

2020

ANNUAL REPORT



tasracing

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“...I would like to thank each and every participant for showing faith in the company and the industry...”

From the Chairperson

Tasracing and the Tasmanian racing industry have much to be proud of this financial year – but it has not been without its challenges.

The decision by the Tasmanian Government based on health advice to shut the industry down from 2 April, returning for trials on 18 May and ultimately racing on 14 June because of the COVID-19 pandemic was clearly one of the major challenges faced by the industry.

To the industry’s enormous credit, participants worked very hard to mitigate against the risk of infection prior to the shutdown decision. And then worked just as hard under strict guidelines when racing resumed.

On behalf of the Tasracing Board, I would like to thank each and every participant for showing faith in the company and the industry, and for returning to racing with great enthusiasm and vigour.

Tasracing, through the industry support package, provided approximately \$4 million to individual racing industry participants across the three codes.

More than 22,000 transactions were processed by racing office, finance and digital/IT staff, with initial payments made to participants within two weeks of the decision to cease racing. It was an around the clock effort that is worthy of recognition.

It is also important to note and thank the contribution of our sponsors and supporters for their ongoing commitment to the

industry – the patience and understanding of every sponsor across all codes and clubs was greatly appreciated.

In particular, Ladbrokes’ \$150,000 boost to prizemoney and starter bonuses was very positive news for trainers and connections.

Tasracing’s public awareness campaign “It’s why we race” commenced soon after the shutdown, designed to show the community what racing means for some of the more than 5,000 people employed or involved with racing in the state.

Clubs and industry participants reported strong support and awareness, particularly among the regional communities where racing operates.

The \$12.5 million Elwick thoroughbred track project was delivered on time and on budget.

The track performed very well prior to the shutdown and in line with expectations, but the return to trialling on 18 May placed significant, unplanned pressure on the track.

It is worth noting that between 18 May and 21 June when it hosted its first race meeting, about 300 horses had either trialled or galloped on the track in preparation for a return to racing. For a new track, in a Tasmanian winter, this was a significant load.

Since then, and though outside the reporting period, Tasracing and our track partner Strathayr are very pleased with the rate of recovery from the unplanned heavy use.

I want to particularly reference the working relationship developed between Tasracing and Strathayr – it was outstanding and contributed significantly to the overall success of the project.

The Tasmanian Government announced a sustainable and affordable stakes increase of three per cent during the year. A further three per cent stakes increase was announced in August 2020 with another stakes increase foreshadowed for 2021/22 taking account of a full year of collecting the Point of Consumption Tax (levied by the Tasmanian Government on all wagering and sports betting in Tasmania).

Though Tasracing recorded a loss for the reporting period, prize money and industry funding increased by more than \$1 million to nearly \$28 million. Total code allocations and COVID-19 support payments for the industry reached nearly \$25.5 million, an increase of more than \$1 million compared to last year.

Director Tania Price's term ended in November 2019. Ms Price was first elected to the Board in 2010. Her experience as a senior communications and public affairs executive was invaluable to the organisation and her contribution to Board discussions was significant.

David Garnier joined the Board in November 2019. He is an experienced business executive and board representative, with experience spanning more than 30 years across technology,

banking, telecommunications, gaming and wagering, agriculture and media sectors both in Australia and overseas.

On behalf of the Board, I would like to thank Chief Executive Officer Paul Eriksson and his management team for their collective hard work and focus during the reporting period. I would also like to note and thank the important contribution made by all Tasracing staff.

I would also like to recognise our Shareholder Ministers – Peter Gutwein in his capacity as Treasurer, and Minister for Racing Jane Howlett – for their ongoing support of Tasracing and the Tasmanian racing industry. I would also like to note and acknowledge the role of the former Racing Minister Elise Archer with whom Tasracing worked closely during her tenure.

Gene Phair

A handwritten signature in dark ink, appearing to read 'G Phair', with a long horizontal stroke extending from the bottom right.

Chairperson



“The 2019/20 year has provided a number of significant and unique challenges which, as an Industry, we have overcome together.”

From the Chief Executive Officer

Looking back on the 2019/20 financial year, I am very pleased that I am able to reflect on a number of positive outcomes and achievements for Tasracing and the racing industry more broadly.

Tasracing secured a new long-term industry-wide naming rights sponsor / partner in Ladbrokes. This has delivered significant benefits to the industry at all levels.

In thoroughbreds, Tasracing oversaw the on time and on budget delivery of the redeveloped thoroughbred track at Elwick, successfully hosted the Australian Horse of the Year award, won by Winx, which brought national attention to Tasmania and our industry and delivered, in close cooperation with the racing clubs, the Tasmanian Summer Racing Carnival.

The purchase of our first stand-alone Greyhound Adoption Program (GAP) facility at Mangalore in southern Tasmania was a highlight for the greyhound code. The introduction of new greyhound welfare rules, installation of wide arm lures at Mowbray and Elwick, benchmarking of track preparation with interstate tracks and the ongoing review and design of greyhounds tracks by Professor David Eager were also important initiatives during the reporting period.

For the harness code, the successful completion of the harness industry review, the delivery of a standardbred breeding bonus scheme and the introduction of new harness welfare rules were important achievements worthy of mention.

The Tasmanian Government’s announcement that 80 per cent of the additional revenue generated by the Point of Consumption Tax revenue will be invested directly back into the industry, across all three racing codes including prize money, was a significant one for the state’s racing industry. It will provide confidence to industry participants to re-invest in their own future and to employ more people.

And finally, the industry successfully returned to racing – to its enormous credit – after a 10-week break because of the COVID-19 shutdown.

It has been a busy and challenging year, but ultimately a very rewarding one and I have enjoyed very much working with the passionate people who comprise our industry.

Financial performance

Tasracing recorded a loss of \$3.92 million for 2019/20 (\$2.37 million loss in 2018/19).

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

- In April 2020 the Tasmanian Government suspended racing as part of its controls on COVID-19. This resulted in an approximate 10-week racing suspension from 2 April 2020 until 14 June 2020. The net impact on racefield fees was a decrease of \$1.83 million from \$15.14 million in 2018/19 to \$13.31 million in 2019/20.
- The Defined Benefit obligation increased in 2020 which resulted in the need to recognise a cost to other comprehensive income to the value of \$135,000 (in 2019 Tasracing recognised \$589,000). The change in value of the RBF was primarily driven by the reduction in the Reserve Bank interest rate and assumptions of higher employer contribution rates.
- Injury costs relating to serious workers’ compensation injuries both for the insurance year ending 31 March 2020 and prior years impacted the current year’s results. The total cost was \$1.18 million.

Prize money and Industry funding increased \$1.13 million in 2019/20 to \$27.91 million. This included industry welfare support to trainers during the period of suspension to an amount of \$4.02 million.

The new Community Racing Club Infrastructure Grants Program was initiated in 2019/20 at a total cost of \$250,000.

Importantly, despite the result for the year, there are no significant future cashflow concerns on the longer-term forecast.

The cash balance at year end was \$4.01 million. This was a decrease of \$8.42 million on 2018/19 due to the completion of the Elwick Track redevelopment, the purchase of the GAP facility at Mangalore and the year’s reported loss.

An additional \$2 million in borrowings was accessed on 26 June 2020 to minimise liquidity risks as the COVID-19 uncertainties continue into 2020/21.

Industry funding

Total code allocations inclusive of COVID-19 support payments for the industry in 2019/20 reached \$25.237 million, an increase of \$0.495 million compared to last year.

- Thoroughbreds grew \$272,000 or two per cent to \$13.857 million
- Harness grew \$130,000 or two per cent to \$6.640 million
- Greyhounds grew \$93,000 or two per cent to \$4.740 million

In addition, the three codes benefited a further \$150,000 from the Ladbrokes Fast Start Bonus on the return to racing in June 2020.

Racing

The Scott Brunton-trained The Inevitable – which won the Silver Eagle – and the Adam Trinder-trained Mystic Journey – winner of the Group 2 P.B. Lawrence Stakes – were the dual winners of the Ladbrokes Horse of the Year award.

Scott Brunton won the Tasmanian Leading trainer award for the seventh year in a row with 50 wins, including multiple local feature wins with star five-year-old Mandela Effect (which also campaigned and won interstate).

Jockey Craig Newitt retained his Tasmanian Jockey premiership with 64 wins while Scarlet So won the leading apprentice award with 20 wins for the 2019/20 season.

The Leanne Gaffney-trained Newhart, ridden by Newitt, won the 2020 Devonport Cup, while Michael Trinder's Toorak Affair won the Hobart Cup. Patrick Payne's Home By Midnight was successful in the Launceston Cup.

The Tasmanian Magic Millions Yearling Sale produced another unprecedented result, this time achieving a record gross of \$3.39 million and a clearance rate of 83 per cent. From a catalogue of 146 lots, 135 lots went through the ring, with 112 lots sold for an average of \$30,300, an increase of nearly eight per cent on the 2019 Tasmanian Magic Millions Sale. A filly by Alpine Eagle out of the mare Must Be Mink topped the sale after being purchased by Victorian trainer Robbie Griffiths for \$95,000.

Tasmania hosted the annual Australian Drivers Championships in November 2019 at Hobart. Welcoming two top drivers from each state, seven heats were held that eventually saw WA representative Gary Hall Jnr take out the title on 77 points with Tasmania's Mark Yole a close second on 63 points.

The extension of the harness season to the end of 2020 meant at the time of writing there was no result in the state premiership tables – though Ben Yole was leading with 150 winners while four people were within four points of each other in the leading driving award – Rohan Hillier, Gareth Rattray, Ricky Duggan and Conor Crook.

The greyhound code's significant achievements for the reporting period were welfare related, with a number of new rules introduced on 1 March to improve the welfare of greyhounds in the state and the acquisition of Tasracing's first owned and operated greyhound rehoming facility at Mangalore.

On the track, Anthony Bullock was the leading trainer with an impressive 213 winners while Robyn Johnson was the leading owner (100 winners).

Bridwood Marshal was named the most consistent greyhound with 16 wins and 23 placings from 46 starts in Tasmania.

Sky Racing Australian Racehorse of the Year Awards

Tasracing hosted the annual Australian Racehorse of the Year Awards in October 2019.

The event was a milestone award ceremony with Winx receiving her fourth consecutive Horse of the Year title. Hosting the event in Hobart allowed Tasracing to showcase the Tasmanian industry to the country's leading racing exponents.

Around 200 guests attended the Macq01 waterfront event venue, the majority of whom were interstate visitors, many extending their stay in Hobart and leaving with a lasting positive impression of Tasmania's industry. The event achieved an outstanding Net Promoter Score of 68.

2020 Ladbrokes Tasmanian Thoroughbred Summer Racing Carnival

The 2020 Ladbrokes Summer Carnival exceeded all previous years' guest satisfaction scores, and achieved unprecedented levels of broadcast, live stream and digital reach.

Tasracing's focus on catering to both off course and on course wagering customers saw an enhanced physical presence for Tasracing TV and Formplus Digital Form Guides at each of the three major Cup Days.

Tasracing TV's Live Cup Day Panel Show was taken outdoors and among patrons. This resulted in high levels of audience interaction and engagement and contributed to strong turnover results and new customer acquisition across the entire carnival.

But the highlight of the 2020 carnival was the return to racing on the new Strathayr turf track at Elwick on Derby Day. The new surface received positive comments from participants and punters alike.

Welfare

The appointment of a new Animal Welfare Manager by Tasracing in October 2019 should provide the Tasmanian community with greater confidence that animal welfare is of critical importance to the organisation and the industry.

Immediately upon the appointment, a review of all welfare initiatives commenced.

Horses

The Off the Track (OTT) program continued to support and educate owners of retired racehorses through the provision of coaching clinics from July through to December 2019. The clinics were suspended in January and February 2020 to enable a full review of the program. The COVID-19 pandemic subsequently prevented the relaunch of this initiative in this financial year.

The OTT Program continued its active promotion of retired Standardbreds and Thoroughbreds through the sponsorship of OTT classes at equestrian shows and events.

In late April 2020, an OTT Classifieds webpage was developed to provide owners and trainers with an additional platform to advertise their retired horses. As of 30 June 2020, eight horses had been advertised on the page, of which five had been rehomed.

A new local Harness welfare rule to prevent the over-racing of horses came into effect on 1 March 2020. Under the new rule, horses are limited to no more than five starts in a rolling 30 days.

Tasracing is also undertaking upgrades and improvements to racing facilities to improve horse welfare during their racing career. These include track renovation, upgraded surfaces in parade and mounting yard areas and upgrades to flooring in stalls.

Tasracing is continuing to collaborate with both Racing Australia and Harness Racing Australia on national equine welfare reform, including the enhancement of horse traceability.

Greyhounds

Under a number of new welfare rules introduced on 1 March 2020 to improve the welfare of greyhounds in the state, greyhound owners must make every effort to find their greyhound a suitable long-term home.

Owners must keep evidence of this and greyhounds can no longer be euthanised without written permission from the Office of Racing Integrity (ORI). Exemptions to this rehoming process are only on the basis of medical, legal or behavioural grounds.

Critically, a greyhound can now only be euthanised for behavioural reasons after it has undergone an assessment by an ORI-approved person and only after ORI has signed off on the unsuitability report.

Tasracing funds the Greyhound Adoption Program (GAP) that aims to rehome 150 greyhounds a year.

Tasracing's GAP has been in operation since late 2009.

In January 2020, Tasracing acquired its first owned and operated greyhound rehoming facility at Mangalore, which allows the public direct access to better demonstrate the suitability of greyhounds as pets and has allowed Tasracing to increase capacity for GAP greyhounds while providing an emergency shelter option.

The GAP facility can house 27 greyhounds at a time.

In 2019/20, GAP rehomed 138 greyhounds (89 in 2018/19).

On the track, Tasracing is undertaking a review of its greyhound tracks with nationally recognised expert Professor David Eager.

Track benchmarking and measurements are being recorded to ensure consistent racing surfaces, and GPS mapping of the tracks taken in preparation for Professor Eager's analysis of the design and maintenance regime of the tracks. His advice will focus on how to make existing tracks safer.

Wide-arm lures have been installed at Launceston and Hobart to reduce bunching and interference on the turn.

The following table details the number of greyhounds leaving the industry over the past four years.

	2016/17	2017/18	2018/19	2019/20
Breeding	24	20	11	8
Deceased	57	25	38	24
Euthanised	309	198	137	90
Rehomed	274	212	224	233
Other	19	-	-	1
Total	683	455	410	356

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

Deceased refers to registered greyhounds that have died due to old age or illness or another reason not associated with racing.

Euthanised refers to registered greyhounds that have been put down either to an injury suffered from racing or who are unsuitable to rehome or race.

Assets and Infrastructure

As noted previously, the \$12.5 million redevelopment of the Ladbroke Park Elwick thoroughbred track was completed during 2019/20. The project commenced immediately following the running of the 2019 Hobart Cup.

The construction of the new single 28-metre wide grass track progressed as planned and is now operational.

Tasracing in conjunction with the Tasmanian Turf Club undertook several projects at the Ladbroke Racing Centre Mowbray that included transformation of the grandstand interior with the upgrading of air conditioning and installation of new floor coverings on all levels, including the glass balustrading in the restaurant. The end result has provided the industry and venue users with a much-improved race day and hospitality experience.

Further work at Mowbray included the refurbishment of the public lift, an upgrade of the CCTV system and the implementation of new greyhound starting boxes along with the introduction of the wide arm lure for greyhound racing. These outcomes have provided industry with improved participant safety while reducing risks associated with animal welfare.

Tasracing undertook two notable projects at the Ladbroke All Weather Spreyton. A major renovation of the race track surface to ensure optimal racing conditions are maintained for future racing seasons and the placement of non-slip rubber matting in the race day stalls to reduce the risk of horse slippage during training and racing.

Other significant asset and infrastructure improvements included a new stewards' room at the Burnie harness track and fencing upgrades, resurfacing of the greyhound track at the Devonport Showgrounds and upgrading of stable blocks at Spreyton.

Tasracing has committed to a number of projects moving forward including the refurbishment of the race day stalls at Carrick Park, installation of the lure brake to the wide arm greyhound lure at Mowbray, upgrade of the back up generator for thoroughbred racing at Mowbray, and upgrading of the thoroughbred training track at the Brighton Training Centre.

Digital and Customer Reach

Tasracing's investment in wagering customers contributes to revenue generation in three primary ways:

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

During the COVID-19 shutdown, focus was placed on ensuring customer engagement and loyalty were retained while all Tasracing's Australian competitor jurisdictions remained operational.

A tactical wagering customer content marketing plan was implemented in the first week of the shutdown. As the restart to racing drew closer, that marketing shifted to heavy national digital promotion of Tasmanian racing's return.

Digital

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

During the reporting period, Formplus Alerts were launched. This product will underpin Tasracing's customer data acquisition and retention by providing SMS, email and browser alerts to customers who register.

Our free live streaming and replays for every race meeting across all three codes continued to be highly valued by customers. Tasracing's long-term strategy for Tasracing TV is to create a niche media channel which complements Sky Racing's mass-market broadcast.

Club enabling

During the year Tasracing continued investing in helping clubs to attract and entertain on course customers.

The club enabling strategy is a key component of Tasracing's Corporate Plan and provides clubs with marketing and event support designed to help clubs improve their customer acquisition and retention in a sustainable way.

Tasracing's primary investment in this area is the Go Racing Tasmania initiative which comprises a single brand for promoting all clubs and codes to local, interstate and overseas markets.

It also involves event management support for clubs on major race days, plus an online ticketing system and shared customer database.

Tasracing recognises the critical role clubs play in the industry - their members and guests represent the next generation of racing owners, trainers, participants and sponsors.

Club Hub

During the year, Tasracing increased the quantity and frequency of communication with stakeholders. A highlight was the implementation of Club Hub – an online portal exclusively for club administrators, volunteers and committees. Club Hub centralises information relevant to clubs and uses email to alert all club officials whenever new information is available. Regular information topics include updates to racing schedules, marketing and event assistance programs available to clubs and hints and tips on member and guest engagement. Club Hub was launched during Tasmania's COVID-19 racing closure and was particularly useful in helping clubs stay up to date with progress towards a return to racing.

Broadcast

Approximately 97 per cent of Tasmanian racing's customers are based interstate and overseas. This makes our live broadcast partner critical to revenue growth. Highlights of Tasracing and Sky Racing's partnership during the year were:

- Continued collaboration to deliver live Sky hosting from Wednesday night thoroughbred racing in Launceston.
- Collaboration on production of cup day summer feature race meetings.
- Production of Tasmanian preview videos via the Sky App.

Major marketing partners

Ladbrokes

From 1 August 2019, Ladbrokes became the Tasmanian racing industry's exclusive venue and major race day partner. The 2019/20 financial year was the first year of the partnership upon which the two companies can look back on very favourably given its success.

Ladbrokes took over naming rights to the Elwick, Mowbray and Spreyton race tracks, as well as the Tasmanian Summer Thoroughbred Racing Carnival including the Devonport, Hobart and Launceston Cups.

All thoroughbred, harness and greyhound racing clubs are part of the new agreement, with the biggest race days across all three codes taking on Ladbrokes as naming rights partner.

Sponsorship revenue and the level of marketing support offered to clubs across all codes increased significantly thanks to the Ladbrokes deal. The partnership also allowed Tasracing to continue to broaden its promotion of Tasmanian racing to the national market thanks to Ladbrokes extensive customer-base and marketing investment.

Ladbrokes' commitment to Tasmanian racing was also highlighted by their generous investment in prize money bonuses across all three codes to celebrate the return to racing following the COVID-19 shutdown.

Ladbrokes committed an additional \$150,000 in funding to help the industry get back on its feet and support participants who battled through the COVID-19 period.

Carlton and United Breweries (CUB)

Tasracing's long term relationship with CUB continued during the year with several brand activations across major carnival days across all codes. CUB continued its strong association with Tasracing's Young Racing Tasmania Thoroughbred Cup Day Marquees. CUB's premium beer and cider brands have become synonymous with the glamour of Tasmania's Summer Thoroughbred Racing Carnival.

Industry promotion

Tasracing launched a public awareness campaign called 'It's why we race'. The campaign uses emotive video interviews of a diverse range of industry participants to raise awareness among the public of the importance of racing to the more than 5,000 people engaged in the industry.

The campaign was launched during the shutdown of Tasmanian racing in order to keep racing top of mind among the public and other stakeholders.

The initial video in the campaign series was viewed more than 40,000 times up to 30 June.

Industry Consultation

Tasracing attends quarterly meetings with the Greyhound Reference Group, Harness Industry Forum and Thoroughbred Advisory Network.

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

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

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

Conclusion

The 2019/20 year has provided a number of significant and unique challenges which, as an industry, we have overcome together.

I would like to thank the industry participants and my staff for their hard work, support and resilience. We all worked with a purpose and it was good to see a successful return to racing in mid-June.

Looking forward, 2020/21 will provide a new set of challenges, however, if we continue to manage costs and take all opportunities to grow revenue from Race Field Fees we will be in a strong position for growth and be set to capitalise on expected increases in revenue in 2022 to again grow stakes.

Finally I would like to thank the Minister for Racing, Jane Howlett, the former Minister for Racing, Elise Archer, and the Board of Tasracing, particularly Chairperson Gene Phair and outgoing Director Danny McCarthy, for their ongoing support and advice.



Paul Eriksson
Chief Executive Officer

Performance against Statement of Corporate Intent

The Statement of Corporate Intent represents an agreement between Tasracing and our Shareholding Ministers regarding Tasracing's expected performance for the 2019-2020 financial year. It has been prepared in accordance with section 41 of the *Government Business Enterprises Act 1995*. Performance against the 2019-20 targets is outlined below.

Financial		FY20 Target \$ million	FY20 Actual \$ million
NPAT		-0.03	-3.92
Race Field Revenue		16.41	12.47
Code Funding		25.32	25.48
Assets and Facilities Maintenance		3.46	3.17
Capital Expenditure		13.20	10.43
Workers Compensation		0.80	1.18
Wagering Turnover		609.95	475.77
Non-Financial		Target	Actual
Racing Information			
Thoroughbred	Number of races	570	454
	Total starters	5,500	3,996
	Av. starters per race	9.6	8.8
Harness	Number of races	700	550
	Total starters	6,800	5,520
	Av. starters per race	9.7	10.0
Greyhound	Number of races	1,600	1,252
	Total starters	12,500	9,596
	Av. starters per race	7.8	7.7
Thoroughbred Track Performance			
Summer (% of tracks presented good 3 to dead 5)		85%	91%
Winter (% of tracks presented good 3 to slow 7)		85%	93%

Due to COVID-19 restrictions, racing was halted from 2 April to 14 June with impacts on the number of races, total starters, race field fee revenues and NPAT. Code funding includes \$4.02 million in industry welfare payments made to trainers during the industry closure.

Company Overview

VISION:

To become a globally competitive and sustainable racing industry.

MISSION:

To effectively and efficiently administer racing and to improve the commercial performance and economic contribution of racing in Tasmania.

Tasracing is a State-owned company established under the *Racing (Tasracing Pty Ltd) Act 2009* with two Shareholding Ministers, the Minister for Racing and the Treasurer. The principal objectives of Tasracing are outlined in the *Racing Regulation Act 2004*.

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

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

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

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

Tasracing's commercial revenue is primarily derived from off-course wagering customers. Revenue is earned through Race Field Fees applied to wagering service providers offering wagering on Tasmanian races to their customers. Since Tasracing was established in 2009, the racing and wagering landscape has continued to change rapidly. Privatisation of wagering providers, changing consumer preferences, rapid technological change and intensification of competition from sports betting and other forms of entertainment characterise Tasracing's commercial environment.

Around 97 per cent of Tasracing's wagering derived revenue is generated from interstate and overseas markets.

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

Key achievements over the last 12 months include:

- Completion of the Elwick Track redevelopment on time and within budget.
- Development and initiation of the Harness Industry development strategy with extensive industry consultation.
- Expansion of our value adding video content as part of our free live streaming service of all Tasmanian racing on Tasracing.com.au. This included providing more live hosted meetings, giving wagering customers more live trackside wagering insights.
- Acquisition of a kennel facility for the Greyhound Adoption Program.
- Delivery of COVID-19 support package of \$4.02 million resulting in maintenance of animals in work and strong fields when racing returned.

Our Operating Environment

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

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

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

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

COVID-19 risks continue to create uncertainty as the pandemic extends. This has resulted in cash flow impacts, more stringent hygiene and security protocols and restrictions on events impacting revenue generation and cultural benefits of racing.

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

Nationally and locally we face many challenges, however there are many exciting opportunities that are now afforded by our sustainable position and an increasingly connected digital world. Invest, innovate and differentiate are the three pillars of focus that drive our strategic principles, goals and initiatives.

Our Board of Directors

Our Board is comprised of seven non-executive directors including a Chairperson, three directors with experience and expertise to each code of racing and three directors with experience and expertise necessary to enable the Company to achieve its objectives. Directors are appointed for a term of three years and may be reappointed at the expiry of that term subject to their contribution having been satisfactory and their skills continuing to be relevant to the Board.

At the Annual General Meeting on 26 November 2019 (AGM), David Garnier was appointed to the Board as a non-executive director and Robyn Whishaw, Michael Gordon and Helen Galloway

were reappointed to the Board as non-executive directors. Tania Price retired from the Board at the AGM after serving a 10-year tenure.

The Board has five standing committees: Audit & Risk, Asset & Safety, Racing Rules & Policy, Board Nominations and HR & Remuneration. Director Selection Advisory Panel (DSAP) is held as and when required for director selection process with an independent panel member.

Gene Phair (Chairperson)

Appointed: 22 November 2018

Member: Asset & Safety, Board Nominations (Chair), HR & Remuneration Committees and DSAP (Chair)

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

Mr Phair is a Fellow of the Chartered Accountants Australia and New Zealand and a member of the Australian Institute of Company Directors. He was a long-standing Board Member of the National Heart Foundation of Australia (Tasmanian Division) and Chair of the Board of The Hutchins School.

Helen Galloway (Deputy Chairperson)

Appointed: 20 July 2016

Reappointed: 26 November 2019

Member: HR & Remuneration (Chair), Asset & Safety, Audit & Risk, Board Nominations Committees and DSAP

Mrs Galloway was appointed as the Deputy Chairperson of the Board in December 2019. An experienced executive in the commercial gaming industries, Mrs Galloway was formerly a Vice President of Casino Development and Strategic Analysis with Marina Bay Sands in Singapore and Sand China Limited in Macao. Mrs Galloway is a chartered accountant and a member of CPA Australia and the Australian Institute of Company Directors. Mrs Galloway is also on the Board of TT-Line Company Pty Ltd, Sorell Council Audit Panel and Bank of Us.

Danny McCarthy

Appointed: 1 December 2010

Reappointed: 20 November 2017

Member: Audit & Risk (Chair) Committee

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

Mr McCarthy will retire from the Board at the 2020 annual general meeting. The Board would like to recognise Mr McCarthy's valued services as a Board director during his 10-year tenure.

Robyn Whishaw

Appointed: 21 December 2016

Reappointed: 26 November 2019

Member: Racing Rules & Policy (Chair) Committee

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

Mrs Whishaw holds a Bachelor of Education from the University of Tasmania.

Joel Wallace

Appointed: 1 December 2015

Reappointed: 22 November 2018

Member: Asset & Safety (Chair) and Racing Rules & Policy Committees

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

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

Michael Gordon

Appointed: 21 September 2016

Reappointed: 26 November 2019

Member: Racing Rules & Policy Committee

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

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

David Garnier

Appointed: 26 November 2019

Mr David Garnier is the founder and chairman of New Wave Capital, a Hong Kong based corporate advisory and strategic consulting firm. He has over 30 years of international experience as a business executive and board representative across numerous sectors - technology, gaming and wagering and media of particular relevance. Mr Garnier has extensive experience in digital economy, digital marketing, e-sports, governance and capital markets. He has strong networks across businesses relating to digital marketing, payment systems, wagering and payments and e-sports.

Mr Garnier has a Bachelor of Commerce (Law and Economics) from Canberra University and is a qualified CPA. He is a board member of a number of private and public companies.

Tania Price (Preceding Director)

Appointed: 1 January 2010

Retirement: 26 November 2019

Member: HR & Remuneration (Chair) and Board Nominations Committees and DSAP

An experienced communications and public relations executive, Ms Price was formerly a Vice President of Media and Communications for BHP Billiton and a former Manager of Public Affairs for WMC Resources and Public Affairs Manager of Tourism Victoria. Ms Price retired from the Board at the 2019 annual general meeting.

Board and Committee Attendance

Director	Board (regular and special meetings)		Audit & Risk Committee		Assets & Safety Committee		Racing, Rules & Policy Committee		HR & Remuneration Committee		Board Nominations Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Gene Phair ¹	17	17			3	3			3	3	1*	1
Helen Galloway ²	17	17	6	6	3	3			2*	2	1	1
Danny McCarthy	17	16	6*	6								
Michael Gordon	17	17					4	4				
Robyn Whishaw	17	17					4*	4				
Joel Wallace	17	17			3*	3	4	4				
David Garnier	12	12										
Tania Price ³	5	5							1*	1		

*Chair of the committee

A Eligible

B Attended

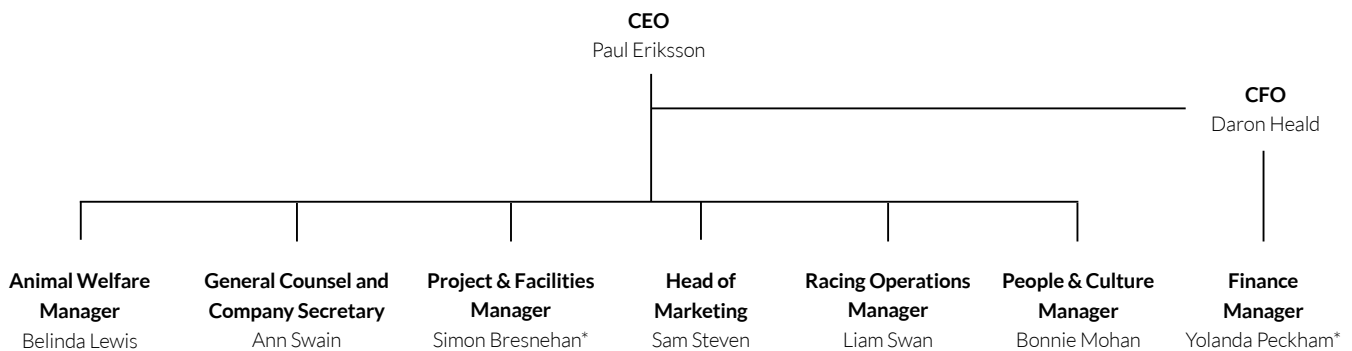
¹ Chairperson

² Deputy Chairperson

³ Preceding Director

Our Organisational Structure and Culture

Our structure has been designed around the following service pillars: Racing Operations, Projects & Facilities, Animal Welfare, Marketing, Finance, General Counsel, Legal & Company Secretary and People & Culture. Our culture is inclusive and performance driven, with a focus on accountability, empowerment, risk minimisation and optimised service delivery for the Racing industry.



* Yolanda Peckham and Simon Bresnehan resigned from their respective positions in March 2020.

Racing Operations

Our Racing Operations Team is responsible for programming, racing, management of stakes allocation, rules and policies, industry education and training of jockeys and drivers for all three codes of racing within Tasmania. The team is also responsible for the management and oversight of all industry workshops and awards along with breeding schemes and sales (Magic Millions) and liaison with major media broadcasters including Sky Channel.

Welfare

Our Welfare Team sets the strategic direction for the welfare of racing animals across the three codes of racing in Tasmania. It is responsible for enhancing animal welfare and achieving legislative and best practice animal welfare objectives. The Welfare Team manages Tasmanian animal welfare programs and initiatives, including the Greyhound Adoption Program (GAP) and Off The Track (OTT).

Projects & Facilities

Our Projects and Facilities Team works closely with the Racing Operations Team to facilitate all race meetings of the three codes of racing across the State. It is primarily responsible for the day-to-day operational oversight and maintenance/preparation of the tracks, staffing requirements for the thoroughbred meetings and key harness raceday employees and racing industry related occupational health and safety and Tasracing training venue operations. The Team is also responsible for identified planned strategic and reactive risk mitigation. Deliverables include assisting race clubs to engage with new and existing industry participants and patrons through improved venue experiences by undertaking capital Infrastructure projects and operational maintenance services.

Marketing

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

Finance

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

Legal & Company Secretary

Our Legal Team is responsible for the management of Tasracing's legal and governance functions, including the provision of legal advice and services to all parts of the business, compliance management, regulatory affairs and company secretary duties. The Company Secretary is responsible for delivering corporate governance advice and counsel to the Board, Chief Executive Officer and management team.

People & Culture

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

Our Values

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

Our Corporate Plan

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

Our Goals

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

Participation:

Maintain and grow participation in the industry by enhancing overall participant returns and delivering on other key initiatives.

Commercial Development:

Explore new business opportunities to increase revenue and to promote the Tasmanian racing industry.

Risk & Safety:

Responsibly manage risk including safety to protect our participants, employees, assets, and shareholders.

Organisational:

Ensure suitable skills and systems are employed throughout Tasracing's operations, assets and governance structure.

Animal Welfare:

Promote and enhance animal welfare in accordance with community expectations.

Infrastructure:

Provide efficiently managed racing and training infrastructure aligned with participant and customer expectations.

Customer:

Focus on wagering customers by understanding their needs, building relationships with wagering service providers and creating value through innovation and great customer service.

Our Strategic Principles

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

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

Increase economic contribution

Maximise commercial performance

Maintain tri-code presence in three regions (South, North, North West)

Safeguard animal welfare

Responsibly manage risk including safety

Valued by the Community for what we do and what we stand for

Thoroughbred Code Report

The Tasmanian Thoroughbred code funding increased by two per cent in 2019/20.

The increase in stakes was used for an increase in two 3YO feature races heading into the Tasmanian Summer Racing Carnival. The 3YO Cup, the flagship sprint for progressive three-year-olds, was raised to \$75,000, while the 3YO Trophy was raised to \$50,000 after quality horses, such as The Inevitable, have progressed through this event.

Wagering turnover on Tasmanian thoroughbred racing totalled \$203 million during the year, compared to \$242.3 million last financial year.

The impact of the COVID-19 shutdown, which saw the thoroughbred code not race after Wednesday 1 April 2020 until Sunday 14 June 2020, was unexpected and impacted many in the industry.

Tasracing implemented the Tasmanian Racing C-19 Welfare Payment Scheme which saw support payments made to the industry within two weeks of the shutdown.

This welfare package, which was paid to owners and trainers within two weeks of the shutdown, saw thoroughbreds (which were two years old or above) receive a subsidy of \$45 per day to remain in work, with some discretion made for yearlings on a weekly basis.

This package saw more than \$2 million distributed to participants to assist them to continue to keep thoroughbreds in work during the shutdown.

The return of racing saw an expected high level of support for all race types with nominations causing multiple divided events throughout the return.

Tasracing's major sponsor, Ladbrokes, provided a show of support for participants with a \$300 bonus to every trainer with a starter at the first meeting on Sunday 14 June 2020 and a \$2,500 bonus to the winner of every race for the first two meetings of the return to racing.

Despite the shutdown causing 14 less meetings and 99 less races in 2019/20 compared to the previous year, Jockey Craig Newitt retained his Tasmanian Jockey premiership with 64 wins while Scarlet So won the leading apprentice award with 20 wins for the 2019/20 season.

Scott Brunton won the Tasmanian Leading trainer award for the seventh year in a row with 50 wins, including multiple local feature wins with star five-year-old Mandela Effect. Brunton campaigned both Mandela Effect and The Inevitable interstate during the 2019/20 racing season with both horses recording wins, but it was the journey of the pint sized rocket The Inevitable that took the four-year-old gelding all the way to the \$7m+ Golden Eagle.

Current Tasmanian Horse of the Year Mystic Journey, trained by Adam Trinder, continued her success in 2019/20 after winning the inaugural \$4 million All-Star Mile the season prior, with the mare running fifth in the 2019 Group 1 Cox Plate.

Wordsmith was named Juvenile and Leading Tasmanian Sire of the year.

The 2019/20 Tasmanian Summer Racing Carnival yet again attracted strong local and interstate interest despite the alteration to the carnival based on the redevelopment of the Elwick track.

Works began in FY19 with the completion of the new track ready for the start of the Hobart Carnival on Saturday 1 February, highlighting the new surface with the running of the \$150,000 Tasmanian Derby.

Feature races usually run at Hobart were transferred to Launceston with a slightly altered schedule over the three-month summer racing carnival period.

Newhart, trained by Leanne Gaffney and ridden by Craig Newitt, won the Devonport Cup in a record time. It was Newitt's sixth Devonport Cup win and his second in as many years after riding Eastender to victory in 2019.

The Michael Trinder-trained Toorak Affair won the 2020 Hobart Cup, giving him the only race that had previously eluded him in the summer carnival. His star mare, which was purchased for \$50,000 at the 2015 Tasmanian Magic Millions Sales, was a finalist for the Tasmanian Horse of the Year award for her 2019/20 season's achievements.

Patrick Payne's Home By Midnight won the Launceston Cup comfortably ahead of other interstate horses Taikomochi and Dogmatic.

The Tasmanian Magic Millions Yearling Sale produced another unprecedented result, this time achieving a record gross of \$3.39 million and a clearance rate of 83 per cent.

From a catalogue of 146 lots, 135 lots went through the ring, with 112 lots sold for an average of \$30,300, an increase of nearly eight per cent on the 2019 Tasmanian Magic Millions Sale.

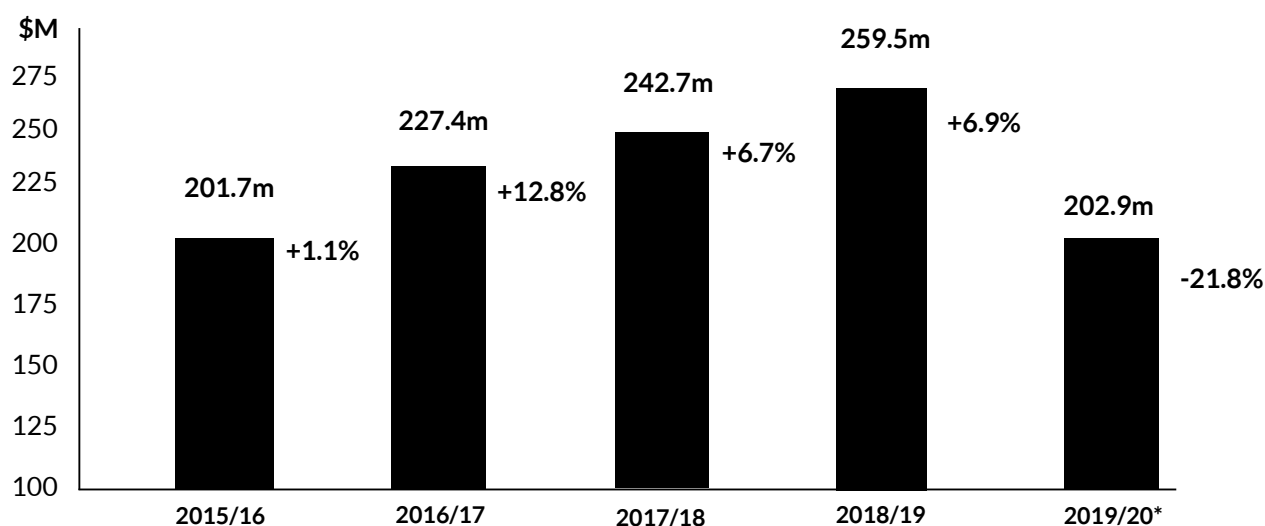
A filly by Alpine Eagle out of the mare Must Be Mink topped the sale after being purchased by Victorian trainer Robbie Griffiths for \$95,000.

Wednesday night racing continued to be successful with the meetings still generating high returns for the Tasmanian product. Average turnover for these meetings generated \$4.8 million, an increase of 5.4 per cent from 2019.

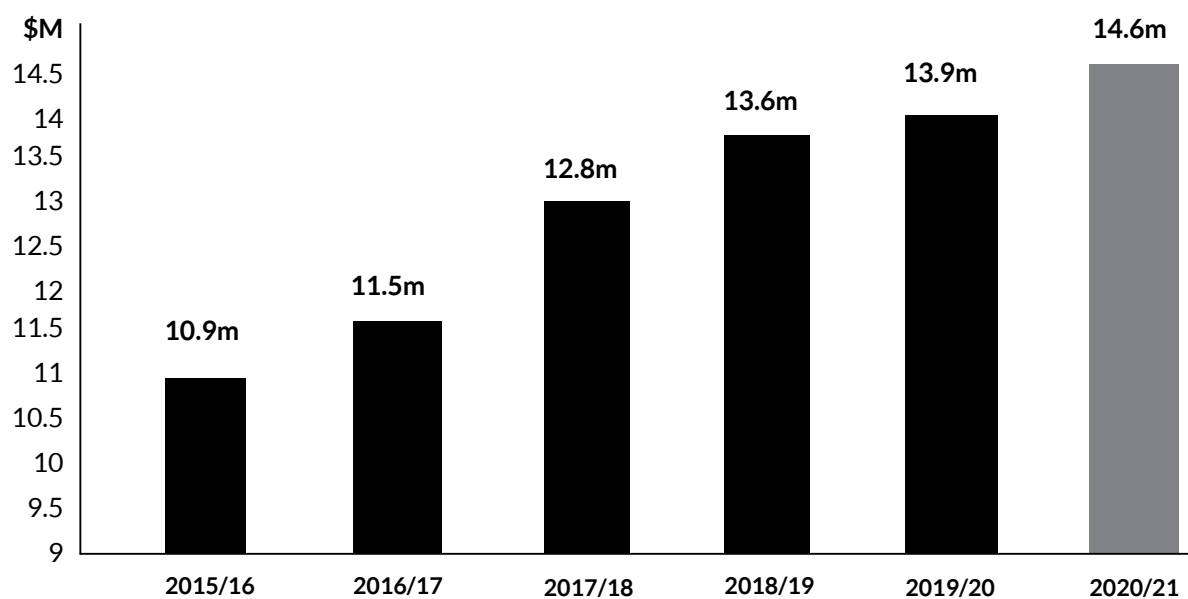
Tasracing acknowledges the efforts of the members of the Thoroughbred Advisory Network (TAN) who meet with Tasracing on a quarterly basis. Tasracing looks forward to continuing to work with TAN members to strengthen and improve Thoroughbred racing in Tasmania.

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

Thoroughbred Wagering turnover (\$M)



Total code allocation Thoroughbreds (\$M)



Key racing statistics Thoroughbreds

	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20*
Meetings	73	73	74	77	78	77	76	73	72	73	72	58
Races Held	600	588	625	626	622	621	612	567	564	555	553	454
Overall Starters	6,255	5,801	6,391	6,127	5,925	6,046	5,823	5,795	5,422	5,053	4,976	3,996
Average Starters/ Race	10.4	9.9	10.2	9.8	9.5	9.7	9.5	10.2	9.6	9.1	9.0	8.8

*Racing was shutdown in Tasmania between 2 April 2020 and 14 June 2020.

Thoroughbred Award Winners

Ladbroke's Tasmanian Horse of the Year	Mystic Journey The Inevitable
TTC Tasmanian 2YO of the Year	Gee Gee Josie
DRC Tasmanian 3YO of the Year	Still A Star
Magic Millions Leading Tasmanian-based Juvenile Sire	Wordsmith
Tasbreeders Leading Overall Tasmanian Sire of the Year	Wordsmith
Grenville Stud Tasmanian Broodmare of the Year	God Bless Us
ATA Tasmanian Leading Trainer	Scott Brunton
TRC Tasmanian Leading Jockey	Craig Newitt
Skillinvest Tasmanian Leading Apprentice	Scarlet So
TJA Apprentice School Encouragement Award	Brandon Louis
ROAT Tasmanian Leading Owner	Ron Riley
TAN Recognition Award	David Adams

Harness Code Report

Funding for the harness code grew by \$130,189 or two per cent to \$6.64 million during the reporting period.

The impact of COVID-19 saw the cessation of racing across the state from 2 April, recommencing on 14 June 2020.

Tasracing implemented the Tasmanian Racing C-19 Welfare Payment Scheme which saw payments made to the industry within two weeks of the shutdown.

This welfare package paid to trainers with standardbreds in work amounted to a \$35 per day payment for each horse.

The package saw more than \$1.46 million paid to 111 harness trainers to assist to keep their standardbreds in work over the shutdown period in preparation for a return to racing.

Key feature events including the Sires Stakes, Easter Cup, TTC Sweepstakes, Golden Slipper and Blue Bonnet which were programmed over the cessation or just on recommencement of racing were reviewed – the major TASBRED races were rescheduled to October / November with the TTC Sweepstakes and Blue Bonnet to be held in September. The Easter Cup was abandoned.

There were nine feature races in Tasmania during the season with stakes money of \$20,000 or more (prize money across these races totalled \$340,000).

The Rohan Hillier- trained Ryley Major enjoyed an outstanding season with 18 starts, 13 wins and five places. Included in those was the \$25,000 Hobart Pacing Cup, the \$30,000 Golden Apple and \$75,000 Tasmania Cup.

Tasracing completed a harness industry review during the year.

The review was a three-stage process. Stages one and two included forums at three locations around the state. Stage three included the development of strategies to achieve the outcomes identified during stages one and two. Changes to the Breeders Support payment schedule which allows larger payments to owners and breeders to assist with increasing breeding costs have been well received.

A further initiative taken from the Harness Standardbred Review was the development of Race Programming Guidelines. Two industry experts were appointed and underwent the process of drafting and consulting with the broader industry before finalising guidelines that will be implemented on 1 January 2021. The aim of the guidelines are to maximise revenue for the Harness product by providing programs that are likely to achieve, or exceed, the minimum number of races as well as providing attractive racing options for all horses, regardless of form or ability, on a regular basis.

The TASBRED Bonus distribution was adjusted after the completion of the review with two and three-year-olds now eligible for a \$10,000 bonus for their first wins. Four-year-old and older horses would also continue to receive these bonuses for their first win under an amended structure. A foal born payment of \$2,000 was introduced to be paid to breeders for any eligible TASBRED born foal from 2019.

TASBRED Breeders Coupon and TASBRED Owners Breeding Incentive payments of \$113,875 (including \$10,000 for the additional support incentive) were paid out during the reporting

period. A change to breeding coupons was implemented with the amendment to the policy providing for breeders of an eligible 2YO & 3YO who achieves their first win now entitled to receive a TASBRED bonus of \$2,000 cash and \$2,000 as a coupon.

Payment of foal notification fees on behalf of breeders saved industry participants more than \$15,500.

Tasmania hosted the annual Australian Drivers Championships in November 2019 at Hobart. Welcoming two of the top drivers from each state, seven heats were held. WA representative Gary Hall Jnr took out the title on 77 points with Tasmania's Mark Yole a close second on 63 points.

Launceston was scheduled to host the annual Female Driver's Championship, which was unfortunately cancelled due to COVID-19.

Given the extension of the season to the end of the 2020 calendar year, trainers and drivers will have an extra four months of racing added on to their premiership totals (previously ended on 31 August).

At the time of writing, trainer Ben Yole was leading the state premiership tables with 130 winners.

The leading driver award will be a sprint to the finish with the top four all within four points - Rohan Hillier (54), Gareth Rattray (53), Ricky Duggan (52) and Conor Crook (50).

Twenty-two-year-old Taylor Ford was not only the Leading Female Trainer but the Leading Female Driver.

Team Teal, the campaign to raise awareness about ovarian cancer, ran over a six-week period beginning 1 February. Samantha Gangell, the 2018/19 leading female driver, represented Tasmania. This year an ambassador was also chosen from the Mini Trots with Tamsyn Davis selected. More than \$165,000 was raised from female wins across Australia during this period.

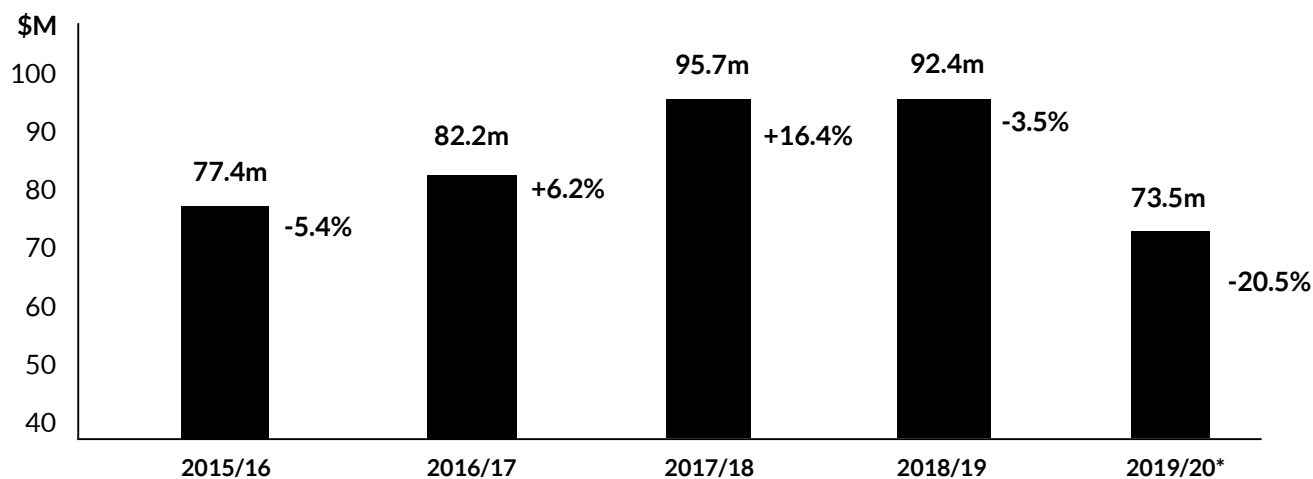
King Island Racing was held during the December/January period with seven combined Harness / Thoroughbred meetings. With two harness races held per meeting, an average of 5.9 starters per race was achieved.

The new National Ratings Handicapping System introduced on 1 July 2019 has seen increased wagering, field sizes and more competitive racing. A Ratings Review Team with representatives from each state meet on a regular basis to discuss feedback. A review was completed after the first six months with minor changes made to the points matrix. A three-year-old concession was also added.

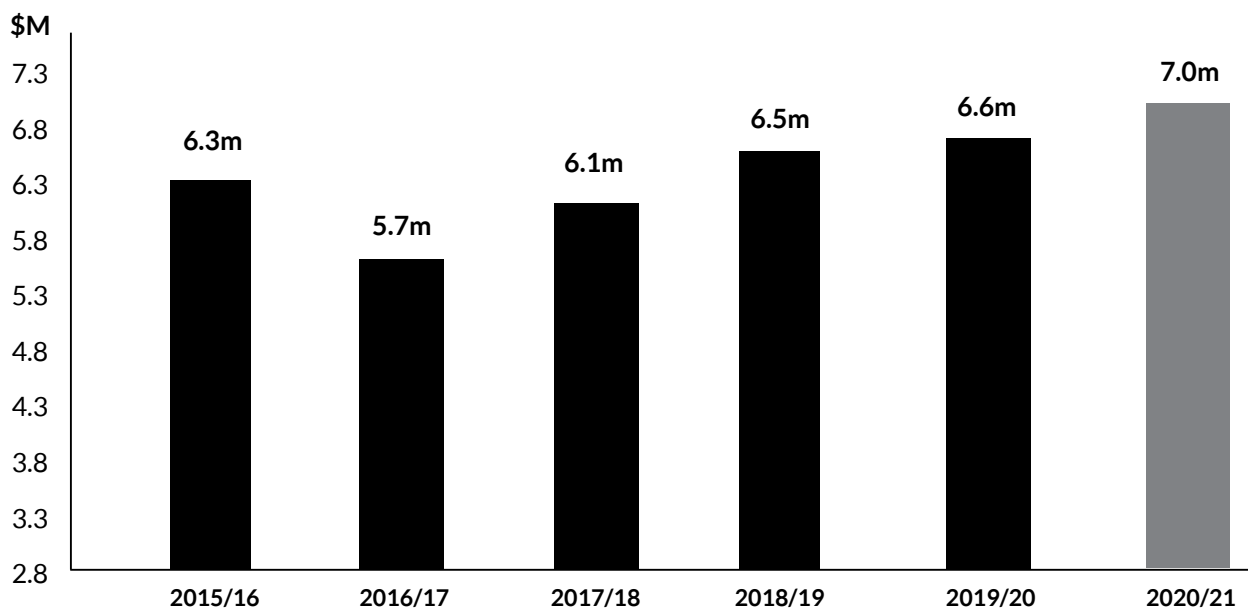
Double seated sulkies were used for promotional purposes at some of the club's feature race days receiving great support from both the industry and general public. It is hoped this will recommence in the near future under strict COVID-19 protocols.

The Harness Industry Forum (HIF) continued to meet quarterly in 2019/20. Tasracing appreciates the time and effort all HIF participants commit to this process that facilitates direct interaction and consultation between Tasracing and industry.

Harness Wagering turnover (\$M)



Total code allocation Harness (\$M)



Key racing statistics Harness

	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20*
Meetings	85	85	84	83	86	85	87	78	84	81	90	68
Races Held	738	733	765	778	773	758	725	699	716	694	721	550
Overall Starters	6,814	6,453	7,149	7,366	7,260	6,392	6,047	6,232	6,582	6,979	7,050	5,520
Average Starters/ Race	9.2	8.8	9.3	9.5	9.4	8.4	8.3	8.9	9.2	10.1	9.8	10.0

*Racing was shutdown in Tasmania between 2 April 2020 and 14 June 2020.

Greyhound Code Report

The greyhound code received a two per cent increase in funding for the 2019/20 season (\$92,937) which enabled the \$155 increase adopted in November 2018 to be continued for the full year.

Part of the allocation was budgeted for welfare initiatives, with a contribution towards the cost of the Greyhound Adoption Program on top of the continuation of the Injury Rebate Scheme.

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

The impact of the COVID-19 shutdown, which saw the greyhound code not race after Monday 30 March 2020 until Monday 15 June 2020, was unexpected and impacted many in the industry and the greyhound code specifically.

Tasracing implemented the Tasmanian Racing C-19 Welfare Payment Scheme which saw support payments made to the industry within two weeks of the shutdown.

This welfare package, which was paid to owners and trainers with greyhounds in their kennels, amounted to \$50 per week for greyhounds older than four months of age and \$20 per week for greyhounds older than six weeks but under four months.

This package saw more than \$500,000 distributed to participants to assist them to retain their greyhounds during the shutdown.

The return of racing saw an expected high level of support for Short Sprint (278 & 340 metre) races.

Tasracing's major sponsor, Ladbrokes, provided a show of support for participants with a \$100 bonus to every trainer with a starter at the first meeting on 15 June 2020 and a \$350 bonus to the winner of every race for the first two weeks of the return to racing (six meetings in total).

The industry shutdown saw 27 less meetings and 333 less races during the reporting period compared to last year. As a result, turnover fell by just less than 20 per cent for the year.

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

The group held three formal meetings during the year with the fourth meeting, scheduled to be held in June, deferred to July because of the urgent need to finalise protocols that were needed for the industry to return to racing.

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

Tasracing, in conjunction with the Launceston Greyhound Racing Club, hosted the annual awards dinner in February 2020 to showcase the industry's achievers during 2019.

Race broadcaster Shane Yates passed away during the year. Mr Yates had been involved in the industry for many years as a broadcaster for all greyhound, as well as some harness and thoroughbred meetings, and was the Master of Ceremonies for many greyhound functions. In recognition of his contribution to the industry, the greyhound code renamed the Tasbred Winter Stakes the Shane Yates Memorial Cup with the inaugural running of the newly named series at Launceston in July 2020.

With the shutdown of racing until mid-June, a number of feature events were abandoned, including the Winter Distance Carnival.

Tasracing introduced mandatory nationally recognised training for licence holders in 2016, however due to the redirection of Government funding to Registered Training Organisations, the programs are no longer viable for RTOs in Tasmania. Tasracing is continuing to work with training organisations to identify what appropriate options are available for the ongoing training of both current and new participants in the industry.

Animal welfare is an integral part of the greyhound racing industry which continues to be developed to ensure industry is meeting community expectations. As noted previously, code funding has been directed towards supporting the GAP (\$117,389) and the Injury Rebate Scheme (\$15,000), however there is still significant work to be done in the welfare space. At the time of writing, Tasracing was working with the On-Track Veterinarians to review the Injury Rebate Scheme as well as develop other policies for race day operations.

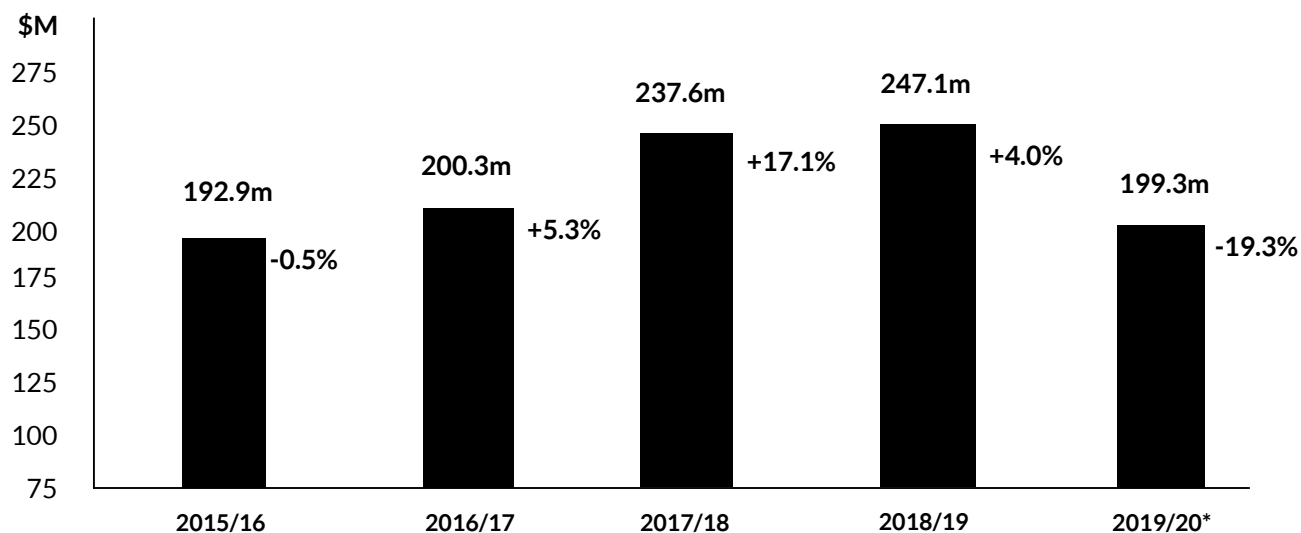
Tasracing has developed and introduced a wide arm lure to help in the reduction of interference in races (introduced at Launceston in December 2019 and at Hobart in June 2020). The implementation of the lure at Devonport is being investigated. The advice of Professor David Eager is being sought prior to finalising plans for the implementation of the lure at that venue.

Professor Eager has also been engaged to inspect and review the state's greyhound tracks' material and preparation to ensure they are maintained to the highest standards for safe racing. Unfortunately, due to the COVID-19 shutdowns, Professor Eager, who was originally scheduled to visit the state in April, has not been able to travel to Tasmania to undertake the work.

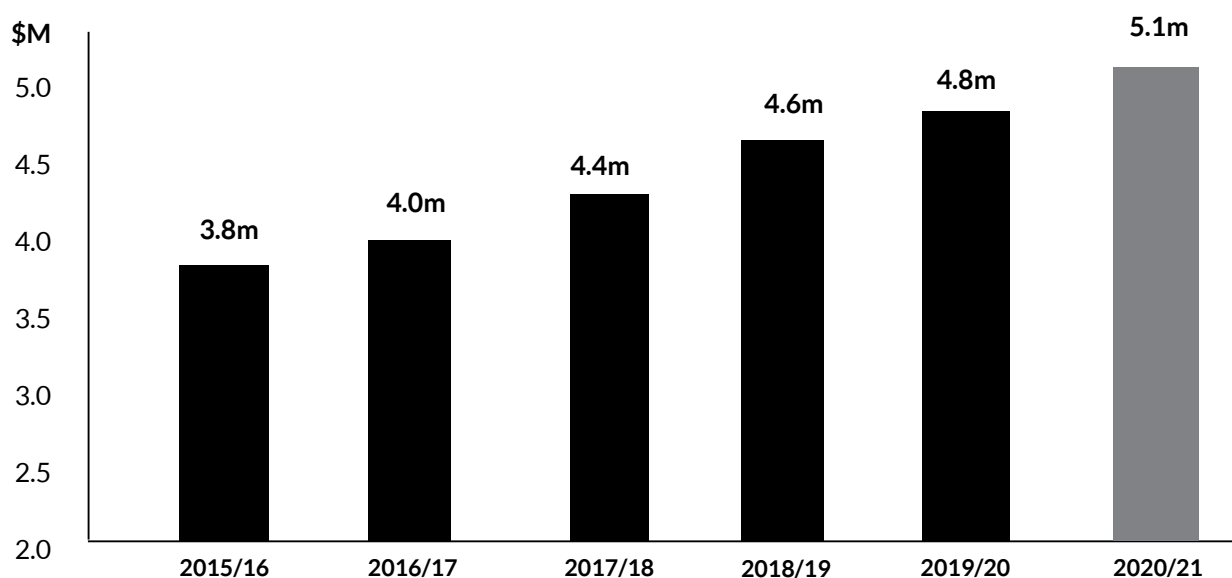
Greyhound Award Winners

Tasmanian Greyhound of the Year	Stop Line (20 wins and seven placings from 34 starts)
Leading Trainer	Anthony Bullock (213 winners)
Leading Owner	Robyn Johnson (100 winners)
Leading Breeding Female	Jamila Flex (progeny won 56 races)
Leading Sire	Fernando Bale (Progeny won 216 races in Tasmania)
Most Consistent Greyhound	Bridwood Marshall (16 wins and 23 placings from 46 starts in Tasmania)

Greyhound Wagering turnover (\$M)



Total code allocation Greyhound (\$M)



Key racing statistics Greyhound

	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20*
Meetings	155	157	156	157	157	157	157	157	156	156	157	130
Races Held	1,547	1,567	1,567	1,628	1,637	1,601	1,615	1,592	1,568	1,602	1,585	1,252
Overall Starters	12,025	12,193	12,219	12,663	12,814	12,336	12,477	12,402	12,273	12,501	12,339	9,596
Average Starters/ Race	7.8	7.8	7.8	7.8	7.8	7.7	7.7	7.8	7.8	7.8	7.8	7.7

*Racing was shutdown in Tasmania between 2 April 2020 and 14 June 2020.

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

PRINCIPLE 1: Lay solid foundations for management and oversight

Functions of the Board

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

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

The Company Secretary is accountable directly to the Board, through the Chairperson, on all matters to do with the proper function of the Board.

Management and Delegated Authorities

The Chief Executive Officer and Chief Financial Officer (Executives) are responsible for the general management and leadership of Tasracing including day-to-day business operations and are accountable to the Board for achieving the stated objectives. They are also responsible for reporting to the Board on a monthly basis and keeping Directors and Shareholding Ministers apprised of key strategic issues and developments. The Delegations Manual is a document that outlines the matters and financial limits reserved for the Board, Executives and Tasracing employees. The Board also delegates authority to a number of Board committees to assist it in carrying out its

functions and to ensure its effective performance in specific areas. Directors sit on Board committees and are accountable to the Board. The Board committees include: Audit and Risk, Asset and Safety, Racing Rules and Policy, HR and Remuneration and Board Nominations. They all operate under Terms of Reference which are reviewed annually.

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

Performance Evaluation

The Board's practice is to undertake an annual appraisal of its performance. KPMG was engaged to undertake a formal external evaluation of the Board's performance and the assessment was completed in August 2019. The Executives and employees are also subject to an annual assessment of their performance against agreed objectives and expected behaviours.

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

PRINCIPLE 2: Structure the board to add value

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

The Chairperson and all Tasracing Directors are independent directors. They are appointed in accordance with Tasracing's Constitution, the Act and the Guidelines for Tasmanian Government Businesses – Board Appointments. Prior to appointing new Directors, the Board Nominations Committee undertakes a skills assessment to determine the skills and experience that may be necessary for the Board to achieve its objectives and strategic plans. The Board maintains a skills matrix which sets out the mix of skills and diversity of the Board. A Director Selection Advisory Panel is then established to consider and nominate candidates for Cabinet approval. Directors have an ongoing requirement to notify the Board of any material personal interest in any matter relating to the affairs of Tasracing and make annual declarations regarding any related party transactions.

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

PRINCIPLE 3: Act ethically and responsibly

Our Code of Conduct applies to all our people: the Board, employees, contractors and volunteers. The Code of Conduct sets out the standard of expected behaviour. Tasracing also promotes its values (RACE) in all its business activities and operations. We have a number of more specific policies that relate to our commitment to comply with our legal obligations and to act ethically and responsibly. These include right to information policy, public interest disclosure (Whistleblower) policy, procurement policy, wagering policy, gifts, benefit and hospitality policy, compliance policy and workplace bullying, discrimination and harassment policy and related party transactions disclosure policy.

PRINCIPLE 4: Safeguard integrity in corporate reporting

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

Tasracing's auditor is the Tasmanian Audit Office which conducts an audit of the financial statements at the end of each financial year and is invited to attend the annual general meeting each year. Tasracing's Annual Reports are tabled in each House of Parliament and are subject to the scrutiny of all members of the Parliament and the community.

PRINCIPLE 5: Make timely and balanced disclosure

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

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

We also communicate via a variety of other forums, including email, SMS and online via our website. Details about disclosures made under the *Right to Information Act 2009*, the *Public Interest Disclosures Act 2002* and personal information provisions are set out in page 29.

PRINCIPLE 6: Respect the rights of security holders

Tasracing's constitution outlines the rights and powers of Shareholding Ministers. Shareholding Ministers can issue various guidelines and directives to Tasracing. The Board has procedures for communication with Shareholding Ministers to ensure they have timely access to information about the Company, including its financial situation, performance, governance and any sensitive matters about which they need to be aware.

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

PRINCIPLE 7: Recognise and manage risk

The Board has established an Audit and Risk Committee which oversees financial, operational and strategic risks and internal controls in accordance with the Board approved Risk Management Framework. Material risks are discussed directly with the Shareholding Ministers at the regular scheduled meetings. The Audit and Risk Committee oversees the internal audit function which is outsourced, including the approval of the audit plan, receiving reports of all audits undertaken and monitoring management actions to address the findings. The Audit and Risk Committee oversees this on a regular basis. In 2019-20, the Audit and Risk Committee held 5 meetings.

PRINCIPLE 8: Remunerate fairly and responsibly

The Board has established a HR & Remuneration Committee to oversee remuneration practices and policies in relation to directors, executives and other employees of the company. The remuneration policy is designed to attract and retain high calibre employees and to align the interests of shareholders and stakeholders for value creation. The HR & Remuneration Committee meets quarterly to discharge these duties.

Tasracing adheres to the Treasury Guidelines for Executive and Board Remuneration. Director fees are set by the Tasmanian Government under the Director and Executive Remuneration Guidelines. Remuneration levels are reviewed annually and any increases are benchmarked against independent data.

The 2019-20 Financial Statement details the remuneration of directors and executives.

LEGISLATIVE REPORTING OBLIGATIONS

Tasracing is committed to complying with all relevant legislative, regulatory and business obligations, including compliance with the Treasurer's Instructions and Guidelines for Tasmanian Government Businesses. To achieve this commitment, Tasracing's Compliance Management Framework and Compliance Policy adheres to the *AS ISO 19600:2015 Compliance* management systems to:

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

Public Interest Disclosures Act 2002

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

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

Tasracing did not receive any PID Act disclosures this financial year.

Right to Information Act 2009

Tasracing understands and appreciates the need to make information readily available to the public and is committed to the objectives of the *Right to Information Act 2009* (RTI Act). Tasracing routinely publishes information that it considers to be of interest to the public via its website and social media. Where information is not disclosed but a request is made for provision of that information Tasracing adheres to the requirements and processes established by the RTI Act.

In accordance with the RTI Act, the following disclosures are provided for 2019/20:

Right to Information Act statistics

Number of applications for assessed disclosure received	3 ¹
Number of applications for assessed disclosure where information was disclosed in full	1
Number of applications for assessed disclosure refused and the basis for refusal	0
Number of applications for assessed disclosure where it related to exempt information and the basis for the exemption	0
Number of applications for internal review and the outcome of those reviews	0
Number of applications for external (Ombudsman) review and the outcome of those reviews	0

¹ One application for assessed disclosure was ultimately treated as an active disclosure under the RTI Act. One application for assessed disclosure did not satisfy Regulation 4 of the Right to Information Regulations 2010 and was not accepted.

Personal Information Protection

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

Overseas Travel

Tasracing funded one international trip in 2019/20 for a Board member and the Chief Executive Officer to attend the Greyhounds Australasia meeting in New Zealand at a cost of \$1,642 for the two attendees. However, the trip was cancelled due to COVID-19 border restrictions. The balance of the cash outlay for the flights was retained on credit to be used at a later date.

Buy Local

Purchases from Tasmanian businesses

% of purchases from Tasmanian businesses	72%
Value of purchases from Tasmanian businesses	\$22.3 million

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

Name of Consultant	Location	Description	Period of engagement	Amount
Strathayr Turf Solutions Pty Ltd	Hobart	Post implementation maintenance advice for Elwick Thoroughbred Track	01/12/2019 - 1/12/2020	\$57,575
Total				\$57,575

There were 11 consultants engaged for \$50,000 or less totalling	\$79,854
TOTAL PAYMENT TO CONSULTANTS	\$137,429

Accounts due or paid within each year

Measure	
Creditor days	4.15
Number of accounts due for payment	7,851
Number of accounts paid on time	7,632
Amount due for payment	\$30,864,512
Amount paid on time	\$29,729,009
Number of payments for interest on overdue accounts	-
Interest paid on overdue accounts	-

Superannuation Declaration

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

Signed



Paul Eriksson

Chief Executive Officer

Tasracing Pty Ltd

Annual Financial Report

for the financial year ended 30 June 2020

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Directors' Report

The directors present their report together with the financial report for the year ended 30 June 2020 and the independent auditor's report thereon.

Directors

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

Gene Phair - Chairperson

Helen Galloway

Joel Wallace

Danny McCarthy

Tania Price - retired 26 November 2019

David Garnier - appointed 26 November 2019

Michael Gordon

Robyn Whishaw

Principal activities

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

Review of operations

For the year ended 30 June 2020, the company recorded a loss before tax of \$3,789,689 (2019: loss of \$1,781,964). No dividends were paid to members during the year (2019: 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 racing industry was suspended between 2 April 2020 and 14 June 2020 in response to the COVID-19 pandemic.

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 2020:

- In April 2020, the Tasmanian Government suspended racing as part of its controls on COVID-19. The racing suspension occurred for approximately 10 weeks from 2 April 2020 to 14 June 2020, racefield fees decreased to \$13.31m (2019: \$15.14m).
- Due to the suspension of racing, Tasracing provided industry support to trainers during the period of suspension to an amount of \$4.02m (2019: nil).
- The Defined Benefit obligation increased in 2020 with lower interest rates and assumptions of higher employer contribution rates. This resulted in a negative remeasurement recorded to other comprehensive income to the value of \$0.14m (2019: \$0.59m).
- Injury costs relating to serious workers compensation injuries incurred in previous years has resulted in a premium expense under Tasracing's workers compensation insurance policy of \$1.18m.

Environmental regulations

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

Subsequent events

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

Future developments

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

Indemnification of officers and auditors

During the financial year the company paid a premium of \$17,760 (2019: \$17,760) in respect of insurance for directors and officers liability.

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

Auditor's independence declaration

The auditor's independence declaration is included on page 67 of the financial statements.

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



Mr Gene Phair
Chairperson
14 August 2020

Directors' Declaration

1. The directors declare that:

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

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

On behalf of the Directors



G. Phair
Chairperson
Tasracing Pty Limited
Hobart, 14 August 2020

Statement of Comprehensive Income

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue and Other Income			
Racing revenue	A1	15,627,404	17,276,357
Government grant	A2	31,137,147	31,375,661
Interest revenue	A3	236,163	718,246
Total Revenue and Other Income		47,000,714	49,370,264
Expenses			
Prizemoney and industry funding		27,913,492	26,788,491
Raceday and racing expenses	A4	5,951,793	6,312,404
Depreciation and amortisation expense	A5	4,464,818	3,970,206
Sales and marketing	A6	974,072	1,137,400
Employee benefits expense	A7	8,060,176	7,834,510
Finance and leasing costs	A8	831,678	1,229,807
Other expenses	A9	2,594,374	3,879,410
Total Expenses		50,790,403	51,152,228
Profit/(Loss) before tax		(3,789,689)	(1,781,964)
Income tax expense			
	A11	-	-
Profit/(Loss) for the year after tax		(3,789,689)	(1,781,964)
Other comprehensive income/(loss)	A7	(135,000)	(589,000)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		(3,924,689)	(2,370,964)

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

Statement of Financial Position

for the year ended 30 June 2020

	Note	2020	2019 *restated
		\$	\$
Current Assets			
Cash and cash equivalents	B1 (a)	4,006,115	12,431,129
Trade and other receivables	B2	1,835,069	1,589,612
Prepayments		416,288	521,560
Total Current Assets		6,257,472	14,542,301
Non-Current Assets			
Property, plant and equipment*	B3	49,906,412	45,010,820
Intangible assets	B4	988,474	1,131,099
Other financial assets	B5	84,507	52,116
Right-of-use assets	B10	3,812,089	-
Total Non-Current Assets		54,791,482	46,194,035
Total Assets		61,048,954	60,736,336
Current Liabilities			
Trade and other payables	B6	3,048,539	4,311,830
Borrowings	B7	2,808,945	772,954
Other financial liabilities	B8	164,475	159,770
Provisions	B9	3,020,080	2,880,828
Lease liabilities	B10	416,529	-
Total Current Liabilities		9,458,568	8,125,382
Non-Current Liabilities			
Borrowings	B7	7,126,356	7,935,301
Employee provisions	B9	2,990,236	2,750,388
Lease liabilities	B10	3,415,219	-
Total Non-Current Liabilities		13,531,811	10,685,689
Total Liabilities		22,990,379	18,811,071
Net Assets		38,058,576	41,925,265
Equity			
Contributed equity	B11	59,964,911	59,906,911
Accumulated losses	B12	(21,906,335)	(17,981,646)
Total Equity		38,058,576	41,925,265

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

*Prior year restatement - refer note D5.

Statement of Changes in Equity

for the year ended 30 June 2020

	Note	Contributed Equity \$	Accumulated Losses \$	Total \$
Balance as at 30 June 2018		59,137,085	(15,610,682)	43,526,403
Equity contribution	B11	769,826	-	769,826
Profit /(Loss) for the year	B12	-	(1,781,964)	(1,781,964)
Other comprehensive income/(loss)	B12	-	(589,000)	(589,000)
Total Comprehensive Income for the year		-	(2,370,964)	(2,370,964)
Balance as at 30 June 2019		59,906,911	(17,981,646)	41,925,265
Equity contribution	B11	58,000	-	58,000
Profit /(Loss) for the year	B12	-	(3,789,689)	(3,789,689)
Other comprehensive income/(loss)	B12	-	(135,000)	(135,000)
Total Comprehensive Income for the year		-	(3,924,689)	(3,924,689)
Balance as at 30 June 2020		59,964,911	(21,906,335)	38,058,576

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

Statement of Cash Flows

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
Receipts from customers		46,498,336	48,464,680
Payments to suppliers & employees		(45,185,068)	(44,225,229)
Interest received		282,653	749,756
Interest and other costs of finance paid		(581,764)	(631,010)
Net Cash provided by Operating Activities	B1 (b)	1,014,156	4,358,197
Cash Flows from Investing Activities			
Proceeds from disposal of non-current assets		3,926	1,818
Payments for non-current assets		(10,430,657)	(8,279,282)
Loan repayment received		15,000	44,000
Purchase of shares	B5	(84,507)	-
Net Cash used in Investing Activities		(10,496,238)	(8,233,464)
Cash Flows from Financing Activities			
Repayment of borrowings	B1 (c)	(772,954)	(738,625)
Proceeds from borrowings		2,000,000	-
Equity contribution	B11	58,000	769,826
Lease payments	B10	(477,267)	-
Transfer of RBF Defined Benefit superannuation		249,288	-
Net Cash provided by Financing Activities		1,057,068	31,201
Net (Decrease)/Increase in Cash and Cash Equivalents		(8,425,014)	(3,844,065)
Cash and Cash Equivalents at the beginning of the year		12,431,129	16,275,194
Cash and Cash Equivalents at end of the year	B1 (a)	4,006,115	12,431,129

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

Notes to the Financial Statements

for the year ended 30 June 2020

GENERAL INFORMATION

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

Tasracing was established by the *Racing (Tasracing Pty Ltd) Act 2009*. The Principal Act is the *Racing Regulation Act 2004*. The responsible Minister is the Minister for Racing. Section 11 of the *Racing Regulation Act 2004* sets out Tasracing's responsibilities in detail.

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

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

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations and comply with other requirements of law. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ("IFRS").

The financial report was authorised for issue by the directors on 14 August 2020.

Basis of preparation

The financial report has been prepared on the basis of historical cost and on a going concern basis. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

future periods if the revision affects both current and future periods.

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

Note	Page
A5 Asset useful lives	41
B3/B4	
Impairment review of property, plant and equipment	48
B9 Employee entitlements	50
B9 tasBonus/TASBRED	51
B9 Defined benefit superannuation fund obligations	51-54

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 2020:

- In April 2020, the Tasmanian Government suspended racing as part of its controls on COVID-19. The racing suspension occurred for approximately 10 weeks from 2 April 2020 to 14 June 2020, racefield fees decreased to \$13.31m (2019: \$15.14m).
- Due to the suspension of racing, Tasracing provided industry support to trainers during the period of suspension to an amount of \$4.02m (2019: nil).
- The Defined Benefit obligation increased in 2020, with an impact of \$0.13m.
- The expense for the workers compensation insurance policy premium was \$1.18m.

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

	2020 \$	2019 \$
A1 Racing Revenue		
Racefield revenue	13,324,109	15,141,302
Sponsorship income	1,072,304	363,328
Rental income	188,076	163,799
Other racing income	1,042,915	1,607,928
	15,627,404	17,276,357

Accounting policy

Revenue

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

Rental income

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

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

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

Racing revenue from contracts with customers

Racefield revenue	13,324,109	15,141,302
Magic Millions income	105,099	115,083
Sponsorship and digital revenue	945,619	382,426
Sky marketing income	-	100,700
Total revenue from contracts with customers	14,374,827	15,739,511

Timing of revenue recognition

Goods transferred at a point in time	14,374,827	15,739,511
Services transferred over time	-	-
Total revenue from contracts with customers	14,374,827	15,739,511

Contract balances

Trade receivables (Note B2)	1,193,883	845,530
Total contract balances	1,193,883	845,530

Information about Tasracing's performance obligations are summarised below:

Racefield Revenue

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

Magic Millions Income

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

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

Sponsorship and Digital income

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

Sky Marketing Income

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

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

A2 Government Grants

	2020 \$	2019 \$
Government funding	31,137,147	30,832,408
Debt support funding	-	543,253
	31,137,147	31,375,661

Accounting policy

Government Grants

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

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

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

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

A3 Interest

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

EXPENSES

	2020 \$	2019 \$
A4 Race day and Racing Expenses		
Training and racing facilities	3,112,491	2,945,606
Race day & other racing expenses	1,531,218	1,683,034
Racing insurance	1,308,084	1,683,764
	5,951,793	6,312,404

	2020 \$	2019 \$
A5 Depreciation & Amortisation Expenses		
Racecourse leasehold improvements	3,121,446	3,080,106
Plant and equipment	462,633	449,449
Welfare facilities	8,012	-
Intangibles	408,376	440,651
Right-of-use assets	464,351	-
	4,464,818	3,970,206

Accounting policy

Depreciation and amortisation expenses

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

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

Category	Term
Leasehold improvements	term of the lease or life of the asset
Welfare facilities	5 to 20 years
Plant and equipment	3 to 20 years
Racecourse plant and equipment	5 to 20 years
Right-of-use assets	term of the lease
Website and systems development	3 to 5 years

	2020 \$	2019 \$
A6 Sales & Marketing Expenses		
Sales	199,029	185,732
Marketing	775,043	951,668
	974,072	1,137,400

	2020 \$	2019 \$
A7 Employee Benefit Expense		
Recognised in profit/(loss) for the year		
Wages and salaries	6,560,385	6,465,679
Other associated personnel expenses	246,430	560,680
Contributions to defined contribution superannuation funds	621,451	596,975
Service cost of defined benefit scheme (excludes interest cost)	41,000	18,000
Increase in liability for annual leave*	492,109	85,995
Increase in liability for long service leave	98,801	107,181
	8,060,176	7,834,510
Recognised in other comprehensive income for the year		
Actuarial (losses)/gains	(145,000)	(644,000)
Actual return on plan assets less interest income	10,000	55,000
Total measurement recognised in other comprehensive income	(135,000)	(589,000)

* An additional \$341,490 was recognised for casual employees in respect of the decision made in the Full Federal Court on 20 May 2020 in *WorkPac Pty Ltd v Rossato* [2020] FCAFC 84.

	2020 \$	2019 \$
A8 Finance and Leasing Costs		
Finance costs		
Net interest cost in relation to defined benefit obligation (see note B9)	83,000	84,000
Interest expense	683,234	631,009
	766,234	715,009
Short-term leases and leases of low-value assets		
Occupancy lease rentals - short-term	5,450	462,416
Plant and equipment lease rentals	59,994	52,382
	65,444	514,798
Total finance and leasing costs	831,678	1,229,807

Accounting policy

Finance costs

Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts, borrowings, leases and unwinding of discounts.

Short-term leases and leases of low-value assets

Tasracing has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with a lease term of 12 months or less and leases of low-value assets when the value of the leased asset when new is \$10,000 or less.

Tasracing recognises the lease payments associated with these leases as expense on a straight-line basis over the lease term.

	2020 \$	2019 \$
A9 Other Expenses		
Insurance	635,894	536,077
Administration	729,441	669,610
Loss on disposal of assets	135,070	1,173,326
Digital & IT	1,015,068	1,222,153
Other	78,901	278,244
	2,594,374	3,879,410

	2020 \$	2019 \$
A10 Remuneration of Auditors		
External audit services	42,850	40,420
Internal audit services	47,299	53,162
	90,149	93,582

The Company paid \$42,850 to the Tasmanian Audit Office for the audit of the financial statements.

TAXATION

	2020 \$	2019 \$
A11 Income Taxes		
(a) Income tax recognised in profit or loss		
Tax expense/(income) comprises:		
Current tax expense/(income)	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(income)	-	-
Attributable to:		
Continuing operations	-	-
	-	-
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from continuing operations	(3,789,689)	(1,781,964)
Profit from operations	(3,789,689)	(1,781,964)
Income tax expense calculated at 30%	(1,136,907)	(534,589)
Tax break		
Non-deductible expenses	8,566	8,690
Unused tax losses and tax offsets not recognised as deferred tax assets	-	-
Previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	-	-
Other	-	-
	(1,128,341)	(525,899)
(Over)/under provision of income tax in previous year	-	-
	(1,128,341)	(525,899)
Current income tax expense/(benefit) not recognised in Statement of Comprehensive Income	(1,128,341)	(525,899)

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

(b) Income tax recognised directly in equity

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

	2020 \$	2019 \$
Deferred tax:		
Actuarial movements on defined benefit plans	40,500	(176,700)
Deferred tax movement not recognised through equity	(40,500)	176,700
	-	-
(c) Recognised deferred tax balances		
Deferred tax assets comprise:		
Temporary differences	83,485	122,095
Tax losses (revenue)	-	-
	83,485	122,095
Deferred tax liabilities comprise:		
Temporary differences	83,485	122,095
	83,485	122,095
Net deferred tax asset / (liability)	-	-

Taxable and deductible temporary differences arise from the following:

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
2020			
Gross deferred tax liabilities:			
Prepayments	(118,563)	35,797	(82,766)
Receivables	(3,532)	2,811	(721)
	(122,095)	38,608	(83,487)
Gross deferred tax assets:			
Employee benefits	122,095	(38,608)	83,487
Property, plant and equipment	-	-	-
Other			
Tax losses (revenue)	-	-	-
	122,095	(38,608)	83,487
	-	-	-

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

(d) Unrecognised deductible temporary differences and unused tax losses

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

	2020	2019
	\$	\$
Temporary differences	4,138,459	4,893,563
Tax losses – revenue	3,087,003	2,146,121
	7,225,462	7,039,684

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	2020	2019
	\$	\$
(a) Cash and cash equivalents		
Cash on hand and balances with banks	4,006,115	12,431,129
(b) Reconciliation of profit for the year to net cash flows from operating activities		
Profit/(Loss) for the year	(3,789,689)	(1,781,964)
Adjustments for:		
Depreciation and amortisation	4,464,818	3,970,207
(Profit)/loss on disposal of property, plant and equipment	131,144	1,171,508
Interest charged on DRC loan	-	(5,813)
Interest charged on lease liabilities	101,469	-
(Increase)/decrease in receivables	(245,452)	(126,459)
(Increase)/decrease in prepayments	105,268	(119,557)
(Decrease)/increase in creditors and accruals	(142,389)	1,111,266
Increase/(decrease) in provisions	388,986	139,010
Net cash from operating activities	1,014,156	4,358,197
(c) Reconciliation of liabilities arising from financing activities		
Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.		
Borrowings		
Balance as at 1 July	8,708,255	9,446,880
Changes from financing cash flows:		
Cash received	2,000,000	-
Cash repayments	(772,954)	(738,625)
Balance as at 30 June	9,935,301	8,708,255
Lease liabilities		
Balance as at 1 July 2019 due to adoption of AASB16	4,261,183	
Changes from financing cash flows:		
Cash lease payments	(477,267)	
Non-cash lease movement	47,831	
Balance as at 30 June	3,831,748	
(d) Financing facilities		
Credit and stand by arrangements		
Credit cards		
Amount used	88,500	82,500
Amount unused	21,500	27,500
Facility limit	110,000	110,000
TASCORP borrowing facilities		
Amount used	9,935,301	8,708,255
Amount unused	31,577,899	33,030,690
Facility limit	41,513,200	41,738,945

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

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

ASSETS

B2 Trade and Other Receivables

	2020 \$	2019 \$
Trade receivables	1,854,582	1,600,931
Provision for expected credit loss	(21,910)	(23,089)
	1,832,672	1,577,842
Interest receivable	2,397	11,770
	1,835,069	1,589,612

Reconciliation of movement in expected credit loss

Carrying amount at 1 July	(23,089)	(1,349)
Amounts written off during the year	25,520	5,128
Amounts recovered during the year	-	-
(Increase)/decrease in provision recognised in Statement of Comprehensive Income	(24,341)	(26,868)
Carrying amount at 30 June	(21,910)	(23,089)

Ageing of trade and other receivables

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

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

Past due between 31 and 60 days	13,871	53,773
Past due between 61 and 90 days	394	73,816
90+ days	138,359	178,392
Balance at end of year	152,624	305,981

Included in the trade receivables balance are debtors with a carrying amount of \$152,624 (30 June 2019: \$305,981) that are past due at the reporting date which Tasracing has not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. Tasracing does not hold any collateral over these balances. Many of the long outstanding past due amounts have been lodged with Tasracing's debt collectors or are on payment arrangements.

Accounting Policy

Trade receivables

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

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.

B3 Property, Plant and Equipment	2020	2019
(a) Carrying amounts	\$	\$
Land		
At cost	650,600	185,000
Total	650,600	185,000
Racecourse leasehold improvements		
At cost	81,296,921	67,200,438
Less: accumulated depreciation	(35,564,870)	(32,522,303)
Total	45,732,051	34,678,135
Plant & equipment		
At cost	6,479,024	6,258,203
Less: accumulated depreciation	(4,261,490)	(3,870,546)
Total	2,217,534	2,387,657
Welfare facilities		
At cost	927,140	-
Less: accumulated depreciation	(8,012)	-
Total	919,128	-
Work in progress		
At cost	387,099	7,760,028
Total	387,099	7,760,028
Total Property, plant and equipment	49,906,412	45,010,820

(b) Reconciliation of movements in carrying amounts

	Land at cost	Racecourse leasehold improvements at cost	Plant & equipment at cost	Welfare facilities at cost	Work in progress at cost	TOTAL
2020	\$	\$	\$	\$	\$	\$
Carrying amount at 1 July	185,000	34,678,136	2,387,656	-	7,760,028	45,010,820
Additions	-	-	6,384	-	8,882,121	8,888,505
Disposals	-	(17,245)	(5,337)	-	-	(22,581)
Impairment losses	-	-	-	-	(106,106)	(106,106)
Net transfers	465,600	14,192,605	297,848	927,140	(16,148,944)	(265,750)
Depreciation	-	(3,121,446)	(469,017)	(8,012)	-	(3,598,474)
Carrying amount at 30 June	650,600	45,732,051	2,217,534	919,128	387,099	49,906,412

	Land at cost	Racecourse leasehold improvements at cost	Plant & equipment at cost	Welfare facilities at cost	Work in progress at cost	TOTAL
2019	\$	\$	\$	\$	\$	\$
Carrying amount at 1 July	185,000	36,899,776	2,374,551	-	1,269,208	40,728,535
Additions	-	-	22,203	-	9,799,242	9,821,445
Disposals	-	(1,155,058)	(18,268)	-	-	(1,173,326)
Impairment losses	-	-	-	-	-	-
Net transfers	-	2,013,524	458,619	-	(3,308,422)	(836,279)
Depreciation	-	(3,080,106)	(449,449)	-	-	(3,529,555)
Carrying amount at 30 June	185,000	34,678,136	2,387,656	-	7,760,028	45,010,820

Accounting policy

Property, plant and equipment

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

The asset capitalisation threshold adopted by Tasracing is \$1,000. Assets valued at less than \$1,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total). The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

	2020 \$	2019 \$
B4 Intangible Assets		
(a) Carrying amounts		
Website and software		
At cost	2,348,972	2,083,222
Less: accumulated amortisation	(1,360,498)	(952,123)
Total	988,474	1,131,099
Carrying amount at 1 July	1,131,099	735,481
Additions from work in progress	265,751	836,269
Amortisation	(408,376)	(440,651)
Carrying amount at 30 June	988,474	1,131,099

Accounting policy

Intangible assets

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

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

Impairment of non-financial assets

At the end of each reporting period, Tasracing 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, Tasracing estimates the recoverable amount of the cash generating unit to which it belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which

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

Current Year

There was no impairment charge in 2020.

Prior Year

There was no impairment charge in 2019.

B5 Other Financial Assets	2020	2019
	\$	\$
Loan receivable	-	52,116
Ordinary share investment	84,507	-
	84,507	52,116

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

Tasracing purchased 50 ordinary shares (5% of the total number of issued shares) in Racing Information Services Enterprises Pty Ltd. The purchase was approved by the Shareholding Minister.

LIABILITIES

B6 Trade and Other Payables	2020	2019
	\$	\$
Trade payables - unsecured	3,048,539	4,311,830

B7 Borrowings	2020	2019
	\$	\$

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).

Current:

Credit foncier loan 1 - operating loan	(i)	232,912	225,745
Credit foncier loan 2 - capital loan	(ii)	576,033	547,209
Overnight borrowings	(iii)	2,000,000	-
		2,808,945	772,954

Non-Current

Credit foncier loan 1 - operating loan	(i)	1,280,288	1,513,200
Credit foncier loan 2 - capital loan	(ii)	5,846,068	6,422,101
		7,126,356	7,935,301

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

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

- (i) Credit Foncier 1 - operating loan - principal and interest is payable every 6 months. Effective 30 June 2016, interest is 3.15% fixed until maturity 30 June 2026.
- (ii) Credit Foncier 2 - capital loan - Six monthly repayments of principal and interest will be made through to expiry (2029). Interest has been fixed for ten years at 5.13% per annum (to 2023). Previously, the State government provided support for principal and interest repayments. The principal support component was treated as an equity contribution.
- (iii) Overnight Borrowings - principal and interest is payable on a rolling overnight basis at an interest rate of 0.90% per annum.

Under the funding deed Tasracing has a \$40 million debt facility with the Tasmanian Public Finance Corporation. On 15 June 2020 the Treasurer provided explicit support to the Tasmanian Public Finance Corporation for Tasracing's maximum borrowing limit of \$18.7 million. This limit includes support for borrowings of up to \$10 million for Tasracing as part of the Government's response to the COVID-19 pandemic. The interest on this additional debt will be reimbursed for six months from the date of the first drawdown.

B8 Other Financial Liabilities	2020	2019
	\$	\$
Rental bonds	164,475	159,770
	164,475	159,770

B9 Provisions	2020	2019
	\$	\$
Current:		
Employee		
Annual leave	999,270	530,006
Long service leave	346,402	320,355
Superannuation - defined benefits	65,000	64,000
	1,410,672	914,361
Other	1,609,408	1,966,467
	3,020,080	2,880,828
Non-Current		
Employee		
Long service leave	254,236	211,388
Superannuation - defined benefits	2,736,000	2,539,000
	2,990,236	2,750,388
Total provisions	6,010,316	5,631,216

Accounting policy

Provisions

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

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

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

Workers Compensation Insurance Policy

Tasracing has a workers compensation insurance policy for the year ending 31 March 2021. The premium varies between a minimum of \$606,000 and a maximum of \$2,560,000. At 30 June 2020, the injuries incurred in the previous insurance years were greater than the minimum premium. Tasracing is exposed to a potential cost of up to \$1,954,000 in the current insurance year being the difference between the maximum and minimum premiums and this is dependant upon the nature and extent of the injuries that occur. As an insurance year remains open for three years, injuries that occurred in prior years can impact on the current financial years expense recorded in the Statement of Comprehensive Income.

tasBonus/TASBRED schemes

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

Employee benefit disclosures

Accounting Policy

Employee benefits

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

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

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

Classification of employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

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

Liability for defined benefit obligation

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

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

Investment risk - the risk that investment returns will be lower than assumed and Tasracing will need to increase contributions to offset this shortfall over the long term.

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

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

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

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

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

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

	2020 \$	2019 \$
Reconciliation of the net defined benefit liability/(asset)		
Defined benefit obligation	3,208,000	2,996,000
Fair value of plan assets	(407,000)	(393,000)
Net superannuation liability/(asset)	2,801,000	2,603,000
Current net liability	65,000	64,000
Non-current net liability	2,736,000	2,539,000
Total liability	2,801,000	2,603,000
Reconciliation of the fair value of scheme assets		
Fair value of plan assets at the beginning of the year	(393,000)	(339,000)
Interest income	(13,000)	(14,000)
Actual return on plan assets less interest income	(10,000)	(55,000)
Employer contributions	(61,000)	(65,000)
Contributions by plan participants	(12,000)	(8,000)
Benefits paid	82,000	88,000
Taxes, premiums & expenses paid	-	-
Fair value of plan assets at the end of the year	(407,000)	(393,000)
Reconciliation of the defined benefit obligation		
Present value of defined benefit obligations at beginning of the year	2,996,000	2,316,000
Current service cost	41,000	18,000
Interest cost	96,000	98,000
Contributions by plan participants	12,000	8,000
Actuarial (gains)/losses arising from changes in demographic assumptions	(40,000)	-
Actuarial (gains)/losses arising from changes in financial assumptions	(26,000)	406,000
Actuarial (gains)/losses arising from liability experience	211,000	238,000
Benefits paid	(82,000)	(88,000)
Taxes, premiums & expenses paid	-	-
Present value of defined benefit obligations at end of the year	3,208,000	2,996,000

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

Fair Value of Scheme Assets

As at 30 June 2020^

Asset Category	Total	Quoted prices in active markets for identical assets - Level 1 (\$'000)	Significant observable inputs - Level 2 (\$'000)	Unobservable inputs - Level 3 (\$'000)
Cash deposits	-	-	-	-
Australian equities	65	-	65	-
International equities	83	-	83	-
Infrastructure	52	14	-	38
Diversified fixed interest	103	-	103	-
Property	73	-	73	-
Alternative investments	31	-	31	-
Total	407	14	355	38

^ Estimated based on assets allocated to Tasracing as at 30 June 2020 and asset allocation of the RBF Scheme as at 30 June 2019.

Fair Value of Entities Own Financial Instruments

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

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

Assets are not held separately for each reporting entity but are held for the Fund as a whole. The fair value of Scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of each reporting entity's fund liabilities, calculated using the assumptions outlined in this report, with the exception of the discount rate. For the purposes of allocating assets to each reporting entity, we have used the Government Bond yield of 1.60%, 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 2020	30 June 2019
Assumptions to determine defined benefit cost and start of year DBO		
Discount rate (active members)	3.25% p.a	4.30% p.a
Discount rate (pensioners)	3.25% p.a	4.30% p.a
Expected rate of increase of compulsory preserved amounts	3.00% p.a	3.00% p.a
Expected salary increase rate	3.00% p.a	3.00% p.a
Expected pension increase rate	2.50% p.a	2.50% p.a
Financial year ended	30 June 2020	30 June 2019
Assumptions to determine end of year DBO		
Discount rate (active members)	3.15% p.a	3.25% p.a
Discount rate (pensioners)	3.15% p.a	3.25% p.a
Expected salary increase rate	3.00% p.a	3.00% p.a
Expected rate of increase of compulsory preserved amounts	3.00% p.a	3.00% p.a
Expected pension increase rate	2.25% p.a	2.50% p.a

Sensitivity analysis

The defined benefit obligation as at 30 June 2020 under several scenarios is presented below.

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

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% p.a discount rate	+0.5% p.a discount rate	-0.5% p.a pension increase rate	+0.5% p.a pension increase rate
Discount rate	3.15% p.a	2.65% p.a	3.65% p.a	3.15% p.a	3.15% p.a
Pension increase rate	2.25% p.a	2.25% p.a	2.25% p.a	1.75% p.a	2.75% p.a
Defined benefit obligation (A\$'000s)	3,208	3,468	2,978	3,067	3,364

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

Asset-Liability matching strategies

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

Funding arrangements

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

Expected Contributions

Financial year ending	30 June 2020 (\$'000)
Expected employer contributions	65

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for Tasracing is 15.7 years.

B10 Leases	2020 \$
(a) Right-of-Use Assets	

Carrying amounts	
Racecourse leaseholds	3,335,043
Motor vehicles	477,046
Total right-of-use assets at 30 June 2020	3,812,089
Reconciliation of movements in carrying amounts	
Carrying amount at 1 July on adoption of AASB16	4,261,183
Additions	15,257
Disposals	-
Amortisation expense	(464,351)
Carrying amount at 30 June 2020	3,812,089

Accounting Policy

Right-of-use assets

Tasracing has lease contracts for various racecourses and motor vehicles used in its operations. Leases of racecourses generally have lease terms between 3 and 50 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. There are several lease contracts that include extension and termination options.

(b) Lease Liabilities	2020 \$
Reconciliation of movements in carrying amounts	
Carrying amount at 1 July on adoption of AASB16	4,261,183
Additions	15,257
Interest	101,469
Payments and accruals	(546,162)
Total lease liabilities at 30 June 2020	3,831,748
Current	416,529
Non Current	3,415,219
	3,831,748

Accounting Policy

Lease liabilities

At the commencement date of the lease, Tasracing recognises lease liabilities measured at the present value of lease payments to be made over the lease term, unless the short-term or low-value exemption is applied.

In calculating the present value of lease payments, Tasracing uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

Tasracing has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with a lease term of 12 months or less and leases of low-value assets i.e., when the value of the leased asset when new is \$10,000 or less. Tasracing recognises the lease payments associated with these leases as expense on a straight-line basis over the lease term.

EQUITY

B11 Contributed Equity	2020	2019
	\$	\$
Balance at the beginning of the year*	59,906,911	59,137,085
Equity contribution - Treasury	58,000	769,826
Balance at the end of the year	59,964,911	59,906,911

Fully paid shares (30 June 2020 and 30 June 2019: 2)

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

The support received for the principal component of the loan in note B7 was treated as an equity contribution in 2019.

B12 Accumulated Losses	2020	2019
	\$	\$
Balance at the beginning of the year	(17,981,646)	(15,610,682)
Net Profit/(Loss)	(3,789,689)	(1,781,964)
Other comprehensive income	(135,000)	(589,000)
Balance at the end of the year	(21,906,335)	(17,981,646)

* Prior year restatement - refer note D5.

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 B11 and B12 respectively.

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

(b) Categories of Financial Instruments	2020 \$	2019 \$
Financial assets		
Cash and cash equivalents	4,006,115	12,431,129
Financial assets - at amortised cost	1,835,069	1,589,612
Other financial assets - at amortised cost	84,507	52,116
	5,925,691	14,072,857
Financial liabilities		
Held at amortised cost:		
Trade and other payables	4,311,830	1,370,036
Other financial liabilities	159,770	159,833
Borrowings	8,708,255	9,446,880
Lease liabilities - note B10	3,831,748	-
	16,980,063	13,179,855

Estimation of fair values

Tasracing considers that the carrying values of financial assets and liabilities are approximate to their fair values.

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

(i) Borrowings

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

(ii) Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value. All other 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 the Statement of Comprehensive Income.

Financial assets/trade and other receivables

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

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

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

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

Financial risk management objectives

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

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

(i) Interest rate risk management

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

Interest rate sensitivity analysis

	Impact on Statement of Comprehensive Income/(Loss)		Impact on Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
	\$	\$	\$	\$
30 June 2020	20,031	(20,031)	20,031	(20,031)
30 June 2019	62,156	(62,156)	62,156	(62,156)

(ii) Credit risk management

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

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

(iii) Liquidity risk management

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

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

	< 1 year	1-2 years	2-5 years	> 5 years	Total	Weighted Average Effective Interest Rate
30 June 2020	\$	\$	\$	\$	\$	
Financial Assets						
Cash and cash equivalents	4,006,115	-	-	-	4,006,115	0.31%
Financial assets - at amortised cost	1,832,672	-	-	-	1,832,672	-
Other financial assets - at amortised cost	84,507	-	-	-	84,507	-
Total Financial Assets	5,923,294	-	-	-	5,923,294	0.21%
Financial Liabilities						
Trade and other payables	3,048,539	-	-	-	3,048,539	-
Other financial liabilities	164,475	-	-	-	164,475	-
Borrowings	2,808,946	846,683	6,279,672	-	9,935,301	3.98%
Lease liabilities - note B10	23,221	343,086	115,484	3,349,957	3,831,748	1.97%
Total Financial Liabilities	6,045,181	1,189,769	6,395,156	3,349,957	16,980,063	2.33%

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

OTHER

COMMITMENTS

D1 Expenditure commitments

(i) Capital expenditure commitments

Leasehold Improvements

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

- not later than one year

	2020	2019
	\$	\$
- not later than one year	130,357	4,178,552
(ii) Other contractual commitments		
Non-cancellable contracts payable:		
- not later than one year	1,705,596	1,427,243
- later than 1 year but not later than 5 years	2,508,829	3,639,524
	4,214,425	5,066,767

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

KEY MANAGEMENT PERSONNEL COMPENSATION

D2 Key Management Personnel

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

The Board is remunerated in accordance with the Tasmanian State Government remuneration framework which recommends the maximum remuneration amount available to members of Government boards. Chief Executive Officers of Government businesses are remunerated in accordance with remuneration bands established by the Government Business Executive Remuneration Advisory Panel. CEO remuneration packages are endorsed by the panel prior to a position being advertised.

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

- Remuneration is approved by the remuneration committee and then approved by the Board after professional advice is sought from independent external consultants.
- All key management personnel receive a base salary (which is based on factors such as position, competency, length of service and experience), superannuation and other benefits.
- No performance incentives exist for the current members of the executive.
- The remuneration committee reviews key management personnel packages annually by reference to Tasracing'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 Tasracing and expensed. All transactions with key management personnel, including the payment of prize money, 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 2020

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

Board of Directors

- G. Phair (Chairperson, non-executive director)
- J. Wallace (non-executive director)
- D. McCarthy (non-executive director)
- T. Price (non-executive director), retired 26 November 2019
- H. Galloway (non-executive director)
- M. Gordon (non-executive director)
- R. Whishaw (non-executive director)
- D. Garnier (non-executive director), appointed 26 November 2019

Executive Management

- P. Eriksson (Chief Executive Officer)
- D. Heald (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:

	Directors Remuneration		Executive Remuneration		Consolidated	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	218	218	436	371	654	589
Post-employment benefits	19	19	36	35	55	54
Other long-term benefits	0	0	25	20	25	20
Termination benefits	0	0	0	10	0	10
	237	237	497	436	735	673

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

(a) Remuneration for Board of Directors

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

Board remuneration		30 June 2020		
Name	Position	Directors Fees ¹ \$'000	Superannuation ² \$'000	Total \$'000
Mr G Phair	Chairperson	52	5	57
Mr J Wallace	Director	27	3	30
Mr D McCarthy *	Director	30	0	30
Mr D Garnier (appointed 26 November 2019)	Director	15	1	16
Ms T Price (retired 26 November 2019)	Director	13	1	14
Mrs H Galloway	Director	27	3	30
Mr M Gordon	Director	27	3	30
Mrs R Whishaw	Director	27	3	30
Total		218	19	237

Board remuneration		30 June 2019		
Name	Position	Directors Fees ¹ \$'000	Superannuation ² \$'000	Total \$'000
Mr G Phair (appointed 22 November 2018)	Chairperson	30	3	33
Mr D Cooper (retired 22 November 2018)	Former Chairperson	22	2	24
Mr J Wallace	Director	27	3	30
Mr D McCarthy *	Director	30	0	30
Ms T Price	Director	27	3	30
Mrs H Galloway	Director	27	3	30
Mr M Gordon	Director	27	3	30
Mrs R Whishaw	Director	27	3	30
Total		217	20	237

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

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

* Paid by contract to employing firm

(b) Executive Remuneration

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

Executive Remuneration

30 June 2020

Name	Position	Base Salary ¹ \$'000	Superannuation ² \$'000	Vehicles ³ \$'000	Other Benefits ⁴ \$'000	Total Remuneration Package \$'000	Termination Benefits ⁵ \$'000	Other Long Term Benefits ⁶ \$'000	Total \$'000
Mr P Eriksson	Chief Executive Officer	254	21	15	0	290	0	17	307
Mr D Heald	Chief Financial Officer	161	15	6	0	182	0	8	190
Total		415	36	21	0	472	0	25	497

Executive Remuneration

30 June 2019

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

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

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

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

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

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

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

D3 Transactions with Related Parties

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

Nature of the transaction	Amount of transactions during the year	Transaction description
TASBRED Nomination, Advertising and Sponsorship	\$2,040	Armidale Stud, which is controlled by a member of KMP of Tasracing, nominated a horse for the tasBred scheme, made a sponsorship payment to the Thoroughbred Awards Dinner and purchased advertising in the Tasmanian Thoroughbred Racing Calendar.
Stakes payments (including prize monies, and bonus payments)	\$13,914	Stakes and prize money payments were made to KMP. These payments are made in the ordinary course of business in line with Tasracing stakes payment procedures.

D4 Economic Dependency

A significant proportion of Tasracing's revenue is dependent on a funding deed through to 2029 with the State government which provided base funding of \$30.79m increasing by CPI 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:

Goods and Services Tax

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

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

Subsequent Events

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

Correction of Prior Period Comparatives

Comparative figures have been restated in the Statement of Financial Position and Statement of Changes in Equity. These changes are a result of identifying a parcel of land.

During 2019-20, a parcel of land owned by TOTE Tasmania Pty Ltd was discovered, that was not recognised in the financial records of Tasracing at its inception. This resulted in Land assets increasing by \$185,000 and Issued Capital by the same amount.

As this adjustment reflected characteristics of assets that existed in the prior period, an adjustment to the prior period balances has been made.

The prior period adjustments are detailed below, with Statement of Financial Position and Statement of Changes in Equity balances as at 30 June 2019 restated as follows:

Adjustment: Property, plant and equipment	2019 unadjusted	2019 adjusted	Prior period adjustment
Land	\$	\$	\$
At cost	-	185,000	185,000
Total	-	185,000	185,000

Adjustment: Note B11 Issued capital			
Balance at the beginning of the year	59,721,911	59,906,911	185,000
Equity contribution - Treasury	743,814	743,814	-
Balance at the end of the year	60,465,725	60,650,725	185,000

Changes in Accounting Policies

a) Accounting standards adopted

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

AASB 16 - Leases

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

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

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

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

Transition to AASB 16 - Leases

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

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

Impact on the Statement of Financial Position (increase/(decrease)) as at 1 July 2019:

	2020
	\$
Assets	
Right-of-use assets	4,261,183
Liabilities	
Lease liabilities	(4,261,183)
Net Impact on Equity	-

Impact on the Statement of Financial Position (increase/(decrease)) as at 1 July 2020:

	2020	2019
	\$	\$
Depreciation expense	464,351	-
Operating lease expense	65,444	514,798
Finance costs	101,469	-
Profit/(Loss) for the year	631,264	514,798

As at 30 June 2020 and 30 June 2019:

- Additional lease liabilities were recognised and included under Lease liabilities.
- 'Prepayments' related to previous operating leases were derecognised.
- 'Deferred tax liabilities' decreased because of the deferred tax impact of the changes in recognised lease related assets and liabilities.

For the year ended 30 June 2020:

- Depreciation expense increased because of the depreciation of additional right-of-use assets recognised. This resulted in an increase in 'Depreciation and amortisation expense' of \$464,351.
- Rent expense included in 'Finance and leasing costs', relating to previous operating leases, decreased by \$449,354.
- 'Finance costs' increased by \$101,469 relating to the interest expense on additional lease liabilities recognised.
- Cash outflows from operating activities decreased by \$477,267 and cash outflows from financing activities increased by the same amount, relating to decrease in operating lease payments and increases in principal and interest payments of lease liabilities.

b) Future Pronouncements

There were no significant accounting standards or amendments available for early adoption that were applied by Tasracing in these financial statements.

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

14 August 2020

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

Dear Board Members

Auditor's Independence Declaration

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

As the auditor of the financial report of Tasracing Pty Ltd for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely



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

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Independent Auditor's Report

To the Members of Tasracing Pty Ltd

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Tasracing Pty Ltd (the Company) which comprises the statement of financial position as at 30 June 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Including the Independence standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

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

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

Key Audit Matters

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

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Property, plant and equipment <i>Refer to notes A5 and B3</i>	
<p>The carrying value of property, plant and equipment was \$49.9m at 30 June 2020. Property, plant and equipment are significant to the statement of financial position.</p> <p>Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment. Where there are indicators of impairment, management is required to estimate the recoverable amount. This involved considerable judgement in the assessment of the recoverable amount, using the 'value in use' model. Judgements related to the forecast cash flows and applicable discount rate.</p> <p>The calculation of depreciation, totalling \$3.6m, involved estimation of useful lives which involves a high degree of subjectivity. Changes in assumptions can significantly impact the depreciation charged.</p> <p>The Company had a substantial capital expenditure program, with additions to capital works in 2019-20 totalling \$8.9m. During the year \$16.2m worth of projects were completed and commissioned, the majority related to the \$12.5m redevelopment of the Elwick Thoroughbred Track and for the acquisition of the Greyhound Rehoming Centre</p>	<ul style="list-style-type: none"> • Performed substantive analytical procedures on depreciation expenses. • Reviewed management's assessment as to whether there were any indicators of impairment. • Reviewed the impairment methodology including material assumptions, cash flow model and underlying data. • Tested, on a sample basis, the allocation of costs to capital projects, to ensure the expenditure was capital in nature. • Reviewed capital work in progress to ensure assets are commissioned and transferred in a timely manner and the valuation is appropriate. • Assessed the adequacy of relevant disclosures in the financial statements.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Director's Report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



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

Tasmanian Audit Office

14 August 2020
Hobart

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