

2017

ANNUAL REPORT



tasracing



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From the Chairman

With the Tasracing Company's financial sustainability issues addressed, a sustainable business model in place and cash reserves of \$15.78 million, Tasracing is now well placed to invest in the industry's racing and training infrastructure following a period of constraint in relation to non-essential spending.

The initial major infrastructure projects announced were the redevelopment of the course proper at Luxbet Park (Elwick) and a dedicated facility from which the Greyhound Adoption Program will operate.

A number of other infrastructure projects were also identified and were announced.

Tasracing consulted extensively with stakeholders to identify industry infrastructure priorities, and will continue to work with all relevant parties as these investments are rolled out.

At the time of writing, Tasracing had commenced investigating the redevelopment of the thoroughbred track at Luxbet Park.

Work had started on redevelopment options, identification of associated costs, timelines and strategies to manage the impact on racing activities in southern Tasmania during the redevelopment works.

Significantly, Tasracing will not be required – nor does it have any intention – to borrow money to fund proposed infrastructure developments.

The Tasmanian racing industry operates in a highly competitive environment. This has been a common theme of previous Tasracing annual reports.

To compete, we need a professional and exciting product. It is a challenge we all need to accept if the industry is to develop further and thrive. We must work together.

By way of example, in 2012 the Devonport Racing Club advised Tasracing that it was experiencing major financial difficulties.

Tasracing worked closely with the club in identifying and implementing a solution. Today, the club is financially viable and is "in the black".

It is the perfect example of how clubs and Tasracing can and must work together, regardless of the issue, not only for the benefit of the club, but for the industry as a whole.

In August 2016 Tasmania became the first racing jurisdiction in Australia to make available free on-line live streaming of race meetings across all three codes.

The streaming option was made possible because of Tasracing's 10-year broadcast rights agreement with the Tabcorp-owned Sky Racing.

Thanks to Tasracing's close working relationship with Tabcorp, the opportunity to stream live vision online, alongside Sky's national broadcast of Tasmanian racing, further enhanced the appeal of our product in the national wagering market.

Ensuring punters can access vision of Tasmanian product provides an opportunity to increase both our market share and race field fee revenue, clearly a positive outcome.

Off the back of this increased digital presence, and taking account of other Tasracing initiatives, wagering turnover in 2016/17 totalled \$512 million, representing an 8.6 per cent increase from \$472 million in 2015/16.

Resulting race field fee revenue increased by 11.5 per cent to \$10.5 million in 2016/17 (\$9.5 million in 2015/16).

International revenue increased by 21 per cent to \$829,336.

These results, on top of Tasracing's disciplined financial management, enabled the Company to achieve a profit of \$739,989 in 2016/17 which contrasts with a \$181,327 profit in 2015/16 and a loss of \$1.2 million in 2014/15.

For context, the 2016/17 profit figure includes a \$368,000 revaluation of superannuation monies held by the Retirement Benefits Fund.

While more people are watching and wagering on our product through these digital channels, race meeting attendance figures are declining. This is not unique to Tasmania - it is occurring across Australia in all racing jurisdictions.

The industry will need to continue to engage with our audience via digital channels and social media, we will need to collectively look at creative and innovative ways to encourage race goers back to the track. Tasracing stands ready to work with the State's racing clubs on this essential issue.

Congratulations should go to thoroughbred trainer Scott Brunton and harness trainer Ben Yole for their record-breaking years.

Scott Brunton set a new training record in 2016/17 with 96 wins. It broke his own record that he set with his father, David, in 2010/11.

Ben Yole again prepared more than 100 winners in a season – 118 winners (108 winners last season) which equalled Neville Webberley's record set in 1990/91.

There were a number of changes to the Board's composition in 2016/17.

As referenced in last year's Annual Report, Helen Galloway officially joined the Board in July 2016 and is one of four commercial Directors.

Michael Gordon, a director of management consulting firm PDF Management Services joined the Board in September 2016, filling the vacancy that was created following the resignation of Justin Crawford in February 2016. Mr Gordon is the greyhound code Director.

Robyn Wishaw was appointed to the Board in December 2016. Known to many in the racing industry both in Tasmania and interstate, Mrs Wishaw owns and operates Armidale Stud in Carrick. She replaced Des Gleeson who served as a Director for seven years and is the thoroughbred code Director.

Our previous Chief Executive Officer, Dr Eliot Forbes, left the organisation in August 2016 to take up the role of CEO with Racing Queensland.

Dr Forbes was an excellent CEO of Tasracing who, together with his committed team, greatly improved the organisation's financial position and our relationship with industry stakeholders.

New and current CEO Vaughn Lynch officially commenced with Tasracing in December 2016.

Mr Lynch joined the Company from Harness Racing Victoria where he was the General Manager – Operations.

Appointed from a strong field of applicants, Mr Lynch immediately commenced building successfully on the sustainability work undertaken by his predecessor and the Board.

Since his appointment, Mr Lynch has actively and directly engaged with as many industry stakeholders as possible – and will continue to do so – given the need for Tasracing and the industry to work closely together.

In closing, I would like to thank Racing Minister Jeremy Rockliff for his active involvement with and support of both Tasracing and the racing industry.

Dean Cooper



Chairman





From the Chief Executive Officer

When I agreed to join Tasracing as its Chief Executive Officer in November 2016, I knew I was joining an organisation that was on a sustainable footing and was looking to invest in racing infrastructure across the State.

Pleasingly, as we look towards the 2017/18 financial year, that continues to be the case.

As prominently noted in the Chairman's message, our sustainable business model and cash reserves put Tasracing in a very good position to start investing in racing and training infrastructure projects (for example, the redevelopment of the Luxbet Park thoroughbred track and a dedicated Greyhound Adoption Program facility in southern Tasmania).

Financial performance

Driving revenue growth is a key focus for Tasracing.

Wagering turnover on Tasmanian racing increased by nearly nine per cent in the 2016/17 financial year.

The turnover increased to a record \$513 million (\$472 million in 2015/16), achieved thanks to an increased digital presence and the maintenance of a strong commercial focus.

While Tasracing is reaching and engaging with more wagering customers every year, Tasmanian racing industry participants have played a role in this success, and are to be congratulated for their collective contribution to the result.

Turnover on the thoroughbred code grew by 12.8 per cent to \$228 million, harness code turnover increased by 6.2 per cent to \$82 million and greyhounds by 5.3 per cent to \$203 million.

Domestic revenue increased by more than 11 per cent and international revenue increased by 21 per cent.

At the end of the financial year, Tasracing has a cash reserve of \$15.8 million. The reserve will be used to fund important infrastructure projects such as the redevelopment of the Course Proper of the Elwick track and the development of the GAP facility.

Labour costs increased \$0.4m during the year with increased resourcing of Digital Marketing, Governance, Procurement and Asset administration.

As noted in the Chairman's message, these results, on top of Tasracing's disciplined financial management, enabled the Company to achieve a profit of \$739,989 in 2016/17 which contrasts with a \$181,325 profit in 2015/16 and a loss of \$1.2 million in 2014/15. It is also important to note that the 2016/17 profit figure includes a \$368,000 revaluation of superannuation monies held by the Retirement Benefits Fund.

Industry funding

Tasracing increased base funding for prize money and industry funding by 4.2 per cent or \$840,000 in 2016/17, taking the total allocation for the year to \$20.8 million.

The following amounts were allocated across the three codes:

- Thoroughbred - \$11.42 million, an increase of 4.37 per cent or \$478,001 compared to the previous financial year.
- Harness - \$5.47 million, an increase of 4.03 per cent or \$212,237.
- Greyhounds - \$3.9 million, an increase of four per cent or \$150,202.

The increase was agreed to by Tasracing, following consultation meetings with representatives from the three racing codes.

In addition \$0.393 million in unspent funds from 2014/15 were allocated across the three codes.

Racing overview

Tasmanian thoroughbred trainer Scott Brunton set a new training record in 2016/17 with 96 wins. This broke his own record that he set with his father, David, in 2010/11 of 88 wins.

The Brunton-trained Count da Vinci won the Hobart Cup before finishing second in the Launceston Cup, just missing the Cups Double Bonus of \$100,000 for winning both races in the same year.

The Tasmanian Magic Millions Yearling Sale in Launceston was another strong success - from a catalogued 133 yearlings, the 2017 sale delivered record results in the average, median and highest sale price categories.



The sale grossed \$2.31 million, achieving an average price of \$24,062.

The top lot was a full sister to the Tasmanian bred Kenjorwood (Snippetson - Flying Diva) offered by Grenville Stud which achieved the highest ever sale price at the Tasmanian yearling sale of \$160,000.

In another positive sales result, local breeder Brooke Douglas sold her Written Tycoon – Octangle colt for \$500,000 at the 2017 Melbourne Premier Yearling Sale.

Harness trainer Ben Yole trained 118 winners in 2016/17 to equal the record set by Neville Webberley in 1990/91. The Sidmouth-based trainer trained 108 winners last season – the first time 100 winners had been achieved by one trainer in a season since Barrie Rattray in 1997.

Ignatius, a 2YO gelding, trained by Todd Rattray, owned by his partner Lyrae Graham and bred by the Rattray Family Trust, delivered the highlight performance of the year when he won the Group One \$125,000 New South Wales Breeders Challenge Final for 2YO colts and geldings at Menangle (NSW) in record time.

Chief Jetpilot was named the Tasmanian Greyhound of the Year with 14 wins and 20 placings from just 38 starts. Chief Jetpilot was also named the Most Consistent Greyhound for the year.

The Leading Trainer was Anthony Bullock (168 winners) and the Leading Owner was Debbie Cannan (58 winners).

GAP Adoptions set another record in 2016/17 with 111 adoptions. This was a 30.6 per cent increase on the record set last year (85).

Digital and customer reach

Tasracing's sales, marketing and digital strategy contributed to the strong growth in turnover during the year.

Our digital presence played an important role in ensuring Tasmanian racing product was as easily accessible to customers as possible.

Total customers using tasracing.com.au increased by 11 per cent to 125,000 customers.

Live streaming of Tasmanian racing introduced the previous financial year was the site's second most popular content (after free race replays). This reinforces the importance of the site as a distribution channel of our racing product.

Of the 72 total thoroughbred race meetings streamed live on the website during the year, 30 were live hosted by Tasracing journalist Peter Staples. Live hosting of key harness meetings was also trialled during the year, featuring local harness racing figure Duncan Dornauf as host.

Direct email, social media, search marketing and paid content partnerships with leading racing websites delivered growth in customer engagement with Tasmanian racing via tasracing.com.au and contributed directly to wagering turnover.

Promotional activity with Racenet.com.au, combined with Tasracing's own email and social media activity, contributed to growth in Wednesday night thoroughbred meeting turnover.

Tasracing continued to support racing clubs in their own marketing activities through the Go Racing Tasmania initiative.

All 15 racing clubs across all codes are featured on goracingtasmania.com.au, with clubs responsible for developing their own consumer offers.

A statewide Go Racing Tasmania TV advertising campaign, showcasing weekly highlights from all racing clubs with the aim of driving weekly attendance and growth in awareness of racing within the community, was broadcast through the reporting period.

Tasracing worked closely with the Tasmanian Racing Club and Tasmanian Turf Club to deliver a Young Racing Tasmania Marquee on Hobart and Launceston Cup Days. Each event attracted more than 150 guests. The Young Racing Tasmania brand increased its total Instagram followers to 8,410, up from 7,865 the previous year.

Tasracing increased promotions for the Greyhound Adoption Program Tasmania. Awareness campaigns reached more than 200,000 Tasmanians via state-wide radio. Tasracing also maximised exposure of greyhounds as pets through attendance at AGFEST in April.

Assets and infrastructure

In order to improve safety and welfare outcomes, Tasracing invested across a variety of assets and infrastructure projects through the year.

Tasracing commenced work on the redevelopment of the thoroughbred track at Luxbet Park. Specifically, work has commenced on redevelopment options, identification of costs, timelines and strategies to manage the impact on racing activities in southern Tasmania during any redevelopment works.

Works were concluded on the junction upgrade works for the Brooker Highway at the Howard Road roundabout and the intersection with Elwick and Goodwood Roads. A new car park was constructed at Luxbet Park. A new entrance and ticket booth will be constructed in calendar year 2017.

The synthetic track at Spreyton is an important industry asset. The contract to re-wax the surface of the track was awarded in 2016/17.

The provision of appropriate infrastructure to ensure greyhounds are as safe as possible when training or racing has always been an important consideration for Tasracing. With this in mind, a new loop arm lure for greyhound training and racing was introduced in the early part of the reporting period.

The construction of a greyhound straight track at Ulverstone to provide north west coast-based trainers with additional training facilities was completed this year. The track replaced a trial track at Penguin after the land on which it was located was rezoned for residential use.

The 250-metre-long, six-metre wide track is based on broad specifications developed by the North West Greyhound Racing Club's trainers' consultation group.

Consultation

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

Information gathered and exchanged at these meetings is of critical importance to Tasracing in its formulation of policy and industry governance matters.

I would like to thank all our industry stakeholders for the time and effort devoted during these important deliberations.

Conclusion

In closing my first Tasracing annual report message, I would like to thank all my colleagues at Tasracing for their hard work and commitment through the reporting period.

I would also like to acknowledge all Tasmanian racing industry participants for their individual and significant contributions. Since my arrival in the State I have attended as many race meetings as possible. Regardless of the code, without exception, all of the participants with whom I have met have a strong passion and commitment for the racing industry.

And finally, I would like to thank the Minister for Racing, Jeremy Rockliff, and the Board of Tasracing, particularly Chairman Dean Cooper, first for the opportunity during an exciting phase of its development, and second for their support and counsel during the 2016/17 financial year.

Vaughn Lynch
CEO



Statement of Corporate Intent

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

Returns to Government		2016-17	
		Target	Actual
Guarantee Fees		\$196,022	\$215,694
Dividend		\$0	\$0

Financial		Target	Actual
Net Profit After Tax (NPAT)		\$216,385	\$739,989
Race Field Revenue		\$9,854,610	\$11,367,089

Non-Financial			
Racing Information		Target	Actual
Thoroughbred	Number races	575	564
	Total Starters	5,750	5,422
	Average Starters	10.0	9.6
Harness	Number races	687	716
	Total Starters	6,183	6,582
	Average Starters	9.0	9.2
Greyhound	Number races	1,560	1,568
	Total Starters	12,168	12,273
	Average Starters	7.8	7.8

Thoroughbred Track Performance	Target	Actual
Summer (% of tracks presented good 3 to dead 5)	85%	79%
Winter (% of tracks presented good 3 to slow 7)	85%	90%
Wagering Turnover	\$494,246,709	\$512,646,885

The above SCI for 2016/17 was prepared and presented to the Department of Treasury and Finance in March 2016.

Pleasingly, wagering turnover was substantially higher against target, predominately due a better demand on the Tasmanian product.

Race field revenue continues to increase against target, a result from continual growth in domestic and international market share, and NPAT was significantly up due to the growth in race field fee.

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

Company Overview

Tasracing is the principal racing authority for Tasmania.

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

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

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

Primarily funded by the Tasmanian Government under the terms of a 20 year Funding Deed, Tasracing must focus on growing

wagering revenue as a means of delivering increasing returns to industry participants. This wagering revenue is derived from race field fees, paid to Tasracing by wagering operators.

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

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

Our Board of Directors



Dean Cooper (Chairman)

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

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

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



Joel Wallace (Vice Chairman)

Mr Wallace joined the Tasracing Board in December 2015.

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

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

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



Tania Price

Ms Price has been a director of Tasracing since 2010.

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

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



Danny McCarthy

Mr McCarthy has been a director of Tasracing since 2010.

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

During 2016/17, Mr McCarthy was Chair of Tasracing's Audit and Risk Committee.



Helen Galloway

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



Michael Gordon

Mr Gordon joined the Board in 2017.

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

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

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



Robyn Whishaw

Mrs Whishaw was appointed to the Board in 2016.

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

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

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

Our Management Team



Front Row (from left to right): John Luk (Chief Financial Officer), Vaughn Lynch (Chief Executive Officer), and Kim Elliott (Chief Operating Officer).
Back Row (from left to right): Daron Heald (Financial Controller), Bonnie Jones (HR Business Partner), Richard Emanuel (Asset and Facilities Manager), Sam Steven (Sales and Marketing Manager), and Ann Swain (General Counsel).

Organisational responsibilities

Racing: Our racing team is responsible for the operation of the three codes of racing including allocation of race dates, feature race schedules, programming and thoroughbred race day operations. The team is also responsible for the setting of licensing and registration criteria, industry training and the apprentice jockey program, conducting of the breeding incentive schemes and operational aspects of the Magic Millions Yearling sale.

Assets & Facilities: Our assets and facilities team is responsible for managing all racing and training venues across the state, cost effectively, and to the highest possible standard. Management continuously improves both methods and procedures to ensure tracks, infrastructure projects and safety are delivered to the highest possible standard.

Sales & Marketing: Our sales and marketing team is responsible for presenting our racing product in order to drive wagering growth. To achieve this, the team undertakes a wide range of brand, marketing, promotional and digital product development activities aimed at wagering customers. There is a strong focus on digital as a means to reach and engage with customers.

Finance: Our finance team is responsible for the protection of the company assets, the management of risks, the promotion of efficiencies, the stimulation of improvement and providing leadership in determining company strategy. This includes management accounting, payment of stakes, budgets and forecasts, internal and external financial reporting, treasury, payroll, IT, business analysis and risk management.

Corporate Services: Corporate services is a multidisciplinary team responsible for the provision of legal advice, management of compliance & risk mitigation, implementation and maintenance of corporate governance policies and statutory compliance obligations; and the people & culture strategic framework, management and support of all employee life-cycle activities, including recruitment, on-boarding, performance management, ER/IR navigation, training & development, remuneration and benefits, and off-boarding.



Thoroughbred Code Report



Wagering turnover on Tasmanian thoroughbred racing increased by 12.8 per cent in 2016/17 representing an increase in gross turnover from \$202 million in 2015/16 to \$228 million in the reporting period.

Palentino (Teofilo – Palatine Hill), already a success story from the Tasmanian Magic Millions Yearling Sale, achieved a Group One win in the Makybe Diva Stakes and a Group Two victory in the Blamey Stakes. He has since been retired to stand at Sun Stud.

Trainer Scott Brunton set a new Tasmanian training record with a total of 96 wins, breaking his own Tasmanian record, held with father David, in 2010/11. He also ranked in the top 15 nationally with a 21.8 per cent winning strike rate.

Jockey David Pires won his second consecutive Tasmanian jockey premiership with 81-wins. He was ranked in the top 10 jockeys for Metropolitan races nationally, and had the highest strike rate nationally for any jockey riding 50 or more winners.

Apprentice jockey Raquel Clark won the apprentice jockey of the year award for the second year in succession, with 31 wins and a winning strike rate of 12.2 per cent.

Armidale Stud's stallion Needs Further was listed in the top 10 of all First Season Sire categories and produced dual-listed winner Pateena Arena from his first crop.

The 2017 Tasmanian Summer Racing Carnival (TSRC) was conducted with new naming rights sponsor Luxbet.

Nearly 80 per cent of the 2017 Luxbet Tasmanian Summer Racing Carnival stakes were won by Tasmanian horses, collecting

more than \$2.4 million. The racing throughout the carnival again demonstrated that Tasmanian-bred and trained horses can compete against interstate horses that target our carnival. This is particularly evident given only six of the 14 feature events were won by interstate horses.

Interstate trainers Darren Weir, Gai Waterhouse, Robert Smerdon, Patrick Payne, Lee and Anthony Freeman, David and Ben Hayes and Tom Dabernig targeted the 2017 carnival.

Darren Weir, a carnival regular, was successful with Big Duke (Launceston Cup) and Parthesia (Tasmanian Oaks). The Gai Waterhouse-trained Northwest Passage took out both the Hobart Guineas and Tasmanian Derby.

Count da Vinci (Scott Brunton) won the Hobart Cup and placed behind Big Duke in the Launceston Cup.

Interstate trainer Matthew Brown secured his first Group Three win with mare Kiss Me Ketut winning the Vamos Stakes.

The Scott Brunton-trained Hellova Street won the Thomas Lyons and Mowbray Stakes before winning the Goodwood Stakes at Flemington.

The Barry Campbell-trained galloper Admiral dominated the WFA races over the summer carnival. While Bill Ryan's impressive filly Pateena Arena made a clean sweep of the black type 2YO races.

Tshahitsi, trained by Chris Crook and Imogen Miller, won Tasmania's premier sprint, the Newmarket Handicap. He also won the Echua Cup and a race at Flemington in June 2017.





Tasmanian-bred Royal Rapture, Kenjorwood and Moonlite's Choice all won races in Victoria, with Royal Rapture also finished fourth in the Group One Toorak Handicap.

Locally trained sprinter Lord da Vinci carried on his good form during the Tasmanian summer with a win at Moonee Valley in June 2017.

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

From a catalogued 133 yearlings, the 2017 sale delivered record results in the average, median and highest sale price categories. With 96 lots sold at a gross of \$2.31 million, the average price of \$24,062 increased by 3.5 per cent compared to 2016. The median price also increased by more than 11 per cent.

Offered by Grenville Stud, the top lot was a full sister to the Tasmanian bred Kenjorwood which achieved the highest ever sale price at the Tasmanian Magic Millions Yearling Sale of \$160,000. The horse was sold to Tasmanian-based owner Leigh Winwood who will race her in Victoria with trainer Darren Weir.

In other sales news, local breeder Brooke Douglas sold her Written Tycoon – Octangle colt for \$500,000 at the 2017 Melbourne Premier Yearling Sale.

The Wednesday night racing season in Launceston consolidated its position as a premium product showcased by live coverage on both SKY 1 and SKY Thoroughbred Central featuring trackside interviews and pre-race mounting yard analysis. This assisted in providing a 30 per cent premium on wagering. Night racing was a strong contributor to the continued expansion of Tasmanian racing in international markets.

Tasracing, with the assistance of Victorian registered training organisation Skillinvest, continued the training of Tasmanian apprentice jockeys in the Certificate IV jockey program.

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

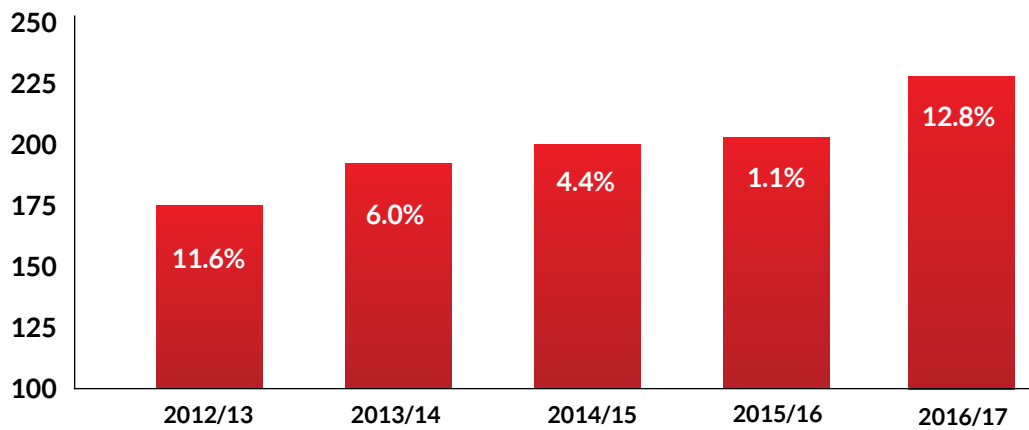
Tasracing's Off The Track (OTT) program continued its relationship with the Agricultural Show Council of Tasmania. The program promotes the welfare of retired racehorses by encouraging those involved in horse sports to consider a retired racehorse for hacking, show jumping, polo, dressage, eventing and pony club all-rounders. Highlights of promoted events are a regular feature in the quarterly Tasmanian Racing Calendar.

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.

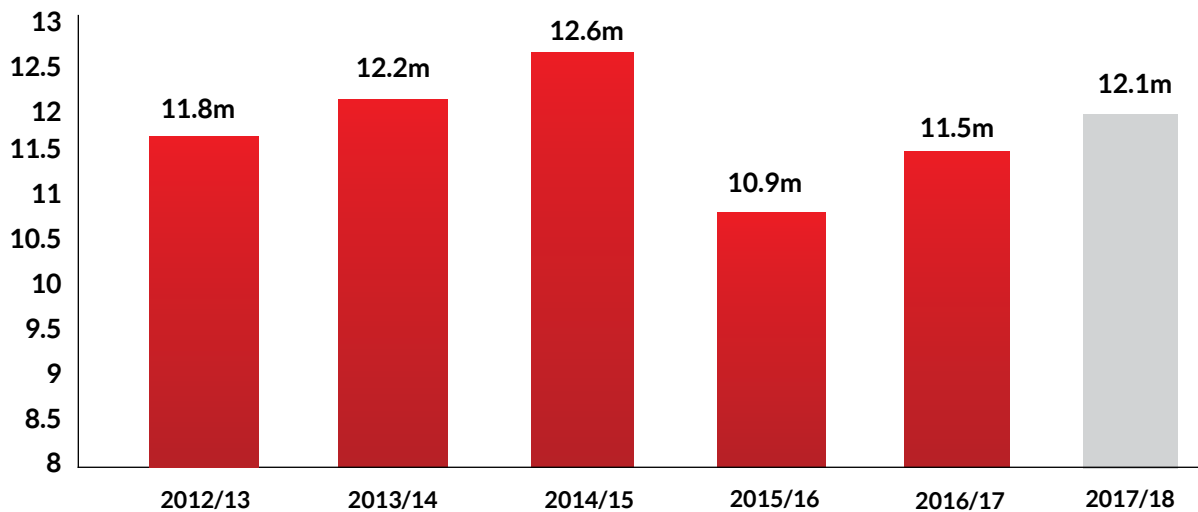
The review of racing regulation and policies continued throughout the year, with particular attention paid to safety issues and animal welfare.

And finally we would like to take the opportunity to acknowledge Simon Stout who worked tirelessly in his role as Code Development Manager – Thoroughbreds over the last 5 years. Simon left in January 2017 to take up an opportunity with Racing Queensland.

Thoroughbred wagering turnover (\$M)



Total code allocation Thoroughbreds (\$M)



Key racing statistics

Thoroughbred

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Meetings	77	78	77	76	73	72
Races Held	626	622	621	612	567	564
Overall Starters	6127	5925	6046	5823	5795	5422
Average Starters/Race	9.8	9.5	9.7	9.5	10.2	9.6

All data includes King Island meetings, races and starters.

Annual Racing Awards

Magic Millions Horse of the Year	Hellova Street
TTC 2YO Horse of the Year	Pateena Arena
DRC 3YO Horse of the Year	Hot Dipped
Armidale Stud "Alpine Eagle" Leading Race Mare of Filly	Hot Dipped
Tasmanian Horse Transport Leading Broodmare	Palatine Hill
Tasbreeders Leading Stallion	Wordsmith
Tasbreeders Leading Juvenile Stallion	Wordsmith
ATA Leading Trainer	Scott Brunton
ROAT Leading Owner	Paul & Elizabeth Geard
Tasracing Leading Jockey	David Pires
Skillinvest Leading Tasmanian Apprentice	Raquel Clark
TJA Dux of the Apprentice School	Chris Graham
TAN Industry Recognition Award	Owen & Sandra Atkins



Harness Code Report

Tasmanian harness racing experienced another season of exceptional results in 2016/17, both locally and interstate – there were more meetings in the prime Friday night timeslot, wagering turnover increased by more than six per cent and Ben Yole again prepared more than 100 winners in a season.

Harness wagering turnover reached \$82 million. A contributing factor was the decision, in cooperation with Sky Racing, to change Tasbred Finals race meetings at Devonport, Launceston and Hobart to Friday night timeslots on Sky 1. Other factors included increased race meetings, more races, increased starters and bigger average field sizes.

The publication of high-level form and analysis through the Tasracing and Harness Racing Australia web sites played a critical role in this growth. This enhanced form information, funded by Tasracing on all Tasmanian harness races broadcast on Sky, also helped increase website traffic.

Tasracing social media channels were also utilised to increase form distribution. A 10-minute harness preview segment continued to be broadcast on RadioTAB on Sunday mornings along with a 15-minute segment in Mobile Rolling on Thursday morning. A 30-minute harness segment was included in the weekly Tasracing Talk on RSN Carnival.

Ignatius, a 2YO gelding, trained by Todd Rattray, owned by Lyrae Graham and bred by the Rattray Family Trust, delivered the highlight performance of the year winning the Group One \$125,000 New South Wales Breeders Challenge Final for 2YO colts and geldings at Menangle (NSW) in record time.

Tasmanian-bred broodmares may have also established a new benchmark with three horses collecting four Group One wins. Fred and Pauline Barker are linked to all three.

They bred Amarillen, now owned by Naomi Hinds and the Estate of Rick Hinds, which is the dam of both Miss Graceland, winner of the 2017 \$150,000 Victoria Oaks, and Nostra Beach, winner of the 2017 \$322,000 APG 2YO Fillies Final.

They also bred Pixel Perfect from Amarillen. In 2008, Pixel Perfect was sold at the Tasmanian Harness Yearling Sale for \$23,000, went to Western Australia, never raced, but produced her first foal in 2010. Four foals of racing age have won and the now 4YO Soho Tribeca is a dual Group One winner this season.

Trainer Ben Yole trained 118 winners in 2016/17 to equal the record set by Neville Webberley in 1990/91. The Sidmouth-based trainer trained 108 winners last season – the first time 100 winners had been achieved by one trainer in a season since 1997 (Barrie Rattray).

Shelley Barnes and Deborah Williams tied for female trainer honours with 22 wins each. While Barnes has won this award 13 times, it was the first time for Williams who started to increase the size of her stable three-years-ago.

Eighteen year old Jack Laughler won his first Leading Junior Driver title. He finished sixth in the state drivers' premiership – a remarkable performance in his first full season of race driving.

Natalee Emery was the best female driver. It was her fifth win since relocating to Tasmania in 2004.

Another driving highlight for the year was Ricky Duggan passing 1500 career wins and closing on leader Barrie Rattray's total of 1575 victories.

Duggan represented Tasmania for the third consecutive year in the Australian Drivers' Championship in Adelaide.

Prior to the commencement of the King Island racing season, which involves seven combined harness and thoroughbred race meetings in December and January, consultation was undertaken with the King Island Racing Club in an attempt to increase the number of harness horses.

With an average of 10 acceptors per meeting in 2015/16, average starters increased to 13.5 in 2016/17, resulting in two races at each meeting with adequate field sizes.





Participants welcomed the introduction of official trials at Sunday twilight race meetings. A maximum of two trials were conducted with feedback from trainers, drivers and punters excellent. All trials were live streamed on www.tasracing.com.au and trial replays could also be accessed.

In 2017, 27 yearlings from 12 vendors were listed on the Tasmanian harness yearling sale website. Four sales were notified. The Tasracing Board resolved that a traditional sale arrangement will be adopted in 2018.

The growth and development of Mini Trots in Tasmania continued. Participants aged six to 16 benefited from the appointment of Wayne Yole as statewide coordinator with mini trots racing a feature of all race meetings in Hobart from October to March and the majority of northern meetings over the same period.

Tasracing worked closely with the Standardbred Pleasure and Performance Horse Association of Tasmania and the Agricultural Show Council of Tasmania to foster and facilitate the transition from racing to retirement for harness horses. Outcomes include specific categories for showing and competing at many agricultural shows and seminars to assist owners with basic horse care and riding skills for retired Standardbreds.

The Harness Industry Forum (HIF) continued to meet quarterly in 2016/17. Regular topics covered included sustainability, safety and welfare, programming, the harness budget, policies, marketing and breeding. Tasracing appreciates the time and effort all HIF participants commit to this important forum that provides an opportunity for direct interaction and consultation between Tasracing and industry.

Tasracing continued to support harness breeders in 2016/17 with:

- Tasbred Finals (x 6) increasing from \$30,000 to \$40,000.
- Tasbred Heats (x 12) increasing from \$8,000 to \$10,000.

- Amended stake money distribution for Tasbred Heats and Finals featuring 50% for the winner and 2% for horses placed sixth to last.
- Changes to 2YO racing conditions including full stake money for races with five acceptors and the inclusion of 3YO and older non winners (conditions applied).
- A Tasbred Bonus distribution of \$174,000.
- Tasbred Breeders Coupon and Tasbred Owners Breeding Incentive payments of \$137,000
- Payment of foal notification fees on behalf of breeders saving them more than \$23,000.
- Payment of \$4,000 for yearling sale first win bonuses.

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

After Ignatius, Pachacuti was the leading Tasmanian performer winning both the Devonport Cup (30-metre handicap) and the Easter Cup (40-metre handicap).

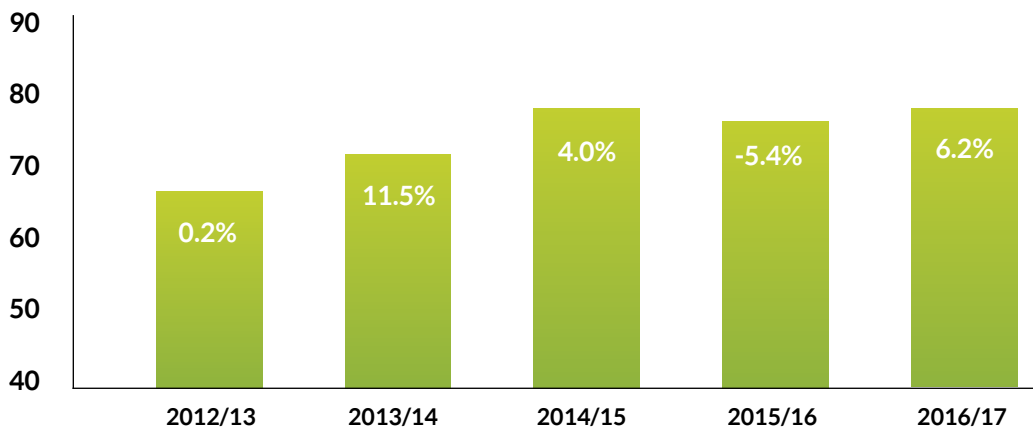
Three year old Scooterwillrev stretched his unbeaten sequence in Tasmania to 12, winning the \$30,000 Tasmanian Derby. That was only one behind Resurgent Spirit (13 consecutive Tasmanian wins). Scooterwillrev finished second in his next race before winning four more races to finish the season with 10 wins.

The feature races were dominated by local trainers Todd Rattray and Paul Hill.

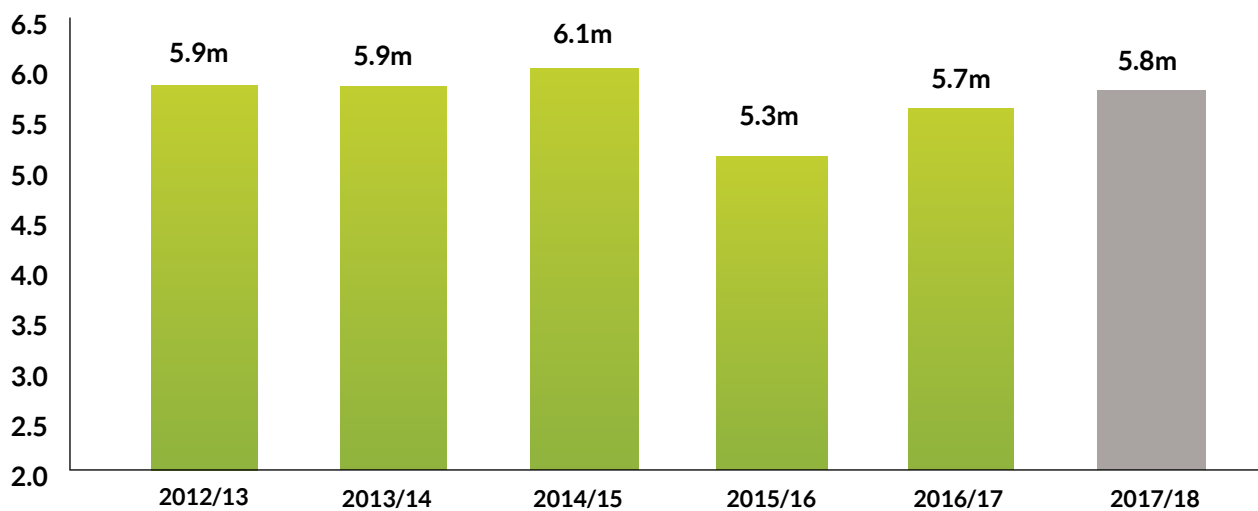
Rattray's effort to win four of the 16 feature races was remarkable as it was his first full season as a trainer. Sixty six-year-old New Norfolk trainer Paul Hill continued to enhance his position as the leading trainer of juveniles in Tasmania, winning three of the \$40,000 Tasbred Finals.

Victorian-trained horses won three feature races being the Tasmania Cup (Lets Elope), Tasmanian Oaks (Shartin) and City Of Launceston Cup (Five Star Anvil).

Harness wagering turnover (\$M)



Total code allocation Harness (\$M)



Key racing statistics

Harness

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Meetings	83	86	85	87	78	84
Races Held	778	773	758	725	699	716
Overall Starters	7366	7260	6392	6047	6232	6582
Average Starters/Race	9.5	9.4	8.4	8.3	8.9	9.2

2016/2017 Award Winners

LEADING FEMALE DRIVER AWARD	Natalee Emery
LEADING FEMALE TRAINER AWARD	Shelley Barnes and Deborah Williams (Tie)
JUNIOR DRIVER AWARD	Jack Laugher
LEADING DRIVER AWARD	Todd Rattray
LEADING TRAINER AWARD	Ben Yole
2YO FILLY OF THE YEAR AWARD	Ideal Bliss
2YO COLT OR GELDING OF THE YEAR	Ignatius
3YO FILLY OF THE YEAR AWARD	Playing Arkabella
3YO COLT OR GELDING OF THE YEAR AWARD	Scoterwillrev
TASMANIAN MARE OF THE YEAR AWARD -	After Lunch
TASMANIAN 4YO & OLDER HORSE OR GELDING OF THE YEAR AWARD	Pachacuti
TASMANIAN BROODMARE OF THE YEAR AWARD	Amarillen
TASMANIAN HORSE OF THE YEAR AWARD	Pachacuti
HALWES MEDAL (Sponsored by BOTRA Tasmania and Jamie Cockshutt)	Todd Rattray
YOUNG ACHIEVER (Sponsored by BOTRA Tasmania)	Jack Laugher
THE EDGAR TATLOW MEDAL	Noel Salter



Greyhound Code Report

Wagering turnover in 2016/17 on Tasmanian greyhound racing increased by 5.3 per cent (\$203 million compared to \$193 million last year).

Scrutiny of the greyhound industry over the past two years has been significant, and 2016/17 was no different.

Prior to the start of the 2015 calendar year, there were just more than 600 pups bred in Tasmania in 2014 – in 2016 that number dropped to 273. This trend has been nationwide.

Races for older greyhounds and greyhounds of lesser ability continue to be developed to ensure as many greyhounds as possible have successful and longer racing careers.

Training for participants, which is linked to the granting of licences, has been ongoing for the past three-years and participants are required to hold the relevant certificates before a licence can be renewed or a new licence granted.

A new licence category for a Breeder was introduced on 1 September 2017 and is the first step in meeting the Parliamentary Inquiry recommendation that all greyhounds are under the control of a registered person from whelping onwards.

Licence categories for Whelper, Rearer and Primary Educator will be introduced in the coming 12-months.

The proposal for the development of a dedicated Greyhound Adoption Facility (GAP) facility is continuing with a site having been identified and development application having been made to the relevant local council.

GAP Adoptions set another record in 2016/17 with 111 adoptions. This was a 30.6 per cent increase on the record set last year (85).

GAP representatives attended the Agfest field days at Carrick in May 2017.

Attendance at the event was supported with radio and printed media promotions, together with significant social media support and interaction.

The results of the exposure at Agfest continue to be realised months after the event.

After almost four-years of development, trialling and testing a design for a loop arm lure, it was introduced into racing in August 2016.

The development of new materials for use on the lure arm are and will continue to be ongoing.

Interstate greyhounds won all three Group races this season with the New South Wales-trained Zipping Bruiser taking out the Group 1 Hobart Thousand and the Victorian-trained Pantera Nera winning both the Group 2 Launceston Cup and the Group 3 Devonport Cup.

A stake increase of \$25 per race was introduced from 1 April to 30 June 2017 to ensure budget expenditure was met.

Tasracing continued to communicate and consult with industry through the Greyhound Reference Group. Held quarterly, these



meetings are an effective communication tool between industry and Tasracing and have now been extended to include the industry's integrity body, the Office of Racing Integrity.

It is pleasing that legislative amendments to the Dog Control Act to allow retired greyhounds which have been assessed as suitable to be in public without a muzzle are in the final stages of being drafted.

The new straight training track at Ulverstone was commissioned in March 2017. This new facility replaces the track at Penguin that was closed to allow for housing development.

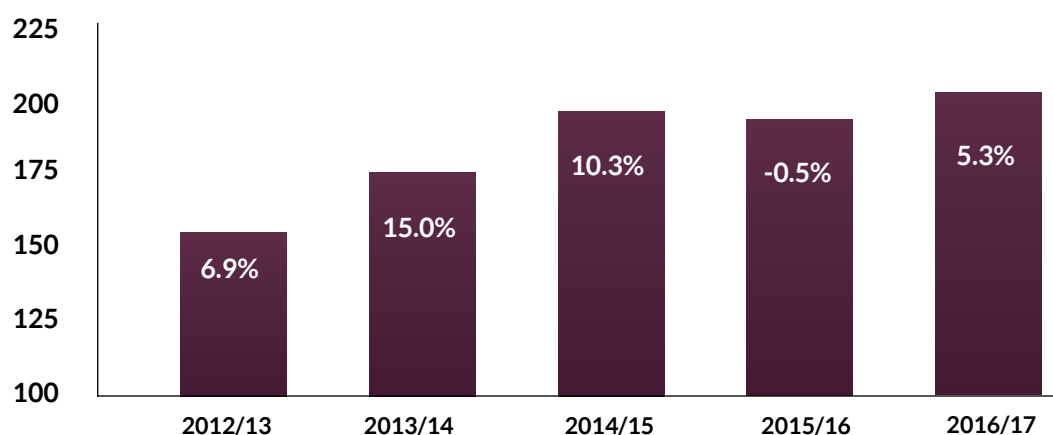
The Annual Awards dinner was held in February 2017 with the following awards for 2016 presented:

2016 Award Winners

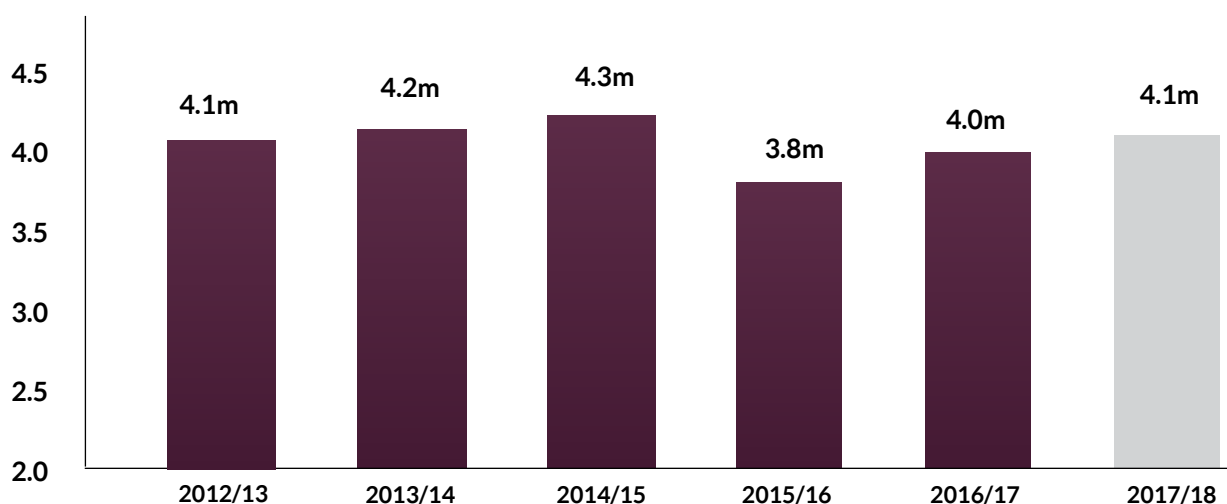
Tasmanian Greyhound of the Year	Chief Jetpilot (14 wins and 20 placings from 38 starts)
Leading Trainer	Anthony Bullock (168 winners)
Leading Owner	Debbie Cannan (58 winners)
Most Consistent Greyhound	Chief Jetpilot (14 wins, 13 seconds and 7 thirds from 38 starts)
Leading Breeding Female	Miss Roman Nose (Owned by Terry & Betty Penny. Miss Roman Nose's progeny won 60 races)
Leading Sire	Collision (Owned by Tony Lockett in New South Wales. Collision's progeny won 125 races in Tasmania)



Greyhound wagering turnover (\$M)



Total code allocation Greyhound (\$M)



Key racing statistics

Greyhound

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Meetings	157	157	157	157	157	156
Races Held	1628	1637	1601	1615	1592	1568
Overall Starters	12663	12814	12336	12477	12402	12274
Average Starters/Race	7.8	7.8	7.7	7.7	7.8	7.8



Corporate Governance

Tasracing is committed to the principles of good corporate governance.

We believe in transparency, accountability and integrity for the benefit of our shareholding ministers, employees, industry participants and all other stakeholders.

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

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

Lay Solid Foundations for Management and Oversight by the Board

Functions of the Board

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

The key responsibilities of the Board include:

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

Management and Delegated Authorities

The Chief Executive Officer, Chief Operating Officer and Chief Financial Officer (Executives) are responsible for the general management and leadership of Tasracing including day-to-day business operations, and are accountable to the Board for the achievement of stated objectives. They are also responsible for reporting to the Board on a monthly basis and keeping directors and shareholding ministers apprised of key matters.

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

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

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

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

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

Performance Evaluation

The Board undertakes an annual appraisal of its performance and undertook a performance evaluation during FY16.

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

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

Structure the Board to Add Value

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

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

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

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

Promote Ethical and Responsible Decision Making

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

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

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

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

Safeguard Integrity in Financial Reporting

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

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

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

Make Timely and Balanced Disclosure

Tasracing reports and meets regularly with its shareholding ministers to provide briefings on key matters and developments.

Tasracing also communicates regularly with its industry participants, informing them of relevant matters, key projects and activities, as well as listening to their concerns. We communicate via a variety of forums, including email, SMS and online via our website.

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

Respect the Rights of Shareholders

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

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

Recognise and Manage Risk

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

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

Remunerate Fairly and Responsibly

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

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

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

Corporate Governance Disclosure Obligations

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

Public Interest Disclosures Act 2002

Tasracing is subject to requirements and obligations under the Public Interest Disclosures Act 2002 (Tas) (PID Act) and has adopted policies and procedures to ensure compliance with the Act. Tasracing's Public Interest Disclosures Whistleblower Policy (PID Policy), as approved by the Ombudsman on 15 August 2016, is available on our website tasracingcorporate.com.au.

Tasracing recently amended its PID Policy to reflect the Ombudsman's revised model procedures and is currently awaiting the Ombudsman's approval.

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

Right to Information Act 2009

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

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

During the financial year:

Number of applications for assessed disclosure received	5
Number of applications for assessed disclosure accepted	4 ¹
Number of applications for assessed disclosure determined	3 ²
Number of applications for internal review	0
Number of applications for external (Ombudsman) review	0

1. A total of five applications for assessed disclosures were received. However only four were accepted as prescribed fee was not paid on one. As such, the application was not accepted by Tasracing.

2. Within the four accepted applications for assessed disclosures three determinations were decided in this financial year and one in the 2017/18 financial year. The information applied for was released in full in all four determinations.

Personal Information Protection

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

Legislative Compliance

Tasracing is committed to complying with all relevant legislative, regulatory and business obligations. In support of its commitment to compliance, Tasracing has introduced a Compliance Management Framework and Compliance Policy that aligns with the International Standard ISO 19600:2015 Compliance management systems to:

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

Buy Local

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

Purchases from Tasmanian Businesses	
% of purchases from Tasmanian businesses	73%
Value of purchases from Tasmanian businesses (GST incl)	\$10,038,937 million

Payments to Consultants	
Consultancies valued at more than \$50,000 ex GST	NIL
There were 9 consultants engaged for \$50,000 or less totalling	\$40,902
Total payment to consultants	\$40,902

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

International Travel

Tasracing funded one international trip in 2016-17 which included the Chairman, Dean Cooper and the then CEO, Eliot Forbes. Both parties visited International customers in the UK and France to continue the promotion of Tasmanian racing to International markets.

The total cost for both parties was \$12,981.





Tasracing Pty Ltd

Annual Financial Report

for the financial year ended 30 June 2017

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Directors' Report

The directors present their report together with the financial report for the year ended 30 June 2017 and the independent auditor's report thereon.

Directors

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

Dean Cooper - Chairman

Danny McCarthy

Tania Price

Joel Wallace

Helen Galloway - appointed 18 July 2016

Michael Gordon - appointed 16 September 2016

Robyn Whishaw - appointed 29 November 2016

Des Gleeson - retired 29 November 2016

Principal Activities

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

Review of operations

For the year ended 30 June 2017, the company recorded profit before tax of \$371,989 (2016:profit of \$640,327). No dividends were paid to members during the year (2016:nil). The company had no options or unissued shares during the current or previous year.

Significant changes in state of affairs during the year

There was no significant change in the state of affairs of the company during the financial year.

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 \$12,663 (2016:\$6,105) in respect of insurance for directors and officers liability.

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

Auditor's independence declaration

The auditor's independence declaration is included on page 64 of the financial statements.

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



Mr Dean Cooper

Chairman

7 August 2017

Directors' Declaration

1. The directors declare that:

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

2. Whilst not a requirement, the directors have been given the declarations as set out in Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.

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

On behalf of the Directors



D Cooper
Chairman
Tasracing Pty Limited
Hobart, 7 August 2017

Statement of Comprehensive Income

for the year ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue and Other Income			
Racing revenue	A1	13,106,046	11,878,827
Government grant	A2	30,206,272	30,287,498
Interest revenue	A3	673,527	625,795
TOTAL Revenue and Other Income		43,985,845	42,792,119
Expenses			
Prizemoney and industry funding		22,708,985	21,769,764
Raceday and racing expenses	A4	5,888,389	6,265,946
Depreciation and amortisation expense	A5	3,470,075	3,824,763
Sales & Marketing	A6	905,173	603,265
Employee benefits expense	A7	7,202,977	6,810,795
Finance and leasing costs	A8	946,996	1,141,838
Other expenses	A9	2,491,261	1,735,422
Total Expenses		43,613,856	42,151,792
Profit before tax		371,989	640,327
Income tax expense	A11	-	-
Profit for the year after tax		371,989	640,327
Other comprehensive income	A7	368,000	(459,000)
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		739,989	181,327

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

Statement of Financial Position

for the year ended 30 June 2017

	Note	2017 \$	2016 \$
Current Assets			
Cash and cash equivalents	B1 (a)	15,784,625	12,371,822
Trade and other receivables	B2	1,095,544	1,321,170
Prepayments		422,754	395,378
Total Current Assets		17,302,923	14,088,370
Non-Current Assets			
Property, plant and equipment	B3	41,667,649	44,739,456
Intangible assets	B4	256,865	66,537
Other financial assets	B5	55,949	55,949
Total Non-Current Assets		41,980,463	44,861,942
Total Assets		59,283,386	58,950,312
Current Liabilities			
Trade and other payables	B6	2,080,981	2,246,947
Borrowings	B7	705,880	674,644
Other financial liabilities	B8	149,288	142,897
Provisions	B9	1,861,013	1,859,484
Total Current Liabilities		4,797,162	4,923,972
Non-Current Liabilities			
Borrowings	B7	9,446,880	10,152,760
Employee provisions	B9	2,335,238	2,834,108
Total Non-Current Liabilities		11,782,118	12,986,868
Total Liabilities		16,579,280	17,910,840
Net Assets		42,704,106	41,039,472
Equity			
Contributed equity	B10	58,208,271	57,283,626
Accumulated losses	B11	(15,504,165)	(16,244,154)
Total Equity		42,704,106	41,039,472

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

Statement of Changes in Equity

for the year ended 30 June 2017

	Note	Contributed Equity \$	Accumulated Losses \$	Total \$
Balance as at 30 June 2015		56,418,747	(16,425,481)	39,993,266
Equity contribution		864,879		864,879
Profit/(Loss) for the year	B11		640,327	640,327
Other comprehensive income	B11		(459,000)	(459,000)
Total Comprehensive Income for the year			181,327	181,327
Balance as at 30 June 2016		57,283,626	(16,244,154)	41,039,472
Equity contribution	B10	924,644		924,644
Profit/(Loss) for the year	B11		371,989	371,989
Other comprehensive income	B11		368,000	368,000
Total Comprehensive Income for the year			739,989	739,989
Balance as at 30 June 2017		58,208,271	(15,504,165)	42,704,106

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

Statement of Cash Flows

for the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash Flows from Operating Activities			
Receipts from customers		43,248,926	41,572,824
Payments to suppliers & employees		(38,592,511)	(36,811,193)
Interest received		674,140	599,701
Interest & other costs of finance paid		(722,398)	(894,993)
Net Cash provided by Operating Activities	B1 (b)	4,608,157	4,466,339
Cash Flows from Investing Activities			
Proceeds from disposal of non-current assets		90,955	-
Payments for non-current assets		(1,536,309)	(908,083)
Net Cash used in Investing Activities		(1,445,354)	(908,083)
Cash Flows from Financing Activities			
Repayment of borrowings		(674,644)	(614,879)
Equity contribution	B10	924,644	864,879
Loan	B5	-	-
Net Cash Provided by Financing Activities		250,000	250,000
Net Increase in Cash and Cash Equivalents		3,412,803	3,808,256
Cash and Cash Equivalents at the beginning of the year		12,371,822	8,563,566
Cash and Cash Equivalents at end of the year	B1 (a)	15,784,625	12,371,822

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

Notes to the Financial Statements

for the year ended 30 June 2017

GENERAL INFORMATION

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

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

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

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

Statement of compliance

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

The financial report was authorised for issue by the directors on 7 August 2017.

Basis of preparation

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements and estimates which are material to the financial statements are found in the following notes:

Note	Page
B3/B4 Impairment review of property, plant and equipment	46/47
B9 Defined benefit superannuation fund obligations	50
B9 Employee entitlements	50
B9 tasBonus	50
B3 Asset useful lives	46

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 2017:

- Domestic race field fees were \$1,083,404 higher than the previous year and \$329,222 more than budget in FY17 due to higher operator margins. There were no changes to the methodology during the year.
- The Defined Benefit obligation decreased in 2017 with lower interest rates and assumptions of higher employer contribution rates. This resulted in a remeasurement recorded to other comprehensive income to the value of \$368,000.

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

	2017 \$	2016 \$
A1 Racing Revenue		
Racefield revenue	11,367,089	10,139,698
Sponsorship income	288,086	412,139
Rental income	187,389	194,171
Other income	1,263,482	1,132,819
	<u>13,106,046</u>	<u>11,878,827</u>

Accounting Policy

Revenue

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

Rental income

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

Nomination fees for tasBonus scheme (Other Income).

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

A2 Government Grant

Government funding	29,483,875	29,392,505
Debt support funding	722,398	894,993
	<u>30,206,273</u>	<u>30,287,498</u>

Government Grants

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

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

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

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

A3 Interest

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

Race Field Information Publication Fees.

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

EXPENSES

	2017 \$	2016 \$
A4 Raceday and Racing Expenses		
Training and Racing Facilities	3,718,861	3,596,037
Race Day & Other Racing Expenses	1,543,133	1,552,058
Insurance	626,395	1,117,851
	5,888,389	6,265,946
A5 Depreciation & Amortisation Expense		
Plant & Equipment	287,364	257,512
Racecourse Leasehold Improvements	3,143,169	3,493,808
Intangibles	39,542	73,443
	3,470,075	3,824,763
A6 Sales & Marketing		
Sales	344,657	121,458
Marketing	560,516	481,807
	905,173	603,265
A7 Employee Benefit Expense		
Recognised in profit/(loss) for the year		
Wages and salaries	6,068,142	5,754,674
Other associated personnel expenses	468,433	462,510
Contributions to defined contribution superannuation funds	532,787	504,963
Service cost of defined benefit scheme (excludes interest cost)	34,000	26,000
Increase in liability for annual leave	96,239	58,534
Increase in liability for long service leave	3,376	4,115
	7,202,977	6,810,795
Recognised in other comprehensive income for the year		
Actuarial (gains)/losses	(293,000)	433,000
Actual return on plan assets less interest income	(75,000)	26,000
Total measurement recognised in other comprehensive income	(368,000)	459,000
A8 Finance and Leasing Costs		
Finance Costs		
Net Interest Cost in relation to Defined Benefit Obligation (see note B9)	94,000	102,000
Interest Expense	722,398	894,993
	816,398	996,993
Leasing Costs		
Occupancy Lease Rentals	76,338	83,143
Plant & Equipment Lease Rentals	54,260	61,702
	130,598	144,845
	946,996	1,141,838

Accounting Policy

Operating lease rentals

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

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

	2017 \$	2016 \$
A9 Other Expenses		
Insurance	390,949	366,436
Administration	478,311	504,589
Loss on disposal of Assets	866,997	20,633
Digital & IT	525,177	564,331
Other	229,827	279,433
	2,491,261	1,735,422
A10 Remuneration of Auditors		
Auditing the Accounts (i)	37,340	37,370
(i) The auditor is the Tasmanian Audit Office		

TAXATION

	2017 \$	2016 \$
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		
Write-downs of deferred tax assets		
Total tax expense/(income)	-	-
Attributable to:		
Continuing operations	-	-
	-	-
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from continuing operations	371,989	640,327
Profit from operations	371,989	640,327
Income tax expense calculated at 30%	111,597	192,098
Tax break		
Non-deductible expenses	8,184	1,605
Unused tax losses and tax offsets not recognised as deferred tax assets	-	-
Previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets	-	-
Other	(75,329)	
	44,452	193,703
(Over)/under provision of income tax in previous year	(1,258,417)	
	(1,213,965)	193,703
Current income tax expense/(Benefit) not recognised in Statement of comprehensive income	(1,213,965)	(193,703)
	-	-

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

(b) Income tax recognised directly in equity

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

Deferred tax:		
Actuarial movements on defined benefit plans	110,400	(137,700)
Deferred tax movement not recognised through equity	(110,400)	137,700
	-	-

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

Temporary differences	99,179	97,458
Tax losses (revenue)	-	-
	99,179	97,458

Deferred tax liabilities comprise:

Temporary differences	99,179	97,458
	99,179	97,458
Net deferred tax asset / (liability)	-	-

Taxable and deductible temporary differences arise from the following:

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

	Opening balance	Charged to Income	Closing balance
	\$	\$	\$
2016			
Gross deferred tax liabilities:			
Prepayments	(70,237)	(20,231)	(90,468)
Receivables	9,615	(16,606)	(6,991)
	(60,622)	(36,837)	(97,459)
Gross deferred tax assets:			
Employee Benefits	60,622	36,837	97,459
Property, Plant and Equipment			
Other			
Tax losses (revenue)			
	60,622	36,837	97,459

(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:

	2017	2016
	\$	\$
Temporary differences	6,666,382	6,447,005
Tax losses – revenue	2,254,874	1,370,686
	<u>8,921,256</u>	<u>7,817,691</u>

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.

Restatement

The 2016 temporary differences and deferred tax balances were restated following a review of the existing calculation methodology and a review of the tax depreciation that took place during the year.

FINANCIAL POSITION

CASH FLOW

B1 Cash Flow

	2017 \$	2016 \$
(a) Cash and Cash Equivalents		
Cash on Hand and Balances with Banks	15,784,625	12,371,822
(b) Reconciliation of Profit for the Year to Net Cash Flows from Operating Activities		
Profit/(Loss) for the year	371,989	640,327
Adjustments for:		
Depreciation & amortisation	3,470,075	3,824,763
Impairment	-	-
Expense for obsolete property, plant & equipment	856,758	-
Amortisation of DRC loan	-	-
(Increase)/decrease in receivables	225,626	(245,113)
(Increase)/decrease in prepayments	(27,375)	(99,208)
Increase/(decrease) creditors & accruals	(159,575)	807,866
Increase/(decrease) in provisions	(129,341)	(462,295)
Increase/(decrease) other current liabilities	-	-
Net Cash from Operating Activities	4,608,157	4,466,339
(c) Financing Facilities		
Credit and Stand By arrangements		
Credit Cards		
Amount used	71,500	71,500
Amount unused	38,500	38,500
Facility Limit	110,000	110,000
Tascorp borrowing facilities		
Amount used	10,152,760	10,827,404
Amount unused	32,017,050	31,547,947
Facility Limit	42,169,810	42,375,351

Accounting Policy

Cash and cash equivalents

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

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

ASSETS

	2017 \$	2016 \$
B2 Trade and Other Receivables		
Trade receivables (i)	1,072,855	1,297,868
Provision for impairment	(9,699)	(9,699)
	1,063,162	1,288,169
Interest receivable	32,388	33,001
	1,095,544	1,321,170

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

Ageing of Past due but not impaired		
30-60 Days	19,969	27,778
61-90 Days	11,791	11,802
91-120 Days	18,849	12,359
121+ Days	102,412	345,154
Balance at End of Year	153,021	397,093

Included in the trade receivables balance are debtors with a carrying amount of \$153,022 (30 June 2016: \$397,093) that are past due at the reporting date which the company has not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. Tasracing does not hold any collateral over these balances.

Movement in the provision for impaired debts

Opening Balance	(9,699)	(38,957)
Impairment losses recognised on receivables	-	-
Amounts recovered during the year	-	24,276
Amounts written off as uncollectable	-	4,982
Balance at End of Year	(9,699)	(9,699)

Ageing of impaired trade receivables		
121+ Days	(9,699)	(9,699)
Balance at End of Year	(9,699)	(9,699)

B3 Property, Plant and Equipment

	Racecourse Leasehold Improvements \$	Plant & Equipment \$	Property Under Construction \$	TOTAL \$
Gross Carrying Amount				
Balance as at 30 June 2015	72,972,415	5,484,575	559,365	79,016,355
Additions	308,020	97,142	456,835	861,997
Disposals	(43,132)	(1,220)	-	(44,352)
Balance as at 30 June 2016	73,237,303	5,580,497	1,016,200	79,834,000
Additions	281,721	885,958	132,109	1,299,787
Disposals	(714,920)	(1,322,196)	(220,517)	(2,257,633)
Balance as at 30 June 2017	72,804,103	5,144,260	927,792	78,876,155
Accumulated Depreciation / Amortisation				
Balance as at 30 June 2015	27,292,416	4,068,847	-	31,361,263
Depreciation & Amortisation	3,493,810	257,511	-	3,751,321
Disposals	(17,989)	(51)	-	(18,040)
Expense for obsolete assets	-	-	-	-
Balance as at 30 June 2016	30,768,237	4,326,306	-	35,094,544
Depreciation & Amortisation	3,143,169	287,364	-	3,430,532
Disposals	(89,851)	(1,226,719)	-	(1,316,570)
Expense for obsolete assets	-	-	-	-
Balance as at 30 June 2017	33,821,554	3,386,952	-	37,208,506
Net Book Value				
Cost	72,972,415	5,484,575	559,365	79,016,355
Accumulated depreciation	(27,292,416)	(4,068,847)	-	(31,361,263)
As at 30 June 2015	45,679,998	1,415,729	559,365	47,655,092
Cost	73,237,303	5,580,497	1,016,200	79,834,000
Accumulated depreciation	(30,768,237)	(4,326,306)	-	(35,094,544)
As at 30 June 2016	42,469,065	1,254,191	1,016,200	44,739,456
Cost	72,804,103	5,144,260	927,792	78,876,155
Accumulated depreciation	(33,821,554)	(3,386,952)	-	(37,208,506)
As at 30 June 2017	38,982,549	1,757,308	927,792	41,667,649

Accounting Policy

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

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

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

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

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

B4 Intangible Assets

	Website and Software
	\$
Gross Carrying Amount	
Balance as at 2015	249,470
Additions	72,398
Balance as at 30 June 2016	321,868
Additions	229,871
Balance as at 30 June 2017	551,739
Accumulated Amortisation	
Balance as at 30 June 2015	181,889
Amortisation	73,443
Balance as at 30 June 2016	255,331
Amortisation	39,543
Balance as at 30 June 2017	294,874
Net Book Value	
As at 30 June 2015	67,581
As at 30 June 2016	66,537
As at 30 June 2017	256,865

Accounting Policy

(b) Intangible assets

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

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

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

- Website and systems development 3-5 years

Impairment of Non-Financial Assets

Accounting Policy

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash

generating unit to which it belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

Current Year

There was no impairment charge in 2017.

Prior Year

There was no impairment charge in 2016.

B5 Other Financial Assets

	2017	2016
	\$	\$
Loan principal	100,000	100,000
Less fair value adjustment on initial recognition	(44,051)	(44,051)
	55,949	55,949

Tasracing has provided a loan to a racing club. The loan is at a fixed interest rate plus relevant guarantee fee rates as published by the Tasmanian Department of Treasury and Finance. The loan is provided for a maximum of 5 years and interest is payable on the outstanding loan balance. The loan is unsecured. The facility has a limit of \$100,000. No payments have been received to date.

LIABILITIES

B6 Trade and Other Payables

	2017 \$	2016 \$
Trade payables - unsecured (i)	2,080,981	2,246,947

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

Accounts due or paid within the year:

Measure

Creditor Days	24.43 days
Number of accounts due for payment	7,278
Number of accounts paid on time	6,265
Amount due for payment	\$17,614,228
Amount paid on time	\$14,909,866
Number of payments for interest on overdue accounts	0
Interest paid on overdue accounts	\$0

B7 Borrowings

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

		2017 \$	2016 \$
Current			
Credit foncier loan 1 - operating loan	(i)	212,066	205,541
Credit foncier loan 2 - capital loan	(ii)	493,814	469,104
		705,880	674,644
Non-Current			
Credit foncier loan 1 - operating loan	(i)	1,957,744	2,169,810
Credit foncier loan 2 - capital loan	(ii)	7,489,136	7,982,950
		9,446,880	10,152,760

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

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

(i) Credit Foncier 1 - operating loan - principal and interest is payable every 6 months. Effective 30 June 2016, interest is 3.15% fixed until maturity 30 June 2026. The State Government agreed to provide support for principal and interest repayments for the two years commencing 1 July 2015. The principal support is treated as an equity contribution.

(ii) Credit foncier 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). As of 1 July 2017 the State government has provided further guarantee of support for principal and interest repayments. The principal support is treated as an equity contribution.

B8 Other Financial Liabilities

	2017 \$	2016 \$
Rental bonds	149,288	142,897
	149,288	142,897

B9 Provisions	2017	2016
	\$	\$
Current:		
Employee		
Annual Leave	458,611	432,538
Long Service Leave	258,232	231,758
Superannuation - defined benefits	104,000	135,000
	820,843	799,295
Other	1,040,170	1,060,189
	1,861,013	1,859,484
Non-current:		
Employee		
Long Service Leave	204,238	232,108
Superannuation - defined benefits	2,131,000	2,602,000
	2,335,238	2,834,108
Total Provisions	4,196,251	4,693,592

Workers Compensation Insurance Policy

The company has a workers compensation insurance policy for the year ending 31 March 2018. The premium varies between a minimum of \$500,000 and a maximum of \$1,736,725. At 30 June 2017, the injuries incurred in the insurance year were less than the minimum premium. The company is exposed to a potential cost of up to \$1,236,725 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 year's expense recorded in the statement of comprehensive income.

tasBonus Scheme

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

Accounting Policy

Provisions

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

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

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

Employee Benefit Disclosures

Accounting Policy

Employee benefits

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

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

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

Classification of employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

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

Liability for Defined Benefit Obligation

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

The scheme operates under the Public Sector Superannuation Reform Act 2016 and the Public Sector Superannuation Reform Regulations 2017. Although the scheme is not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Tasmanian Government has undertaken (in a Heads of Government Agreement) to operate the scheme in accordance with the spirit of the SIS legislation. As an exempt public sector superannuation scheme (as defined in the SIS legislation), the scheme is not subject to any minimum funding requirements. RBF is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 such that the fund's taxable income is taxed at a concessional rate of 15%. However RBF is also a public sector superannuation scheme which means that employer contributions may not be subject to the 15% tax (if the RBF Board elects) up to the amount of "untaxed" benefits paid to the members in the year.

Prior to 1 April 2017 the RBF Board was responsible for the governance of the Scheme. From 1 April 2017 the Superannuation Commission (the Commission) as fiduciary responsibility for, and oversees the administration of the Scheme. The day to day running of the Scheme is managed by the Office of the Superannuation Commission, within the Department of Treasury and Finance.

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

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

During 2016 the Tasmanian Government passed the Public Sector Superannuation Reform Act 2016, which reforms the administration arrangements for the provision of public sector superannuation in Tasmania. Whilst this legislation changed the entities responsible for the governance of the Scheme, it did not affect the contributions payable to, or the benefits payable by, the Scheme.

	2017 \$	2016 \$
Reconciliation of the Net Defined Benefit Liability/(Asset)		
Defined benefit obligation	2,569,000	3,052,000
Fair value of plan assets	(334,000)	(315,000)
Net superannuation liability/(asset)	2,235,000	2,737,000
Reconciliation of the Fair Value of Scheme Assets		
Fair value of plan assets at the beginning of the year	(315,000)	(333,000)
Interest Income	(11,000)	(15,000)
Actual return on plan assets less interest income	(75,000)	26,000
Employer contributions	(262,000)	(55,000)
Contributions by plan participants	(10,000)	(7,000)
Benefits paid	336,000	66,000
Taxes, premiums & expenses paid	3,000	3,000
Fair value of plan assets at the end of the year	(334,000)	(315,000)
Reconciliation of the Defined Benefit Obligation		
Present value of defined benefit obligations at beginning of the year	3,052,000	2,538,000
Current service cost	34,000	26,000
Interest cost	105,000	117,000
Contributions by plan participants	10,000	7,000
Actuarial (gains)/losses arising from changes in demographic assumptions	(36,000)	-
Actuarial (gains)/losses arising from changes in financial assumptions	(286,000)	440,000
Actuarial (gains)/losses arising from liability experience	29,000	(7,000)
Benefits paid	(336,000)	(66,000)
Taxes, premiums & expenses paid	(3,000)	(3,000)
Present value of defined benefit obligations at end of the year	2,569,000	3,052,000

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

Fair Value of Scheme Assets

As at 30 June 2017

Asset Category	Total (\$'000)
International equities	66
Diversified fixed interest	17
Property	46
Alternative investments	93
Cash and cash equivalents	55
Australian equities	57
Total	334

The following table shows the percentage of each class of asset that have a quoted market price in an active market for RBF as a whole as at 30 June 2017.

Fair Value of Scheme Assets

As at 30 June 2017

Asset Category	Total (\$'000)	Quoted prices in active markets for identical assets -	Significant observable inputs -	Unobservable inputs -
		Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
Cash and cash equivalents	100.0%	45.3%	54.7%	0.0%
Equity instruments	100.0%	7.0%	85.0%	8.0%
Debt instruments	100.0%	0.0%	100.0%	0.0%
Derivatives	100.0%	0.1%	99.9%	0.0%
Total	100.0%	34.1%	63.7%	2.2%

Fair Value of Entities Own Financial Instruments

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

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

Assets are not held separately for each reporting entity but are held for the Fund as a whole. The fair value of Scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of each reporting entity's fund liabilities, calculated using the assumptions outlined in this report with the exception of the discount rate. For the purposes of allocating assets to each reporting entity, we have used the Government Bond yield of 3.3%, 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 2017	30 June 2016
Assumptions to determine defined benefit cost and start of year DBO		
Discount rate (active members)	3.55% p.a	4.80% p.a
Discount rate (pensioners)	3.55% p.a	4.80% p.a
Expected rate of increase of compulsory preserved amounts	4.50% p.a	4.50% p.a
Expected salary increase rate	3.00% p.a	3.00% p.a
Expected pension increase rate	2.50% p.a	2.50% p.a

Financial Year Ended	30 June 2017	30 June 2016
Assumptions to determine end of year DBO		
Discount rate (active members)	4.35% p.a	3.55% p.a
Discount rate (pensioners)	4.35% p.a	3.55% 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	4.50% p.a
Expected pension increase rate	2.50% p.a	2.50% p.a

Sensitivity Analysis

The defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

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

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-1% pa discount rate	+1% pa discount rate	-1% pa pension increase rate	+1% pa pension increase rate
Discount rate	4.35% pa	3.35% pa	5.35% pa	4.35% pa	4.35% pa
Pension increase rate	2.50% pa	2.50% pa	2.50% pa	1.50% pa	3.50% pa
Defined benefit obligation (\$'000)	2,569	2,936	2,279	2,313	2,872

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

Asset-Liability matching strategies

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

Funding arrangements

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

Expected Contributions

Financial Year Ending	30 June 2018 (\$'000)
Expected employer contributions	104

Maturity Profile of Defined Benefit Obligation

The weighted average duration of the defined benefit obligation for Tasracing is 13.2 years.

EQUITY

B10 Issued Capital	2017	2016
	\$	\$
Balance at the beginning of the year	57,283,626	56,418,747
Equity contribution - Treasury	924,644	864,879
Balance at the End of the Year	58,208,271	57,283,626

Fully paid shares (30 June 2017 and 30 June 2016: 2)

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

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

B11 Accumulated Losses	2017	2016
	\$	\$
Balance at the beginning of the year	(16,244,154)	(16,425,481)
Net profit/(loss)	371,989	640,327
Other comprehensive income	368,000	(459,000)
Balance at the End of the Year	(15,504,165)	(16,244,154)

FINANCING AND FUNDING

Financial instruments

C1(a) Capital Risk Management

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

The capital structure of Tasracing consists of debt, which includes the borrowings disclosed in note B7, cash and cash equivalents and equity attributable to equity holders of the entity, comprising contributed equity and retained earnings as disclosed in notes B10 and B11 respectively.

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

(b) Categories of Financial Instruments

	2017	2016
	\$	\$
Financial Assets		
Cash and cash equivalents	15,784,625	12,371,822
Loans & receivables	1,095,544	1,321,170
Other financial assets	55,949	55,949
	16,936,118	13,748,941
Financial Liabilities		
Amortised cost		
Trade and other payables	2,080,981	2,246,947
Other financial liabilities	149,288	142,897
Borrowings	10,152,760	10,827,404
	12,383,029	13,217,248

Estimation of Fair Values

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

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

(i) Borrowings

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

(ii) Trade and other receivables / payables

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

Accounting Policy

Financial assets

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

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

Effective interest method

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

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

Loans and receivables

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

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

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

Financial liabilities

Financial Liabilities are classified as other financial liabilities.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

Financial Risk Management Objectives

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

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

(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-Jun-17	78,923	(78,923)	78,923	(78,923)
30-Jun-16	61,859	(61,859)	61,859	(61,859)

(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 irrecoverable 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 2017						
Financial assets						
Cash and cash equivalents	15,784,625	-	-	-	15,784,625	1.94%
Trade & other receivables	1,095,544	-	-	-	1,095,544	0
Other financial assets	55,949	-	-	-	55,949	0
Total Financial Assets	16,936,118	-	-	-	16,936,118	1.81%
Financial liabilities						
Trade and other payables	2,080,981	-	-	-	2,080,981	-
Other financial liabilities	149,288	-	-	-	149,288	-
Borrowings	705,880	738,625	2,428,583	6,279,672	10,152,760	4.76%
Total Financial Liabilities	2,936,149	738,625	2,428,583	6,279,672	12,383,029	3.90%

	< 1 year	1-2 years	2-5 years	> 5 years	TOTAL	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	
30 June 2016						
Financial assets						
Cash and cash equivalents	12,371,822	-	-	-	12,371,822	2.38%
Trade & other receivables	1,321,170	-	-	-	1,321,170	
Other financial assets	55,949				55,949	
Total Financial Assets	13,748,941	-	-	-	13,748,941	2.14%

	< 1 year	1-2 years	2-5 years	> 5 years	TOTAL	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	
Financial liabilities						
Trade and other payables	2,246,947	-	-	-	2,246,947	-
Other financial liabilities	142,897	-	-	-	142,897	-
Borrowings	674,644	705,880	2,320,524	7,126,356	10,827,404	5.37%
Total Financial Liabilities	3,064,488	705,880	2,320,524	7,126,356	13,217,248	4.40%

OTHER

Commitments

D1 Expenditure Commitments

(i) Lease Commitments

Commitments relate to property, plant & equipment with terms between 1 and 5 years.

The company does not have the option to purchase assets at the expiry of the lease period.

Non-cancellable operating lease commitments were in place as follows:

	2017 \$	2016 \$
Not later than 1 year	350,540	273,059
Later than 1 year but not later than 5 years	558,303	637,442
Later than 5 years	908,318	1,014,724
Current leases in place are for IT equipment, motor vehicle fleet and leasehold properties and race tracks	1,817,161	1,925,225
(ii) Capital Expenditure Commitments		
Leasehold Improvements		
Contractual commitments for the acquisition of property, plant equipment:		
Not later than one year	-	-
(iii) Other Contractual Commitments		
Non-cancellable contracts payable:		
Not later than one year	1,234,611	978,100
Later than 1 year but not later than 5 years	859,467	2,048,958
Later than 5 years	19,132	-
Commitments in place are for general property maintenance service agreements	2,113,210	3,027,058

KEY MANAGEMENT PERSONNEL COMPENSATION

D2 Key Management Personnel

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

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

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

Consistent with legislated requirements, key management personnel receive a superannuation guarantee contribution, which is currently 9.50% , and do not receive any other retirement benefits.

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

Non-executive directors

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

Remuneration Details for the Year Ended 30 June 2017

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

Board of Directors

D.Cooper (Chairman, non-executive director)

J. Wallace (non-executive director)

D. McCarthy (non-executive director)

T.Price (non-executive director)

H. Galloway (non-executive director), appointed 18 July 2016

M. Gordon (non-executive director), appointed 16 September 2016

R. Whishaw (non-executive director), appointed 29 November 2016

D. Gleeson (non-executive director), retired 29 November 2016

Executive Management

V. Lynch (Chief Executive Officer), appointed 5 December 2016

K Elliot (Chief Operating Officer), appointed 1 January 2017

J Luk (Chief Financial Officer), appointed 20 June 2017

E. Forbes (Chief Executive Officer), resigned 12 August 2016

M.Tarring (Chief Financial Officer), resigned 23 December 2016

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:

	2017	Consolidated 2016
	\$'000	\$'000
Short-term employee benefits	538	608
Post-employment benefits	55	50
Other long-term benefits	0	0
Termination benefits	95	0
	688	658

(a) Director Remuneration

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

Board Remuneration 30 June 2017	Director's Fees \$'000	Superannuation \$'000	Total \$'000
Mr D Cooper	52	5	57
Mr J Wallace	27	3	30
Mr D McCarthy *	30	0	30
Ms T Price	27	3	30
Mrs H Galloway (appointed 18/07/16)	25	2	27
Mr M Gordon (appointed 16/09/16)	21	2	23
Mrs R Wishaw (appointed 29/11/16)	14	1	15
Mr D Gleeson (retired 29/11/16)	12	1	13
Total	209	17	225

* Paid by contract to employing firm.

Board Remuneration 30 June 2016	Director's Fees \$'000	Superannuation \$'000	Total \$'000
The Late Mr B Speers - Chairman (to 26/8/15)	8	1	9
Mr D Cooper (Chair from 1/12/15)	47	4	52
Mr D Gleeson	27	3	30
Mr D McCarthy*	30	0	30
Ms T Price	27	3	30
Mr J Wallace (from 1/12/15)	14	1	16
Mr T Leis (resigned 1/12/2015)	12	1	13
Mr J Crawford (resigned 18/2/16)	18	2	20
Estate of the Late Mr B Speers	2	0	2
Total	186	15	201

* 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 years:

Executive Remuneration 30 June 2017	Salary \$'000	Termination Benefits \$'000	Superannuation \$'000	Vehicles \$'000	Other Non-monetary Benefits \$'000	Total \$'000
Mr V Lynch (from 5/12/2016)	107		10	5	1	123
Mr K Elliott (from 1/01/2017)	85		8	0	1	94
M J Luk (from 20/06/2017)	1		0	0	0	1
Dr E Forbes (resigned 12/08/16)	32	15	3	1		51
Mr M Tarring (resigned 23/12/16)	91	80	16	5		192
Total	316	95	38	11	2	461

Executive Remuneration 30 June 2016	Salary \$'000	Superannuation \$'000	Vehicles \$'000	Other Non-monetary Benefits \$'000	Total Benefits \$'000
Dr Eliot Forbes	222	19	17	6	264
Mark Tarring	167	16	4	6	193
Total	389	35	21	12	457

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

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
Advertising and Sponsorship	\$1,651	Armidale Stud, which is controlled by a member of KMP of Tasracing, made a sponsorship payment to the Thoroughbred Hall of Fame and purchased advertising in the Tasmanian Thoroughbred Racing Calendar.
Stakes payments (including prizemonies and bonus payments)	\$46,913	Stakes and prizemoney payments were made to KMP. These payments are made in the ordinary course of business in line with Tasracing stakes payment procedures.

D4 Transactions or Balances relating to a trustee or agency arrangement

Account	Opening Balance \$	Net Transactions during 2016/17 \$	Closing Balance \$
Apprentice Trust Accounts	89,320	(8,021)	81,299

D5 Economic Dependency

A significant proportion of Tasracing's revenue is dependent on a funding deed through to 2029 with the State government which provides base funding of \$29.5m in FY17 increasing by CPI less 1% annually. In addition, the deed allows for a \$40M debt facility with Tascorp of which Treasury will provide support in the form of principal and interest reimbursements, subject to certain conditions.

D6 Other Significant Accounting Policies

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

Leasing

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

Goods and services tax

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

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

Subsequent Events

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

Changes in Accounting Policies

a) Accounting standards adopted

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

AASB Amendment	Nature of Change to Accounting Policy
AASB 2015-6 - Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not for Profit Public Sector Entities (effective from 1 July 2016)	Although Tasracing is not a Not for Profit, AASB 124 Related Party Disclosures has been applied for the first time in accordance with the Tasmanian governments position on the policy. This information is presented in Note D3.
AASB 2014-4 - AASB 116 Property Plant & Equipment and AASB 138 Intangible Assets	Amending Standard - provides additional guidance on how depreciation or amortisation should be calculated. This standard does not have a material impact on the financial statements.

b) Future pronouncements

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

AASB Amendment	Nature of Change to Accounting Policy	Effective Date	Application Date for Tasracing
AASB 15 - Revenue from contracts with customers	New standard that replaces AASB 118 Revenue. Requires revenue to be recognised in line with contractual obligations. This is generally current practice for Tasracing.	1 January 2017	30 June 2018
AASB 9 - Financial Instruments	The final version of AASB9 replaces AASB 139 Financial Instruments: Recognition and Measurement. This version adds a new expected impairment model and limited amendments to classification and measurement for financial assets. When adopted the standard will affect the the calculation of the impairment losses on trade receivables. The debt assets are currently measured at amortised cost and there will be no change. There will be no changes to the accounting for financial liabilities.	1 January 2018	30 June 2019
AASB 16 - Leases	"The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short term leases and leases of low value assets. AASB 16 will result in most of Tasracing's operating leases being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges. In the Statement of Cash Flows lease payments will be shown as cash flows from financing activities instead of operating activities."	1 January 2019	30 June 2020
AASB 2016-1 - AASB 112 - Income Taxes	Clarifies the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	30 June 2018
AASB 2016-2 - AASB 107 - Statement of Cash Flows	Requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	30 June 2018

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.

7 August 2017

The Board of Directors
Tasracing Pty Ltd
GPO Box 202
HOBART TAS 7001

Dear Board Members

Auditor's Independence Declaration

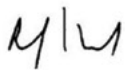
In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Tasracing Pty Ltd for the financial year ended 30 June 2017, 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



Rod Whitehead
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 Tasracing Pty Ltd (the Company) which comprises the statement of financial position as at 30 June 2017, 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 2017 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 7 August 2017 and included in the Directors' Report, would be in the same terms if provided to the directors at the time of this auditor's report.

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

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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
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Impairment of property, plant and equipment and intangible assets

Refer to notes B3 and B4

The carrying value of property, plant and equipment and intangible assets was \$41.92m at 30 June 2017. Property, plant and equipment and intangible assets are significant to the statement of financial position and impairment losses have been recognised in previous financial years.

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

- Evaluating the management's assessment as to whether there were any indicators of impairment.
- Evaluating management's 'value in use' methodology and model, including evaluating the forecast cash flows and key assumptions used in the model.

Tax balances

Refer to note A11

The Company is subject to the National tax equivalent regime and tax calculations are subject to complex legislation and rulings. The company did not recognise the value of deductible temporary differences of \$6.67m and unused tax losses of \$2.25m at 30 June 2017.

The tax calculation process is complex and involved a high degree of judgement and the amounts involved are potentially material to the financial statements as a whole. The recoverability of deferred tax assets is dependent on the generation of sufficient future taxable profit to utilise tax losses. Significant judgement was required in forecasting future taxable profit.

- Testing the completeness and accuracy of the amounts recognised as current and deferred tax.
- Assessing the management's assumptions to determine the probability that deferred tax assets will be recovered through taxable income in future years and available tax planning strategies.
- Assessing the adequacy of the 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 Company's Directors' Report for the year ended 30 June 2017, 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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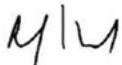
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting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

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

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

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



Rod Whitehead
Auditor-General

Tasmanian Audit Office

8 August 2017
Hobart

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