

# MEMBERS' STATEMENT OF EXPECTATIONS

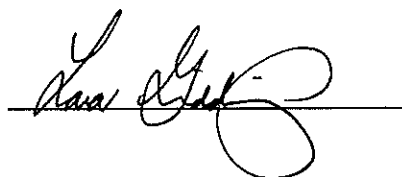
SEPTEMBER 2012

TASRACING PTY LTD

This Members' Statement of Expectations is jointly approved by:



Bryan Green MP  
Minister for Racing  
Member



Lara Giddings MP  
Premier  
Treasurer  
Member

Date:

23/10/12

## Contents

<b>1. INTRODUCTION .....</b>	<b>2</b>
<b>2. PURPOSE AND STRATEGIC EXPECTATIONS .....</b>	<b>2</b>
2.1 Principal Purpose .....	2
2.2 Principal Commercial Objective.....	2
2.3 Strategic Expectations .....	2
2.4 Compliance with Government Policies.....	3
<b>3. NATURE AND SCOPE OF OPERATIONS.....</b>	<b>3</b>
3.1 Core Business .....	3
3.2 Business Presence Outside the State .....	3
3.3 Non-commercial Activities .....	4
<b>4. FINANCIAL AND COMMERCIAL MANAGEMENT EXPECTATIONS.....</b>	<b>4</b>
4.1 Financial Performance.....	4
4.2 Customer Service.....	4
4.3 Reporting .....	5
4.4 Pricing .....	5
4.5 Borrowings and Investment Activities .....	5
4.6 Capital Asset Management .....	5
4.7 Risk Management.....	5
<b>5. OTHER.....</b>	<b>6</b>
5.1 Director Appointment Process.....	6
5.2 Employee and Industrial Relations.....	6
5.3 Integrity and Ethics .....	6
5.4 Significant Developments.....	6
5.5 Provision of Information.....	6
<b>SCHEDULE I .....</b>	<b>7</b>

## **I. INTRODUCTION**

- This Members' Statement of Expectations has been prepared by the Minister for Racing and the Treasurer (the Members), following consultation with Tasracing.
- The Statement sets out the Government's broad policy expectations and requirements for Tasracing.
- The *Corporations Act 2001* and the Constitution of Tasracing govern the operation of the Company.
- This Statement should be read in conjunction with the following Acts:
  - *Racing (Tasracing Pty Ltd) Act 2009*;
  - *Racing Regulation Act 2004*; and
  - *Government Business Enterprises Act 1995*.
- This Statement takes effect from the date it is signed and remains in effect until it is amended or revoked.
- The Statement is to be tabled in Parliament by the Minister for Racing and published on the website of Tasracing.

## **2. PURPOSE AND STRATEGIC EXPECTATIONS**

### **2.1 Principal Purpose**

- The principal purpose of Tasracing is developing a competitive and sustainable racing industry.

### **2.2 Principal Commercial Objective**

- Pursuant to legislative requirements, the Members expect Tasracing to:
  - be a successful company by operating in accordance with sound commercial practice and as efficiently as possible; and
  - achieve a sustainable commercial rate of return in accordance with its corporate plan, having regard to the social and economic objectives of the State, as agreed in writing with the Members.

### **2.3 Strategic Expectations**

- In undertaking its core business, the Members expect Tasracing to:
  - support and promote the racing industry within Tasmania with the aim of ensuring a sustainable, robust and competitive industry in the long term;

- present competitive, efficient and, where possible, differentiated racing products;
- develop strategies and initiatives to address cost efficiencies, racing product enhancements, and its approach to marketing its racing products;
- grow product fees as a source of revenue in the longer term;
- manage financial performance and business risk; and
- maintain a culture of continuous improvement in business operations, systems and processes.

#### **2.4 Compliance with Government Policies**

- In pursuing the strategic objectives in the context of the Government's directions, and undertaking its functions and exercising its powers, Members expect Tasracing shall act in accordance with:
  - the governance framework for Government businesses;
  - Treasurer's Instructions and guidelines that are applicable to Tasracing; and
  - Government policies specifically applying to Tasracing, as advised by the Members.

### **3. NATURE AND SCOPE OF OPERATIONS**

#### **3.1 Core Business**

- The core business of Tasracing is to:
  - promote the development of an efficient and effective thoroughbred, harness and greyhound racing industry in Tasmania;
  - allocate race dates and be responsible for race programming;
  - oversee the allocation of stakes funding to the industry; and
  - undertake other functions as required to set the *Rules of Racing* and comply with the requirements of the *Racing Regulation Act 2004*.

#### **3.2 Business Presence Outside the State**

- Tasracing must seek the written approval of the Members before establishing a business presence outside Tasmania. Any such proposal is to be on the grounds of risk mitigation. Any request must be accompanied by a compelling business case.

### **3.3 Non-commercial Activities**

- Tasracing's non-commercial activities are:
  - any activity that has been declared a community service obligation by the Treasurer; and
  - any activity that the Members agree would be non-commercial and direct Tasracing to perform.
- Non-commercial activities are listed in Schedule I of this Statement.
- Where Tasracing is required to perform non-commercial activities, those activities are to be:
  - performed in an efficient and effective manner; and
  - costed and funded in accordance with arrangements as agreed with the Treasurer. If no arrangement is in place, the non-commercial activity is to be funded by the company.

## **4. FINANCIAL AND COMMERCIAL MANAGEMENT EXPECTATIONS**

### **4.1 Financial Performance**

- The Members expect Tasracing to:
  - meet its financial and commercial targets, including target dividends, as set out in the annual Statement of Corporate Intent. Target dividends are to be agreed during the corporate planning process;
  - implement the business strategies contained in the Corporate Plan in order to meet the agreed long term performance targets for the organisation, consistent with the Government's expectations;
  - be proactive in identifying and implementing operational efficiencies and productivity measures to enhance financial performance; and
  - keep the Members, and the Department of Treasury and Finance (Treasury), as principal financial advisor to the Treasurer, informed of any significant issues impacting on the company, especially its financial performance targets.

### **4.2 Customer Service**

- In delivering its services, the Members expect Tasracing to take account of contemporary practice and other management developments in the industry in which Tasracing operates and the commercial sector generally.
- Tasracing is to have in place a customer service charter which is to be publicly available.

### **4.3 Reporting**

- The Members expect Tasracing to comply with any relevant reporting requirements specified in any guidelines issued by Treasury.

### **4.4 Pricing**

- The Members expect Tasracing to set prices, fees and charges which:
  - meet the objectives of efficiency, and financial sustainability;
  - comply with all legislative and regulatory instruments; and
  - to the extent possible, move towards a commercial return on assets employed as set out in the annual Statement of Corporate Intent.

### **4.5 Borrowings and Investment Activities**

- The Members expect Tasracing's borrowings to be consistent with any direction given under the *Tasmanian Public Finance Corporation Act 1985*.
- When investing any surplus funds, Tasracing should provide the Tasmanian Public Finance Corporation with the opportunity to offer its services.
- Capital structure and debt levels should be maintained at a level that is consistent with the overall strategic portfolio objectives of the Government.

### **4.6 Capital Asset Management**

- The Members expect Tasracing to:
  - develop Asset Management Plans reflecting prudent commercial practice;
  - regularly review its asset holdings with the aim of identifying surplus non-performing and non-core assets; and
  - subject any capital investment proposal to rigorous and considered analysis prior to any decision to commit resources.
- The Members and Treasury, as principal financial adviser, are to be notified of any proposed major new capital investments (projects in excess of \$2 million).
- All major capital investment decisions must be approved in writing by the Members prior to any significant expenditure being incurred.

### **4.7 Risk Management**

- The Members expect Tasracing to have in place risk mitigation strategies that recognise the Government is a long-term risk-averse investor, identify business and financial risks, and provide for their ongoing management in a manner that is commensurate with the risk profile of the Government.

## **5. OTHER**

### **5.1 Director Appointment Process**

- The Members expect Tasracing to work cooperatively with relevant Director Selection Advisory Panels to ensure that the appointment process results in a balance of renewal and continuity of Board membership.

### **5.2 Employee and Industrial Relations**

- The Members expect Tasracing to:
  - adhere to any Government policy guidelines in regard to Executive remuneration including bonuses or other forms of rewards; and
  - be cognisant of any Government policy in regard to employee remuneration, consistent with contemporary public sector wages policy.
- The Members are to be notified of any significant changes to the employee relations policy of Tasracing, including the finalisation of any workplace or enterprise agreements.

### **5.3 Integrity and Ethics**

- The Members expect the Board, management and employees of Tasracing to exhibit the highest level of integrity and professionalism in undertaking their duties.

### **5.4 Significant Developments**

- The Members are to be kept informed of any matters of significance. Specifically, the Members expect to be notified of any adverse developments which may:
  - prevent the achievement of financial performance objectives; or
  - significantly affect the financial viability or operating ability of Tasracing; or
  - significantly impact on Government policy, client relations and environmental issues.

### **5.5 Provision of Information**

- The Members expect to be:
  - informed as soon as practicable of any material or significant events, transactions or other issues relating to the company; and
  - provided with any information or reports requested in an accurate and timely manner.

**SCHEDULE I**  
**NON-COMMERCIAL ACTIVITIES**

Tasracing does not conduct any non-commercial activities as defined under Clause 3.3.