayments		395,378	296,170
Total Current Assets		14,088,370	9,935,793
Non-Current Assets			
Property, plant and equipment	B3	44,739,456	47,655,092
Intangible assets	B4	66,537	67,581
Other financial assets	B5	55,949	55,949
Total Non-Current Assets		44,861,942	47,778,622
Total Assets		58,950,312	57,714,415
Current Liabilities			
Trade and other payables	B6	2,246,947	1,445,986
Borrowings	B7	674,644	614,879
Other financial liabilities	B8	142,897	135,992
Provisions	B9	1,859,484	2,435,811
Total Current Liabilities		4,923,972	4,632,668
Non-Current Liabilities			
Borrowings	B7	10,152,760	10,827,405
Employee provisions	B9	2,834,108	2,261,077
Total Non-Current Liabilities		12,986,868	13,088,482
Total Liabilities		17,910,840	17,721,150
Net Assets		41,039,472	39,993,266
Equity			
Contributed equity	B10	57,283,626	56,418,747
Accumulated losses	B11	(16,244,154)	(16,425,481)
Total Equity		41,039,472	39,993,266

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

Financial Statements

for the year ended 30 June 2016

Statement of Changes in Equity

for the year ended 30 June 2016

	Note	Contributed Equity \$	Accumulated Losses \$	Total \$
Balance as at 30 June 2014		55,835,867	(15,201,345)	40,634,523
Equity contribution		582,880		582,880
Profit/(Loss) for the Year	B11		(1,215,136)	(1,215,136)
Other comprehensive income	B11		(9,000)	(9,000)
Total Comprehensive Income for the year			(1,224,136)	(1,224,136)
Balance as at 30 June 2015		56,418,747	(16,425,481)	39,993,266
Equity contribution	B10	864,879		864,879
Profit/(Loss) for the Year	B11		640,327	640,327
Other comprehensive income	B11		(459,000)	(459,000)
Total Comprehensive Income for the year			181,327	1,046,206
Balance as at 30 June 2016		57,283,626	(16,244,154)	41,039,472

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

Financial Statements

for the year ended 30 June 2016

Statement of Cash Flows

for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Cash Flows from Operating Activities			
Receipts from customers		41,572,824	39,198,130
Payments to suppliers & employees		(36,811,193)	(36,637,892)
Interest received		599,701	693,253
Interest & other costs of finance paid		(894,993)	(951,486)
Net Cash provided by Operating Activities	B1 (b)	4,466,339	2,302,007
Cash Flows from Investing Activities			
Payments for non-current assets		(908,083)	(1,676,304)
Net Cash used in Investing Activities		(908,083)	(1,676,304)
Cash Flows from Financing Activities			
Repayment of borrowings		(614,879)	(582,880)
Equity contribution	B10	864,879	582,880
Loan	B5	-	(25,000)
Net Cash Provided by Financing Activities		250,000	(25,000)
Net Increase in Cash and Cash Equivalents		3,808,256	600,703
Cash and Cash Equivalents at the beginning of the year		8,563,566	7,962,863
Cash and Cash Equivalents at end of the year	B1 (a)	12,371,822	8,563,566

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

Notes to the Financial Statements

for the year ended 30 June 2016

GENERAL INFORMATION

Tasracing Pty Ltd (Tasracing) was incorporated on 1 July 2009 and is domiciled in Tasmania, Australia. Tasracing is a State-owned company. The company was formed following the separation of the Racing and Wagering functions of TOTE Tasmania (sold to Tatts group in 2011).

Tasracing was established by the Racing (Tasracing Pty Ltd) Act 2009 and is governed by the Racing Regulation Amendment Act 2008. The Principle Act is the Racing Regulation Act 2004. The responsible Minister is the Minister for Racing. Section 11 of the Racing Regulation Act 2004 sets out 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 8 August 2016.

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 Impairment review of property, plant and equipment	53
B9 Defined benefit superannuation fund obligations	57
B9 Employee entitlements	57
B9 tasBonus	57
B3 Asset useful lives	54

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 2016:

- On 23 July 2015, the stakeholder Minister for Racing announced a package of measures that resolved the company’s structural funding gap issues. This included a \$3m per annum reduction in code funding that was implemented from 1 October 2015;
- Race field fee terms were updated from 1 July 2015. Under the new terms pari-mutuel and fixed odds wagering are treated separately with pari-mutuel wagering attracting a fee of 1.5% of turnover while fixed odds wagering attracts a fee of 20% of revenue. The FY14 and FY15 terms were 13% of revenue for both pari-mutuel and fixed odds wagering; and
- The FY16 Defined Benefit Obligations increased in FY16

with lower interest rates and assumptions of higher employer contribution rates. FY15 was lower than normal with a move from Government Bond rates to Corporate bond rates for discount rate calculation.

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	2016 \$	2015 \$
A1 Racing Revenue		
Racefield revenue	10,139,698	8,085,388
Sponsorship income	412,139	430,475
Rental income	194,171	194,089
Other income	1,132,819	1,294,967
	11,878,827	10,004,919

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.

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 Statement of Comprehensive Income 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.

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.

Interest

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

Race field information publication fees

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

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.

EXPENSES

	2016 \$	2015 \$
A2 Impairment Reversal		
Impairment of non-current assets	-	2,231,760
Racecourse leasehold improvements	-	2,231,760
A3 Raceday and Racing Expenses		
Training and racing facilities	3,596,037	2,897,685
Race day & other racing expenses	1,552,058	1,464,420
Insurance	1,117,851	1,025,162
	6,265,946	5,387,267
A4 Depreciation & Amortisation Expense		
Plant & equipment	257,512	266,806
Racecourse leasehold improvements	3,493,808	3,288,822
Intangibles	73,443	63,614
	3,824,763	3,619,242
A5 Sales & Marketing		
Sales	121,458	212,222
Marketing	481,807	463,026
	603,265	675,248
A6 Employee Benefits Expense		
Recognised in profit/(loss) for the year		
Wages and salaries	5,754,674	5,109,144
Other associated personnel expenses	536,828	413,032
Contributions to defined contribution superannuation funds	504,963	456,616
Service cost of defined benefit scheme (excludes interest cost)	(48,318)	(67,228)
Increase in liability for annual leave	58,534	78,770
Increase in liability for long service leave	4,115	41,998
	6,810,795	6,032,331
Recognised in other comprehensive income for the year		
Actuarial (gains)/losses	433,000	66,000
Actual return on plan assets less interest income	26,000	(57,000)
Total Measurement Recognised in Other Comprehensive Income	459,000	9,000
A7 Finance and Leasing Costs		
Finance costs		
Net interest cost in relation to defined benefit obligation (see note B9)	102,000	87,000
Interest expense	894,993	951,486
	996,993	1,038,486
Leasing Costs		
Occupancy lease rentals	83,143	70,764
Plant & equipment lease rentals	61,702	13,111
	144,845	83,875
	1,141,838	1,122,360

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.

	2016 \$	2015 \$
A8 Other Expenses		
Insurance	366,436	400,671
Administration	525,222	518,068
Digital & IT	564,331	260,191
Other	279,433	192,466
	1,735,422	1,371,396
Remuneration of Auditors		
Auditing the accounts (i)	37,340	37,170
(i) The auditor is the Tasmanian Audit Office		

TAXATION

	2016 \$	2015 \$
A10 Income Tax Expense		
Tax expense comprises:		
Current tax expense/(income) in respect of the current year	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Total tax expense/(revenue) relating to continuing operations	-	-
The expense for the year can be reconciled to the accounting profit as follows:		
Profit/(loss) from continuing operations	640,327	(1,215,136)
Income tax equivalent expense/(benefit) calculated at 30%	192,098	(364,541)
Effect of expenses that are not deductible in determining taxable profit/(loss)	1,605	1,243
Effect of concessions and other allowances	-	-
Current income tax expense/(benefit) not recognised in Statement of comprehensive income	(193,703)	363,298
Current income tax expense/(benefit) in respect of the current year	-	-
Deferred tax balances		
Deferred tax assets not recognised	-	-
Deferred tax assets not recognised at the reporting date:		
Tax losses (revenue)	2,563,310	3,364,008
Temporary differences	13,804,691	9,836,463
	16,368,001	13,200,471

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

2016	Opening balance	Not recognised in comprehensive income and loss	Closing balance
Temporary differences			
Property, plant and equipment	8,503,873	3,824,763	12,328,636
Employee entitlements	1,314,279	152,243	1,466,521
Doubtful debts	11,689	(8,777)	2,911
Accrued Audit Fees	6,623	-	6,623
	9,836,463	3,968,228	13,804,691
Unused tax losses and credits			
Tax losses	3,364,008	(800,698)	2,563,310
	13,200,471	3,167,530	16,368,001

2015	Opening balance	Not recognised in comprehensive income and loss	Closing balance
Temporary differences			
Property, plant and equipment	4,884,631	3,619,242	8,503,873
Employee entitlements	1,277,025	37,254	1,314,279
Doubtful debts	10,874	815	11,689
Accrued Audit Fees	6,623	-	6,623
	6,179,153	3,657,310	9,836,463
Unused tax losses and credits			
Tax losses	3,113,052	250,956	3,364,008
	9,292,205	3,908,266	13,200,471

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

B1 Cash Flow

	2016 \$	2015 \$
(a) Cash and Cash Equivalents		
Cash on hand and balances with banks	12,371,822	8,563,566

(b) Reconciliation of Profit for the Year to Net Cash Flows from Operating Activities

Profit/Loss for the year	181,327	(1,224,136)
Adjustments for:		
Depreciation & amortisation	3,824,763	3,619,242
Impairment	-	(2,231,760)
Expense for obsolete property, plant & equipment	-	1,793,049
Amortisation of DRC loan	-	9,319
(Increase)/decrease in receivables	(245,113)	157,116
(Increase)/decrease in prepayments	(99,208)	364,754
Increase/(decrease) creditors & accruals	807,866	(280,389)
Increase/(decrease) in provisions	(3,295)	94,813
Increase/(decrease) other current liabilities	-	-
Net Cash from Operating Activities	4,466,339	2,302,007

(c) Financing Facilities

Credit and Stand By arrangements		
Credit Cards		
Amount used	71,500	71,500
Amount unused	38,500	38,500
Facility Limit	110,000	110,000
Tascorp borrowing facilities		
Amount used	10,827,404	11,442,283
Amount unused	31,547,947	31,102,317
Facility Limit	42,375,351	42,544,600

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

	2016 \$	2015 \$
B2 Trade and Other Receivables		
Trade receivables (i)	1,297,868	1,108,106
Provision for impairment	(9,699)	(38,957)
	1,288,169	1,069,149
Interest receivable	33,001	6,908
	1,321,170	1,076,057

(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	27,778	52,182
61-90 Days	11,802	7,819
91-120 Days	12,359	7,582
121+ Days	345,154	300,974
Balance at End of Year	397,093	368,557

Included in the trade receivables balance are debtors with a carrying amount of \$397,093 (30 June 2015: \$368,557) 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	(38,957)	(36,240)
Impairment losses recognised on receivables	-	-
Amounts recovered during the year	24,276	(11,881)
Amounts written off as uncollectable	4,982	9,165
Balance at End of Year	(9,699)	(38,957)

Ageing of impaired trade receivables		
30-60 Days	-	(821)
61-90 Days	-	(887)
91-120 Days	-	(777)
121+ Days	(9,699)	(36,472)
Balance at End of Year	(9,699)	(38,957)

B3 Property, Plant and Equipment	Racecourse Leasehold Improvements \$	Plant & Equipment \$	Property Under Construction \$	TOTAL \$
Gross Carrying Amount				
Balance as at 30 June 2014	72,032,070	5,031,624	286,405	77,350,099
Additions	940,344	458,012	272,960	1,671,317
Disposals	-	(5,061)	-	(5,061)
Balance as at 30 June 2015	72,972,415	5,484,575	559,365	79,016,355
Additions	308,020	97,142	456,835	861,997
Disposals	(43,132)	(1,220)	-	(44,352)
Balance as at 30 June 2016	73,237,303	5,580,497	1,016,200	79,834,000
Accumulated Depreciation / Amortisation				
Balance as at 30 June 2014	24,407,609	3,841,797	-	28,249,406
Depreciation & Amortisation	3,323,518	227,049	-	3,550,567
Disposals	-	-	-	-
Expense for obsolete assets	1,793,049	-	-	1,793,049
Impairment reversal	(2,231,760)	-	-	(2,231,760)
Balance as at 30 June 2015	27,292,416	4,068,847	-	31,361,263
Depreciation & Amortisation	3,493,810	257,511	-	3,751,321
Expense for obsolete assets	(17,989)	(51)	-	(18,040)
Impairment reversal	-	-	-	-
Balance as at 30 June 2016	30,768,237	4,326,306	-	35,094,544
Net Book Value				
Cost	72,032,070	5,031,624	286,405	77,350,099
Accumulated depreciation	(22,175,849)	(3,841,797)	-	(26,017,646)
Provision for impairment	(2,231,760)	-	-	(2,231,760)
As at 30 June 2014	47,624,461	1,189,826	286,405	49,100,692
Cost	72,972,415	5,484,575	559,365	79,016,355
Accumulated depreciation	(27,292,416)	(4,068,847)	-	(31,361,263)
Provision for impairment	-	-	-	-
As at 30 June 2015	45,679,998	1,415,729	559,365	47,655,092
Cost	73,237,303	5,580,497	1,016,200	79,834,000
Accumulated depreciation	(30,768,237)	(4,326,306)	-	(35,094,544)
Provision for impairment	-	-	-	-
As at 30 June 2016	42,469,065	1,254,191	1,016,200	44,739,456

Accounting Policy

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

Website and Software

	\$
Gross Carrying Amount	
Balance as at 2014	244,483
Additions	4,988
Balance as at 30 June 2015	249,470
Additions	72,398
Balance as at 30 June 2016	321,868
Accumulated Amortisation	
Balance as at 30 June 2014	118,275
Amortisation	63,613
Balance as at 30 June 2015	181,889
Amortisation	73,443
Balance as at 30 June 2016	255,331
Net Book Value	
As at 30 June 2014	126,207
As at 30 June 2015	67,581
As at 30 June 2016	66,537

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

Impairment of Non-Financial Assets

Accounting Policy

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.

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

Current Year

There was no impairment charge in 2016.

Prior Year

Tasracing experienced indicators of impairment including continued losses. An impairment calculation has been performed based on the Corporate Plan 2016-2020. The impairment calculation demonstrated that non-current assets were not impaired. An impairment charge of \$5,706,428 was recognised in FY12, \$2,472,385 was reversed in FY13, \$1,002,283 was reversed in FY14. A further reversal of \$2,231,759 has been recognised in FY15. The company has one cash generating unit comprising the racing and training venues. The discount rate used was 9.00% (2014 - 9.38%). The terminal value of the cash flow in the final year of the forecast was derived using a perpetuity rate of 9.0% (2014 - 10.7%).

B5 Other Financial Assets

	2016 \$	2015 \$
Loan principal	100,000	100,000
Less fair value adjustment on initial recognition	(44,051)	(44,051)
	55,949	55,949

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. No payments have been received to date.

LIABILITIES

B6 Trade and Other Payables

	2016 \$	2015 \$
Trade payables - unsecured (i)	2,246,947	1,445,986

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

Accounts due or paid within the year:

Measure	2016
Creditor Days	9.58 days
Number of accounts due for payment	6,445
Number of accounts paid on time	5,111
Amount due for payment	\$16,711,404
Amount paid on time	\$13,268,925
Number of payments for interest on overdue accounts	0
Interest paid on overdue accounts	\$0

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).

		2016 \$	2015 \$
Current			
Credit foncier loan	(i)	205,541	169,249
Credit foncier loan	(ii)	469,104	445,630
		674,644	614,879
Non-Current			
Credit foncier loan	(i)	2,169,810	2,375,351
Credit foncier loan	(ii)	7,982,950	8,452,053
		10,152,760	10,827,405

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 - principal and interest is payable every 6 months. Interest is fixed at 5.99% per annum to 30 June 2016. A rate review has been conducted, effective 30 June 2016, with an interest rate reduction to 3.15% fixed until maturity 30 June 2026. The State Government has agreed to provide support for principal and interest repayments for the two years commencing 1 July 2015. The principal support is treated as an equity contribution.

(ii) Credit foncier - the overnight deposit and \$9m loan were refinanced into a credit foncier loan on 28 June 2013. 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. The State government has agreed to provide support for principal and interest repayments for the two years commencing 1 July 2015. The principal support is treated as an equity contribution.

B8 Other Financial Liabilities

	2016 \$	2015 \$
Rental bonds	142,897	135,992
	142,897	135,992

B9 Provisions

	2016 \$	2015 \$
Current		
Employee	799,295	864,851
Other	1,060,189	1,570,960
	1,859,484	2,435,811
Non-current		
Employee	2,834,108	2,261,077
	2,834,108	2,261,077
Total Provisions	4,693,592	4,696,888

Workers Compensation Insurance Policy

The company has a workers compensation insurance policy for the year ending 31 March 2017. The premium varies between a minimum of \$500,000 and a maximum of \$1,737,146. At 30 June 2016, the injuries incurred in the insurance year were less than the minimum premium. The company is exposed to a potential cost of up to \$1,237,146 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.

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.

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.

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.

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

Tasracing makes contributions to one defined benefit plan that provides pension benefits for employees upon retirement.

Defined benefit members receive lump sum benefits on resignation, and lump sum or pension benefits on retirement, death or invalidity. The defined benefit section of RBF is closed to new members. All new members and employees receive accumulation only benefits.

The scheme operates under the Retirement Benefits Act 1993 and the Retirement Benefits Regulations 2005.

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), 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 RBF Board elects) up to the amount of "untaxed" benefits paid to the members in the year.

The RBF Board is responsible for the governance of the Scheme. As Trustee, the RBF Board has a legal obligation to act solely in the best interests of Scheme beneficiaries. The RBF Board has the following roles:

- Administration of the Scheme and payment to the beneficiaries when required in accordance with the Scheme rules.
- Management and investment of the Scheme Assets.
- Compliance with the Heads of Government Agreement referred to above.

There are a number of risks to which the Scheme exposes Tasracing. The more significant risks relating to defined benefits are:

- Investment risk- the risk that investment returns will be lower than assumed and Tasracing will need to increase contributions to offset this shortfall over the long term.
- Salary growth risk - The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and the associated employer contributions over the long term.
- Inflation risk- the risk that inflation is higher than anticipated, increasing pension payments and the associated employer contributions over the long term.
- Benefits options risk - the risk that a greater proportion of members who joined prior to 1 July 1994 will elect the pension option, which is generally more costly than the alternative lump sum option.
- Pensioner mortality risk - the risk that pensioner mortality will be lower than expected, resulting in pensions being paid for a longer period.
- Legislative risk - The risk that legislation changes could be made which increase the cost of providing the defined benefits.

There were no plan amendments, curtailments or settlements during the year.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Dr David Knox, Fellow of the Institute of Actuaries of Australia.

	2016 \$	2015 \$
Reconciliation of the Defined Benefit Obligation		
Present value of defined benefit obligations at beginning of the year	2,538,000	2,422,000
Current service cost	26,000	19,000
Interest cost	117,000	98,000
Contributions by plan participants	7,000	13,000
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	440,000	(227,000)
Actuarial (gains)/losses arising from liability experience	(7,000)	293,000
Benefits paid	(66,000)	(78,000)
Taxes, premiums & expenses paid	(3,000)	(2,000)
Present Value of Defined Benefit Obligations at End of the Year	3,052,000	2,538,000

Reconciliation of the Fair Value of Scheme Assets

Fair value of plan assets at the beginning of the year	333,000	276,000
Interest Income	15,000	11,000
Actual return on plan assets less interest income	(26,000)	57,000
Employer contributions	55,000	56,000
Contributions by plan participants	7,000	13,000
Benefits paid	(66,000)	(78,000)
Taxes, premiums & expenses paid	(3,000)	(2,000)
Fair Value of Plan Assets at the End of the Year	315,000	333,000

Reconciliation of the Net Defined Benefit Liability/(Asset)

Defined benefit obligation	3,052,000	2,538,000
Fair value of plan assets	(315,000)	(333,000)
Net superannuation liability/(asset)	2,737,000	2,205,000
Current net liability	135,000	176,000
Non-current net liability	2,602,000	2,029,000
Total liability	2,737,000	2,205,000

Fair Value of Scheme Assets

As at 30 June 2016 ^

Asset Category	Total (A\$'000)	Quoted prices in active markets for identical assets -	Significant observable inputs -	Unobservable inputs -
		Level 1 (A\$'000)	Level 2 (A\$'000)	Level 3 (A\$'000)
Cash and cash equivalents	55	55	-	-
Equity instruments	215	98	94	23
Debt instruments	41	11	17	13
Derivatives	1	-	1	-
Real estate	3	-	3	-
Investment funds	-	-	-	-
Asset-backed securities	-	-	-	-
Structured debt	-	-	-	-
Total	315	164	115	36

^ Estimated based on assets allocated to Tasracing as at 30 June 2016 and the asset allocation of the RBF Scheme as at 30 June 2015.

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 a discount rate of 3.7%, 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 2016	30 June 2015
Assumptions to determine defined benefit cost and start of year DBO		
Discount rate (active members)	4.80% pa	4.10% pa
Discount rate (pensioners)	4.80% pa	4.10% pa
Expected rate of increase of compulsory preserved amounts	4.50% pa	4.50% pa
Expected salary increase rate	3.00% pa	3.00% pa
Expected pension increase rate	2.50% pa	2.50% pa
Financial Year Ended	30 June 2016	30 June 2015
Assumptions to determine end of year DBO		
Discount rate (active members)	3.55% pa	4.80% pa
Discount rate (pensioners)	3.55% pa	4.80% pa
Expected rate of increase of compulsory preserved amounts	4.50% pa	4.50% pa
Expected salary increase rate	3.00% pa	3.00% pa
Expected pension increase rate	2.50% pa	2.50% pa

Sensitivity Analysis

The defined benefit obligation as at 30 June 2016 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.

- Scenario A: 1.0% pa lower discount rate assumption
Scenario B: 1.0% pa higher discount rate assumption
Scenario C: 1.0% pa lower expected pension increase rate assumption
Scenario D: 1.0% pa higher expected pension increase rate assumption

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-1% pa discount rate	+1% pa discount rate	-1% pa pension increase rate	+1% pa pension increase rate
Discount rate	3.55% pa	2.55% pa	4.55% pa	3.55% pa	3.55% pa
Pension increase rate	2.50% pa	2.50% pa	2.50% pa	1.50% pa	3.50% pa
Defined benefit obligation (A\$'000s)	3,052	3,514	2,691	2,784	3,378

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 Ended	30 June 2016 (A\$'000's)
Expected employer contributions	135

Maturity Profile of Defined Benefit Obligation

The weighted average duration of the defined benefit obligation for Tasracing is 13.8 years.

EQUITY

B10 Issued Capital	2016 \$	2015 \$
Balance at the beginning of the year	56,418,747	55,835,867
Equity contribution - Treasury	864,879	582,880
Balance at the End of the Year	57,283,626	56,418,747

Fully paid shares (30 June 2016 and 30 June 2015: 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 loans in note B7 is treated as an equity contribution.

B11 Accumulated Losses	2016 \$	2015 \$
Balance at the beginning of the year	(16,425,481)	(15,201,345)
Net profit/(loss)	640,327	(1,215,136)
Other comprehensive income/(loss)	(459,000)	(9,000)
Balance at the End of the Year	(16,244,154)	(16,425,481)

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

	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	12,371,822	8,563,566
Loans & receivables	1,321,170	1,076,057
Other financial assets	55,949	55,949
	13,748,941	9,695,572
Financial Liabilities		
Amortised cost		
Trade and other payables	2,246,947	1,445,986
Other financial liabilities	142,897	135,992
Borrowings	10,827,404	11,442,283
	13,217,248	13,024,261

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.
- (iii) Liquidity.

(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-Jun-16	61,859	(61,859)	61,859	(61,859)
30-Jun-15	42,818	(42,818)	42,818	(42,818)

(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 2016						
Financial assets						
Cash and cash equivalents	12,371,822	-	-	-	12,371,822	2.38%
Trade & other receivables	1,321,170	-	-	-	1,321,170	-
Other financial assets	55,949	-	-	-	55,949	-
Total Financial Assets	13,748,940	-	-	-	13,748,941	2.14%
Financial liabilities						
Trade and other payables	2,246,947	-	-	-	2,246,947	-
Other financial liabilities	142,897	-	-	-	142,897	-
Borrowings	674,644	705,880	2,320,524	7,126,356	10,827,404	5.37%
Total Financial Liabilities	3,064,488	705,880	2,320,524	7,126,356	13,217,248	4.40%

	< 1 year	1-2 years	2-5 years	> 5 years	TOTAL	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	
30 June 2015						
Financial assets						
Cash and cash equivalents	8,563,566	-	-	-	8,563,566	2.20%
Trade & other receivables	1,076,057	-	-	-	1,076,057	-
Other financial assets	55,949	-	-	-	55,949	-
Total Financial Assets	9,695,571	-	-	-	9,695,571	1.94%

	< 1 year	1-2 years	2-5 years	> 5 years	TOTAL	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	
Financial liabilities						
Trade and other payables	1,445,986	-	-	-	1,445,986	-
Other financial liabilities	135,992	-	-	-	135,992	-
borrowings	2,990,230	469,104	1,013,640	6,969,310	11,442,283	5.38%
Total Financial Liabilities	4,572,208	469,104	1,013,640	6,969,310	13,024,262	0.60%

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:

	2016	2015
	\$	\$
Not later than 1 year	273,059	246,321
Later than 1 year but not later than 5 years	637,442	535,761
Later than 5 years	1,014,724	723,959
Current leases in place are for IT equipment, motor vehicle fleet and leasehold properties and race tracks	1,925,225	1,506,042
(ii) Capital Expenditure Commitments		
Leasehold improvements		
Contractual commitments for the acquisition of property, plant equipment:		
Not later than one year	-	-
(iii) Other Contractual Commitments		
Non-cancellable contracts payable:		
Not later than one year	978,100	969,278
Later than 1 year but not later than 5 years	2,048,958	2,024,837
Later than 5 years	-	-
Commitments in place are for general property maintenance service agreements	3,027,058	2,994,115

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 component and offering specific incentives based on key performance areas where applicable.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives, shareholders and other key stakeholders.

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

- Remuneration is approved by the remuneration committee and then approved by the Board after professional advice is sought from independent external consultants.
- All key management personnel receive a base salary (which is based on factors such as position, competency, length of service and experience), superannuation and other benefits.
- Performance incentives (if applicable) are generally only paid once predetermined key performance indicators have been met. 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 2016

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

Board of Directors

D.Cooper (Chairman, non-executive director), appointed Chair 1 December 2015

The Late B. Speers (Chairman, non-executive director), deceased 26 August 2015

D. Gleeson (non-executive director)

T.Price (non-executive director)

D. McCarthy (non-executive director)

J. Wallace (non-executive director), appointed 1 December 2015

J.Crawford (non-executive director), resigned 18 February 2016

T.Leis (non-executive director), resigned 1 December 2015

Executive Management

E. Forbes (Chief Executive Officer)

M.Tarring (Chief Financial Officer)

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:

	2016 \$'000	Consolidated 2015 \$'000
Short-term employee benefits	608	595
Post-employment benefits	50	51
Other long-term benefits	0	0
Termination benefits	0	0
	658	646

(a) Director Remuneration

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 2016	Director's Fees \$'000	Superannuation \$'000	Total 2016 \$'000
The Late Mr B Speers - Chairman (to 26/8/15)	8	1	9
Mr T Leis (resigned 1/12/15)	12	1	13
Mr D Gleeson	27	3	30
Ms T Price	27	3	30
Mr D Cooper (Chairman from 1/12/15)	47	4	52
Mr J Crawford (resigned 18/2/16)	18	2	20
Mr D McCarthy*	30	0	30
Mr J Wallace (from 1/12/15)	14	1	16
Estate of the Late Mr B Speers	2	0	2
Total	186	15	201

Board Remuneration 30 June 2015	Director's Fees \$'000	Superannuation \$'000	Total 2015 \$'000
Mr B Speers - Chairman	51	5	56
Mr T Leis	28	3	31
Mr D Gleeson	27	3	30
Ms T Price	27	3	30
Mr D Cooper	27	3	30
Mr D McCarthy *	30	0	30
Mr G Baxter (resigned 30/6/ 14)	0	0	0
Mr J Crawford (from 24/11/14)	16	2	18
Total	207	17	224

* 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 2016	Salary	Superannuation	Vehicles	Other Non-monetary Benefits	Total Benefits
	\$'000	\$'000	\$'000	\$'000	\$'000
Dr Eliot Forbes	222	19	17	6	264
Mark Tarring	167	16	4	6	193
Total	389	35	21	12	457

Executive Remuneration 30 June 2015	Salary	Superannuation	Vehicles	Other Non-monetary Benefits	Total Benefits
	\$'000	\$'000	\$'000	\$'000	\$'000
Dr Eliot Forbes	222	20	18	4	265
Christopher Brookwell (To 7/1/15)	82	8		-8	83
Mark Tarring (From 10/2/15)	63	6		7	76
Total	368	34	18	3	423

Other non-monetary benefits relate solely to movement in annual and long service leave entitlements.

D3 Transactions or Balances Relating to a Trustee or Agency Arrangement

Account	Opening Balance	Net Transactions during 2016	Closing Balance
	\$	\$	\$
Apprentice Trust Accounts	37,563	51,757	89,320

D4 Economic Dependency

A significant proportion of Tasracing’s revenue is dependent on a funding deed through to 2029 with the State Government which provides base funding of \$28.7m increasing by CPI less 1% annually. In addition, the deed allows for a \$40M debt facility with Tascorp of which Treasury will provide support in the form of principal and interest reimbursements, subject to certain conditions.

D5 Other Significant Accounting Policies

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

Leasing

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

Goods and services tax

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

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

Subsequent events

No matters or circumstances have occurred subsequent to the end of the financial year that 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

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	Affected Standard	Nature of Change to Accounting Policy
AASB 2015-3	AASB 1031 Materiality	Completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations. This has no impact on the financial statements
AASB 2015-2	Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016)	The amendments do not require any significant change to current practice, but should facilitate improved reporting, including an emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation and subtotals, the ordering of notes and the identification of significant accounting policies.

Future pronouncements

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

AASB Amendment	Affected Standard	Nature of Change to Accounting Policy	Effective Date	Application Date for Tasracing
AASB 2014-4	AASB 116 Property Plant & Equipment and AASB 138 Intangible Assets	Amending Standard - provides additional guidance on how depreciation or amortisation should be calculated. This standard will not have a material impact on the financial statements	1 January 2016	30 June 2017
AASB 15	Revenue from Contracts with Customers	New standard that replaces AASB 118 Revenue. Requires revenue to be recognised in line with contractual obligations. This is generally current practice for Tasracing.	1 January 2017	30 June 2018
AASB 9	Financial Instruments	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.	1 January 2018	30 June 2019
AASB 16	Leases	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.	1 January 2019	30 June 2020
AASB 2015-1	Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016)	Amendments to existing accounting standards, particularly in relation to: IFRS 5 - guidance on changes in method of disposal; IFRS 7 - clarifies continuing involvement for service contracts and also clarifies offsetting disclosures are not specifically required in interim financial statements, but may be included under general requirements of IAS 34; IAS 19 - clarifies that discount rates used should be in the same currency as the benefits are to be paid; and IAS 34 - clarifies that disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.	1 January 2016	30 June 2017
AASB 2015-2	AASB 101	Provides guidance on how to apply the concept of materiality in practice.	1 January 2016	30 June 2017
AASB 2016-1	AASB 112 Income Taxes	Clarifies the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value	1 January 2017	30 June 2018
AASB 2016-2	AASB 107	Requires entities 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.	1 January 2017	30 June 2018

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. However the introduction of AASB 15 Revenue from Contracts with Customers will see significantly increased disclosure requirements.



Independent Auditor's Report

To the Members of Tasracing Pty Ltd

Financial Report for the Year Ended 30 June 2016

Report on the Financial Report

I have audited the accompanying financial report of Tasracing Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2016 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration.

Auditor's Opinion

In my opinion:

- (a) the Company's financial report is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 30 June 2016 and its financial performance for the year ended on that date
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- (b) the financial report also complies with International Financial Reporting Standards as disclosed the Directors' Declaration

The Responsibility 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*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In the Directors' Declaration, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I

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comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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

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

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

The *Audit Act 2008* 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 dated 3 August 2016 and included in the Directors' Report, would be unchanged if provided to the Directors as at the date of this auditor's report.

Tasmanian Audit Office



E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Hobart
8 August 2016

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3 August 2016

The Board of Directors
Tasracing Pty Ltd
6 Goodwood Road
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 2016, 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



E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

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