

2011



Racing NSW

Annual Report



VISION

Provide a committed, user-friendly, professional and cost effective administration which uses best business practice in serving all aspects of the NSW Thoroughbred Racing Industry.

Provide Leadership and Strategic Direction to ensure the NSW Thoroughbred Racing Industry achieves revenue growth, profitability and greater returns to Owners and Industry Participants.

Provide a Racing product which appeals to all demographics, and takes all actions necessary to guarantee integrity and confidence in the sport.

Maximise betting turnover on NSW Thoroughbred meetings by accommodating punters' needs and desires, and work with Tabcorp to promote new wagering products, which reflect changes in demand.



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Front cover: Sydney's champions for the 2010/11 racing season – Chris Waller, Josh Adams, Nash Rawiller, More Joyous

MISSION STATEMENT

To establish a dynamic NSW Thoroughbred Racing Industry which advances participation, ensures integrity and delivers quality racing at all levels.

MEMBERS OF THE BOARD



A R Bell (Alan)
Chairman
Appointed 19 December 2008
Attended 12 meetings



A F Brown (Alan)
Deputy Chairman
Appointed 19 December 2008
Attended 12 meetings



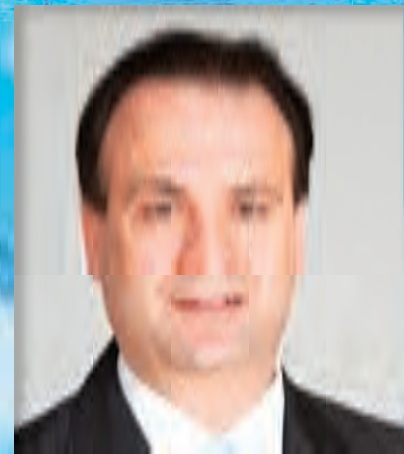
K M Brown AM (Ken)
Appointed 19 December 2008
Attended 10 meetings



K E Harding (Kim)
Appointed 19 December 2008
Attended 12 meetings



A A Inglis (Arthur)
Reappointed 19 December 2010
Attended 12 meetings



P N V'landys (Peter)
Racing NSW Chief Executive
Appointed 23 February 2004
Attended 12 meetings

FUNCTIONS OF THE BOARD

Under section 13 (1) of the Thoroughbred Racing Act (NSW) 1996, the Board has the following functions:

- a. all the functions of the principal club for New South Wales and committee of the principal club for New South Wales under the Australian Rules of Racing,
- b. to control, supervise and regulate horse racing in the State,

Such functions in relation to the business, economic development and strategic development of the horse racing industry in the State as are conferred or imposed by this Act,
- c. to initiate, develop and implement policies considered conducive to the promotion, strategic development and welfare of the horse racing industry in the State and the protection of the public interest as it relates to the horse racing industry,
- d. functions with respect to the insuring of participants in the horse racing industry, being functions of the kind exercised by the AJC on the commencement of this section, and such other functions with respect to insurance in the horse racing industry as may be prescribed by the regulations,
- e. such functions as may be conferred or imposed on Racing NSW by or under the Australian Rules of Racing or any other Act,
- f. such functions with respect to horse racing in New South Wales as may be prescribed by the regulations.

CHAIRMAN'S REPORT



Alan Bell
Chairman

The Hon. George Souris MP
Minister for Tourism Major Events Hospitality and Racing,
and Minister for the Arts
Level 30, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Minister

In accordance with Section 29 of the Thoroughbred Racing Act 1996 (the Act) I am pleased to submit to you the 15th Annual Report of Racing NSW for the period 1 July 2010 to 30 June 2011.

Firstly, please accept our Board's congratulations on your appointment as Minister for Racing. We are looking forward to working with you over the coming years towards ensuring the financial well-being of the NSW Thoroughbred Racing Industry.

Our Board met on 12 occasions in this reporting period. The contribution of my fellow Board members, whose dedication, expertise and detailed knowledge of the inner-workings of the industry proved invaluable, enabled Racing NSW to deliver on its obligations and responsibilities under the Act.

In July 2011 the Board resolved to change office bearers whereupon I was appointed Chairman and the former Chairman Alan Brown assumed the role of Deputy Chairman. The Board expresses its appreciation to Alan for his efforts on behalf of the industry during the formative years of the newly restructured Board.

During 2009/10 we released our Strategic Plan for the NSW Thoroughbred Racing Industry, setting out our vision for the industry over the next three years. Full implementation of this plan has been delayed pending the outcome of the High Court proceedings currently being determined by the High Court of Australia.

In that regard, Racing NSW is a Respondent to two Appeals to the High Court by appellants Betfair and Sportsbet against the unanimous judgments in favour of Racing NSW delivered by the Full Court (Chief Justice Keane, Justice Buchanan and Justice Lander) of the Federal Court on 17 November 2011. Those Appeals were to be heard by the High Court from 30 August 2011 to 1 September 2011; their outcome will have a significant bearing on the future funding of the NSW Thoroughbred Racing Industry.

With the Appeals pending, it has not been possible to finalise a review of the NSW industry's Intra-Code Agreement. These outstanding

matters will be accorded high priority during the 2011/12 financial year and the Board has developed a comprehensive Operational Plan for the foreshadowed implementation of the Strategic Plan.

No doubt one of the highlights of the year was the successful merger of the Australian Jockey Club and the Sydney Turf Club and the consequent formation of the Australian Turf Club under the Australian Jockey and Sydney Turf Clubs Merger Act 2010. As a result of funding secured from Tabcorp and the NSW Government, the new Club is about to embark on a major capital development program at its Randwick and Rosehill Racecourses which will see the racegoers in Sydney enjoy world class facilities and experiences.

Racing NSW is looking forward to working closely with the Club to capitalise on the huge opportunities which have come our way as a result of the funding arrangements for the capital works.

As required under the Act, the Board has continued to hold meetings with the Racing Industry Consultative Group (RICG). The advice provided by that body has been both welcome and appreciated. The counsel of RICG has ensured that Racing NSW develops its policies to best suit the needs of the industry and its participants.

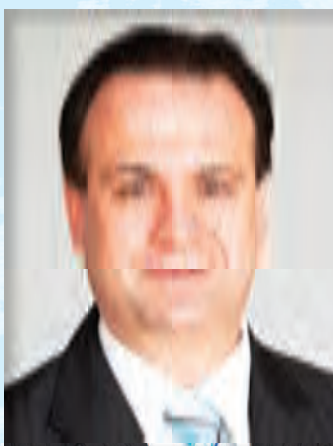
During the year Racing NSW hosted the 2nd Annual Australian Racing Conference in Sydney during April 2011. In all, 234 delegates from Race Clubs and controlling Authorities from around Australia and New Zealand attended. The theme of the conference was "Racing for Change" and included addresses on a wide array of important topics by an exceptional panel of speakers from the wider corporate world.

Finally, on behalf of the Board and myself I thank and acknowledge the Chief Executive, Peter V'landys, and the entire staff of Racing NSW for their dedication and achievements during the year.

In particular, their outstanding efforts during negotiations to secure the abovementioned funding from Government and Tabcorp and in their tenacious defence of the Race Fields Legislation in the Federal and High Court Appeals brought credit to everyone who serves on Racing NSW.

In closing I would particularly like to thank you, your staff and your Departmental Officers for your assistance and support during the year.

Yours Sincerely
Alan Bell



Peter V'landys
Chief Executive

2010/11 was another year of achievement for the NSW Thoroughbred Racing Industry. We celebrated the bi-centenary of the commencement of racing in Sydney (and Australia) and saw the realisation of the historic merger between the Australian Jockey Club and the Sydney Turf Club to form the Australian Turf Club. The year also saw the Full Court of the Federal Court unanimously rule in favour of Racing NSW by dismissing the legal challenges by wagering operators Sportsbet and Betfair against the payment of Race Field fees.

In addition, Racing NSW was able to introduce or further enhance a number of programs and initiatives which will provide significant benefits for the NSW Thoroughbred Racing Industry.

Complete details of the operations of Racing NSW are outlined later in this Report. However, I have identified the major issues below.

OPERATING COSTS AND ADMINISTRATIVE CHARGE

Racing NSW will report an operating surplus before extraordinary items of \$1,602,776. Including extraordinary items the surplus increases to \$3,473,854.

The most pleasing aspect is that the first charge against the TAB Distribution was \$7,994,011 down \$54,308 compared to \$8,048,325 in the previous year.

The Racing NSW Workers Compensation Fund recorded a surplus of \$361,341 after increasing the provision for possible future liabilities by \$763,633. However, during the year payments of \$1,897,033 were paid for previous periods. This was principally due to late raised invoices, especially by Government providers such as Public Hospitals which are habitually late in raising invoices for Workers Compensation payments. Accordingly, a deficit of \$1,535,692 was applied to the reserves.

The consolidate result, however, delivered a net increase in reserves of \$1,938,162.

RETURNS TO OWNERS

Thoroughbred racing in NSW continued to perform strongly in delivering its participants strong returns to owners. This continues the record established by Racing NSW with its net returns to owners comparing favourably with those of interstate racing industries especially in the context of TAB distributions received.

Returns to owners in 2010/11 increased from \$140.9 million to \$145.8 million, driven by the restoration of feature race prizemoney at Royal Randwick and Warwick Farm as well as an increase in country TAB prizemoney from September 2010.

Also boosting returns to owners for 2010/11 was another

record year for Racing NSW's Breeder Owner Bonus Scheme (BOBS). Total bonuses paid to winning owners including BOBS Double Up were in excess of \$9.8 million, with BOBS continuing to be the most lucrative of any Australian State bonus scheme.

BETFAIR AND SPORTSBET COURT PROCEEDINGS

Betfair and Sportsbet commenced Federal Court proceedings in October and November 2008 respectively resisting payment of the fees imposed by Racing NSW under the Race Fields Legislation on the basis that those fees discriminated against them as interstate operators.

Betfair's challenge was heard by Federal Court Justice Nye Perram from 18 November 2009 to 1 December 2009. Sportsbet's challenge was heard by Justice Perram from 4 February 2010 to 19 February 2010.

Justice Perram delivered judgment in both matters on 16 June 2010.

Betfair's challenge was dismissed and it was ordered to pay Racing NSW's costs.

In the case of Sportsbet, Justice Perram upheld the validity of the Race Fields Legislation and accepted that overcoming the issue of 'free riders' on the NSW Thoroughbred Racing Industry was a legitimate object. However, the Judge ruled that the way the Race Fields fee was applied to Sportsbet was invalid for a confined period being September 2008 to June 2009.

Racing NSW and Sportsbet appealed the Sportsbet judgment. Betfair appealed the Betfair judgment.

The appeals in Betfair and Sportsbet were heard by the Full Court (Chief Justice Keane, Justice Buchanan and Justice Lander) of the Federal Court from 27 September 2010 to 1 October 2010.

The Full Court delivered judgments in the Betfair and Sportsbet appeals on 17 November 2010. It was a resounding success for Racing NSW and the NSW thoroughbred and harness racing industries. Racing NSW and Harness Racing NSW comprehensively won on all fronts.

The judgments were unanimous and were a complete vindication of the strong position taken by Racing NSW to ensure that those wagering operators who substantially profit from our great industry contribute to the cost of "putting on the show".

Betfair and Sportsbet applied for special leave to appeal to the High Court. On 11 March 2011, the High Court (consisting of Chief Justice French, Justice Gummow and Justice Kiefel) determined that Betfair and Sportsbet were permitted to appeal from the judgments of the Full Court of the Federal Court delivered on 17 November 2010. Although Racing NSW was optimistic that

CHIEF EXECUTIVE'S REPORT

the High Court would dismiss the applications in their entirety given the very strong judgments in its favour delivered by the Full Court of the Federal Court on 17 November 2010, the granting of leave was not an entirely unexpected result given that the matters involve the interpretation of the Constitution, which has traditionally been ruled upon by the High Court.

The High Court heard the appeals of Betfair and Sportsbet from 30 August 2011 to 1 September 2011. Racing NSW is optimistic that judgment will be delivered prior to Christmas 2011.

MERGER BETWEEN AJC AND STC

The negotiations for Tabcorp to acquire Racing NSW's share of the Trackside game for \$150 million were finalised in late December, paving the way for the AJC and STC to merge.

As reported in last year's Annual Report, the NSW State Government believed the AJC and STC merger would provide substantial revenue and cost synergies which would underpin the viability of Sydney racing.

As an incentive for the clubs to undertake the merger the Government put in place a scheme for the merged entity to receive \$174 million.

Under the scheme, Racing NSW was to borrow \$150 million for the upgrade of Randwick Racecourse facilities. The loan would be repaid from Racing NSW's share of a new game called Trackside which was to be introduced into TAB agencies, hotels and clubs. The NSW Government would also contribute the first \$5 million it received on the State taxes generated by Trackside, and a contribution by TAB of 1.8% of the turnover generated on Trackside.

The \$150 million loan which was to be procured from a financial institution was a significant risk to the NSW Thoroughbred Racing Industry as Trackside which was basically a simulated racing game (or as some refer to it as "cartoon racing") was unproven and may not have generated enough turnover for Racing NSW to meet its repayments of the \$150 million loan. Trackside has been operating in Victoria for close to ten years and the highest annual turnover generated was \$200 million.

This level of turnover is significantly less than was required to service the \$150 million loan. Even under the most optimistic projections, turnover required to meet the loan repayments would not be achieved within the first 5 years.

Racing NSW also commissioned PricewaterhouseCoopers to independently assess if the Trackside proceeds were sufficient to meet the repayment of the \$150 million loan.

PricewaterhouseCoopers concurred with Racing NSW that the risk was too great and it would be near impossible to procure the \$150 million loan from a financial institution.

Accordingly the scheme appeared doomed, until Racing NSW devised a plan for Tabcorp to purchase its 17% share of Trackside for \$150 million.

After lengthy and robust negotiations Tabcorp agreed to the plan.

Racing NSW was also able to convince the NSW State Government to provide a non-refundable grant of \$24 million for the upgrade of Rosehill Gardens' facilities.

During the negotiations Racing NSW was also able to procure various other benefits from Tabcorp to the thoroughbred racing industry in New South Wales including the following:

- Fixed Odds Wagering – An increase in expected product fees estimated to generate additional return to the thoroughbred racing industry of \$5 million annually;
- The betting tax concession for premium and overseas customers is predicted to result in the generation of additional TAB turnover which will further result in \$15 million additional revenue; and
- The overseas pooling arrangements, which when implemented, will generate a further \$5 million annually.

The execution of the Agreement with Tabcorp then allowed the merger to proceed.

Accordingly, on 7 February 2011 a new club, the Australian Turf Club was created following the successful merger between the Australian Jockey Club and the Sydney Turf Club.

The merger will allow the club to generate significant revenue and cost synergies thereby providing substantial benefits in the medium to long term not only for the club itself but for the NSW Thoroughbred Racing Industry as a whole.

There will also be significant capital upgrades at Randwick and Rosehill Racecourses which in themselves will generate significant new revenue for the NSW Thoroughbred Racing Industry and will finally provide world class viewing facilities for Sydney racing.

RACECOURSE DEVELOPMENTS

As part of the Government agreement the monies provided to the Australian Turf Club from the Trackside transaction and Government grant were to be held by Racing NSW and to be distributed as progress payments during the course of the development.

Accordingly, Racing NSW entered into an agreement with the Australian Turf Club with respect to the procedure to be followed for the making of those progress payments. That procedure contains appropriate safeguards (including the appointment of a qualified quantity surveyor to certify all costs) in place to ensure the proper expenditure of that significant funding.

STRATEGIC PLAN

In terms of Section 14B (4) of the Thoroughbred Racing Act, the Annual Report of Racing NSW is to include a progress report on the implementation of the Strategic Plan for the horse racing industry over the period to which the Annual Report relates.

Last year Racing NSW developed a far reaching Strategic Plan for the three year period 2010 to 2013. That Plan set the scene for the future viability and economic well-being of the industry in the years to come.

A number of objectives contained in the Plan were achieved during the year under review. However, full implementation of those major objectives involving additional resourcing has been deferred pending the outcome of the High Court Appeals by Betfair and Sportsbet.

Nevertheless, preliminary work has been undertaken in respect of many of these objectives and a comprehensive Operational Plan has been developed to ensure swift action on the outstanding targets once the High Court hands down its judgments.

In this regard, amongst other things, Racing NSW has:

- Consulted extensively with Racing NSW Country and the Provincial Racing Association of NSW to establish the criteria and standards required for the setting up of centres of excellence throughout the State, with these selection criteria having been scaled according to their relative importance. This investment will improve customer facilities, racing surfaces and training facilities at many venues throughout NSW. Racing NSW is well placed to commence these important projects when a favourable judgement is received from the High Court;
- Undertaken an assessment of the tax treatment of wagering in NSW compared to interstate and is engaging with the NSW Government to improve the relative position of the NSW racing industry;
- Adopted a revised structure for the distribution of prizemoney when increases are able to be affected following the High Court Race Fields judgement. This structure includes a concept of total returns to participants with prizemoney payments to 10th place including funds

presently distributed as appearance fees, as well as sharing a proportion of these payments with stablehands;

- Developed terms of reference for the engagement of a consultant to assist Racing NSW in the development of a detailed Media and Broadcast Policy. This policy will be vital to ensure that Racing NSW is in a position to exercise its responsibilities in terms of Section 29E of the legislation under which Racing NSW's approval is required for race broadcasting arrangements;
- Established a broad based committee to undertake a review to identify viable ways to grow the economic and social value of thoroughbred horse racing across NSW, through the modernising of the structure and scheduling of race meetings;
- Secured sponsorship from Tabcorp to underpin a series of twelve Sunday race meetings designed to showcase country racing;
- Implemented an on-line Occupational Health & Safety Management System ("OH&S") and Environmental Management System for race clubs;
- The introduction of Trackside in NSW was a key element of the Strategic Plan, with Racing NSW opting to capitalise the income stream as part of the ATC merger discussed above. Additionally, the thoroughbred rehabilitation program discussed below has met dual elements of the Plan, both equine welfare reform and industry training initiatives.

GOVERNMENT GRANT

Following the election of the O'Farrell Coalition Government in March 2011, the new Minister for Racing, the Hon. George Souris MP, quickly announced that the Government would honour its election promise to provide a \$5 million grant to assist with the development of country racing across the three codes of racing.

The thoroughbred racing industry's share of this grant will amount to approximately \$3.3 million.

Racing NSW is directing this funding package towards capital improvements at country racecourses.

Racing NSW has consulted the industry and determined that funding will be utilised for safety-related improvements. Specifically, it is proposed that the new-generation plastic running rail will be installed on the inside of the course proper at 30 country racecourses.

This material represents cutting-edge technology and to date in NSW it has only been installed at a small number of Metropolitan and Provincial tracks.

A large scale roll-out for the country sector at this early juncture represents an excellent outcome for regional racing safety.

These new plastic running rails will provide greater safety for all participants. The rails flex and bend once struck, with posts breaking away if impacted, greatly reducing the risk of injury to jockey and horse.

The country racecourses to receive the PVC rail are:-

- **Regional:** Albury, Ballina, Bathurst, Clarence River (Grafton), Coffs Harbour, Dubbo, Goulburn, Murrumbidgee (Wagga), Muswellbrook, Orange, Port Macquarie, Queanbeyan, Scone, Shoalhaven (Nowra), Tamworth, Taree-Wingham and Wine Country (Cessnock).
- **Major:** Armidale, Cowra, Gundagai, Gunnedah, Kempsey, (Krumbach races at Taree), Lismore, Moruya, Mudgee, Narromine, Quirindi, Sapphire Coast, Tweed River (Murwillumbah) and Wellington.

Racing NSW is currently working through the logistics of this project and finalising negotiations with potential suppliers. The existing colorbond rails will be recycled throughout other country venues. Accordingly another 30 small clubs will benefit from the initiative.



NSW Premier, The Hon. Barry O'Farrell MP, opening the Australian Racing Conference

WIN FOR THE RECREATIONAL PUNTER

One of the great assets of thoroughbred racing is that it appeals to a diverse demographic. It was therefore extremely disappointing when TAB alienated the many small punters by increasing the minimum bet at certain times of the day from 50 cents to \$5.00.

The decision was astonishing given that recreational punters provide the majority of investment in totalizator pools which in turn provides sufficient liquidity to attract professional punters.

Accordingly, Racing NSW strongly lobbied TAB to reverse this decision.

To its immense credit TAB acknowledged the angst the decision caused and reset the minimum to \$1.00.

2011 AUSTRALIAN RACING CONFERENCE

During the year, Racing NSW again organised and hosted the Australian Racing Conference. This was the second such occasion that the conference has been conducted and followed the extremely successful 2010 Asian Racing Conference organised and hosted by Racing NSW. The Conference was held on 31 March and 1 April 2011 with accompanying social activities conducted on 2 and 3 April 2011.

The industry was privileged to have the Conference opened by the newly appointed Premier of New South Wales, The Hon. Barry O'Farrell MP, as his first official function following his swearing in as Premier.

A total of 204 delegates and 21 accompanying persons attended the Conference which included delegates booking 102 rooms (366 room nights) at the Conference venue, representing a significant injection of revenue into the New South Wales economy.

A total of 10 guest speakers made presentations at the general sessions of the Conference and a further 2 guest speakers spoke at the round-table session for Chairmen/Directors/Chief Executives. Based on the positive feedback received from delegates, the Conference was described as being highly successful.

Speakers included:

Mr John Hartigan, the Chief Executive of News Limited. As one of Australia's leading businessmen and a keen racing follower, Mr Hartigan identified what the racing industry needed to change or embrace to stay relevant in the entertainment sphere.

Mr John McGrath, the founding owner of real estate giant McGraths Real Estate. Mr McGrath, who is also a racehorse

CHIEF EXECUTIVE'S REPORT

owner and regular race meeting attendee, approached the industry as if he were its sole owner and identified areas he would modify and improve. He also spoke of how the franchise model could be applied to racing.

Mr Neil Breen, the editor of Australia's largest selling newspaper, the Sunday Telegraph. Mr Breen, who is also a keen racing follower, provided an editor's perspective of how racing can procure more media space.

Mr Geoff Brown, the Managing Director and Chief Executive of the Channel 9 Network Australia. Mr Brown presented very strong views on why the racing industry must rethink its presentation on free-to-air television.

Mr Bruce Hawker, one of Australia's most respected political strategists and political commentators. Mr Hawker called on his vast experience and knowledge of the political process to explain how the industry can successfully engage with Government.

Importantly, the Conference was again conducted without cost to the NSW Thoroughbred Racing Industry. On the contrary, a profit of approximately \$100,000 was generated.

Based on the success of the Conference, the Racing NSW Board has agreed to Racing NSW hosting the 3rd annual conference during 2012.

THOROUGHBRED REHABILITATION PROGRAM

Racing NSW is committed to the development of programs for the retirement of thoroughbred racehorses once they have finished their racing careers.

As part of this overall objective, Racing NSW has entered into a joint venture with Corrective Services NSW ("CSNSW") for the retirement and retraining of racehorses.

This program has been designed to:

- re-home thoroughbred horses deemed suitable for use as leisure horses;
- re-educate and re-train thoroughbred horses for deployment in a new equine career;
- provide inmates with skills, training and prospective employment opportunities in the thoroughbred industry, through the completion of relevant tertiary TAFE qualifications offered through the Program.

Since March 2011, a pilot version of the Program has been successfully trialled at the St Heliers Correctional Centre at Muswellbrook, under the terms of a verbal, in-principle agreement between Racing NSW and CSNSW and utilising existing infrastructure at the site.

A Service Partnership Agreement and Management Plan document has now been executed to formalise the procedural operation of the Program and the division of responsibilities between the parties.

Racing NSW will provide or meet the costs of:

- materials for the construction of purpose-built facilities at St Heliers Correctional Centre, Muswellbrook and the John Morony Correctional Complex, Windsor;
 - necessary equine equipment;
 - transportation and feed;
 - provision of accredited/certified trainers and assessors;
 - veterinary services (including euthanasia if required) and medication.
- CSNSW will provide the following:
- (inmate) labour for the construction and maintenance of purpose-built facilities at St Heliers Correctional Centre, Muswellbrook and the John Morony Correctional Complex, Windsor;
 - adequate prison staff and inmates to work in the Program; and
 - lucerne hay produced at St Heliers Correctional Centre's farm for feed.

Racing NSW will provide funding and administrative support

through a charitable trust structure. The Program will be a not-for-profit venture, with any proceeds from the sale of retrained horses reinvested into the Program to allow for its ongoing maintenance and possible extension.

The Program operates across three levels of rehabilitation:

Level 1: Pre-training at St Heliers Correctional Centre (up to 5 months)

Racing NSW will deliver surrendered horses to the site for pre-training by inmates, under the supervision of Racing NSW's appointed Thoroughbred Rehabilitation Manager. Horses that respond well to rehabilitation and are assessed as safe and healthy by Racing NSW, will be sold as leisure horses to the general public.

Horses identified with potential to complete further training for a new equine career will be progressed to Level 2.

Level 2: Intermediate Training (up to 2 months)

This training continues and reinforces skills learnt at Level 1, with the addition of classical riding and natural horsemanship techniques.

Horses identified as being suitable for equine career redeployment are spelled (under the care of inmates) prior to progressing to Level 3.

Level 3: Re-education Training (at Canterbury)

Horses are re-educated to a specialist equine career (eg. dressage, jumping, police) and sold to established markets (such as the Victorian Police Force) at a premium amount.

Under the operation of the pilot Program at St Heliers Correctional Centre, 6 horses have successfully trained to Level 1 and 4 inmates have participated in Level 1 skills training. The pilot Program is currently accommodating 16 horses.

The Commissioner of Corrective Services, Mr Ron Woodham, has been a driving force behind these types of animal welfare programs and other industrial and agricultural enterprises within the prison system. Mr Woodham credits these types of ventures as being integral to the rehabilitation of inmates and their integration into the workforce and society upon release.

BOBS

The Breeder Owner Bonus Scheme ("BOBS") continues its significant contribution to making racehorse ownership affordable, paying an additional \$9.8 million to owners in cash and in Double-Up vouchers which are used for the purchase of BOBS eligible yearlings. The 2010/11 season was the first in which BOBS Extra bonuses were won, with 96 payments totalling \$690,000 when 4-year-old horses won over distances of 1600 metres and longer. Owners, trainers and breeders alike recognise BOBS as the most successful and rewarding scheme of its kind.

INDUSTRY AGREEMENTS

The continued uncertainty created by the Race Fields Legislation dispute has resulted in progress being delayed in renegotiating two important industry commercial agreements, viz. the Racing Distribution Agreement (RDA) and the Thoroughbred Racing Intra-Code Agreement.

The RDA is the commercial agreement between the three codes of racing in NSW and the Tabcorp Group which sets out the rights and obligations of the parties in respect of the provision of race meetings on which the Tabcorp Group conducts its wagering business and the payments the industry receives in return for the provision of those meetings.

The Thoroughbred Racing Intra-Code Agreement is the agreement under which payments from the Tabcorp Group are distributed to the NSW thoroughbred race clubs throughout the State for the payment of prizemoney and the development and maintenance of racing and training facilities.

Immediate action will be taken by Racing NSW to finalise these agreements following the decisions of the High Court.

CHIEF EXECUTIVE'S REPORT

WORKERS COMPENSATION FUND

During 2010/11 the Racing NSW Workers Compensation Fund experienced a 16.5% increase in new claims compared to those received during 2009/10. The incidence of new claims was comparable to that experienced in 2008/09. Despite the increase in claims received, the actuarial valuation of Fund liability at 30 June 2011 was \$2.1 million lower than projected in the 2010 actuarial review.

A continued focus on claims and injury management has led to the settlement and finalisation of a large number of claims which has had the effect of reducing outstanding claims liability. Following its 2011 Specialised Insurer Case Management Audit, the WorkCover Authority of NSW gave Racing NSW an average score of 91% across the thirteen elements of Racing NSW case management. It should be noted that five elements received a 100% compliance score. This is an extraordinary result for a self insurance licensee. The Funds liability was also reduced by an increase in reinsurance and third party recoveries during 2010/11.

JOCKEYS BENEFIT SCHEME

The Jockeys Benefit Scheme ("JBS") was established by Racing NSW to provide financial assistance and other forms of support to NSW and ACT jockeys in need. Funded in part by the 1% of all prizemoney allocated to NSW thoroughbred race meetings which has been deducted for the benefit of jockeys' insurance and welfare programs since July 2009, the JBS comprises:

- (a) the Jockeys Benefit Scheme Trust ("JBS Trust"), a public charitable trust to relieve former and current NSW and ACT jockeys and/or their families from "necessitous circumstances", especially (but not limited to) by reason of the jockey having been seriously injured or dying (whether on a racetrack or otherwise) or suffering severe illness; and
- (b) the JBS Discretionary Fund from which funding is provided for programs and initiatives to benefit jockeys' welfare both during their riding career and in retirement, including vocational and life skills training, career transition support, business startup assistance and financial planning advice.

Inaugural meetings of the Trustees of the JBS Trust and the Governance Advisory Committee (comprised of four members appointed by Racing NSW and the NSW Jockeys' Association to oversee the administration of the JBS), were held during 2011.

I would like to extend sincere thanks to the distinguished panel of Trustees of the JBS Trust, who dedicated their valuable time and expertise on a voluntary basis during the year:

- Mr Robert Nason (Chairman – appointed March 2011)
- Mr Ian Craig OAM
- Mr Paul Innes OAM
- Mr Robert Ward AM
- Mr Allen Windross AM
- Mr Keith Bulloch
- The Honourable Michael McHugh QC AC (Former Chairman – resigned March 2011)

Although only in their early stages of operation, both JBS programs have already delivered vital assistance to jockeys and their families.

The JBS Trust received five applications from jockeys forced to retire from riding due to significant injury or illness and has provided financial assistance to those who do not have recourse to insurance benefits or other income sources.

Further JBS programs are in development to enhance jockey welfare, with a particular focus on assisting exiting jockeys to prepare for their post-racing life.

For example, the JBS Discretionary Fund has provided business start-up assistance to an ex-jockey to fitout his café and for him to undertake barista and small business training courses to maximise his chance of success in his new venture.

The following further needs have been identified and will form the basis of JBS initiatives to be introduced in the coming year:

- computer literacy training (including use of new technology such as iPhones and iPads);
- financial planning advice (eg. pitfalls of franchises / business start-up information sessions, importance of superannuation);
- career transition support (eg. writing job applications, interview techniques, presentation skills);
- apprentice welfare (i.e. to assist "rising stars" with media consultation, coping skills to deal with performance and peer pressure, finance management);
- general welfare (eg. depression and mental health issues, drug education programs, drug counselling / rehabilitation, family issues);
- professional conduct (eg. dealing with media, treatment of women, bullying in the workplace and sexual harassment education).

The establishment of the Jockeys Assistance Program will provide jockeys and their families with free access to confidential counselling services from 1 July 2011.

200 YEARS OF RACING

October 2010 marked 200 years since the first race meeting was held in Hyde Park, Sydney under the jurisdiction of Governor Lachlan Macquarie and his 73rd Regiment. Racing NSW capitalised upon the opportunity to remind consumers about the historical importance of racing to the State and to raise the profile of NSW racing.

Celebratory luncheons were hosted at five key country and provincial race club meetings during October, namely – Shoalhaven City Turf Club, Albury Racing Club, Taree-Wingham Race Club, Coffs Harbour Racing Club and Hawkesbury Race Club; entertaining key local participants and supporters.

A metropolitan celebration was hosted at Royal Randwick where 500 people attended a charity luncheon featuring appearances from some of NSW racing's most iconic personalities including Edgar Britt and Betty Lane.

Further, a '200 Years of Racing' marketing kit was distributed to all NSW race clubs that hosted a race meeting in October 2010.

The kit included a booklet outlining the history of NSW racing, an allocation of celebratory pin badges to be distributed on course, a template media release to be distributed locally and template advertising material.

All promotions were well received by Clubs and consumers, and media coverage included both major metropolitan newspapers as well as local media, generating awareness across the State.

ACKNOWLEDGMENTS

I again take the opportunity to express my appreciation to members of the Board for their leadership and support of me during the year. The collective experience, business expertise and working knowledge of the thoroughbred racing industry of the Board members has proved invaluable to the administration of Racing NSW and to the thoroughbred racing industry in general.

I would also like to thank the members of the Racing Appeals Tribunal, the Appeal Panel and the Integrity Assurance Committee for their contributions during the year.

Finally, I must acknowledge the staff of Racing NSW for their continued loyalty and dedication.



Peter V'landys
Chief Executive



Scott Kennedy
General Manager –
Industry & Analytical

Overview

WAGERING ON RACING

The Australian wagering market continues to undergo changes, both from the entry and exit of some wagering operators and in the mix of wagering undertaken by punters.

From January 2011 the NSW Government extended the approval for fixed odds wagering on horse racing to take place in TAB outlets and licensed venues carrying TAB facilities. Previously fixed odds wagering was restricted to account betting and 30 minutes prior to the first race of a meeting in outlets.

Wagering with state totalizators continues to endure downward pressure and pari-mutuel wagering on the NSW TAB for this FY 2010/11 fell by 5.15% against 2009/10.

The decline in totalizator wagering accelerated during the second half with fixed odds wagering having the anticipated effect of cannibalising some totalizator wagering.

Against this the increase in fixed odds wagering across the financial year occurring mainly in the second half was significant, growing by upwards of 260% for the financial year.

The chart below incorporates both totalizator and fixed odds wagering on the NSW TAB for recent years.

WAGERING SALES ON NSW TAB

See Chart below.

In addition to the \$1.1 billion in NSW TAB wagering sales on NSW thoroughbred racing, it is estimated that a further \$3 billion is wagered on NSW thoroughbred races.

PRIZEMONEY AND RETURNS TO OWNERS

The charts top opposite summarise prizemoney and the number of meetings held in NSW.

A total of 123 Metropolitan and Provincial race meetings were held during the year, with the schedule reflecting the number required through the racing industry's agreement with Tabcorp. Despite a large number of wet weather abandonments, the country sectors conduct more TAB race meetings than the 241 contracted with Tabcorp.

Minimum prizemoney levels were maintained across NSW, with country TAB prizemoney increasing by \$1,000 per TAB race.

Metropolitan prizemoney was also increased by the Australian Jockey Club, and later the Australian Turf Club, restoring Group and Listed prizemoney that had been reduced by the Australian Jockey Club for 2009/10.

In addition to prizemoney BOBS bonuses again grew in 2010/11 to \$9.8 million which along with jockeys' ride fees and appearance fees, saw the total returns to owners increase to \$145.7 million.

PAYMENTS TO RACE CLUBS FROM TAB FUNDING AND RETURNS TO OWNER

TAB distributions to race clubs in 2010/11 were \$143.6 million, a decrease of \$3.5 million against 2009/10.

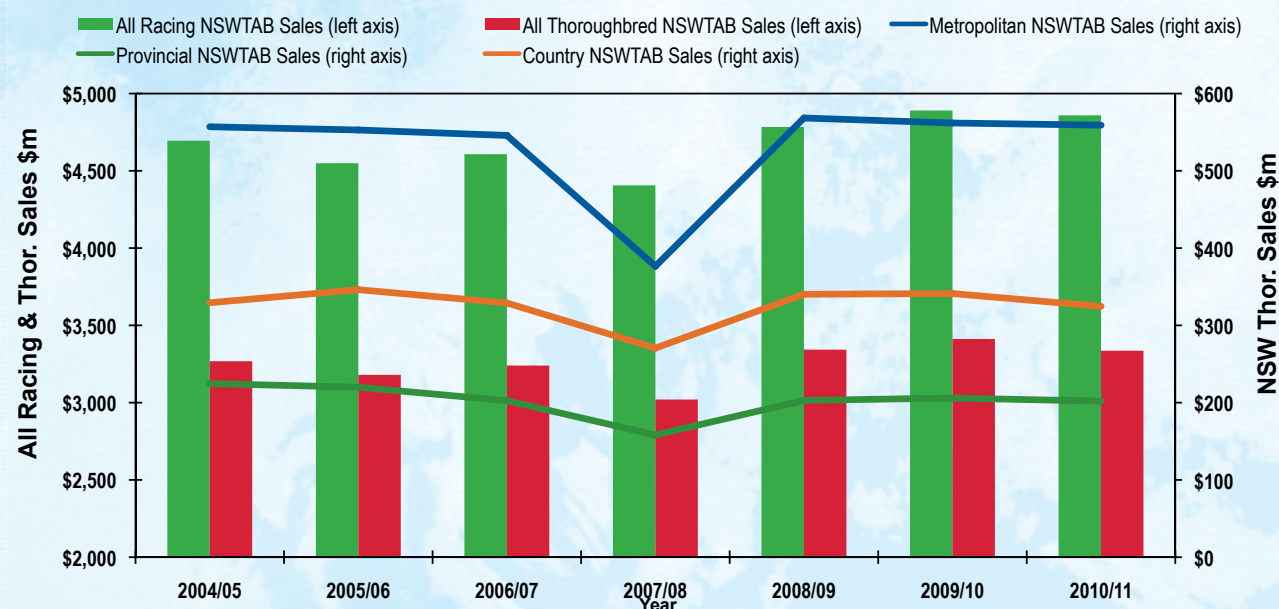
The chart opposite (top) summarises distributions and returns to owners for each sector.

Between 2004/05 and 2010/11 NSW race clubs have increased their returns to owners by 17%, excluding amounts paid as BOBS bonuses and appearance fees.

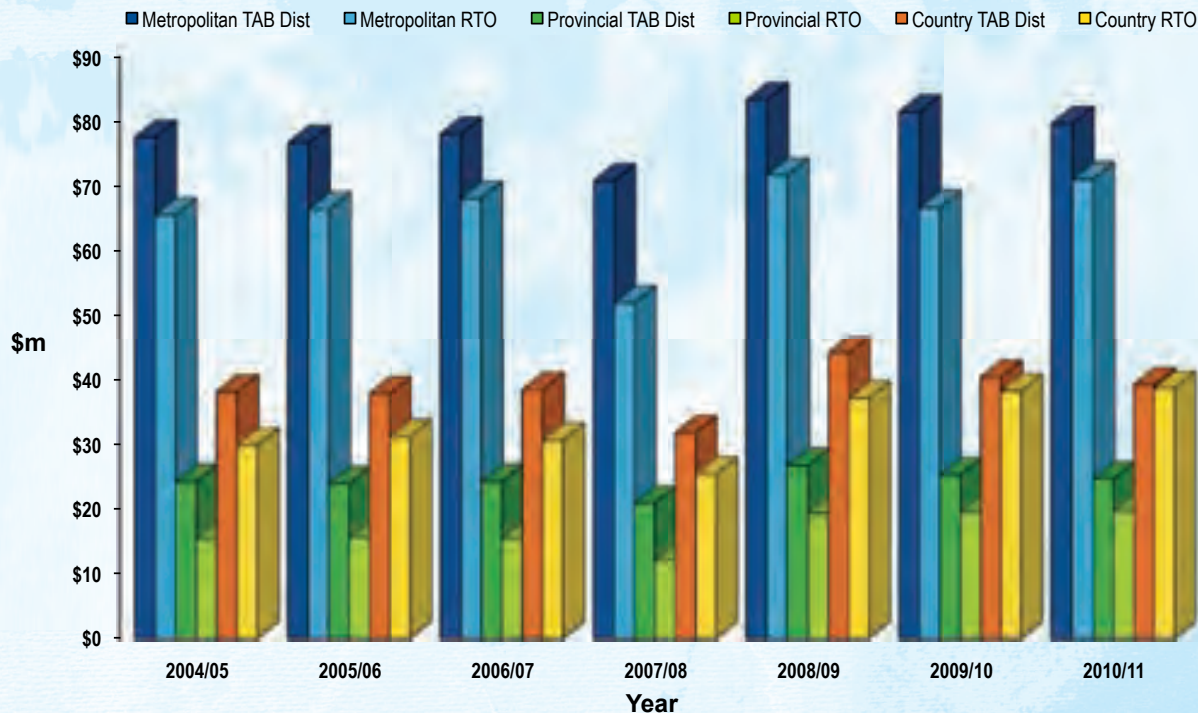
RACE MEETINGS

The total number of NSW race meetings fell by 23 during 2010/11 with many country fixtures being lost in the wettest season for many years.

WAGERING SALES ON NSW TAB CHART



PRIZEMONEY AND RETURNS TO OWNERS CHART



This fall was despite an additional eight meetings being added into the original schedule to provide racing opportunities.

The number of Sydney and provincial meetings held was in line with previous years and contracted requirements.

Country weekday and Sunday TAB meetings declined by 14 across the year.

2010/11 saw a near full year of Saturday 'Sky 2' country TAB meetings and an accompanying increase in Saturday country TAB meetings from 38 to 68 despite a number of wet weather abandonments.

With these meetings being converted from non-TAB fixtures, the total non-TAB meetings held was 107, down from 150 in the previous year along with 27 picnic race meetings.

Given their classification as metropolitan meetings by Racing NSW for premierships and calculation of apprentice jockey claims, the Hawkesbury 'stand-alone' meeting on 30 April 2011 and Scone meetings on Friday 13 May 2011 and Saturday 14 May 2011 are included in the metropolitan figures below.

SECTOR	05/06	06/07	07/08	08/09	09/10	10/11
Metropolitan*	123	121	88	121	123	126
Provincial*	126	118	86	122	121	122
Country TAB*	315	288	220	291	293	279
Country Saturday TAB*	49	20	25	25	38	68
Country Non-TAB	154	175	99	154	150	107
Picnic	25	26	18	30	27	27
TOTAL	792	748	537	743	752	729

RACES CONDUCTED

Consistent with the overall fall in the number of meetings held, the number of races in 2010/11 was also down by a total of 178 races or 3.3% in comparison to 2009/10. The decline is attributable to the loss of country race meetings discussed above.

SECTOR	05/06	06/07	07/08	08/09	09/10	10/11
Metropolitan	955	945	688	936	934	951
Provincial	989	942	699	955	958	959
Country TAB	2,402	2,254	1,763	2,274	2,285	2,137
Country Saturday TAB	348	142	197	197	265	427
Country Non-TAB	813	960	526	816	784	575
Picnic	144	150	101	173	155	154
TOTAL	5,651	5,393	3,974	5,351	5,381	5,203

RACE STARTERS

Again consistent with the fall in the number of country meetings and races, the total number of race starters declined by 3,282 across NSW in 2010/11.

This decline in metropolitan and provincial starters was partly attributable to a decline in the number of trained starters in the metropolitan and provincial areas.

The fall in total starters trained at metropolitan and provincial tracks is partly attributable to a fewer number of two-year-old starters with the 2010/11 generation being from the equine influenza year mating.

The fall in country race starters is largely attributable to the unusually high number of race meetings lost during 2010/11.

SECTOR	05/06	06/07	07/08	08/09	09/10	10/11
Metropolitan	9,501	9,195	6,615	9,242	9,280	9,162
Provincial	9,715	9,552	7,377	9,766	9,803	9,418
Country TAB	25,341	24,582	19,520	25,132	25,951	23,628
Country Saturday TAB	3,167	1,681	2,142	2,089	2,916	4,468
Country Non-TAB	6,395	7,876	4,332	6,633	6,869	4,920
Picnic	807	974	605	1,084	1,007	948
TOTAL	54,926	53,860	40,591	53,946	55,826	52,544

RACE FIELD SIZES

The decline in starters from metropolitan and provincial training centres affected metropolitan and provincial field sizes with the average of each falling from their 2009/10 levels.

While country average field sizes declined below 2009/10 levels, they were strong being at levels similar to preceding years.

SECTOR	05/06	06/07	07/08	08/09	09/10	10/11
Metropolitan	9.95	9.73	9.60	10.01	9.94	9.63
Provincial	9.82	10.14	10.55	10.23	10.23	9.82
Country TAB	10.55	10.91	11.07	11.05	11.36	11.06
Country Saturday TAB	9.10	11.84	10.87	10.60	11.00	10.46
Country Non-TAB	7.87	8.20	8.23	8.13	8.76	8.56
Picnic	5.60	6.49	5.99	6.27	6.50	6.16
TOTAL	9.72	9.99	10.21	10.08	10.37	10.10

% OF SMALL FIELDS (≤ 8 STARTERS)

The proportions of small fields in all sectors were up in comparison to last financial year. High increases in the proportions of small fields came from Metropolitan, Provincial and Country Saturday TAB sectors.

SECTOR	05/06	06/07	07/08	08/09	09/10	10/11
Metropolitan	15.08	18.62	22.62	18.50	16.17	21.45%
Provincial	19.62	16.67	14.41	16.75	14.09	17.73%
Country TAB	13.57	9.32	12.37	10.09	8.93	10.48%
Country Saturday TAB	27.87	11.27	23.63	11.86	8.68	14.75%
Country Non-TAB	55.47	45.00	43.60	45.47	33.16	35.30%

INDUSTRY SUPPORT

During the year, Racing NSW introduced an online OH&S and Environmental Management System.

This provides an integrated approach to the tracking and management of both OH&S and environmental management issues for all NSW race clubs.

Racing NSW's commitment to OH&S was also demonstrated by undertaking almost 90 OH&S audits of racing stables throughout NSW.

The upgrade of female jockeys' amenities across NSW has also been an important priority with more than 40 venues throughout the year being audited and plans prepared for upgrades.

Racing NSW was at the forefront of providing asset management advice at various country racecourses including troubleshooting, field inspections, development of solutions,

topsoil and water analysis and recommendations.

Racing NSW also provided technical support and engineering services to metropolitan and provincial racing construction and development projects.

RACING POLICY

The Metropolitan area continued to run Benchmark races ranging from 65 to 95, whilst also having a selection of Metro win type races in strategic areas predominately outside of carnival periods.

Racing NSW has sought to further adjust the Benchmark levels of races programmed outside to effectively match the prevailing horse population.

Following a review of Benchmark Racing and consultation with country trainers, Class 3 races were also reintroduced to the country racing programme from 1 November 2010.

GROUP AND LISTED RACING HIGHLIGHTS

NSW-trained horses produced numerous highlights in features races in NSW and around Australia throughout the 2010/11 season.

Several NSW trainers enjoyed outstanding success during 2010/11. Rosehill trainer Chris Waller scored a maiden win in the Metropolitan and NSW Trainers' Premiership from Peter Snowden and Gai Waterhouse.

Nash Rawiller won the Sydney Jockeys' Premiership from Corey Brown and Tim Clark. The NSW Jockeys' Premiership was won by Dubbo-based rider Greg Ryan from veteran Robert Thompson and Christian Reith.

Of the 68 Group One races run in Australia during 2009/10 season, 34 were won by trainers based in NSW.

Peter Snowden for Darley topped the list with seven Group One wins from five individual horses. The highlight of this success was taking out all five Group One races for two-year-olds.

Close behind Peter Snowden was Gai Waterhouse with six Group One wins headlined by outstanding race mare More Joyous (four Group One wins) and also Descarado taking out the Caulfield Cup.

Sydney Premiership winner Chris Waller trained four individual single Group One winners while Bart Cummings captured four Group One wins in Melbourne last spring with So You Think before the champion was sold to Coolmore in Ireland.

Nine other NSW-based trainers recorded Group One wins during the 2010/11 racing season.

The performance of NSW Group or Listed races continued to perform strongly in 2010/11 against international scales.

Following the 2010/11 racing season no NSW Group or Listed Races are included in the Australian Pattern Committee 'caution list' for potential downgrade.

This is the case for the first time in a number of years and highlights the current strength of the elite races and horses in NSW.

*All NSW-trained Group & Listed Race winners are summarised on pages 36-37.



Keith Bulloch
General Manager –
Regulatory

Background

The role of the General Manager - Regulatory is to manage the following functions:-

- Race Fields Legislation – Wagering Operators approval to use NSW Race Field Information, and make payment of required fees
- Licensing of industry personnel
- Chairman Racing NSW Licensing Committee
- Registration – NSW functions including changes of horse ownership; transfers, leases and syndicates
- Handicapping
- Syndications, Licensed Promoters and ASIC communication
- Racing colours
- Jockey Safety secretariat
- Trustee, NSW Jockeys' Trust
- Alternate Member, NSW Jockeys' Governance Advisory Committee
- Alternate Member, NSW Animal Care and Ethics Committee
- Alternate Director, Australian Racing Board
- Rules of Racing, betting and some disciplinary enquiries in conjunction with Stewards
- Project work as assigned
- Barrier Draw auditing
- Swab sample quality transport and storage auditing

The General Manager - Regulatory has senior management responsibility for each area including implementation of Board policy. Department activities are reported under department headings later in this section.

In addition to these, specific project work was undertaken, such as:

Benchmark Programming and Merit Based Handicapping – Review

Racing NSW conducted a six-month review of the Benchmarking system after 31 March 2010 and sought industry feedback to a series of proposals designed to enhance the system.

After extensive consultation and a review of all submissions received, some notable enhancements to handicapping and programming were implemented by Racing NSW in the 2010/11 season effective 1 November 2010.

The enhancements were agreed following further consultation with the NSW Trainers Association (NSWTA) and Racing Industry Consultative Group (RICG). These enhancements included:

Programming Mix – Country

- ▶ Programming of Class 3 races in addition to Class 1 and Class 2 races

- ▶ Enabling programming flexibility to split Benchmark races by number of wins when appropriate
- ▶ Establishing as a guide the minimum Benchmark for Country TAB races as Benchmark 50

Minimum Topweights (and Benchmark set) in Country Handicaps 59kg

The minimum topweight when weights are released was increased 1kg to 59kg, which also became the new Benchmark level of country races. That is, in a Benchmark 50 race a male horse with a benchmark of 50 is allocated 59kg, and other horses weighted above or below it according to their benchmark.

Maiden Handicaps retained a 58kg topweight and 2yo Handicaps 57kg.

Spread of Weights at Acceptance Time – All sectors

Where horses originally weighted at or above the minimum topweight do not accept for a particular race and the weights for the race have to be raised, the handicap weights for horses below the minimum are now utilised to establish a spread of weights (maidens and 2yo handicaps excepted).

Increased weight concessions for Three-Year-Olds in staying races – All sectors

The existing three-year-old weight allowance in open age races of 1800m or longer was increased by 1kg to encourage the development of stayers.

Publishing Benchmarks of Maiden Horses – All sectors

The Benchmark figures of maiden horses to be published only after 10 starts (rather than 3 starts) unless a horse nominates for a Benchmark race.

Downward amendments to Benchmark races at weight declaration – All sectors

Racing NSW discontinued effectively lowering the weights of Benchmark races in cases where no horse in the field is weighted on the minimum.

Discretionary allowance for Country-performed horses racing in Metropolitan area

Statistics revealed that Country-performed horses were winning in the City at a better strike rate than before benchmarking commenced, however, there was still a shortfall against their expected win rate.

An additional submission from Country Trainers' representatives that some allowance options should be considered was agreed to by the Board.

The Racing NSW Handicapping Panel now applies a discretionary allowance of 0-3 kg for country-performed horses nominated for races in the metropolitan area.

Since its inception in November 2010, a total of 216 Country-performed horses have been given a discretionary weight allowance when nominated in Metropolitan races, 126 of these horses have accepted to race.

Second Benchmark Programming and Merit Based Handicapping Review

Submissions for the second Benchmark Programming and Handicapping review for the 6-month period 1 November 2010 – 30 April 2011 closed on 31 May 2011.

A further appraisal and review of the Benchmarking system is currently in progress with the possibility of further enhancements to be made if necessary.

Bookmakers – review of Bookmakers' Telephone Betting System (BTBS)

Each controlling body has remote access to all recordings of calls to their licensed Bookmakers through the Bookmakers' Telephone Betting System (BTBS).

The BTBS operates under a Memorandum of Understanding (MOU) between the three codes, the NSW Bookmakers' Co-Operative and the Office of Liquor Gaming and Racing.

The MOU signed in December 2005 expired this year. The

review meeting for continuance of the BTBS and proposal for a new MOU was held in July 2011.

It was agreed the current system was performing adequately and an extension to the MOU for three years was preferred, subject to required changes.

Racing NSW submitted its changes which were largely cosmetic. OLGR agreed with the changes submitted and a new MOU was executed for the next three years.

Cameron Review – 24/7 Internet and Telephone wagering by Bookmakers

Following the decision by the NSW Government to adopt some of the recommendations from the Cameron Wagering Review, an amendment to legislation by Government came into effect that permits NSW licensed bookmakers to operate from premises not located on a racecourse.

The Racing NSW Regulatory Department assisted the Office of Liquor, Gaming and Racing in the redrafting of Ministerial Conditions applying to Telephone Betting and Internet Betting by Bookmakers to include this newly approved betting from home offices (known as an Approved Betting Premise).

Racing NSW also drafted and finalised changes to the Rules of Racing and amended its Standard Conditions to apply when bets are taken at the home office.

On inspection, if the premise is approved by Racing NSW, the applicant requires an authority to be issued by the Minister for Racing to allow commencement.

Remote monitoring of betting activity and an on-site inspection program is then implemented by Racing NSW. To date seven approved premises have been approved and are operating.

Apprentice Trust Accounts – Move payout age from 18yrs to 21yrs

A report was submitted to the Board to address concerns that apprentice jockeys are not able to properly manage their income (in some cases high levels of) when they turn 18-years-old, and further may be exploited by undesirable influences at a young age.

It was recommended that the trust account system, where the Apprentice's ride fees and commissions are held in trust by Racing NSW until the Apprentice turn 18yrs old, be reviewed and lifted to age 21yrs.

The Chief Executive and Board adopted the recommendations in the report which were then referred to RICG for comment. RICG supported the changes as proposed.

The changes became effective in late 2010 binding the trust account in NSW as mandatory until age 21yrs for all new apprentices.

Many existing apprentices aged less than 21yrs, when given the option to change, decided to agree to the recommendation to leave their money in Trust longer.

There were also more controls placed against the withdrawal of trust account funds for purchases such as riding gear, motor vehicle, tax payment, mortgage payment, etc.

National Jockey Safety Review Committee – Helmet Testing (Update)

The National Jockey Safety Review Committee ('NJSRC') project was commissioned to research and design an improved jockey helmet to provide greater protection against severe head trauma.

Associate Professor Andrew McIntosh, an expert in Bio-Mechanics from the University of NSW ('UNSW') School of Safety Science, completed his recommendations in 2009/10 after testing new combinations of helmet material to measure how they would react under different pressures. Favourable results were produced from elementary prototype testing.

As the first stage of possible commercial manufacture of the safer helmet design, Albion Sports Pty Ltd entered into an arrangement with Racing NSW (on behalf of NJSRC) and UNSW to prototype a helmet design for commercial manufacture.

Albion hand-crafted some linings using Professor McIntosh's material inside existing outer helmet shells. These prototypes were tested at the University of NSW test centre.

The results were promising and appeared to meet the requirements for the severe drop heights of an extremely difficult European safety standard.

Next linings were machine tooled and fitted in two outer shell types – ABS plastic and Carbon Fibre. Results have continued to be positive, producing a helmet prototype that is described by Andrew McIntosh as a significant improvement on existing models.

Jockey Testing

Representatives from Albion Sports and the Jockeys' Associations in each relevant State attended race meetings at Canterbury, Sandown, Gold Coast and Casino (Country NSW) and spent the day in the Jockeys' Room to collect data on jockey head-form measurements and ask a few questions of riders on what they look for in a helmet.

Albion Sports has been through the same process with elite cricketers when producing safety equipment for them.

The process only takes a few minutes per rider; callipers were used to measure head shape and photographs taken. The jockeys were very appreciative of the interaction and all participated freely.

Leading riders were very open in their explanations and optimum product desire. During the testing there was one clear response from riders – if we produce a helmet that is comfortable, lightweight and safer than the current options they would wear it. The next stage is for some of these riders to help with prototype field tests.

Commercial production

With the continued success of the testing, manufacturing options are under review. Albion has a proven track record in helmet manufacture and is a company prepared to experiment and test new products.

National Jockey Safety Review Committee – Other

Items currently under the review of the NJSRC include:

- ▶ Australian Racing Incidents Database management
- ▶ Plastic Running Rail installations
- ▶ National Medical Standards for all jockeys introduced January 2011
- ▶ Bone Density studies
- ▶ Compulsory testing for riders after concussion – trial commenced 2011
- ▶ Mouthguard trial for jockeys

Regulatory Department Reports

LICENSING

The Racing NSW Licensing Department is responsible for the issuing of NSW industry licences. Criteria regarding applicants' qualifications are applied, depending on the category of licence sought.

Gary Rudge is Licensing Supervisor, assisted by Matinde James.

Licensing decisions are reviewed or made by the Racing NSW Licensing Committee – a panel of Managers representing Licensing, Stewards, Legal Division and Industry Training and chaired by the General Manager – Regulatory.

The role of the Licensing Committee with oversight of the Chief Executive and Board is to make decisions on licence applications and to recommend licensing policy and procedure for Racing NSW.

The Licensing Committee met on four occasions during 2010/11. Applicants for licences may also be further interviewed at



these meetings. In 2010/11 the Licensing Committee:

- ▶ conducted 11 interviews in relation to licence and other applications;
- ▶ considered 21 licence applications that were referred to them by the Licensing Supervisor, of which 8 were approved, 10 refused and 3 deferred;
- ▶ considered 15 other matters that were referred to them including licensee disciplinary matters & proposed amendments to licensing policy and procedures; and
- ▶ approved 8 Bookmaker licence applications.

The Committee also reviewed and agreed with the approval of the following new NSW licences;

- ▶ 74 Trainers' licences;
- ▶ 3 Trainer partnerships;
- ▶ 19 Jockeys' licences;
- ▶ 21 applications to register an Apprentice Jockey;
- ▶ 38 applications to transfer the indentures of an Apprentice Jockey;
- ▶ 14 applications from an Apprentice Jockey to extend their indentures;
- ▶ 8 Rider Agent licences;
- ▶ 455 Stable employee licences (101 refused due to the applicant not obtaining the required Police Certificate); and
- ▶ 56 Bookmakers' Clerks' licences (nil refused due to the applicant not obtaining the required Police Certificate).

COMPARISON OF LICENSING STATISTICS – 2010/11 VS 2009/10

Licences for all categories excluding Forepersons, Stablehands and Bookmakers Clerks expired on 30th June, meaning that full end-of-year figures for the other categories are available for comparison.

The total number of Trainers licensed compared to last season was down by 2.1%. As there were a total of 1176 trainers licensed in 07/08 compared to 1145 registered this season, it can be seen that numbers have been reasonably static over the past

three seasons.

The number of resident NSW Jockeys has decreased by 6.2% (151 vs 161).

The number of indentured NSW Apprentices has decreased by 10.9% (73 vs 82). As there was a spike in the number of Apprentices registered last season when compared to the previous two seasons (08/09 – 70: 07/08 – 69) the reduced number this season does not appear to be of significant concern.

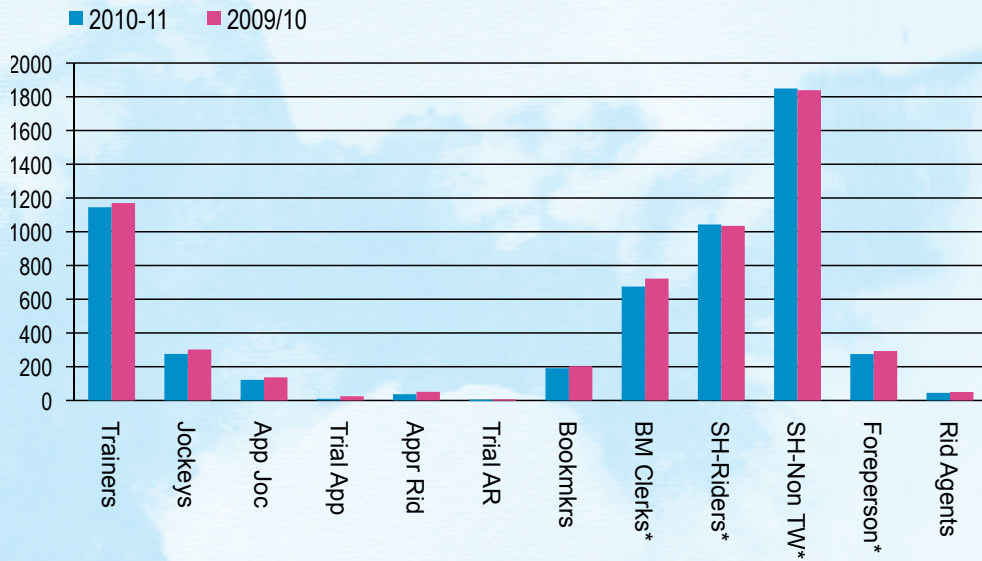
LICENSING STATISTICS – FINAL 2010/11 VS 2009/10

	Metropolitan		Provincial		Country		Total	
	Total 10/11	Total 09/10	Total 10/11	Total 09/10	Total 10/11	Total 09/10	Total 10/11	Total 09/10
Trainers	106	110	195	212	844	848	1145	1170
Jockeys	90	94	28	24	158	184	276	302
App Joc	18	16	18	14	86	107	122	137
Trial App	-	5	1	3	9	17	10	25
Appr Rid	-	-	-	-	37	51	37	51
Trial AR	-	-	-	-	5	7	5	7
Bookmkr	54	58	10	10	127	135	191	203
BM Clerks*	340	365	46	48	289	309	675	722
SH-Riders*	340	312	128	160	575	563	1043	1035
SH-Non TW*	614	608	379	355	856	876	1849	1839
Foreperson*	102	101	40	48	133	144	275	293
Rid Agents	21	21	6	9	18	20	45	50

NB – All Jockeys or Apprentices who ride in NSW are required to hold a licence in this State. As such the above statistics include those who are based interstate. Resident NSW Jockeys – 151 (161); Apprentices – 73 (82)

***Forepersons, Stablehands, Bookmakers Clerks** expire on 31 October each season. As final numbers for these categories will not be established until 31/10/2011, the above represents those registered at 30/06/11. All other categories represent final figures.

TOTAL LICENCES



REGISTRATION

Racing Information Services Australia ('RISA') manages the Registrar of Racehorses which processes all new horse registrations nationally. Racing NSW is a stakeholder in RISA.

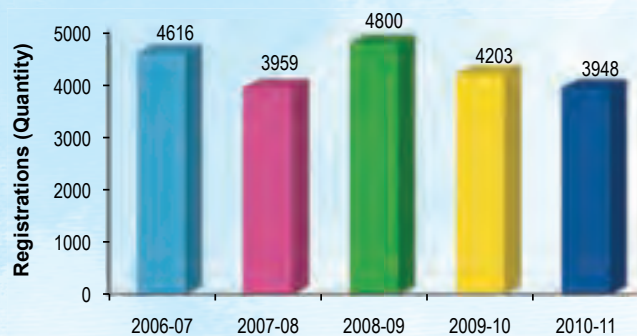
Separately, Racing NSW acts as Deputy Registrar for NSW registration functions which include Transfer of Ownership, Leases, Syndicates and Colours. Caitlin Churchill is Administration Co-ordinator for the area assisted part-time by Bev Lawless.

HORSE REGISTRATION – NSW

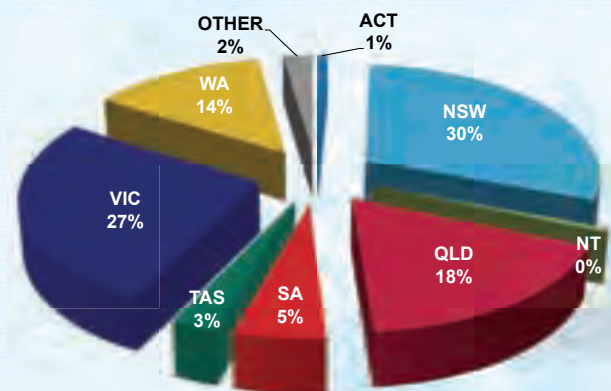
By the end of the 2010/11 financial year the Registrar of Racehorses (ROR) had registered 13,100 horses, 3948 of those being recorded as NSW.

At 30% of the total, the number of horses registered from NSW remains as the largest contributor to the national figure.

NSW REGISTRATION FIGURES



REGISTRATION FIGURES BY STATE



TRANSFERS/LEASES/SYNDICATES – NSW

The Regulatory Department recorded 1,922 Transfers of Ownership for the 2010/11 financial year. The number of Transfers and Leases received in NSW are lower than the previous season, which could have been influenced by the reduction to the number of horses being registered and therefore available for racing.

Although down on figures this season, Leases in NSW remain a popular option for people wishing for a low cost entry into racing and ownership.

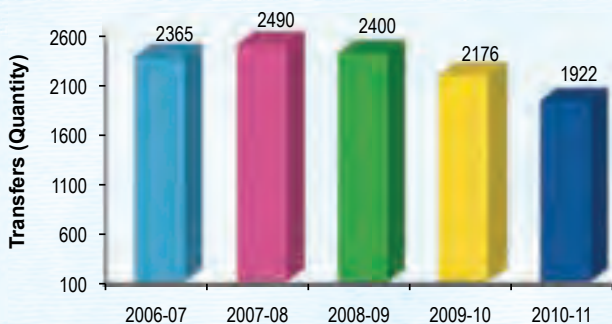
Leases allow people to lease a horse from an Owner for a set period of time, without the initial outlay of purchase.

They are also cost effective to Owners of the horse as they do not have to pay training costs, but in return receive a portion of prizemoney won by the horse during the period of the lease.

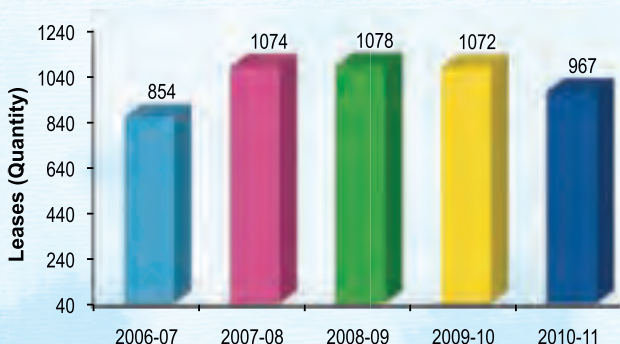
NSW registered syndicates remained popular with 392 registered for the period. A national total of 1519 were registered.

Of NSW registered syndicates this season, 87.5% of those were 'ordinary' syndicates made up of a group of no more than 20 individuals. The other types of syndicate which made up the remaining 12.5% of registrations were Company, Firm or Stud Syndicates.

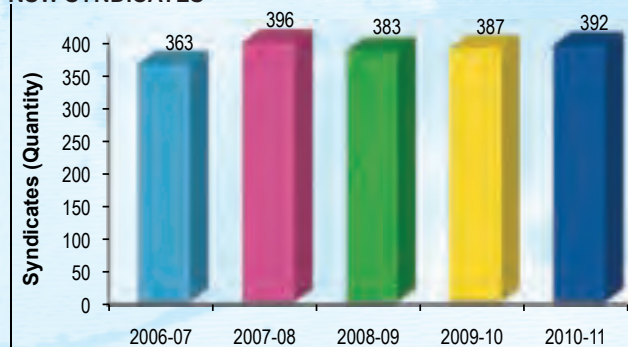
NSW TRANSFERS



NSW LEASES



NSW SYNDICATES

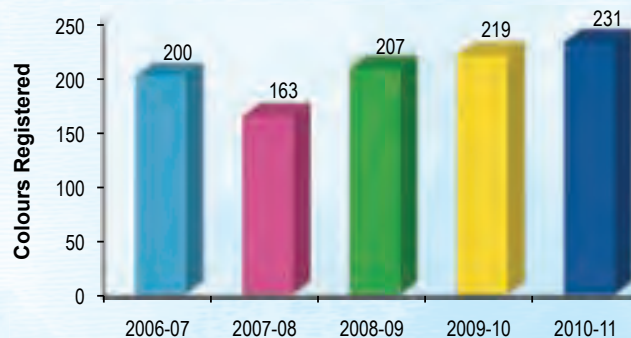


RACING COLOURS - NSW

Racing NSW registered 231 new sets of jockey silks during the 2010/11 financial year – a continued increase for the previous three seasons. There are a total of 3481 sets of colours currently registered in NSW.

There have been many registration requests this season from people or groups who already own colours, wishing to register a 2nd, 3rd or 4th sets of colours, as well as applications for different designs from new participants into the racing industry wishing to create their own unique set of colours.

NSW COLOURS



Race Fields Legislation – Management of Legislative Requirements

The Racing Administration Act 1998 (the Act) provides that all Australian wagering operators (which includes Bookmakers, TABs, Corporate Bookmakers and Betting Exchanges) must seek the approval of Racing NSW to use NSW thoroughbred race field information.

The Approval process came into effect on 1 September 2008 and Approvals are issued for a financial year (or part thereof).

NSW thoroughbred race field information is considered to be any information that identifies, or is capable of identifying, the name/s or number/s of horses that have nominated for, or will take part in, a thoroughbred race to be held at a NSW thoroughbred race meeting, or that has been scratched or withdrawn from a thoroughbred race meeting.

"Use" includes amongst other things, any oral, visual, written, electronic or other display or communication.

The Act also provides that Racing NSW may impose conditions on Approval Holders who use NSW thoroughbred race field information.

Certain publications, such as not-for-profit use for social purposes, certain racing organisations or media bodies are authorised to use NSW thoroughbred race fields and are not subject to Racing NSW Standard Conditions.

The Standard Conditions which Approval Holders must comply with include:-

- ▶ Integrity and quality control processes regarding the recording of betting information and Key Employee accreditation;
- ▶ Payment of a fee payable monthly in arrears; and
- ▶ other conditions designed to enable Racing NSW to administer the Race Fields Information Use legislation.

At the end of the 2010/11 Approval period the total number of Australian wagering operators who had been approved to use NSW thoroughbred race fields was 382.

Clare Wilson, as Racefields and Wagering Supervisor, is the officer responsible for the administration of the Racefields

area including initial assessments and recommendations to the General Manager – Regulatory regarding applications, the applicable fee for wagering operators, audit reporting and financial reporting.

After the initial application process, an ongoing reporting process, annual renewal and audit monitoring program is a requirement of continued approval to use NSW Thoroughbred Race Field information.

Other regulatory duties of the Racefields and Wagering Supervisor include reviewing applications from NSW Bookmakers for internet wagering approvals, reviewing Internet betting platforms (to date two different software platforms have been approved), monitoring of telephone and internet betting by NSW Bookmakers and assisting Stewards with betting enquiries.

A new regulatory responsibility is to review applications from NSW Bookmakers to operate 24/7 from an approved betting premise.

Handicapping

The Racing NSW Handicapping Department is responsible for the issuing of weights for all races conducted in NSW and the ACT each season.

Racing NSW handicappers work as a panel, providing the final assessment for each horse in the Metropolitan, Provincial and Country areas (including the ACT).

The panel consists of Handicapping Manager and Senior Handicapper, Damien Hay; Senior Handicapper, Ben Dunn; Handicapper, Shane Cuthbert and Cadet Handicappers Daniel Stephenson and James Cable.

Racing Liaison Officer, Kerry Jordan, assists the panel by handling all enquiries, allowing handicappers to properly apply their time to the assessment process.

New members of the Handicapping Panel begin processing set weight races, whilst also learning the components of

handicapping and the assessment of horses.

Early training starts with Country races and progresses to Provincial and Metropolitan races as skills develop. Senior handicappers closely supervise new members of the panel to ensure their work is of a high standard.

The Benchmark Programming and Merit Based Handicapping system has been in place for the entire 2010/11 racing season.

This system was designed to provide the racing industry with a handicapping system that is transparent, fair and consistent, whilst at the same time conducive to competitive racing.

It also provides the industry with programming that is inclusive rather than restrictive, thus providing more racing opportunities for participants.

The Handicapping Department issued the weights and ballot orders for over 5,000 races held across the 702 race meetings which were conducted in the 2010/11 racing season.

Weights were released for all of the 90,000+ nominations at these meetings with each of the 52,500+ starters being individually re-assessed by the panel and given a new Benchmark rating within an average of two business days after the race.

RACEDAY VISITS

Members of the Handicapping Panel as well as Racing Liaison Officer, Kerry Jordan, have conducted numerous raceday visits in various regions across NSW.

These attendances are used to help promote and develop industry participants' understanding of the Benchmark system, to respond to any enquiries and obtain industry feedback regarding the system and the enhancements which have been made.

FEATURE RACE WEIGHTS

The Racing NSW Handicapping Department released weights early for the four major Group One Handicap races conducted in NSW in the 2010/11 racing season; the Doncaster Mile, Sydney



Cup, Epsom Handicap and The Metropolitan Handicap.

Epsom Handicap – Spring carnival

The 2010 Epsom Handicap received 93 entries with 19 horses weighted above the limit weight of 52kg with multiple Group One winner Theseo receiving the topweight of 59.5kg, achieving a 7.5kg weight spread.

The Metropolitan Handicap - Spring carnival

The 2010 Metropolitan Handicap received 99 entries with 20 horses weighted above the limit weight of 52kg. Metal Bender and Zipping both received the topweight of 59.5kg, achieving a 7.5kg weight spread.

Doncaster Mile – Autumn carnival

The 2011 Emirates Doncaster Handicap received 220 entries with 30 horses weighted above the limit weight of 51kg with a topweight of 58kg given to Whobegotyou, achieving a 7kg weight spread.

Sydney Cup - Autumn carnival

The 2011 Sydney Cup received 85 entries with 15 horses weighted above the limit weight of 51kg with a topweight of 58kg given to Descarado, achieving a 7kg weight spread.

These Group One races are the pinnacle of racing in our state and their handicap status provides the industry with open and competitive races which result in wide betting markets, in turn promoting public interest and betting turnover for our feature events.

The Handicapping Panel received positive feedback from the industry regarding the weights issued for these major Group 1 Handicaps.

Registered NSW Syndicate Promoters and Authorised Representatives

Racing NSW continues to act in its appointed role as Australian

Securities & Investment Commission lead regulator for the syndication of racehorses in NSW.

At the end of 2010/11 there were 13 Approved Promoters (one removed during the period) and three Authorised Representatives on the Racing NSW registers.

There were a total of 97 promotions in the 2010/11 period, an increase of seven from 2009/10.

Statistics:

Number of horses syndicated bracketed on price per 10% share.

10% Share Price Range	2010/11 Number	2009/10 Number	2008/09 Number	2007/08 Number
<\$10,000	43	44	52	41
\$10,000 to \$29,999	54	46	37	36
> \$30,000	0	0	1	0

There were no horses offered with a share price over \$30,000 this period; there was, however, an increase in the number offered between \$10,000 to \$29,999 per share.

Number of horses syndicated based on knock down price of horse at yearling sale (or valuation if private):

Price Range	2010/11 Number	2009/10 Number	2008/09 Number	2007/08 Number
<\$10,000	0	3	3	1
\$10,000 to \$29,999	3	11	17	7
\$30,000 to \$59,000	26	23	23	22
\$60,000 to \$99,000	39	28	22	15
\$100,000 +	29	25	25	32

There was an increase in the number of horses purchased in the \$60,000 to \$99,000, and the over \$100,000 price ranges while a decline in the number whose purchase price was in the lower brackets (under \$30,000).





Ray Murrphy
General Manager Integrity
– Chairman of Stewards

Stewards Department

FUNCTIONS

The activities of Stipendiary Stewards include:-

- Ensuring the safe conduct and integrity of racing;
- Ensuring the welfare of the racehorse;
- Officiating at all race meetings and official trials in NSW;
- Attending and supervising trackwork;
- Conducting track and stable inspections;
- Administering drug testing operations, including out-of-competition testing;
- Addressing rider, track and horse safety issues;
- Conducting inquiries into race rides and conduct of licensed persons;
- Conducting of sampling of riders and stable employees for banned substances;
- Regulating and investigating wagering activities, and
- Investigating the use of illegal substances.

PERSONNEL CHANGES

Brett Day left the panel to take up a position with the Queensland Harness Racing panel. David Dyson, formerly based in the provincial area, took up an administrative position with a leading provincial stable and metropolitan Steward, Chris Polglase, left the industry to pursue his interests with an editorial role in the motoring magazine industry.

Trainee Steward, Adrian Bott, also departed after successfully gaining an internship with the Darley 'Flying Start' program and Lance Sheppard left to pursue an opportunity as an Assistant Starter with Australian Turf Club.

Troy Vassallo moved from Dubbo to take up the role as Deputy Chairman of Stewards-SDRA and Sam Fitzgerald, who had successfully completed his metropolitan traineeship, was appointed to Deputy Chairman of Stewards-CDRA/WRA, continuing the progression of young Stewards through the traineeship program.

STEWARDS' INQUIRIES

During the 2010/11 year, the panel presided over a broad range of inquiries involving offences under the Rules of Racing. With regard to offences by jockeys, breaches of:-

- AR 137(a): Careless Riding, amounted to 247 suspensions of licence which was a pleasing result, amounting to a significant reduction (23%) over the last 12 months;

- AR137(b): Failure to ride horse out to finish – 8 suspensions of licence;
- AR137A(5): Whip related offences – 31 suspensions of licence, a reduction of 60% from the previous 12 months;
- AR145: Weighing in overweight – 10 suspensions of licence.
- AR135 (b) – Failure to take all reasonable and permissible measures to win or obtain the best possible placing – 4 suspensions of licence.

In September 2010, inquiries involving the betting activities of two metropolitan jockeys resulted in lengthy disqualifications and fines being handed down for placing bets over a period of time between 2006 to September 2010.

In addition, one of the riders was disqualified for six months for giving false evidence in the inquiry. A further five inquiries involving minor betting activities resulted in those jockeys being fined.

A number of fines were also imposed on riders who were in possession of modified safety vests, or more seriously, had weighed out with and rode in modified safety vests.

The Stewards also presided over a number of conduct-related inquiries relative to harassment, with the most serious breach resulting in the imposition of a 26-month disqualification to a SDRA-based trainer for the harassment of two female employees.

With respect to cases concerning the welfare of horses, two cases involving country trainers resulted in the handing down of penalties of \$1000 and \$2500 respectively, for breaches of rules relating to the welfare of horses in their care.

DRUG TESTING AND SURVEILLANCE

This year's sampling figures show a slight decrease over the 2009/10 figures, with ratios of sampling-to-starters comparable to last year.

A total of 11,729 samples were collected for analysis with an overall industry ratio across the three sectors of samples to starters being 1:4.4. In the metropolitan area the ratio was 1:1.8.

In addition, strategies developed in the previous 12 months were continued with emphasis on out of competition testing across NSW.

Stewards also conducted early morning stable inspections of metropolitan and provincial stables on major carnival racedays, whereby no breaches of the rules were detected.

This has been complemented by inspections of raceday horse transports throughout the year, across the metropolitan, provincial and country sectors.

In total, 12 positive swabs were dealt with by Stewards (seven less than last year) involving penalties to trainers of disqualification and suspension (up to eight months) to fines (up to \$7,000).

In addition, Stewards maintained a strong presence at trackwork, trials and races with rider and stablehand testing. This involved breath and urine sampling for a range of banned substances with 50 offences for licensed persons detected and penalties of suspension or disqualification of licence handed down.

In licensee swab cases, emphasis was continued on rehabilitation and educative processes with access to professional assistance provided and encouragement in the form of reduction in penalty being offered.

Penalties handed down adequately reflected both specific and general deterrence. In addition, Chairman of Stewards, Ray Murrphy, and Deputy Chairman of Stewards-Racing, Greg Rudolph, both attended and spoke at the inaugural Racing NSW Drug and Alcohol Seminar for apprentice jockeys.



CONFERENCES AND TRIBUNALS

Chairman of Stewards, Ray Murrhly, as the Chairman of the National Chairman of Stewards Advisory Group, represented the National Stewards at Australian Racing Board and at Integrity and Welfare Executive Committee level.

In addition, Mr Murrhly represented Racing NSW at NCOS conferences and spoke at the RSPCA Inspectors' Conference. The Racing NSW Stewards Annual Conference was conducted in May at the Racing NSW Sydney office.

NEW DEVELOPMENTS

A national jockeys' licence was introduced, whereby a visiting rider no longer is required to pay a licence fee specifically for NSW and NSW riders are no longer required to pay a licence fee when riding interstate.

In a significant safety development, the first plastic running rail to be used in NSW on a racecourse was installed by Gosford Race Club, followed by Warwick Farm and Randwick, with the Board endorsing Fornells, Mawsafe and Barriers International as the preferred suppliers of PVC running rails.

A new rule relative to the fairer assessment of NZ apprentice wins came into effect in February, whereby winning rides in flat races held at New Zealand Premier meetings are regarded as winning rides in a Metropolitan area, and winning rides in flat races at all other New Zealand meetings are regarded as winning rides in a Provincial Area.

Previously, all wins, irrespective of the status of the track or prizemoney won, were counted as metropolitan when assessing a

visiting apprentice's claim.

After industry consultation, the Board also endorsed the revamped Guidelines for Human Urine Collection and Breath Testing of Licensed Persons.

LIAISONS AND CONTACTS

Industry matters continued to be addressed through liaison by the Racing NSW Stewards' Panel with a number of bodies, including:-

- NSW Racehorse Owners' Association
- Keeper of the Stud Book
- Australian Racing Board
- NSW Jockeys' Association
- NSW Trainers' Association
- NSW Bookmakers' Co-operative Ltd
- Australian Equine Veterinary Association
- Royal Society of Prevention of Cruelty to Animals
- Racing NSW Integrity Assurance Committee
- National Equine Integrity and Welfare Advisory Group
- Combined Racing Codes Committee
- Licensing Enforcement Agency
- National Jockey Safety Review Committee
- Australian Racecourse Managers' Association
- Interstate and Overseas Principal Racing Authorities
- ARB Medical Officer
- Australian Jockeys' Association
- RSPCA
- Casino and Racing Investigation Unit



Dr Craig Suann
Senior Official
Veterinarian

ROLE OF THE RACING NSW VETERINARY DEPARTMENT

- To provide and supervise veterinary services at metropolitan and provincial racetracks and to supervise and monitor veterinary services provided by local practitioners at NSW country tracks;
- Monitor the sample collection process at metropolitan and provincial tracks;
- Provide advice to the Board and industry on veterinary and equine health and welfare issues, and on matters relating to prohibited substances and their detection;
- Assist the Australian Racing Forensic Laboratory (ARFL) in developing and improving drug detection methods through the conduct of drug administration trials;
- Represent Racing NSW on national and international groups and committees deliberating on veterinary, equine welfare, emergency animal diseases and drug control policy matters;
- Provide expert evidence to Stewards and to Appeals and other hearings for all three racing codes in the State.

KEY OPERATIONAL ACTIVITIES AND ACHIEVEMENTS

- Monitored raceday and non-raceday injuries and fatalities throughout the State, ensuring the timely recording of these incidents on the national ARID/Sirius incident database;
- Continued the ongoing approval process for new veterinarians applying to officiate at country race meetings, including those attending non-TAB meetings, and updated the document "A guide for official racing veterinarians in NSW";
- Continued to conduct drug administration trials for the ARFL, and managed the operations of Racing NSW's Animal Care and Ethics Committee which supervises and monitors the health and welfare of the research horses utilised by Racing NSW;
- Participated in and co-ordinated other veterinarians for the out of competition testing program for horses in racing stables;
- Collaborated with the ARFL on the maintenance and development of routine and strategic drug control issues;
- Collaborated with the University of Sydney Faculty of Veterinary Science in the development of a number of proposed research projects, including studies on attrition

within the industry and the genetics of thoroughbred durability indices;

- Represented the thoroughbred racing industry on the Rural Industries Research and Development Corporation (RIRDC) equine research and development advisory committee, responsible for assessing and approving equine research proposals submitted to RIRDC;
- Represented Racing NSW during meetings to establish a joint venture between Corrective Services NSW and Racing NSW to develop a facility at St Heliers Correctional Centre at Muswellbrook to rehabilitate, retrain and rehome thoroughbred horses retired from racing;
- As Chairman of the Australian Racing Board's National Equine Integrity & Welfare Advisory Group (NEIWAG), Dr Suann convened a meeting of the Group in Sydney on 17 and 18 August 2010 where the following matters were considered:
 - ▶ testing for therapeutic substances, reporting levels,
 - ▶ review of the definition of 'prohibited substance' in the Australian Rules of Racing,
 - ▶ review of the out-of-competition testing rule AR.177B,
 - ▶ emerging new drug threats,
 - ▶ research and development:
 - current projects in racing laboratories
 - Equine Therapeutics Research Australia (ETRA) progress
 - ▶ TCO2 testing,
 - ▶ horse welfare:
 - aged horse policy
 - retirement of racehorses
 - hot weather policies
 - welfare guidelines for Australian thoroughbred horse racing
 - ▶ recording of incident/injury data at race meetings,
 - ▶ regulation of stable veterinarians treating horses on racedays,
 - ▶ guidelines for the implementation of AR.140 (the notification of "condition" Rule),
 - ▶ raceday pre-race physical therapy,
 - ▶ Hendra virus,
 - ▶ shoeing issues and new gear
- Represented Australia at a meeting held in Hong Kong in March 2011 to develop Asian Screening Limits for a range of commonly used equine therapeutic agents, with the aim of harmonising the testing for these therapeutic agents within the Asian region. Asian Screening Limits were agreed for 13 medications, while another five were ratified by the Asian Racing Federation Drug Control Committee subsequent to the meeting;
- As one of two international veterinary members on the Advisory Council on Prohibited Substances to the International Federation of Horseracing Authorities (IFHA), Dr Suann attended a meeting of the Advisory Council convened in Hong Kong in March 2011 (coinciding with the Asian Screening Limits meeting). Matters considered by the Advisory Council included:
 - ▶ harmonisation of European Screening Limits and Asian Screening Limits,
 - ▶ plasma theobromine threshold,
 - ▶ plasma testosterone and nandrolone thresholds,
 - ▶ refinement of Article 6 of the International Agreement to accommodate Australia's list of "excepted substances" in AR.178C(2),
- As a member of the IFHA Horse Welfare Advisory Committee, attended a meeting of the Committee held

in Hong Kong in March 2011 to consider a number of issues including the development of a new article of the International Agreement dealing with "Principles and Practices for Horse Welfare", as well as whip use reform, racehorses after racing, horse transport, medication practices, racing of two-year-olds;

- At the invitation of RSPCA NSW, delivered with the Chairman of Stewards a joint presentation on welfare matters in racing to state RSPCA Inspectors.

RACING NSW ANIMAL CARE AND ETHICS COMMITTEE (ACEC)

- The Racing NSW Animal Care and Ethics Committee (ACEC) was established according to the requirements of the NSW Animal Research Act 1985 to monitor and supervise the team of research horses used for drug administration trials conducted as part of the research and development program

of the Australian Racing Forensic Laboratory (ARFL).

- The Committee is chaired by Racing NSW Chief Executive, Mr Peter V'landys, and its external members are Mr Tony Gregory (Category C member), Mr John Muir (Category D member), and Ms Adrienne Clark (horse carer).
- Category A member is Senior Official Veterinarian, Dr Craig Suann, and Category B member is Dr Adam Cawley, Science Manager at ARFL, replacing Dr Andrew McKinney who resigned in January 2011. The Racing NSW research horses reside at Muskoka Farms.
- The Committee approved two research proposals during the reporting period. Included in these proposals was one that facilitated ongoing drug administration trials that would assist the Laboratory in improving its drug testing capabilities, while another proposal would permit a study specifically examining the detection of dopamine precursor drugs.

REPORT BY RICG TO RACING NSW FOR THE RACING NSW ANNUAL REPORT

Under the Thoroughbred Racing Amendment Bill 2008, the Racing Industry Consultation Group (RICG) has the function to consult with and make recommendations to Racing NSW on matters concerning horse racing in the State.

Membership is made up of one representative from each of, the Provincial Racing Association of NSW, Racing NSW Country, the NSW Racehorse Owners Association, the NSW Thoroughbred Breeders Association, the NSW Jockeys Association, the NSW Trainers Association, Unions NSW and two representatives from the Australian Turf Club.

The 2010/11 representatives were:-

Australian Turf Club Darren Pearce

NSW Racehorse Owners Association Ray McDowell

NSW Thoroughbred Breeders Association Derek Field

NSW Jockeys' Association Paul Innes

NSW Trainers' Association Rob Colquhoun

Unions NSW Russ Collison

Provincial Racing Association of NSW Geoff Barnett

Racing NSW Country Bob Pavitt

During the year Michael Kenny (as Chairman) and Peter Legg both represented metropolitan race clubs during the transition and establishment of Australian Turf Club.

Michael Kenny's contribution to the industry and RICG is acknowledged, particularly Michael's involvement as the inaugural Chairman of RICG and in establishing the initial protocols under which RICG performs its role.

RICG met on 12 occasions during the year and at five of those meetings met with the Chief Executive of Racing NSW. Additionally a meeting between the RICG Chairman and the Racing NSW Board was held on 16 August 2010.

Consequently, during the year RICG communicated regularly with Racing NSW on matters affecting the major industry stakeholders particularly procedural and policy

matters referred by Racing NSW.

RICG has made submissions to or recommendations on, numerous subjects that can be categorised as follows;

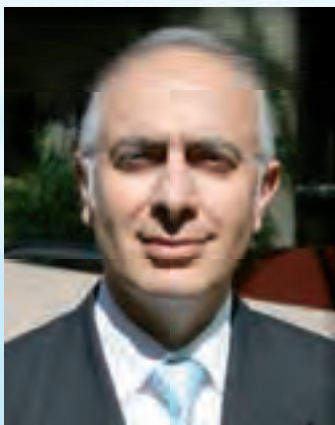
- Racing issues including programming, benchmarking, race fields
- Prizemoney, BOBS and related policies
- Wagering Trends
- The Racing NSW Workers Compensation Fund
- Industry standards through the establishment of the Racing NSW Minimum Standards policy
- The Emergency Animal Disease Response Agreement
- The Industry Strategic Plan
- Professional Development
- The Racing NSW Rewards Program
- Syndication
- Occupational Health & Safety
- Rules of Racing Amendments

Members of the organisations represented on RICG constitute the majority of industry participants and administrators and the information exchanged between the respective groups and RICG is now an established method of improved communication throughout the industry.

That process has been made easier by the support and assistance provided by the Chairman and members of Racing NSW and CEO Peter V'landys during the year, which is appreciated.

Finally I would like to recognise the members of RICG for their co-operation and enthusiasm in carrying out their role on RICG. As Chairman, I thank the members for their contribution as well as Brian Judd as Executive Officer.

- Darren Pearce (RICG Chairman)



John Keledjian
General Manager – (ARFL)

FUNCTION AND ACCREDITATION

The primary role of Australian Racing Forensic Laboratory (ARFL) is to provide accurate and independent analytical services to Racing NSW Stewards to assist in upholding the relevant rules pertaining to prohibited substances in the sport of thoroughbred racing.

Similar services may be provided under contract to other racing codes or competitive animal sports organisations.

Non-racing contract work which does not affect the performance of these integrity functions may also be undertaken.

As an arm of the integrity functions of Racing NSW, the laboratory serves to control the use of prohibited substances by the provision of sampling kits and protocols of their use, analysis of received samples, and participation in research programs to improve capabilities, respond to new challenges as they arise and assist veterinarians in the legitimate use of medications.

ARFL is accredited by the National Association of Testing Authorities to the ISO/IEC 17025 standard, and also by the Association of Official Racing Chemists.

It is one of only five laboratories in the world accredited to analyse samples for the Fédération Equestre Internationale (FEI), the others being in the United Kingdom, France, Hong Kong and the United States.

SAMPLING KITS

Sampling kits for urine and blood collection are distributed to all racing centres in New South Wales and to other clients around Australia.

The kits involve several layers of security and are uniquely numbered to enable tracking to ensure that all kits are accounted for.

Kits are tracked by the Laboratory Information Management System from the time they leave ARFL until return, then through the analytical and reporting process to storage and eventual sample disposal. Non-compliance with sampling protocols is monitored and reported to the stewards for investigation.

ANALYSIS OF SAMPLES

Over 25,000 animal samples are tested annually with only a very small percentage found to contain prohibited substances (see Table 1).

Negative samples are generally reported within 10 working days of receipt at ARFL. Positive findings are confirmed by referee analysis at another accredited racing laboratory.

**TABLE 1 – ANIMAL SAMPLE STATISTICS
1 JULY 2010 TO 30 JUNE 2011**

	Total Urine	Total Blood	TCO2 tests	EPO tests	Prohibited Substances Detected
Metro T'breds NSW	1923	3180	3114	-	2
Provincial T'breds NSW	1292	1139	1060	-	1
Country T'breds NSW	3499	696	649	-	9
Other clients	6115	3572	2716	-	52
TOTAL	12829	8587	7539		64
Out of Competition T'breds	-	-	-	449	0
Out of Competition Others	-	-	-	200	0
TOTAL				649	

Human urine samples collected from jockeys, track riders and stablehands are also tested for banned substances in accordance with AR81B. Approximately 10% of these samples were found to contain banned substances (see Table 2).

**TABLE 2 – HUMAN SAMPLES STATISTICS
1 JULY 2010 TO 30 JUNE 2011**

Human Samples	Urine	Banned Substances Detected
Metropolitan NSW	122	17
Provincial NSW	93	7
Country NSW	206	25
Other Racing NSW	15	1
Other clients	88	5
TOTAL	524	55

ARFL also performs referee analyses to confirm the findings of other Australian and international racing laboratories. From 1 July 2010 to 30 June 2011 this totalled 37 analyses.

RESEARCH

ARFL conducts research both internally and in collaboration with universities and other institutions into the detection of new drugs and the improvement of analytical methodology.

Another important research focus is the generation of data relating to the equine metabolism and excretion of therapeutic substances to assist trainers and veterinarians in avoiding drug positives following legitimate animal medication.

To this end, ARFL is heavily involved in the Equine Therapeutics Research Australia (ETRA) project involving all four Australian racing laboratories and three Australian universities with major funding from the Rural Industries Research and Development Corporation (RIRDC) and state thoroughbred racing regulators.

ARFL research of wider significance is published in peer reviewed journals or conference proceedings.

ARFL maintains a prominent research presence at the biannual International Conference of Racing Analysts and Veterinarians (ICRAV), which is the premier international venue



for the exchange of new ideas and technology in animal sports drug testing.

In March 2011, ARFL appointed a new Science Manager with extensive experience in the field of Human Sports Drug Testing which will enhance and complement ARFL's current research and drug testing capabilities.

QUALITY ASSURANCE

ARFL holds Australian and international accreditation, and accordingly participates in internal and external quality assurance programs to monitor its performance.

Quality control samples are analysed as part of every sample batch to ensure proper operation, and all analytical data is checked by two analysts to minimise the chance of human error.

Procedures are also regularly assessed through the blind analysis of spiked samples or samples obtained from drug administration trials.

Several times a year, accredited racing laboratories in Australia, New Zealand and the United Kingdom exchange

batches of anonymous cleared samples to monitor the possibility of prohibited substances failing to be detected.

ADDITIONAL CLIENTS

ARFL's major external clients during the July 2010-June 2011 period were Greyhound Racing NSW and Harness Racing NSW.

As an accredited FEI Reference Laboratory, ARFL also receives FEI samples from across South-East Asia as well as all samples from events held by Equestrian Australia.

Other clients include Darwin Turf Club, Alice Springs Turf Club, Canberra Race Club, Royal Agricultural Society, Australian Endurance Riders Association and Show Horse Council of Australia.

In addition, ARFL's capabilities are regularly utilised by external clients doing pharmacokinetic studies of drugs in various animal species.

As a departmental initiative to secure new sources of income, the laboratory is positioning itself to enter new markets with some initial success in the field of workplace drug testing.

BOBS Breeder Owner Bonus Scheme (BOBS)



John Gatfield
Executive Officer –
Breeder Owner Bonus
Scheme (BOBS)

SEASON HIGHLIGHTS

The Racing NSW Breeder Owner Bonus Scheme has been paying bonus prizemoney since 2002 when horses bred in New South Wales and nominated for the scheme win races in this State. During the 2010/11 season \$6.7 million was paid in cash and another \$2.8 million in Double-Up vouchers, which can be used for the purchase of further NSW-bred yearlings.

BOBS Extra bonuses were introduced during 2010/11 for nominated horses which win over 1600-metres and longer, from the time they turn four-years-old until they are retired from racing.

The aim of BOBS Extra is to improve the quality of middle-distance and staying races in NSW, to preserve the racing careers of thoroughbreds and to reward the patience of owners and breeders with slower maturing horses. 96 BOBS Extra bonuses were won, valued at \$690,000.

- 1088 BOBS bonuses were won during the season, 64 fewer than in the previous year, reflecting the large number of country race meetings lost through adverse weather conditions. They were valued in cash terms at \$7,361,250.
- 177 bonuses were won by 2YO's (19 more than in 2009/10) and 911 by 3YO's (82 fewer than in 2009/10). This, again, demonstrates the adverse impact of wet weather disrupting country race meetings throughout season 2010/11.
- The leading 10 sires by value of bonuses are all Australian-bred.
- 2430 two-year-olds were entered for BOBS 2010 with 791 of those nominated for BOBS Extra as well.
- One in three BOBS bonuses won during the 2010/11 season was taken as a Double-Up voucher, as owners opted to reinvest in BOBS-eligible yearlings rather than take the cash. Through BOBS Double-Up Racing NSW has now injected more than \$10 million directly into the NSW breeding industry, to the benefit of breeders, owners and trainers.

SEASON 2010-11 – BONUS WINNING HORSES BY VALUE

Horse	Sire	Trainer	BOBS Bonuses	Wins
RAIN AFFAIR	Commands	Joseph Pride	\$90,000	6
SCARF	Lonhro	Peter Snowden	\$75,000	5
UNANIMOUSLY	Not a Single Doubt	Matthew Dale	\$65,000	4
KARUTA QUEEN	Not a Single Doubt	Neville Layt	\$60,000	3
CIRCLE OF POWER	Arena	Rod Craig	\$50,000	4
GYBE	Fastnet Rock	Anthony Cummings	\$50,000	3
HURRARA	Hussonet (USA)	Garry Frazer	\$50,000	4
RED TRACER	Dane Shadow	Chris Waller	\$45,000	3
BIG BONANZA	Stratum	Don Robb	\$40,000	5
EXTRACCEED	Exceed and Excel	Gerald Ryan	\$40,000	2
FOXWEDGE	Fastnet Rock	John O'Shea	\$40,000	2
HELMET	Exceed and Excel	Peter Snowden	\$40,000	2
MISS MARX	Anabaa (USA)	John O'Shea	\$40,000	3
PANE IN THE GLASS	Testa Rossa	John Thompson	\$40,000	2
SARAMENHA	Snitzel	Gerald Ryan	\$40,000	2
STRATFORD	Stratum	M,W & J Hawkes	\$40,000	2
TESTARHYTHM	Testa Rossa	Darren Smith	\$40,000	2

BOBS Breeder Owner Bonus Scheme (BOBS)

SEASON 2010/11 – BOBS BONUS WINNING SIRES BY VALUE

Stallion	Standing at	Total Bonuses	Wins	No. of Winners	Leading Winner
COMMANDS	Darley	\$400,000	49	33	Rain Affair
LONHRO	Darley	\$343,750	46	29	Scarf
NOT A SINGLE DOUBT	Arrowfield	\$330,000	40	24	Unanimously
EXCEED AND EXCEL	Darley	\$271,250	31	23	Helmet/ Extraceed
FASTNET ROCK	Coolmore	\$265,000	21	16	Gybe
STRATUM	Widden	\$240,000	34	22	Big Bonanza
REDOUTE'S CHOICE	Arrowfield	\$230,000	22	18	Crossbow
GENERAL NEDIYM	Widden (deceased)	\$226,250	27	19	Battle Ready
SNITZEL	Arrowfield	\$225,000	24	18	Saramenha
ENCOSTA DE LAGO	Coolmore	\$215,000	26	23	Halekulani

SEASON 2010/11 – LEADING BOBS TRAINERS BY BONUSES

Trainer	Location	Bonuses	Value
Peter Snowden	Warwick Farm	78	\$735,000
Gai Waterhouse	Randwick	55	\$440,000
Paul Perry	Newcastle	39	\$207,500
Chris Waller	Rosehill	29	\$295,000
Gerald Ryan	Rosehill	28	\$290,000
Kris Lees	Newcastle	21	\$125,000
Anthony Cummings	Randwick	20	\$180,000
Darren Smith	Newcastle	19	\$135,000
Paul Messara	Scone/Randwick	18	\$115,000
John O'Shea	Randwick	17	\$170,000
Joseph Pride	Rosehill	17	\$185,000
Greg Bennett	Scone	16	\$82,500
Neil Godbolt	Port Macquarie	16	\$81,250
Guy Walter	Warwick Farm	15	\$115,000
Rodney Northam	Scone	15	\$95,000
Matthew Dale	Canberra	14	\$125,000
Luke Griffith	Scone	14	\$70,000
Sue Grills	Tamworth	14	\$66,250
Bart Cummings	Randwick	13	\$135,000
Tim Martin	Rosehill	13	\$125,000
Grahame Begg	Randwick	13	\$120,000
Jenny Graham	Port Macquarie	13	\$86,250
Mack Griffith	Muswellbrook	12	\$57,500
Clarry Conners	Warwick Farm	11	\$110,000
David Payne	Rosehill	11	\$90,000
M,W & J. Hawkes	Rosehill	10	\$105,000
Neville Layt	Queanbeyan	10	\$95,000
Gary Portelli	Warwick Farm	10	\$80,000
Ross Stitt	Taree	10	\$55,000
Trevor Sutherland	Wagga	10	\$35,000

SEASON 2010/11 – WHERE MOST BONUSES WERE WON

Track	Bonuses	Value
Canterbury Park	86	\$890,000
Broadmeadow	83	\$415,000
Royal Randwick	70	\$940,000
Kembla Grange	62	\$310,000
Gosford	51	\$260,000
Hawkesbury	51	\$295,000
Warwick Farm	42	\$460,000
Rosehill Gardens	41	\$820,000
Wyong	38	\$220,000
Scone	34	\$255,000
Grafton	33	\$175,000
Tamworth	33	\$165,000
Goulburn	33	\$165,000
Muswellbrook	32	\$160,000
Wagga	31	\$148,750
Taree	30	\$146,250
Port Macquarie	29	\$141,250
Bathurst	27	\$135,000
Cessnock	21	\$96,250
Albury	20	\$100,000

INDUSTRY TRAINING



Maurice Logue
General Manager –
Education & Employment

The Industry Training Department is responsible for co-ordinating the delivery of training to new and existing industry licensees. In particular, focus applies to new riders and future apprentice jockeys.

Both on-the-job and off-the-job training form an integral part of a participant's future qualifications. The objectives of the Industry Training Department include:-

- Manage the TAFE Western Sydney Institute Training Partnership,
- Assist the Department of Education to develop training packages to cover all vocations within the racing industry,
- Increasing apprentice jockey and trackwork rider numbers,
- Increase opportunities for apprentice jockeys to ride in races,
- Managing the apprentice race series,
- Encouraging greater participation of young people in the racing industry,
- Assisting people entering the racing industry to find their most suitable career path,
- Ensuring participants are informed about the national Racing Industry Training Package,
- Providing equitable training throughout the country, provincial and metropolitan areas,
- Developing an Indigenous employment strategy for the racing industry,
- Gain State and Federal funding to assist with the delivery of training for the racing industry,
- Manage injured jockey's emergency response systems, and
- Manage re-skilling programs for jockeys and assist them to find alternate employment.

TALENT IDENTIFICATION PROGRAM

The process begins with visits by Racing NSW Training Staff to career markets, schools and pony clubs spreading the recruitment message to attract new participants to the industry. New entrants are then brought into the Pre-Vocational Training Programs.

TAFE WSI ran prevocational courses throughout the year, graduating over 44 students into employment as semi-skilled workers at Certificate II Stablehand Trainees and continuing to deliver training and increase their skill levels.

The program was mostly made up of students with insufficient skills to successfully find employment as a stablehand or trackwork rider.

PROMOTIONS AND RECRUITMENT

Increase in profile of careers in racing with Racing NSW this year entailed representation at six careers markets (each market attracting between 2,000 and 7,000 students), three pony club camps and four high schools.

RISING STAR SERIES

The 10th consecutive staging of the Rising Star Series was held between August and July with 57 heats held. The final was staged at Hawkesbury with Joshua Adams winning the series for the second time.

APPRENTICE WINNING RIDES

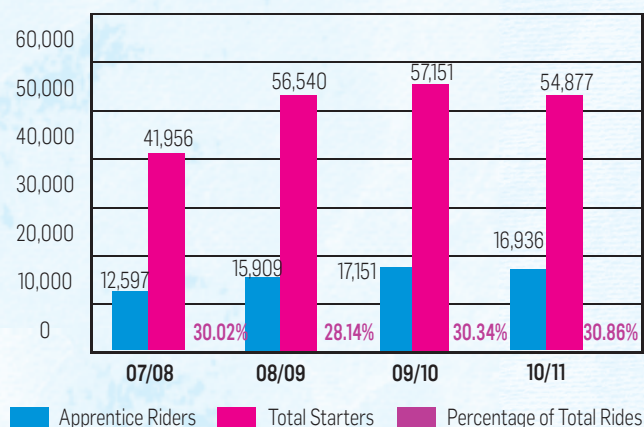
	06/07	07/08	08/09	09/10	10/11
Metropolitan	249	128	178	229	221
Provincial	218	145	190	269	424
Country	1008	726	1081	1086	1459
Total Winning Rides	1475	999	1449	1584	2104

Over the last 12 months NSW apprentices have continued to show improvement; as demonstrated in the graph above.

APPRENTICE RIDES

The overall apprentice ride summary for the 07/08, 08/09 and 09/10 seasons is comparable with that of the 2010/11 season. This table includes metropolitan, provincial and country statistics.

COMPARISON OF APPRENTICE RIDERS TO TOTAL STARTER RIDERS/STARTERS



APPRENTICE JOCKEY NUMBERS

	06/07	07/08	08/09	09/10	10/11
Race riding	72	77	83	84	73
Trial riding	16	17	20	25	10
Total	88	94	103	109	83

OTHER STUDENT NUMBERS

This year we commenced delivering training to the whole industry and there are a number of new qualifications which have no prior statistic.

INDUSTRY TRAINING

qualifications detailed in the following graph.

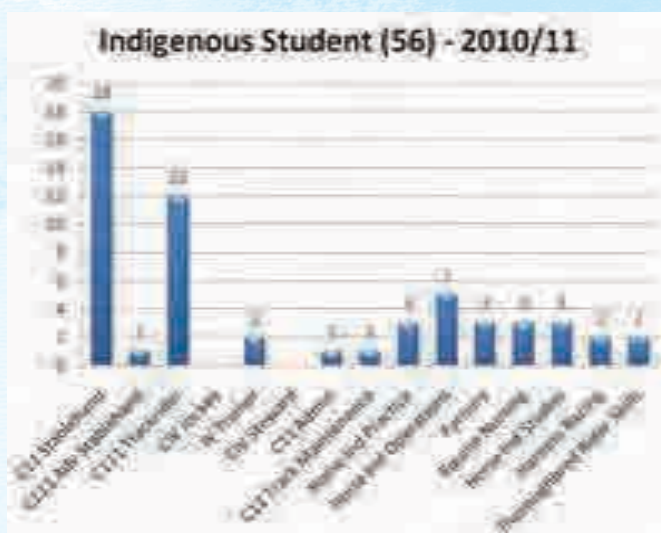
	06/07	07/08	08/09	09/10	10/11
Prevocational Racing Students	49	No courses run due to E1 outbreak	60	44	45
Cert II Stablehand	25	56	98	80	190
Cert III Advanced Stablehand	14	15	17	28	34
Cert III Trackrider	18	19	22	43	33
Cert IV Racehorse Trainer	No Stats	No Stats	No Stats	5	29
Cert II Racing Administration	No Stats	No Stats	No Stats	No Stats	2
Cert III Racing Administration	No Stats	No Stats	No Stats	No Stats	2
Cert III Racing Steward	No Stats	No Stats	No Stats	No Stats	3
Cert II Racing Track Maintenance	No Stats	No Stats	No Stats	No Stats	2
Cert II Racing Track Maintenance	No Stats	No Stats	No Stats	No Stats	2
Cert III Farriery	No Stats	No Stats	No Stats	No Stats	13

INDIGENOUS EMPLOYMENT PROGRAM

Racing NSW is committed to providing training and providing employment opportunities to Aboriginal people within the racing industry.

Jamie Whitney is Racing NSW's Indigenous Mentor and is responsible for providing support to students.

During 2010/11 the Racing NSW/TAFE WSI partnership delivered training to 56 Indigenous students in a variety of



APPEALS

An independent two-tier system of Appeal exists for persons aggrieved by penalties imposed by a racing authority in NSW.

At the first level of Appeal, any person aggrieved by a decision of a Racing Authority has the choice of appealing to either one, but not both, of the following Appeal Bodies:

- The Appeal Panel, constituted under Section 45 of the Thoroughbred Racing Act 1996 (NSW), or
- In limited circumstances, the Racing Association in the region where the decision was made.

The second and final avenue of Appeal, the Racing Appeals Tribunal, is constituted under its own Act and can hear Appeals on certain matters from persons aggrieved by decisions of the Appeal Panel or Racing Authorities.

APPEAL PANEL

The Sydney-based Appeal Panel is composed as follows:

Mr John Hiatt OAM (Principal Member)	
Mr David Campbell SC	Mr Thomas Carlton
Mr Cliff Clare	Mr Ross Clugston
Ms Margaret Crawley	Mr John Fletcher
Mr Jack Hickman	Mr Darcy Leo
Mr John Lynn	Mr David McKee
Mr Ray Nolan	Ms Susan Skeen
Mr Rodney Wicks	

The Panel sat on 24 occasions during 2010/11 and Mr John Hiatt OAM chaired the Panel on all occasions.

Within those 24 sittings there were 38 charges Appealed. The Appeal on a further 12 charges were withdrawn either prior to or at the time of hearing.

Appellants are required to lodge a \$200 deposit, which may be refunded at the discretion of the Panel.

EXECUTIVE FOR APPEAL PANEL

Mr Peter V'landys, Secretary
Ms Kathy Reece, Appeals Coordinator

DECISION ON CHARGES

Area	Upheld	Dismissed	Penalty Varied	Withdrawn	\$200 Refunded	Total
Appeal Panel	2	36	9	12	2	50
Racing Association	1	2	1	-	-	3

SUMMARY OF CHARGES APPLICABLE TO APPEAL CASES

Rule	Description	Amount
AR80E(1)	Any person commits an offence if he has in his possession or on his premises any substance or preparation that has not been registered or labelled, or prescribed, dispensed or obtained, in compliance with the relevant State and Commonwealth legislation	1
AR81A(1)(a)	Any rider commits an offence and may be penalised if a sample taken from him is found upon analysis to contain a substance banned by AR 81B	3
AR83(c)	Every jockey or apprentice may be penalised if he bet, or facilitates the making of, or has any interest in a bet on any race, or contingency relating to thoroughbred racing, or if he be present in the betting ring during any race meeting	5
AR135(b)	The rider of every horse shall take all reasonable and permissible measures throughout the race to ensure that his horse is given full opportunity to win or to obtain the best possible place in the field	1
AR137(a)	Any rider may be penalised if, in the opinion of the Stewards, he is guilty of careless, reckless, improper, incompetent or foul riding	8
AR160B(3)	No person shall, without the permission of the Stewards within the area of the jockeys room bring into, have in his possession, or use any portable telephone, radio transmitter, radio transceiver or any other appliance, apparatus, instrument or equipment capable of receiving or transmitting information	1
AR175(a)	The Committee of any Club or the Stewards may penalise any person, who, in their opinion, has been guilty of any dishonest, corrupt, fraudulent, improper or dishonourable action or practice in connection with racing	1
AR175(g)	The Committee of any Club or the Stewards may penalise any person who gives at any inquiry or appeal any evidence which in their opinion is false or misleading in any particular	1

APPEALS

AR175(h)(ii)	The Committee of any Club or the Stewards may penalise any person who administers, or causes to be administered, to a horse any prohibited substance which is detected in any sample taken from such horse prior to or following the running of any race	3
AR175(l)	The Committee of any Club or the Stewards may penalise any person who attempts to commit, or conspires with any other person to commit, or any person who connives at or is a party to another committing any breach of the Rules	2
AR177	Any horse that has been brought to a racecourse and a prohibited substance is detected in any sample taken from it prior to or following its running in any race must be disqualified from any race in which it started on that day	4
AR178	When any horse that has been brought to a racecourse for the purpose of engaging in a race and a prohibited substance is detected in any sample taken from it prior to or following its running in any race, the trainer and any other person who was in charge of such horse at any relevant time may be penalised	6
AR178E	Notwithstanding the provisions of AR178C(2), no person without the permission of the Stewards may administer or cause to be administered any medication to a horse on race day prior to such horse running in a race	1
AR178F	A trainer must keep, and retain for a period of twelve months, a record of any treatment administered to any horse in his care. Each record of treatment must, as a minimum requirement, include the following information:- a) name of the horse; b) date of administration of the treatment; c) name of the treatment (brand name or active constituent); d) route of administration; e) amount given; f) name and signature of person or persons administering and/or authorising treatment.	1
Total		38

REPRESENTATION TABLE

	Dismissed	Upheld
Represented by Solicitor/Master	23	2
Represented Self	13	-
Totals	36	2

The Board gratefully acknowledges the time, effort and expertise that Appeal Panel members give towards this important part of the racing industry.

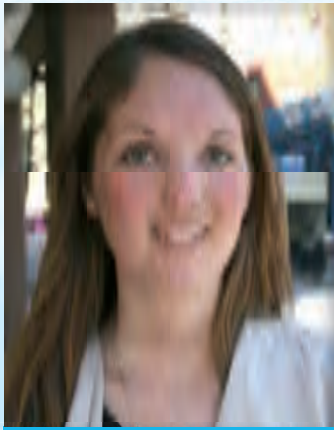
RACING APPEALS TRIBUNAL

Racing Appeals Tribunal is comprised of:-
His Honour Justice W Haylen QC (Racing Appeals Tribunal)
His Honour Judge J McGuire (Acting Racing Appeals Tribunal) *
Her Honour Justice T Kavanagh (Acting Racing Appeals Tribunal)
Mr Peter V'landys, Secretary Racing Appeals Tribunal
Ms Kathy Reece, Appeals Coordinator

(* Racing NSW regrets to advise that Judge McGuire passed away during the year)

There were two appeals lodged to the Racing Appeals Tribunal during 2010/11:

Presided Over By	Dismissed	Withdrawn
His Honour Justice W R Haylen QC	1	1
Total	1	1



Francesca Murchie
General Manager –
Marketing & PR

Function

Racing NSW's Marketing Department is responsible for Racing NSW marketing, media and public relations activities. Key objectives include:-

- To raise the profile of and generate engagement with NSW racing as a sport
- To support NSW provincial and country racing marketing activities
- To raise the international profile of NSW racing
- To generate positive brand identity for Racing NSW

Racing NSW's marketing department has implemented and continued to develop a stable of initiatives throughout 2010/11 to achieve the above objectives as outlined below.

Activities

SYDNEY CARNIVAL (PREVIOUSLY SYDNEY AUTUMN CARNIVAL)

Integral to raising the international profile of NSW racing, Racing NSW has continued to develop its partnership with Events NSW to leverage Sydney Autumn Racing Carnival.

Through its partnership Racing NSW, in conjunction with Sydney Carnival Committee, launched a new brand for Sydney Autumn Racing Carnival on 29 November 2010.

Now known as Sydney Carnival, extensive research and work was undertaken with brand specialist Generation Alliance to develop the new brand – Sydney Carnival: The Thoroughbred Experience.

A creative campaign was rolled out to promote 2011 Sydney Carnival across print, online, radio, TV and outdoor in key markets in Sydney, regional New South Wales, Australian Capital Territory, Victoria and secondary markets Queensland, New Zealand, UAE, Hong Kong and Singapore.

Campaign results included a total circulation of 21,016,858 within consumer and lifestyle media, and more than 1000 racing media hits across print, broadcast and online, generating significant awareness of Sydney Carnival in domestic, interstate and international markets.

Markets touched included all Australian States, New Zealand, UAE, Hong Kong and the USA. Website traffic experienced a 410% increase upon the 2010 event and was visited by consumers in more than 100 countries.

Racing NSW will continue to work with Destination NSW and the wider Sydney Carnival Committee to build upon 2011 event successes and deliver a strong 2012 Sydney Carnival under the banner of the newly-formed Australian Turf Club.



NSW COUNTRY AND PROVINCIAL RACING

Racing NSW has continued to support country and provincial race clubs throughout 2010/11.

Advertising held in NSW major publications, Sydney Morning Herald and the Daily Telegraph, has been secured and a significant proportion of this has been allocated to promoting country and provincial feature meetings.

A weekly slot on SKY Racing Radio has been set aside to specifically promote upcoming country meetings and a Racing NSW Rewards Club newsletter has been a significant driver of information about upcoming country and provincial events and race meetings.

Further, targeted support has been provided to individual Clubs through marketing support, development of media materials and assistance with graphic design where called upon.

In terms of specific initiatives, Racing NSW developed a new concept to promote country racing as a destination experience in late 2010/11.

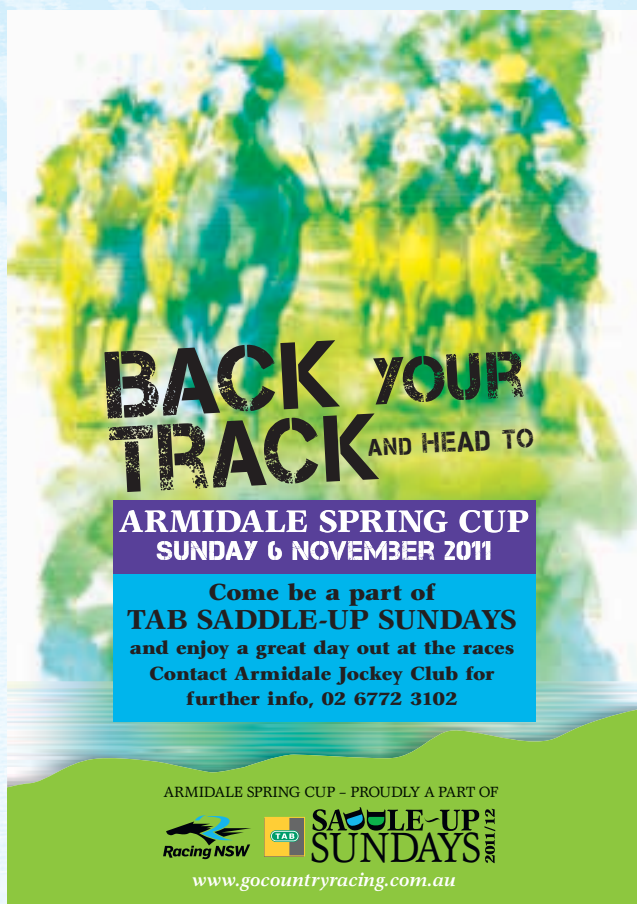
The concept 'TAB Saddle-Up Sundays' will be unveiled in August 2011.

In brief, the concept involves 12 existing Sunday country race meetings; one for every month of the year.

The focus of each meeting is to involve the local community and create a carnival atmosphere in the town for the weekend.

Thus generating an enticing experience for visitors to the town/area for the weekend aside from the racetrack, increasing crowd numbers and generating local racing and non-racing investment.







BACK YOUR TRACK AND HEAD TO

ARMIDALE SPRING CUP
SUNDAY 6 NOVEMBER 2011

Come be a part of
TAB SADDLE-UP SUNDAYS
and enjoy a great day out at the races
Contact Armidale Jockey Club for
further info, 02 6772 3102

ARMIDALE SPRING CUP - PROUDLY A PART OF

  **SADDLE-UP SUNDAYS** 2011/12

www.gocountryracing.com.au

Selected race clubs include Shoalhaven City Turf Club, Armidale Jockey Club, Lismore Turf Club, Ballina Jockey Club, Golden West Race Club, Wellington Race Club, Tamworth Jockey Club, Mudgee Race Club, Sapphire Coast Turf Club, Clarence River Jockey Club, Taree-Wingham Race Club and Orange.

Information about the initiative will be housed at – www.gocountryracing.com.au

MEDIA AND PUBLIC RELATIONS

A key objective of Racing NSW throughout 2010/11 was to continue to raise awareness of NSW racing through increased racing and non-racing media coverage.

A regular schedule of media releases was introduced to proactively drive racing stories. During Sydney Carnival these releases were distributed daily and were well-received by media resulting in increased coverage, in particular online.

Further, a weekly media update was introduced in June 2011. The update is distributed to key racing media every Tuesday morning and outlines industry news and events to be held over the coming seven days.

Feature race names, track conditions, weather forecast, rail positioning and key information about each race meeting within that seven-day period is outlined.

Again, positive feedback has been received and the update will be developed moving into 2011/12.

In terms of non-racing media, Sydney Carnival was the 2010/11 pinnacle for generating consumer and lifestyle coverage for NSW thoroughbred racing with, as outlined above, a circulation in excess of 21 million secured. Further non-racing media coverage was generated through promotion of 200 years of racing in NSW.

The department also creates its own monthly publication, Racing NSW Magazine, which is a hub of information for industry participants as well as enthusiasts.

The magazine includes news and features on contemporary NSW

racing stories as well as backend information outlining upcoming race meetings. It currently has approximately 3,500 subscribers.

Further, Racing NSW website has been developed to allow promotional opportunities on its home page.

Currently receiving approximately 79,600 unique visitors per month, this has proven an excellent opportunity to communicate industry highlights to participants and consumers.

Racing NSW's media team continues to act as the face of Racing NSW and the go-to person for all racing enquiries through our generic email - racing@racingnsw.com.au

The team ensures that all enquiries are answered in a timely and efficient manner.

RACING NSW REWARDS CLUB

Launched in May 2010, Racing NSW continued to develop its NSW racing loyalty program throughout 2010/11.

By 2011 year-end the database housed 57,322 members creating a strong platform to communicate with NSW racing participants.

Further, 46 partners were formally signed up, including eight external partners through which members are able to use their points to make purchases within the NSW racing industry.

A newsletter was distributed weekly ensuring members were kept informed about Racing NSW Rewards Club offers as well as industry news and events.

The five external loyalty program partners will be the focus of Racing NSW Rewards Club's strategy moving into 2011/12.

Based upon learnings from year one, points-earning opportunities within the program will cease. Instead, the focus will be upon creating a facility where NSW members will be able to use points from Racing NSW partner loyalty programs to make purchases within the NSW racing industry.

AUSTRALIAN RACING CONFERENCE

Hosted by Racing NSW for the second time in April 2011, Racing NSW's Marketing Department assisted with promotion of the 2011 Australian Racing Conference.

A logo was created to identify the annual conference and marketing material developed including printed brochures and a website.





Natalie Tipping
General Manager –
Insurance



John Galvin
General Manager –
Workers Compensation

Workers Compensation

Racing NSW is a specialised insurer licensed under the provisions of the Workers Compensation Act 1987(NSW) (“the Act”) to provide workers compensation insurance to certain employers (racing clubs and licensed trainers) in the NSW Thoroughbred Racing Industry.

Additionally, Racing NSW administers the run-off of claims under the former self insurance licence, which covered employees of Racing NSW prior to 30 June 1998.

The Racing NSW Insurance Fund (“the Fund”) has been managed internally since 1 July 2006. All claims management, injury management, financial and administrative functions of the Fund are performed by an in-house team.

The object of the Fund is to provide affordable insurance to participants and deliver industry-specific claims, injury and risk management services to assist employers and injured workers in what is a unique and inherently dangerous industry.

2010/11 Financial Performance

The Fund experienced a \$1.5 million loss in 2011, impacted by an extraordinary amount of payments related to prior year claims (\$1.9 million as compared with \$907,068 in 2010).

The higher level of payments arose out of the proactive settlement and finalisation strategy employed during the year.

The positive effect of that strategy is reflected in the lower than projected net provision for the Fund’s outstanding claims liability.

The actuarial central estimate of Racing NSW’s outstanding workers compensation claims liability as at 30 June 2011 is \$33.5 million (net of reinsurance recoveries and including an allowance for claims handling expenses).

The estimate of the outstanding claims liability includes an allowance for future inflation of claims payments (at 4.50% p.a. – unchanged from 2010) and is discounted (at 5.35% p.a. – unchanged from 2010) to allow for future investment income earned between the valuation date and expected payment date.

The net provision for outstanding claims liability inclusive of 20% prudential margin as at 30 June 2011 is \$40.2 million (an increase of \$800,000 from the 2010 provision of \$39.4 million).

This increase was attributable to a higher than average new claims incidence for 2010/11 and exponential cost development of two existing catastrophic claims during the year.

However, the significant deterioration in claims experience

and costs was counteracted for the most part by the intense finalisation strategy, with the result that the net provision at 30 June 2011 is \$2.1 million lower than the projected estimate of \$42.3 million from the 2010 actuarial valuation.

SUMMARY OF ACTUARIAL ESTIMATE OF OUTSTANDING CLAIMS LIABILITIES

	Estimate of Liability as at 30 June 2011 (\$m)	Projected Estimate of Liability as at 30 June 2011 (2010 Valuation) (\$m)	Projected Estimate of Liability as at 30 June 2012 (2011 Valuation) (\$m)
Net Central Estimate ¹	\$33.5	\$35.2	\$36.4
Risk Margin	\$6.7	\$7.1	\$7.1
Outstanding Claims Provision ²	\$40.2	\$42.3	\$43.7

¹ Including claims handling expense and net of reinsurance and other recoveries

² Including risk margin of 20% of the net central estimate

The following factors combined to deliver the better than projected liability provision for 2011:-

A heightened claims management focus which led to an increased number of claims settlements, other payments and claim finalisations. This had the effect of extinguishing future liability in some cases, otherwise reducing the estimate of outstanding liability in others and reducing the average claim size across the portfolio. The combined effect of these proactive claims management practices was an estimated reduction of \$4.3 million in the projected liability provision.

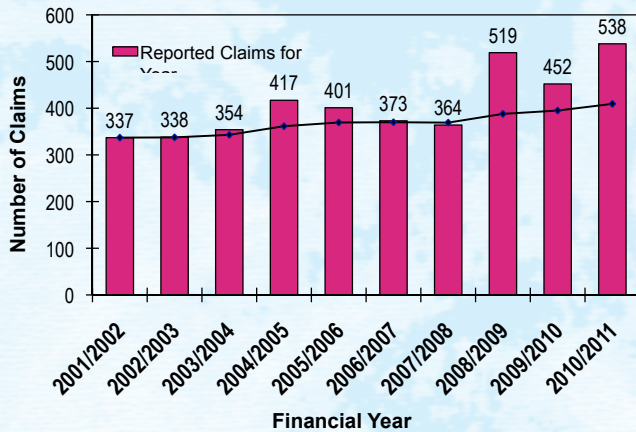
An increase in reinsurance and third party recoveries, contributing a further \$1.1 million reduction in the projected liability provision.

Further improvements in case management during the year, resulting in better return to work and injury management outcomes.

CLAIM NUMBERS

In 2010/11 the Fund reported its highest claims incidence of 538 new reported claims, an increase of 16.5% on the 2009/10 incidence of 452. This deterioration in claims experience adversely impacted the outstanding claims provision by an estimated \$1.9 million, but was offset by the aforementioned improvements in claims outcomes and recoveries.

INCURRED CLAIMS BY FINANCIAL YEAR



PROFILE OF CLAIM TYPES

Racing NSW is committed to identifying injury trends and formulating prevention strategies specific to the thoroughbred racing industry to ensure the welfare and safety of participants. Analysis of claims data by injury type, claimant characteristics and location are crucial to Racing NSW's ongoing development of risk mitigation strategies and industry safety standards.

The following charts provide important insight into the nature of workers compensation claims lodged in 2011:-

2011 Claims by Mechanism of Injury		
Falls from horse (or other height)	232	43.12%
Being struck by horse	168	31.23%
Hitting or being hit by moving objects	32	5.95%
Muscular stress by lifting, handling & repetitive movement	32	5.95%
Hitting stationary objects	16	2.97%
Falls on the same level (slips, trips & stumbles)	13	2.42%
Trapped between stationary & moving objects	12	2.23%
Being bitten by horse (or other animal)	10	1.86%
Unspecified mechanisms of incident	7	1.30%
Being assaulted by a person or persons	5	0.93%
Contact with or exposure to biological factor	2	0.37%
Exposure to a traumatic event	2	0.37%
Insect & spider bites & stings	2	0.37%
Vehicle accident	2	0.37%
Being hit by a person accidentally	1	0.19%
Being hit by falling objects	1	0.19%
Contact with hot objects	1	0.19%
TOTAL	538	100.00%

2011 Claims by Injury Type

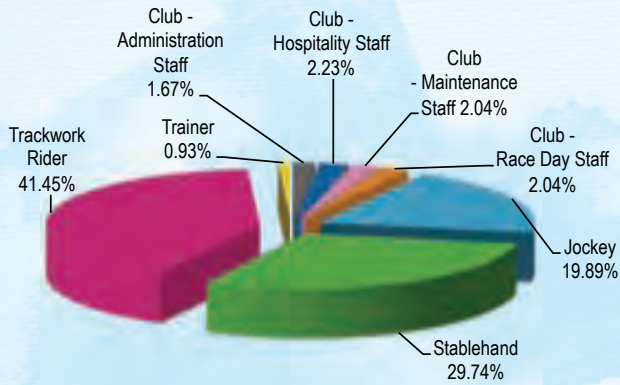
Sprain(s) / Strain(s)	270	50.19%
Fracture	111	20.63%
Contusion & Crushing Injury	71	13.20%
Superficial Injury	31	5.76%
Open Wound	22	4.09%
Dislocation	12	2.23%
Other & Unspecified Injuries	4	0.74%
Mental Disorders	4	0.74%
Foreign Body on Ear / Eye / Nose	4	0.74%
Infectious & Parasitic Disease	3	0.56%
Burns	2	0.37%
Internal Injury - Chest, Pelvis, Abdomen	2	0.37%
Fracture Of Vertebral Column	1	0.19%
Hernia	1	0.19%
TOTAL	538	100.00%

2011 Claims by Injury Location

Shoulder	67	12.45%
Back	57	10.59%
Leg	50	9.29%
Hand / Fingers	46	8.55%
Knee	41	7.62%
Head	34	6.32%
Foot	26	4.83%
Neck	26	4.83%
Ankle	23	4.28%
Mouth / Tooth	21	3.90%
Ribs	19	3.53%
Arm	18	3.35%
Hip	18	3.35%
Chest / Trunk	16	2.97%
Wrist	13	2.42%
Face / Nose	11	2.04%
Elbow	10	1.86%
Abdomen	10	1.86%
Eye	8	1.49%
Other	6	1.12%
Multiple locations	5	0.93%
Pelvic bones, muscles and tendons	5	0.93%
Psychological system	5	0.93%
Heart / Lung / Other internal chest organ	3	0.56%
TOTAL	538	100.00%

INSURANCE

2011 CLAIMS BY OCCUPATION OF INJURED WORKER



The profile of the 2011 claims portfolio is similar to that of previous years insofar as:-

- ▶ the highest incidence of injuries arises out of trackwork riding;
- ▶ the most common mechanism of injury is from falls (43.12%) or interaction with horses (i.e. striking, biting, being trapped between a horse and other object); and
- ▶ injuries most commonly sustained are sprains and fractures to the limbs and torso.

These statistics are consistent with the inherently dangerous nature of the sport.

ACHIEVEMENTS IN CLAIMS MANAGEMENT

The lower than anticipated liability provision for 2011 reflects the continuing emphasis placed on proactive injury and case management strategies.

Successful return to work outcomes were not only beneficial for the Fund in terms of reducing future costs but, equally important, were significant to restoring the worker's wellbeing and independence.

Improvements across all elements of case management were confirmed in the results of WorkCover's Case Management Audit of the Fund for 2011.

During 2010/11, WorkCover also set requirements for specialised and self-insurers to transition to its Corporate Data Repository Submission Reporting System.

Racing NSW successfully complied with these requirements and in doing so qualifies for an incentive payment equal to 5% of the annual levy payable to WorkCover.

OCCUPATIONAL HEALTH & SAFETY INITIATIVES

In 2010 Racing NSW commissioned and developed a customised online OH&S Management System for mandatory use by registered race clubs. Roll-out and implementation of the online OHS Management System to employer clubs was completed during 2011.

PREMIUMS AND WAGES AUDITS

Racing NSW aims to charge workers compensation premiums which are:-

- affordable;
- fair between types of employer; and
- workable (i.e. transparent and easy to administer).

Clubs and trainers were charged 2009/10 Hindsight Premiums and 2010/11 Initial Premiums during the 2011 Financial Year in accordance with the respective methodologies recommended by Finity Consulting in its independent 2010 Premium Methodology Review.

Validation procedures were introduced to ensure the accuracy of exposure measure information upon which basis premiums are charged, for example:-

- wages audits were undertaken in March 2011;
- declared employee numbers were verified against stablehand registration and apprentice indenture records; and
- declared horse numbers were compared against prior year starter numbers and Stable Returns lodged with RISA.

GENERAL INSURANCE AND PUBLIC LIABILITY

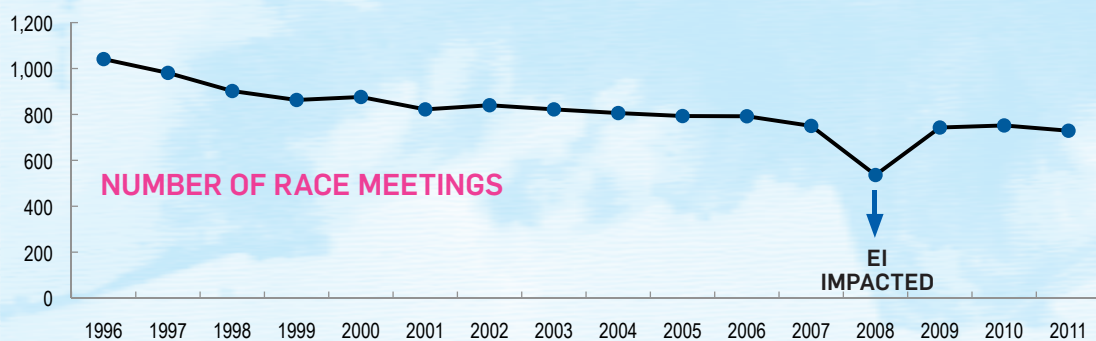
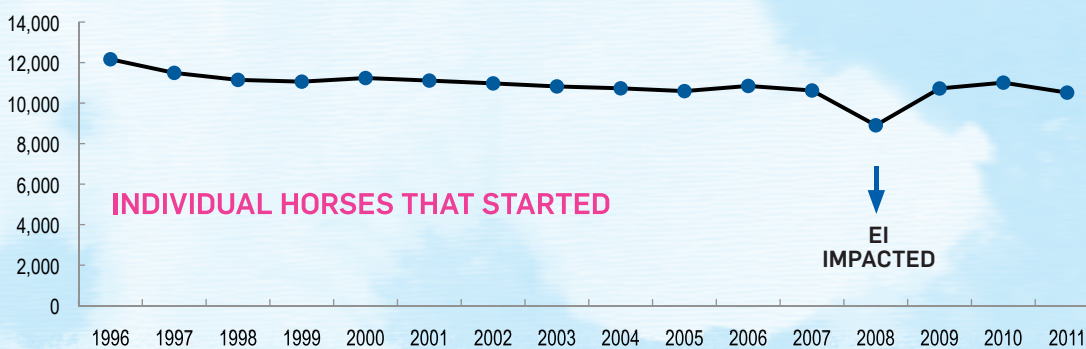
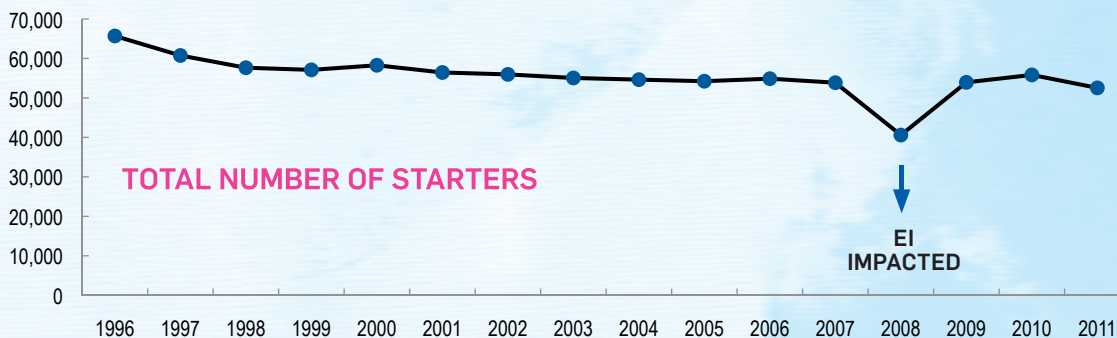
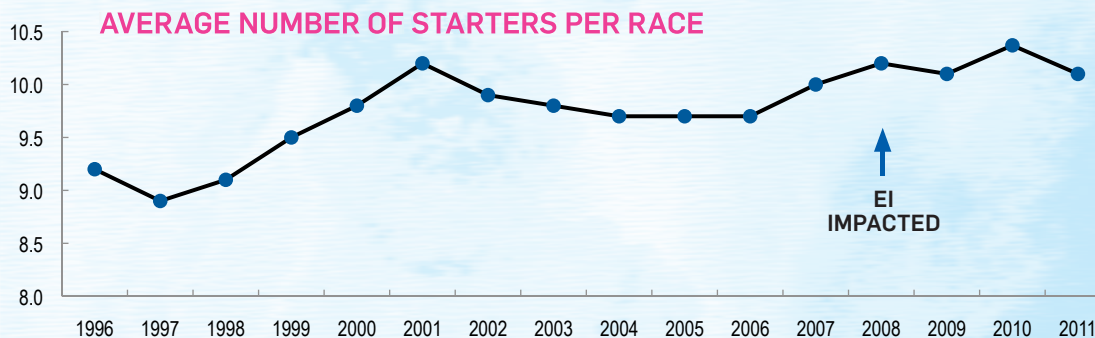
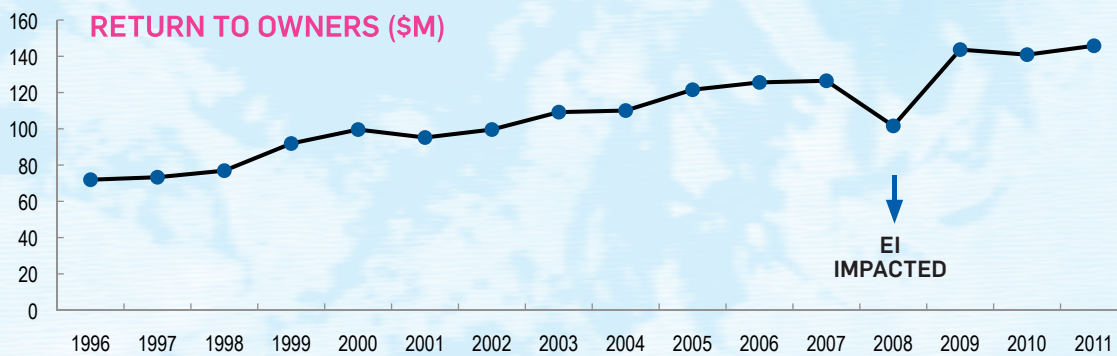
In 2010/11 Racing NSW again negotiated annual placement of public liability, property and other business insurance on behalf of thoroughbred racing clubs registered in NSW, the Canberra Racing Club and industry bodies such as the Australian Racing Board.

The Racing NSW Insurance Program:

- obtains group cost benefits for insured participants;
- secures industry-specific coverage for Clubs;
- provides coverage for Clubs which satisfies the Local Rules of Racing and requirements for the use of Crown Land by race clubs; and
- ensures the safety of racing patrons.

Significant cost efficiencies were again achieved by the group placement in 2011, with the majority of policies (including most importantly, Public & Product Liability Insurance) renewed on expiring terms at the same premium as the previous year.

ANNUAL TRENDS



NSW GROUP & LISTED WINNERS

Group	Feature	Dist	Prize\$	Winner	Trainer
1	GOLDEN ROSE	1400	1,000,000	TOORAK TOFF	RICK HORE-LACY
1	GEORGE MAIN STAKES	1600	350,000	MORE JOYOUS	GAI WATERHOUSE
1	EPSOM HCP	1600	500,000	CAPTAIN SONADOR	ROGER MILNE
1	THE METROPOLITAN	2400	400,000	HERCULIAN PRINCE	GAI WATERHOUSE
1	SPRING CHAMPION STAKES	2000	400,000	EREWHON	PETER SNOWDEN
1	FLIGHT STAKES	1600	400,000	SECRET ADMIRER	GRAHAME BEGG
1	CHIPPING NORTON STAKES	1600	350,000	DANLEIGH	CHRIS WALLER
1	RANDWICK GUINEAS	1600	500,000	ILOVETHISCITY	GRAHAME BEGG
1	COOLMORE CLASSIC	1500	600,000	ALOHA	MICK PRICE
1	RANVET STAKES	2000	400,000	ZAVITE	ANTHONY CUMMINGS
1	ROSEHILL GUINEAS	2000	500,000	JIMMY CHOUX	JOHN BARY
1	GOLDEN SLIPPER	1200	3,500,000	SEPOY	PETER SNOWDEN
1	THE BMW	2400	2,250,000	CEDARBERG	PAT CAREY
1	GEORGE RYDER STAKES	1500	400,000	RANGIRANGDOO	CHRIS WALLER
1	QUEEN OF THE TURF STAKES	1500	400,000	MORE JOYOUS	GAI WATERHOUSE
1	VINERY STUD STAKES	2000	400,000	MIRJULISA LASS	GREGORY HICKMAN
1	AJC AUSTRALIAN DERBY	2400	1,500,000	SHAMROCKER	DANNY O'BRIEN
1	T J SMITH STAKES	1200	1,000,000	BLACK CAVIAR	PETER MOODY
1	AJC SIRES PRODUCE STAKES	1400	500,000	HELMET	PETER SNOWDEN
1	DONCASTER HANDICAP	1600	2,000,000	SACRED CHOICE	JOSEPH PRIDE
1	THE GALAXY	1100	350,000	ATOMIC FORCE	DARREN SMITH
1	AJC OAKS	2400	550,000	ABSOLUTELY	MICHAEL KENT
1	SYDNEY CUP	3200	500,000	STAND TO GAIN	CHRIS WALLER
1	QUEEN ELIZABETH STAKES	2000	500,000	MY KINGDOM OF FIFE	CHRIS WALLER
1	CHAMPAGNE STAKES	1600	400,000	HELMET	PETER SNOWDEN
1	ALL AGED STAKES	1400	400,000	HAY LIST	JOHN MCNAIR
2	WARWICK STAKES	1400	175,000	METAL BENDER	CHRIS WALLER
2	CHELMSFORD STAKES	1600	175,000	THESEO	GAI WATERHOUSE
2	FURIOUS STAKES	1400	175,000	MORE STRAWBERRIES	GAI WATERHOUSE
2	THEO MARKS STAKES	1400	200,000	MORE JOYOUS	GAI WATERHOUSE
2	PREMIERE STAKES	1200	175,000	HOT DANISH	LES BRIDGE
2	SHANNON STAKES	1500	175,000	FIREBOLT	ROGER JAMES
2	HILL STAKES	1900	175,000	DESCARADO	GAI WATERHOUSE
2	TEA ROSE STAKES	1500	175,000	MORE STRAWBERRIES	GAI WATERHOUSE
2	STAN FOX STAKES	1400	175,000	DECISION TIME	CLARRY CONNERS
2	THE SHORTS	1200	200,000	HOT DANISH	LES BRIDGE
2	ROMAN CONSUL STAKES	1200	175,000	BUFFERING	ROBERT HEATHCOTE
2	VILLIERS STAKES	1600	175,000	DANCES ON WAVES	GERALD RYAN
2	EXPRESSWAY STAKES	1200	200,000	CENTENNIAL PARK	DAVID PAYNE
2	LIGHT FINGERS STAKES	1200	200,000	OBSEQUIOUS	PETER SNOWDEN
2	ROYAL SOVEREIGN STAKES	1200	175,000	MASTER HARRY	PETER MOODY
2	BREEDERS' CLASSIC	1200	175,000	MORE JOYOUS	GAI WATERHOUSE
2	APOLLO STAKES	1400	250,000	MELITO	GERALD RYAN
2	SILVER SLIPPER STAKES	1100	200,000	SATIN SHOES	CLARRY CONNERS
2	HOBARTVILLE STAKES	1400	200,000	ILOVETHISCITY	GRAHAME BEGG
2	SURROUND STAKES	1400	200,000	PARABLES	PETER SNOWDEN
2	REISLING STAKES	1200	300,000	ELITE FALLS	JOHN O'SHEA
2	TODMAN STAKES	1200	300,000	SMART MISSILE	ANTHONY CUMMINGS
2	CANTERBURY STAKES	1300	175,000	MORE JOYOUS	GAI WATERHOUSE
2	PHAR LAP STAKES	1500	175,000	BLACKIE	MICHAEL KENT
2	AJAX STAKES	1500	175,000	PURENESS	GAI WATERHOUSE
2	MAGIC NIGHT STAKES	1200	175,000	ALTAR	PETER SNOWDEN
2	PAGO PAGO STAKES	1200	175,000	SALADE	BART CUMMINGS
2	CHALLENGE STAKES	1000	175,000	HAY LIST	JOHN MCNAIR
2	TULLOCH STAKES	2000	175,000	FAST CLIP	GAI WATERHOUSE
2	CHAIRMAN'S HANDICAP	2600	175,000	ONCE WERE WILD	GAI WATERHOUSE
2	SAPPHIRE STAKES	1200	175,000	HURTL MYRTLE	MATTHEW SMITH
2	EMANCIPATION STAKES	1600	175,000	SWORN TO SECRECY	JOHN O'SHEA
3	MISSILE STAKES	1200	125,000	LOVE CONQUERS ALL	M, W & J HAWKES
3	SAN DOMENICO STAKES	1000	125,000	OBSEQUIOUS	PETER SNOWDEN
3	THE RUN TO THE ROSE	1300	125,000	SQUAMOSA	GAI WATERHOUSE
3	UP AND COMING STAKES	1200	125,000	BLACKBALL	PETER SNOWDEN
3	SILVER SHADOW STAKES	1200	125,000	PARABLES	PETER SNOWDEN
3	CONCORDE STAKES	1100	125,000	REWARD FOR EFFORT	PETER MOODY
3	TRAMWAY HCP	1400	125,000	NEESON	JOE PRIDE
3	RESEARCH STAKES	1200	125,000	TRIM	PETER SNOWDEN
3	KINGSTON TOWN STAKES	2000	125,000	HERCULIAN PRINCE	GAI WATERHOUSE
3	CAMERON HCP	1300	140,000	KENNY'S WORLD	PAUL MURRAY
3	SPRING STAKES	1600	175,000	ILOVETHISCITY	GRAHAME BEGG
3	NEWCASTLE CUP	2300	185,000	STRATOFORTRESS	GAI WATERHOUSE
3	GLOAMING STAKES	1800	250,000	RETRIEVE	PETER SNOWDEN
3	BILL RITCHIE HANDICAP	1400	125,000	DRUMBEATS	PETER SNOWDEN
3	COLIN STEPHEN QUALITY	2400	150,000	NO WINE NO SONG	KEVIN MOSES
3	CRAVEN PLATE	2000	125,000	C'EST LA GUERRE	ROBERT HICKMOTT
3	HAWKESBURY GOLD CUP	1600	125,000	THANKGODYOU'REHERE	P & W WEBSTER
3	SUMMER CUP	2400	125,000	SPECHENKA	BEN AHRENS
3	SOUTHERN CROSS STAKES	1200	125,000	SISTER MADLY	ANTHONY CUMMINGS
3	MILLIE FOX QLTLY STAKES	1300	125,000	MONTANA FLYER	GAI WATERHOUSE
3	LIVERPOOL CITY CUP	1300	125,000	TRIPLE ELEGANCE	CHRIS WALLER
3	RANDWICK CITY STAKES	2100	125,000	SAINT ENCOSTA	JOHN P THOMPSON
3	SKYLINE STAKES	1200	125,000	UATE	KRIS LEES
3	SWEET EMBRACE STAKES	1200	125,000	SHARED REFLECTIONS	GAI WATERHOUSE

NSW GROUP & LISTED WINNERS

Group	Feature	Dist	Prize\$	Winner	Trainer
3	NEWCASTLE NEWMARKET HCP	1400	125,000	KEEPIN' THE DREAM	J & G LEE
3	KEITH F NOLAN CLASSIC	1800	150,000	BRAZILIAN PULSE	MICHAEL MORONEY
3	BIRTHDAY CARD STAKES	1200	125,000	ZINGALING	KRIS LEES
3	SEBRING STAKES	1100	125,000	SWIFT ALLIANCE	GAI WATERHOUSE
3	THE SCHWEPPERVEESCENCE	1400	125,000	DO YOU THINK	BART CUMMINGS
3	NEVILLE SELLWOOD STAKES (QUEEN'S CUP)	2000	125,000	SYREON	CHRIS WALLER
3	KINDERGARTEN STAKES	1100	125,000	ANISE	PETER SNOWDEN
3	ADRIAN KNOX QLTY STAKES	2000	150,000	CRAFTY IRNA	RON QUINTON
3	CARBINE CLUB STAKES	1600	125,000	NEEDS FURTHER	GAI WATERHOUSE
3	DONCASTER PRELUDE	1600	125,000	MY KINGDOM OF FIFE	CHRIS WALLER
3	FRANK PACKER PLATE	2000	125,000	SHOOTOFF	GRAEME ROGERSON
Listed	STARLIGHT STAKES	1100	100,000	WINTER KING	DAVID PAYNE
Listed	SHOW COUNTY QUALITY HCP	1200	100,000	KENNY'S WORLD	GRAEME MURRAY
Listed	TOY SHOW F-&-M QLTY HCP	1400	100,000	ILLUMINATES	GRAEME ROGERSON
Listed	PREMIER'S CUP	1800	100,000	SNOW ALERT	CHRIS WALLER
Listed	SHERACO STAKES	1100	100,000	MORE JOYOUS	GAI WATERHOUSE
Listed	WYONG GOLD CUP	2100	120,000	HAWK ISLAND	CHRIS WALLER
Listed	MONA LISA STAKES	1350	100,000	BRASILEIRA	PETER SNOWDEN
Listed	MING DYNASTY QUALITY HCP	1400	100,000	LION TAMER	M&B BAKER
Listed	HERITAGE STAKES	1200	120,000	DECISION TIME	CLARRY CONNERS
Listed	TIBBIE STAKES	1400	100,000	VINTEDGE	CHRIS WALLER
Listed	THE NIVISON	1200	100,000	MARQUARDT	JOHN P THOMPSON
Listed	REGINALD ALLEN QLTY HCP	1400	100,000	M'LADY PEDRILLE	RON QUINTON
Listed	DULCIFY 3YO QUALITY HCP	1800	100,000	YULALONA	PETER SNOWDEN
Listed	BREEDERS' PLATE	1000	100,000	SMART MISSILE	ANTHONY CUMMINGS
Listed	GIMCRACK STAKES	1000	100,000	DEFIANT DAME	DAVID PAYNE
Listed	ANGST STAKES	1400	100,000	LOVEMELIKEAROCK	ANTHONY CUMMINGS
Listed	CITY TATT'S CLUB CUP	2400	100,000	MALUCKYDAY	M, W & J HAWKES
Listed	CITY TATTS LIGHTNING HCP	1100	100,000	WHITEFRIARS	RICK WORTHINGTON
Listed	BRIAN CROWLEY STAKES	1200	100,000	CELTS	PETER SNOWDEN
Listed	BELLE OF THE TURF STAKES	1600	100,000	HIDDEN WONDER	KRIS LEES
Listed	YALUMBA CUP	1300	100,000	KANZAN	PETER SNOWDEN
Listed	GOSFORD GOLD CUP	2100	125,000	KEEPIN' THE DREAM	P & W WEBSTER
Listed	CANBERRA CUP	2000	200,000	MACKNUCKLE	BERNIE HOWLETT
Listed	FESTIVAL STAKES	1500	100,000	DYSPHONIA	PETER SNOWDEN
Listed	CHRISTMAS CUP	2400	100,000	BELLAGIO WYNN	CHRIS WALLER
Listed	RAZOR SHARP HCP	1200	100,000	SWIFT ALLIANCE	GAI WATERHOUSE
Listed	CARRINGTON STAKES	1100	100,000	JEST CREWSIN'	JAN BOWEN
Listed	TATTERSALLS CLUB CUP	2000	100,000	SPINNEY	PETER SNOWDEN
Listed	CANTERBURY CLASSIC	1100	100,000	PINWHEEL	PETER SNOWDEN
Listed	FRANK UNDERWOOD CUP	2000	100,000	VOICE COMMANDER	NICK OLIVE
Listed	AUSTRALIA DAY CUP	2400	100,000	LANG	GWENDA MARKWELL
Listed	CANONBURY STAKES	1100	100,000	DIAMOND TO PEGASUS	TONY SERGI
Listed	WIDDEN STAKES	1100	100,000	SATIN SHOES	CLARRY CONNERS
Listed	TRISCAY STAKES	1200	100,000	KISS FROM A ROSE	GAI WATERHOUSE
Listed	PARRAMATTA CUP	2000	100,000	HAWK ISLAND	CHRIS WALLER
Listed	FIREBALL QUALITY HCP	1100	100,000	DECISION TIME	CLARRY CONNERS
Listed	WIGGLE F-&-M QUALITY HCP	1400	100,000	JERSEY LILY	LES BRIDGE
Listed	ESKIMO PRINCE STAKES	1200	100,000	AGISTER	ALLAN DENHAM
Listed	ASPIRATION QUALITY	1600	100,000	WARPATH	JOHN O'SHEA
Listed	WENONA GIRL HANDICAP	1200	100,000	OFCOURSEICAN	RON QUINTON
Listed	BLACK OPAL STAKES	1200	250,000	YOU'RE CANNY	GRATZ VELLA
Listed	NATIONAL SPRINT	1400	100,000	LEBRECHAUN	MATTHEW DALE
Listed	CANBERRA GUINEAS	1400	100,000	KUDAKULARI	BART CUMMINGS
Listed	SKY HIGH STAKES	1900	100,000	OLDER THAN TIME	GAI WATERHOUSE
Listed	MAURICE McCARTEN STAKES	1100	100,000	ATOMIC FORCE	DARREN SMITH
Listed	N E MANION QUALITY CUP	2400	100,000	BID SPOTTER	GRAEME ROGERSON
Listed	EPONA STAKES	1900	100,000	GALIZANI	JOHN P THOMPSON
Listed	DARBY MUNRO STAKES	1200	100,000	SEA LORD	DAVID PAYNE
Listed	P J BELL STAKES	1200	100,000	RED TRACER	CHRIS WALLER
Listed	FERNHILL HANDICAP	1600	100,000	DARCI BE GOOD	BEDE MURRAY
Listed	SOUTH PACIFIC CLASSIC	1400	100,000	LUCHA LIBRE	ANTHONY CUMMINGS
Listed	KEITH MACKAY HANDICAP	1200	100,000	STREAMA	GUY WALTER
Listed	JAPAN RACING ASSOC PLATE	2000	100,000	HAWK ISLAND	CHRIS WALLER
Listed	HALL MARK STAKES	1200	100,000	LADYS ANGEL	JOSEPH PRIDE
Listed	JAMES H B CARR STAKES	1400	100,000	RED TRACER	CHRIS WALLER
Listed	GOSFORD GUINEAS	1200	250,000	SINCERO	STEPHEN FARLEY
Listed	HAWKESBURY GUINEAS	1400	150,000	PIMPALA SECRET	MARC CONNERS
Listed	ROWLEY MILE	1600	150,000	KEEPIN' THE DREAM	J & G LEE
Listed	DARLEY CROWN	1300	150,000	KANZAN	PETER SNOWDEN
Listed	WAGGA WAGGA GOLD CUP	2000	140,000	VOICE COMMANDER	NICK OLIVE
Listed	SCONE CUP	1600	175,000	DYSPHONIA	PETER SNOWDEN
Listed	DARK JEWEL CLASSIC	1400	175,000	SHANNARA	PETER SNOWDEN
Listed	W J MCKELL CUP	2400	100,000	IRONSTEIN	GERALD RYAN
Listed	WINTER CUP	2400	100,000	LEGSMAN	JOHN O'SHEA
Listed	JUNE STAKES	1100	100,000	SQUAMOSIA	GAI WATERHOUSE
Listed	TAKEOVER TARGET STAKES	1200	100,000	TITLE	JOSEPH PRIDE
Listed	CIVIC STAKES	1400	100,000	LITTLE SURFER GIRL	CHRIS WALLER
Listed	RAMORNIE HANDICAP	1200	130,000	JEREZANA	PETER SNOWDEN
Listed	GRAFTON CUP	2350	150,000	WARRIOR WITHIN	BRUCE W HILL
Listed	WINTER STAKES	1500	100,000	SCARF	PETER SNOWDEN



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PROFIT/LOSS STATEMENT - GENERAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE, 2011

RACING NSW ABN 86 281 604 417

	2011 \$	2010 \$
REVENUE		
Revenue from Operating Activities		
Sale of Goods - Publications	518,508	532,578
Sale of Services	6,375,157	6,011,806
	6,893,665	6,544,384
Revenue from Non Operating Activities		
(Loss) on Disposal of Assets	(22,101)	(10,662)
Interest - General	951,760	559,761
	929,659	549,099
First Charge	7,994,017	8,048,325
RISA payment	664,427	173,160
Conferences and Industry Functions	164,819	335,004
	16,646,587	15,649,972
REVENUE		
EXPENSES		
Analytical	165,577	168,894
Finance	405,286	388,853
Administration and Executive	3,924,054	3,759,281
Legal	52,376	121,305
Licensing	223,793	222,123
Race Fields	139,092	134,454
Race Results	15,297	27,095
Publications	391,315	462,261
Laboratory	2,361,137	2,255,620
Handicapping	695,342	603,368
Stewards	3,063,914	2,977,465
Veterinary	673,482	569,497
Syndicates	114,324	103,957
Media	84,957	83,463
Industry Training	705,160	664,327
Stakes Payments	351,133	392,043
Information Technology	385,665	364,167
Racing Office	137,395	248,448
Marketing	273,337	385,738
Racing Rewards	399,210	-
Finance Costs	35,472	24,289
Australian Racing Board Contribution	446,493	298,500
	15,043,811	14,255,148
EXPENSES		
OPERATING PROFIT	1,602,776	1,394,824
Race Fields Legal Fees	(985,441)	(1,132,678)
RISA payments prior year adjustment	1,899,842	-
Share of Captive Fund Settlement	956,677	-
	3,473,854	262,146
Funds Transferred to Reserves		
Appearance Fees disbursed during the year, recouped through a first charge on TAB distributions	6,871,365	7,504,000

PROFIT/LOSS STATEMENT WORKERS COMPENSATION FUND

FOR THE YEAR ENDED 30 JUNE, 2011

RACING NSW ABN 86 281 604 417

	2011 \$	2010 \$
REVENUE		
Revenue from Operating Activities		
Workers Compensation Premiums/Charges	10,259,221	9,999,511
	10,259,221	9,999,511
Revenue from Non Operating Activities		
Interest - Workers Compensation Fund	1,530,704	665,721
Movement in market value of investment Fund	-	2,155,058
	1,530,704	2,820,779
REVENUE FROM ORDINARY ACTIVITIES	11,789,925	12,820,290
EXPENSES		
Workers Compensation Payments	8,563,995	6,647,446
Workers Compensation Administrative & Regulatory	1,868,655	1,646,004
Legal	(20)	3,173
Finance Costs	232,321	281,185
EXPENSES FROM ORDINARY ACTIVITIES	10,664,951	8,577,808
Operating Profit for the period	1,124,974	4,242,482
Workers Compensation Payments Relating to Prior Years	1,897,033	907,068
Funds before allocation of additional provision for possible future liabilities	(772,059)	3,335,414
Additonal provison for possible future liabilities.	763,633	3,125,301
Funds Transferred to Reserves	(1,535,692)	210,113

STATEMENT OF COMPREHENSIVE INCOME

AS AT 30 JUNE, 2011

RACING NSW ABN 86 281 604 417

	Note	2011 \$	2010 \$
REVENUE FROM CONTINUING OPERATIONS			
Sale of Goods - Publications	5(i)	518,508	532,578
Sale of Services	5(ii)	6,375,157	6,011,806
Workers Compensation Fund Premiums & Revenues	5(iii)	11,552,535	12,920,807
First Charge	5(iv)	7,994,017	8,048,325
Appearance Fee Receipts	5(v)	6,871,365	7,504,000
Interest other parties	5(vi)	2,482,464	1,225,482
OTHER INCOME			
(Loss) on Disposal of Assets	5(vii)	(22,101)	(10,662)
Conferences and Industry Functions	5(viii)	656,988	1,989,413
Non-repayable grant prior year adjustment	5(xxxii)	1,899,842	-
Non-repayable grant	5(xxxiii)	431,492	-
Share of Captive Fund Settlement	5(xxxiv)	956,677	-
Movement in net market value of investments integral to insurance activities		-	2,155,058
TOTAL REVENUE AND OTHER INCOME		39,716,944	40,376,807
EXPENSES			
Analytical	5(ix)	165,577	168,894
Finance	5(x)	405,286	388,853
Administration and Executive	5(xi)	4,370,547	4,057,781
Legal	5(xii)	1,037,797	1,257,155
Licensing	5(xiii)	223,793	222,123
Race Fields	5(xiv)	139,092	134,454
Race Results	5(xv)	15,297	27,095
Cost of Goods Sold - Publications	5(xvi)	391,315	462,261
Laboratory	5(xvii)	2,361,137	2,255,620
Handicapping	5(xviii)	695,342	603,368
Stewards	5(xix)	3,063,914	2,977,465
Veterinary	5(xx)	673,482	569,497
Syndicates	5(xxi)	114,324	103,957
Media	5(xxii)	84,957	83,463
Industry Training	5(xxiii)	705,160	664,327
Stakes Payments	5(xxiv)	351,133	392,043
Information Technology	5(xxv)	385,665	364,167
Racing Office	5(xxvi)	137,395	248,448
Appearance Fee (unplaced starters)	5(xxvii)	6,871,365	7,504,000
Marketing	5(xxviii)	273,337	385,738
Racing Rewards	5(xxix)	399,210	-
Workers Compensation Fund Expenses	5(xxx)	12,489,596	14,340,048
Workers Compensation Fund Expenses Relating to Prior Years	5(xxx)	1,897,033	907,068
Finance Costs	5(xxxi)	267,794	305,474
Conferences and Industry Functions	5(viii)	492,169	1,654,409
TOTAL EXPENSES		38,011,717	40,077,708
Share of profit of associate (RISA)	10	232,935	173,160
PROFIT BEFORE INCOME TAX		1,938,162	472,259
INCOME TAX EXPENSE		-	-
PROFIT AFTER INCOME TAX	5(xxxv)	1,938,162	472,259
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		1,938,162	472,259

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE, 2011

RACING NSW ABN 86 281 604 417

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	7	153,521,318	99,164,277
Trade and Other Receivables	8	29,279,758	31,765,896
Other Current Assets	9	140,430	42,754
TOTAL CURRENT ASSETS		182,941,506	130,972,927
NON-CURRENT ASSETS			
Investment accounted for using the equity method	10	3,751,083	1,618,306
Other Non-Current Receivables	14	4,653,613	3,707,522
Property, Plant and Equipment - Buildings	11	4,324,692	4,420,476
Property, Plant and Equipment - Other	12	1,800,400	1,920,961
Other Non-Current Assets	13	72,952	290,755
TOTAL NON-CURRENT ASSETS		14,602,740	11,958,020
TOTAL ASSETS		197,544,246	142,930,947
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	15	134,706,557	83,534,071
Breeders and Owners Bonus Scheme	16	11,181,365	11,872,913
Provisions	17	767,309	824,831
Workers Compensation Provisions	18	8,901,817	7,555,234
Other Current Liabilities	19	685,830	613,312
TOTAL CURRENT LIABILITIES		156,242,878	104,400,361
NON-CURRENT LIABILITIES			
Breeders and Owners Bonus Scheme	16	4,967,303	4,875,905
Provisions	17	336,287	301,357
Workers Compensation Provisions	18	37,056,797	36,346,433
Other Non-Current Liabilities	20	213,820	217,892
TOTAL NON-CURRENT LIABILITIES		42,574,207	41,741,587
TOTAL LIABILITIES		198,817,085	146,141,948
NET LIABILITIES		(1,272,839)	(3,211,001)
EQUITY			
Reserves	21	(1,272,839)	(3,211,001)
Accumulated (Deficit)/Surplus	22	-	-
TOTAL EQUITY		(1,272,839)	(3,211,001)

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2011

RACING NSW ABN 86 281 604 417

	NOTE	Reserves \$	Accumulated Surplus \$	Total \$
Balance at 30 June 2009		(3,683,260)	-	(3,683,260)
Profit for the Year			472,259	472,259
Total Comprehensive Income for the Year			472,259	472,259
Transfer to Reserves	22	472,259	(472,259)	
Balance at 1 July 2010		(3,211,001)	-	(3,211,001)
Profit for the Year	-		1,938,162	1,938,162
Total Comprehensive Income for the Year	-		1,938,162	1,938,162
Transfer to Reserves	22	1,938,162	(1,938,162)	-
Balance at 30 June 2011		(1,272,839)	-	(1,272,839)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE, 2011

RACING NSW ABN 86 281 604 417

	Note	2011 \$	2010 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		93,823,362	70,767,710
Payments to suppliers and employees		(41,877,777)	(41,120,735)
Interest received		1,835,662	1,225,482
Finance costs		(267,794)	(305,474)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6(b)	53,513,453	30,566,984
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(984,970)	(728,255)
RISA payments accounted for as distribution		-	427,633
Proceeds from sale of plant and equipment		252,820	241,363
Proceeds from redemption of ANZ Wholesale Trust		-	15,883,130
NET CASH PROVIDED BY INVESTING ACTIVITIES		(732,150)	15,823,871
CASH FLOW FROM FINANCING ACTIVITIES			
Funding of Loan to RISA		-	7,360
Repayment of loans from/(loans to) related parties		1,575,738	(1,009,078)
NET CASH USED IN FINANCING ACTIVITIES		1,575,738	(1,001,718)
NET INCREASE IN CASH		54,357,041	45,389,137
Cash at beginning of the year		99,164,277	53,775,140
CASH AT THE END OF THE YEAR	6(a)	153,521,318	99,164,277

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements covers Racing NSW as an individual entity. Racing NSW was established by the Thoroughbred Racing Act, 1996 of the NSW State Parliament.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take account of the changing values of money, or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors. The financial statements are presented in Australian dollars.

(b) Accounting Policies

Material accounting policies adopted in the preparation of these financial statements are presented below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Racing NSW has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence Racing NSW had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(c) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the normal course of business. At 30 June 2011, Racing NSW has a net asset deficit of \$1,272,839 (2010: \$3,211,001 deficit). The Board is of the opinion that Racing NSW will continue to be able to pay its debts as and when they fall due on the basis that the Intra-code Agreement allows Racing NSW to levy an administration charge on wagering receipts received from TAB Limited (Tabcorp Holdings Ltd).

(d) Property, Plant and Equipment

Each class of Property, Plant and Equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Plant and equipment

At each end of reporting period, the directors review a number of factors affecting plant and equipment, including their carrying values, to determine which of these assets, grouped into cash-generating units, may be impaired. If impairment indicators exist, the recoverable amount of the assets, being the higher of the assets, "fair value less costs to sell" and "value in use", are compared to the carrying values. Any excess of the assets' carrying value over their recoverable amount is expensed as an impairment expense.

As the future economic benefits of Racing NSW's assets are not primarily dependent on their ability to generate net cash inflows, and if deprived of the asset, Racing NSW will replace the asset's remaining future economic benefits, "Value in use" is determined as the depreciated replacement cost of the asset, rather than by using discounted future cash flows.

Depreciation

The depreciable amount of all fixed assets is calculated on a straight line basis over their estimated useful lives to Racing NSW commencing from the time the asset is held ready for use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each end of reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.

Plant and Equipment
Land and Buildings

Depreciation Rate
5-40%
2%

Leases:

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to Racing NSW, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives where it is likely that Racing NSW will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term in the periods in which they are incurred.

(e) Financial assets Classification

Racing NSW classifies its financial assets in the following categories: financial assets at fair value through the profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial Assets designated at Fair Value through the Profit or Loss:

Cash on Deposit is a financial asset designated at fair value through the profit or loss. This financial asset supports the Workers Compensation provision. In line with AASB 1023 'General Insurance Contracts', fair valuing these assets through the profit or loss eliminates recognition inconsistencies that would arise if the assets were classified as available for sale or measured at amortised cost.

(ii) Loans and Receivables:

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. Loans and receivables are included in Trade and Other Receivables (Note 8) in the statement of financial position.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Racing NSW commits to purchase or sell the asset. Financial Assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the profit or loss. Financial assets carried at fair value through the profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Racing NSW has transferred substantially all the risks and rewards of ownership.

Subsequent Measurement

Loans and receivables are carried at amortised cost using the effective interest method. Financial assets designated at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets designated at fair value through the profit or loss' category are presented in the profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets designated at fair value through the profit or loss is recognised in the profit or loss as part of revenue from continuing operations when Racing NSW's right to receive payments is established. Details of how the fair value of financial instruments is determined is disclosed in Note 30.

Impairment

Racing NSW assesses at each end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

(f) Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. All trade receivables, with the exception of those relating to Breeders and Owner Bonus Scheme (BOBS), are due for settlement no more than 30 days from the date of recognition. BOBS receivables are able to be deferred for 12 months.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Receivables (cont.)

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that Racing NSW will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment loss is recognised in the profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

(g) Investments in Associates

Associates are entities over which Racing NSW has significant influence but not control. Associates are accounted for using the equity method of accounting. Under the equity method of accounting, Racing NSW's share of post-acquisition profits or losses of associates is recognised in the profit or loss and the statement of financial position reflects Racing NSW's share of post-acquisition movements in reserves or equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates reduce the carrying amount of the investment in the financial statements.

When Racing NSW's share of post-acquisition losses in an associate exceeds its interest in the associate (including any unsecured receivables), Racing NSW does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

The financial statements of the associates are used to apply the equity method. The reporting dates of the associates and the parent are identical and both use consistent accounting policies.

(h) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of transactions. Amounts receivable and payable in foreign currencies at the end of the reporting period are converted at the rates of exchange ruling at that date. The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in the profit or loss as they arise.

(i) Employee Benefits

Provision is made for Racing NSW's liability for employee benefits arising from services rendered by employees to end of reporting period. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by Racing NSW to accumulation employee superannuation funds and are charged as expenses when incurred.

A liability or asset in respect of defined benefit superannuation is recognised in the provision for employee benefits, and is measured as the difference between the present value of employee's accrued benefits at the reporting date and the net market value of the superannuation fund's assets at that date. The present value of accrued benefits is based on expected future payments which arise from membership of the fund to the reporting date. Consideration is given to expected future wage and salary levels, experience of employees' departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows. The amount charged to the profit or loss in respect of superannuation represents the contributions made by Racing NSW to the superannuation fund, adjusted by the movement in the liability.

(j) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(k) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(l) Trade, Stakes Payments and Other Payables

These amounts represent liabilities for goods and services provided to Racing NSW prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Breeders and Owners Bonus Scheme

Racing NSW administers the Breeders and Owners Bonus Scheme ("BOBS"). BOBS is an incentive scheme designed to develop the NSW racing and breeding industry. Stallions standing in New South Wales and their progeny conceived in New South Wales are eligible to be nominated for the scheme. Stallion owners pay a fee to nominate their stallion to participate in BOBS. Owners of eligible progeny of participating stallions also pay nomination fees in respect of each eligible progeny which participates in the scheme. Racing NSW supplements the scheme funds with a First Charge from the TAB distributions.

Where a participating progeny of a participating stallion wins a race at a registered meeting in New South Wales, a BOBS bonus is paid to the owners of the horse and of the stallion according to published criteria. Owners may supplement the amount of the bonus by electing to credit the bonus towards the purchase of BOBS - eligible yearlings at designated sales rather than receive a cash payment. A management fee is applied to cover the costs of administering BOBS. Any deficit in the funds allocated to BOBS as at the end of a financial year is covered by increasing the funding to BOBS in the next financial year. Any surplus at the end of a financial year is carried forward to be applied under the scheme in future periods.

(n) Finance Costs

Finance costs are expensed when incurred.

(o) Workers Compensation Insurance

Premiums received are recognised from the attachment date and are measured over the period of insurance in a pattern in accordance with the incidence of risk. Liabilities for outstanding claims are recognised for direct and inwards reinsurance business and measured as the central estimate of the present value of the expected future payments for claims incurred with an additional risk margin to allow for the inherent uncertainty in the central estimate. The expected future payments includes amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and costs, including claims handling costs, which the insurer expects to incur in settling these incurred claims. The outstanding claims liability is discounted for the time value of money using risk-free discount rates that are based on current observable, objective rates that relate to the nature, structure and term of the future obligations.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the costs of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Government Grants

Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received and Racing NSW will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when Racing NSW has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. For service warranties, the likelihood that an outflow will be required to settle the obligation is determined by considering the class of obligations as a whole. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(s) Critical Accounting Estimates and Judgements

No critical accounting estimates and judgements have been required to be made in the preparation of the financial report other than:

- (i) Estimation of Insurance Liabilities (Refer Note 31)
- (ii) Control of Workers Compensation Fund management have determined that Racing NSW ultimately has the underwriting risk of the workers compensation fund and therefore has control of the fund.

(t) Accounting Standards Issued Not Yet Effective

The following accounting standards and interpretations have been issued but are not mandatory for financial years ended 30 June 2011. It is anticipated that they will have only a disclosure impact in the period of initial application.

- AASB 12 (Issued August 2011): combines existing disclosures from IAS 27, IAS 28 and IAS 31;
- AASB 9 (Issued December 2009 and amended December 2010): Financial Instruments;
- AASB 13 (Issued September 2011): Impacting Fair Value Measurement;
- AASB 2010-4 (Issued June 2010): deletes various disclosures from AASB 7 Financial Instruments Disclosure;
- AASB 2011-9 (Issued September 2011): Aligns the presentation of other Comprehensive Income with US GAAP; and
- AASB 119 (Issued September 2011) Impacting Employee Benefits.

NOTE 2: CONSOLIDATED OPERATIONS

Racing NSW - Administration includes the administrative functions of Racing NSW in accordance with the Thoroughbred Racing Act 1996. Racing NSW provides the independent integrity functions of the NSW Thoroughbred Racing Industry including Licensing, Stewards, Veterinary and Laboratory. In addition it provides the co-ordination of the NSW Thoroughbred Racing Industry including race programming, stakes payments and industry training. Also included are Racing Colours Registration, NSW Racing Magazine, Syndicates, Leases and Transfers and the Racing NSW Insurance Fund separately. The consolidated results encompass all divisions noted above.

NOTE 3: INCOME TAX

Racing NSW being a non-profit organisation established for the promotion of thoroughbred racing is exempt from Income Tax pursuant to the provisions of Section 50-45 of the Income Tax Assessment Act (1997), as amended.

NOTE 4: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There are no circumstances that have arisen since the end of the financial year which will significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

NOTE 5: STATEMENT OF COMPREHENSIVE INCOME

- (i) Sale of Goods - Publications represents income derived from the sale of advertising space in the NSW Racing Magazine as well as subscriptions to NSW Racing Magazine by industry participants and customers.
- (ii) Sale of Services represents income derived from the sale of services to the racing industry - including stewards, handicapping, laboratory, veterinary, race results, syndicates and stakes payments.

(iii) Workers Compensation Fund Premiums and Revenues represents premiums, charges, reinsurance recoveries and other revenues of the Racing NSW Workers Compensation Fund other than those disclosed elsewhere in the profit or loss. (Refer to Note 31).

(iv) First Charge represents a charge to the industry based on the budgeted expenditure for the year.

(v) Appearance Fee Receipts represents a charge to the industry based on expected starters, to fund a \$200 per starter payment to the owners of all horses not receiving prize money.

(vi) Interest represents investment earnings and interest income, excluding movements in the value of managed funds and property.

	2011	2010
	\$	\$
Interest from Cash at Bank	951,760	559,761
Interest from Cash on Deposit	1,530,704	665,721
	2,482,464	1,225,482

(vii) (Loss) on Disposal of Assets represents net amounts received on sale or trade in of assets, less the carrying value of these assets.

(viii) Conferences and industry functions includes all direct income and expenditure associated with the hosting of these conferences and functions.

(ix) Analytical includes staff, software and office costs associated with providing specialised analytical information.

(x) Finance includes staff, software and office costs associated with providing finance and accounting support.

(xi) Administration and Executive represent the administrative costs of Racing NSW including executive, property, human resources, appeals, consultants as well as support to the Provincial Association and Racing NSW Country.

(xii) Legal represents the cost of managing legal matters and litigation, including staff costs and external representation.

(xiii) Licensing expenditure represents staff and office costs associated with the derivation of this income stream.

(xiv) Race Fields expenditure represents staff, consultants and office costs associated with the management of race fields information use and collection of fees.

(xv) Race Results expenditure represents staff, consultants and office costs associated with the deriving of income for the provision of race result information.

(xvi) Publications expenditure includes staff and office costs as well as all production, distribution and selling costs.

(xvii) Laboratory expenditure includes staffing, depreciation of capital expenditure, consumables and occupancy costs.

(xviii) Handicapping expenditure includes staff and office costs.

(xix) Stewards' expenditure includes staffing costs, shorthand writers and office costs.

(xx) Veterinary expenditure includes staff, research horses, consumables and office costs.

(xxi) Syndicates expenditure includes staffing and office costs.

(xxii) Media costs include staff, participation in national advertising, promotional activities and monitoring of media.

(xxiii) Industry Training expenditure represent staffing costs as well as educational costs associated with the training of apprentice jockeys.

(xxiv) Stakes Payments costs include staffing, consultants, system development, bank charges and office costs.

(xxv) Information Technology represents the cost of providing an IT platform to Racing NSW and supporting staff costs.

(xxvi) Racing Office represents the cost of coordinating race dates and programming throughout NSW.

(xxvii) Appearance fees are a \$200 per starter payment to the owners of all horses not receiving prize money.

(xxviii) Marketing costs include staff, consultants and promotional costs. These were included in Administration and Executive in prior years.

(xxix) Racing Rewards is all expenditure associated with racing rewards program.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 5: STATEMENT OF COMPREHENSIVE INCOME (CONT.)

(xxx) Workers Compensation Insurance Fund. This Fund is designed to provide workers compensation insurance cover for employees of NSW Racing Clubs, Associations, owners and trainers of racehorses against liability relating to injury, loss or damage either sustained or caused by jockeys, apprentices, stable hands, workers, servants, employees or agents in their employment or acting on their behalf pursuant to NSW Workcover legislation. In July 2000 Racing NSW signed a service contract with ASWIG Pty Limited (ASWIG). This contract specified that ASWIG were to provide to Racing NSW management services in relation to the insurance fund. From 1 July 2005, the Fund was managed by QBE Insurance. Effective from 1 July 2006 the fund has been managed in-house by Racing NSW. (Refer to Note 31).

(xxxi) Finance costs include interest expense, bank charges and bank guarantee fees.

(xxxii) RISA payments prior year adjustment is a correction to the allocation of the "non-repayable grant" received from 2006 to 2010 from RISA. These had previously been treated as a distribution from an associate, rather than non-repayable grants received.

(xxxiii) RISA payments is the "non-repayable grant" received from RISA for the current financial year.

(xxxiv) The Captive fund was a self-insurance arrangement that Racing NSW entered into along with the Queensland and Victorian racing industries whose funds were quarantined in 2006. This fund has been subsequently wrapped up on the 30th of June 2011 and the funds owing have been brought to account.

(xxxv) Profit/(Loss) after Income Tax

The profit has been determined after :

	2011 \$	2010 \$
Finance Costs		
Bank Charges	47,012	37,028
Bank Guarantee	220,782	268,446
Total Finance Costs	267,794	305,474
Depreciation and impairment expense of non-current assets		
- Land and Building Depreciation Expense	95,784	95,784
- Plant and Equipment Depreciation Expense	830,610	621,245
Total Depreciation and Impairment Expense	926,394	717,029
Bad and Doubtful Debts		
- Trade Debtors written off / (recovered)	28,815	1,852
Total Bad and Doubtful Debts	28,815	1,852
Rental Expense on Operating Lease	16,056	15,275
Total (Loss)/Gain on disposal of non-current assets:		
- Property, Plant and Equipment	(22,101)	(10,662)
Total (Loss)/Gain on disposal of non-current assets	(22,101)	(10,662)
Remuneration of Auditor		
- audit services	84,000	85,300
- non-audit services	-	-
Total Remuneration of Auditor	84,000	85,300
Employee Benefits Expense (excluding Superannuation)	8,158,894	7,700,073
Defined Contribution Superannuation Expense	585,658	605,263
Defined Benefit Superannuation Expense	123,172	146,890
Defined Benefit Superannuation Movement	(39,573)	(163,025)
Insurance Claim Liability Expenses (Refer Note 18):		
Gross Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	2,056,947	6,046,597
Gross Increase in Reinsurance Recoveries relating to Insurance Claims Liability as recommended by the Actuary	(1,293,314)	2,921,296
Net Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	763,633	3,125,301

NOTE 6: CASH FLOW INFORMATION

a) Reconciliation of Cash

Cash and Cash Equivalents	153,521,318	99,164,277
	153,521,318	99,164,277

As at 30 June 2011, Racing NSW had credit facilities in place with a limit of \$0 (2010: \$0) with an amount of \$0 (2010: \$0) undrawn at the balance date. This facility was reviewed during the year and no longer required.

b) Reconciliation of Cash Flow from Operating Activities

Profit/(Loss) after Income Tax	1,938,162	472,259
Loss on Sale of Assets	22,101	10,662
Depreciation and Impairment Expense	926,394	717,029
Share of net (profit) in associate (RISA)	(232,935)	(173,160)
Share of net Prior Year (profit)/loss in associate (RISA)	(1,899,842)	-
(Gain)/Loss on investment	-	(2,155,058)
	753,880	(1,128,268)

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

2011
\$

2010
\$

NOTE 6: CASH FLOW INFORMATION (CONT.)

b) Reconciliation of Cash Flow from Operating Activities (cont.)

Decrease/(Increase) in Trade Debtors	218,758	1,202,892
Decrease/(Increase) in Prepayments	(97,676)	41,932
Decrease/(Increase) in Stakes Payment Debtors	2,741,319	(2,212,910)
Decrease/(Increase) in Other Debtors	(2,049,678)	(7,108,235)
Decrease/(Increase) in Other Non Current Receivables	(946,091)	(2,434,467)
Decrease/(Increase) in Other Non Current Assets	217,803	(290,754)
Increase/(Decrease) in Trade Creditors and BOBS Creditors	(991,434)	1,642,413
Increase/(Decrease) in Stakes Payment Creditors	705,230	397,065
Increase in Jockeys Welfare	736,344	1,196,574
Increase/(Decrease) in Sundry Creditors and Accruals	2,155,523	652,467
(Decrease)/Increase in Leave Provisions	(22,592)	(132,348)
Increase in Redevelopment Grant	12,000,000	-
Increase in Race Fields Fees	36,035,120	32,694,026
Increase in Insurance Claims Provision	2,056,947	6,046,597
	52,759,573	31,695,252
Cash Flows from operating activities	53,513,453	30,566,984

NOTE 7: CASH AND CASH EQUIVALENTS

Cash at Bank	8,906,090	32,873,020
Cash on Deposit - Workers Compensation	32,038,892	29,129,668
Cash on Deposit - Redevelopment Grant	12,000,000	-
Cash on Deposit - Race Fields	100,576,336	37,161,589
Total Cash and Cash Equivalents	153,521,318	99,164,277

The Cash at Bank bears floating interest rates between 4.02% and 4.61% (2010: 4.0% and 4.33%). Cash on Deposit bears interest rates of between 4.42% and 5.63% (2010: 4.78% and 4.81%). The Cash on Deposit - Workers Compensation are pledged as security for the ANZ Bank Guarantee to Workcover (Note 18).

NOTE 8: TRADE AND OTHER RECEIVABLES

Trade Debtors	1,443,335	1,633,278
Provision for Doubtful Debts	(99,464)	(70,649)
Sundry Debtors	3,373,833	1,671,379
Amounts receivable from associated entities:		
- Racing NSW Country Limited	2,808,371	4,202,861
- Racingcorp Pty Limited	70,900	52,442
- Australian Racing Board Limited	889,981	1,089,687
Reinsurance Recoveries Receivable	1,117,897	770,674
Amounts receivable - Loans to Clubs	13,217,130	13,217,130
Stakes Payment Debtors	6,457,775	9,199,094
Total Receivables	29,279,758	31,765,896

NOTE 9: OTHER CURRENT ASSETS

Prepayments	140,430	42,754
	140,430	42,754

NOTE 10: INVESTMENT IN RISA

	Principal Activity	Country of Incorporation	Reporting Date	2011	2010
Racing Information Services Australia Pty Ltd (RISA)	Maximising benefits of racing information	Australia	30/06/2011		
Ownership Interest				35.0%	35.0%
Voting Power				35.0%	35.0%

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

	2011 \$	2010 \$
NOTE 10: INVESTMENT IN RISA (CONT.)		
Movements in carrying amounts		
At beginning of financial year	1,618,306	1,865,420
Non-repayable grant prior year adjustment	1,899,842	-
Share of RISA profit current year	232,935	173,160
Non-repayable grant accounted for as distribution	-	(420,274)
At end of financial year	3,751,083	1,618,306
Total	3,751,083	1,618,306

Summarised financial information of RISA as at 30 June 2011

Racing NSW's share of the results of RISA and its aggregated assets and liabilities are as follows:

Assets	4,227,224	4,189,538
Liabilities	518,453	713,703
Equity	3,708,771	3,475,835
Revenues	2,306,670	2,252,831
Profit/(Loss)	232,935	173,160

On the year ended 30 June 2011 it has been determined that cash payments received from RISA are not distributions but "non-repayable grants" which have been expensed through RISA's statement of comprehensive income. Racing NSW have been equity accounting the investment in RISA by bringing in 35% share of the net profit in RISA based on the profit per the RISA income statement and treating cash receipts from RISA as distributions, thereby reducing the carrying value of the investment in RISA. However, Racing NSW should have been recognising the "Non repayable grants" received as income each year and not reducing the investment in RISA. This has resulted in an understatement of the RISA income and investment of \$1.900 million over the last five years which has been brought to account in the financial year ending 2011. The non-repayable grant received in 2010 was \$420,273 and the balance of \$1.479 million was received prior to 30 June 2009.

NOTE 11: PROPERTY, PLANT and EQUIPMENT - BUILDINGS

Land and Buildings - at cost	4,779,320	4,779,320
Less accumulated depreciation	454,628	358,844
Total Land and Buildings	4,324,692	4,420,476
Movement in Carrying Amounts		
Balance at Beginning of Year	4,420,476	4,516,260
Depreciation Expense	(95,784)	(95,784)
Carrying Amount at the end of the year	4,324,692	4,420,476

The Druiett Street property was purchased on 29th September 2006.

NOTE 12: PROPERTY, PLANT and EQUIPMENT - OTHER

Plant and Equipment - at cost	7,064,435	6,534,280
Less accumulated depreciation	5,264,035	4,613,319
Total Plant and Equipment	1,800,400	1,920,961
Movement in Carrying Amounts		
Balance at Beginning of Year	1,920,961	2,065,977
Additions	984,970	728,254
Disposals	(274,921)	(252,025)
Depreciation Expense	(830,610)	(621,245)
Carrying Amount at the end of the year	1,800,400	1,920,961

Plant and equipment above is comprised of the following categories.

Laboratory Equipment - at cost	3,242,465	2,995,028
Less accumulated depreciation	2,868,198	2,599,325
Total Laboratory Equipment	374,267	395,703
Movement in Carrying Amounts		
Balance at Beginning of Year	395,702	389,410
Additions	247,437	209,563
Depreciation Expense	(268,872)	(203,271)
Carrying Amount at the end of the year	374,267	395,702

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

	2011 \$	2010 \$
NOTE 12: PROPERTY, PLANT and EQUIPMENT - OTHER (CONT.)		
Building Fit-out, Furniture and Fittings - at cost	951,352	947,255
Less accumulated depreciation	440,379	347,596
Total Building Fit-out, Furniture and Fittings	510,973	599,659
Movement in Carrying Amounts		
Balance at Beginning of Year	599,659	695,652
Additions	4,097	-
Depreciation Expense	(92,783)	(95,993)
Carrying Amount at the end of the year	510,973	599,659
Office and Other Equipment - at cost	1,912,800	1,566,429
Less accumulated depreciation	1,667,037	1,394,818
Total Office and Other Equipment	245,763	171,611
Movement in Carrying Amounts		
Balance at Beginning of Year	171,611	218,018
Additions	346,371	72,785
Disposals	-	-
Depreciation Expense	(272,219)	(119,192)
Carrying Amount at the end of the year	245,763	171,611
Motor Vehicles - at cost	957,818	1,025,568
Less accumulated depreciation	288,421	271,580
Total Motor Vehicles	669,397	753,988
Movement in Carrying Amounts		
Balance at Beginning of Year	753,988	762,896
Additions	387,064	445,906
Disposals	(274,921)	(252,025)
Depreciation Expense	(196,734)	(202,789)
Carrying Amount at the end of the year	669,397	753,988
NOTE 13: OTHER NON CURRENT ASSETS		
Other Assets	72,952	290,755
	72,952	290,755
NOTE 14: OTHER NON CURRENT RECEIVABLES		
Non Current Reinsurance Recoveries Receivable	4,653,613	3,707,522
	4,653,613	3,707,522
NOTE 15: TRADE AND OTHER PAYABLES		
Trade Creditors	551,167	942,452
Other Creditors and Accruals	4,122,378	2,084,470
Employee Leave	798,766	778,649
Jockeys Welfare Fund	1,932,918	1,196,574
Stakes Payment Creditors	7,909,687	7,204,457
Redevelopment Fund	12,000,000	-
Race Fields Fees	106,772,794	70,737,674
Benevolent Fund	618,847	589,795
Total Creditors and Accruals	134,706,557	83,534,071

Stakes Payments Creditors represent balances on industry participant accounts that are due to be paid out. The Benevolent Fund is an amount held in trust to be applied to eligible industry participants under significant financial hardship.

The Jockeys Welfare Fund represents amounts held in trust to be applied to payment of Jockey Public Liability and Personal Accident Insurances and welfare and career benefit schemes.

Race Fields Fees represents fees collected under the Racing Administration Act 1998 that have not been distributed pending the legal challenges of Betfair Aust Pty Ltd and Sportsbet Pty Ltd in relation to the validity of those fees.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

	2011 \$	2010 \$
NOTE 16: BREEDERS AND OWNERS BONUS SCHEME		
Current		
Breeders and Owners Bonus Scheme	11,181,365	11,872,913
Total Current	11,181,365	11,872,913
Non-Current		
Breeders and Owners Bonus Scheme	4,967,303	4,875,905
Total Non-Current	4,967,303	4,875,905
	16,148,668	16,748,818

BOBS current liability are those amounts expected to be settled within the next 12 months or within Racing NSW's normal operating cycle. BOBS is funded by stallion owners who pay a fee to nominate their stallion to participate in BOBS and owners of eligible progeny of participating stallions who also pay nomination fees in respect of each eligible progeny which participates in the scheme. Racing NSW supplements the scheme funds with a First Charge from the TAB distributions. (Refer Note 1(m))

NOTE 17: PROVISIONS

Current		
Employee Benefits	767,309	824,831
Total Current	767,309	824,831
Non-Current		
Employee Benefits	336,287	301,357
Total Non-Current	336,287	301,357
Total Provisions for Employee Benefits	1,103,596	1,126,188

Superannuation Fund

A number of employees of Racing NSW are entitled to benefits on retirement, disability or death from the Racing NSW Superannuation Plan. The fund provides target lump sum benefits based on years of service and final average salary.

Present value of employees accrued benefits	2,221,012	2,061,399
Net market value of assets held by the fund to meet future benefit payments	2,023,430	1,903,390
Adjustment for known shortfall	-	-
Excess of the present value of employees accrued benefits over assets held to meet future benefit payments. (included within employee benefits provision)	197,582	158,009

NOTE 18: WORKERS COMPENSATION PROVISION

Current		
Provision for Insurance Outstanding Claims	8,901,817	7,555,234
Total Current	8,901,817	7,555,234
Non-Current		
Provision for Insurance Outstanding Claims	37,056,797	36,346,433
Total Non-Current	37,056,797	36,346,433
Total Provisions for Workers Compensation	45,958,614	43,901,667

Workers Compensation Provisions

Opening Balance of Workers Compensation Provisions	43,901,667	37,855,070
Gross Movement in Workers Compensation Provisions	2,056,947	6,046,597
Closing Balance of Workers Compensation Provisions	45,958,614	43,901,667

The movement in the Workers Compensation Provision is shown at a Gross of any Reinsurance Recoveries.

Gross Movement in Workers Compensation Provisions	2,056,947	6,046,597
Less Increase in Reinsurance Recoveries	1,293,314	2,921,296
Net Movement in Workers Compensation Provision	763,633	3,125,301
Provision for Insurance Outstanding Claims		

An actuarial valuation of the Insurance Funds' outstanding claims was performed by independent actuaries, Finity Consulting Pty Limited, as at 30 June 2011. The ANZ Bank had issued guarantees amounting to \$39,400,000 as at 30 June 2011 (2010:\$36,298,000) in favour of WorkCover Authority of NSW. This guarantee is required under the terms of Racing NSW's insurance licence. In accordance with the Workers Compensation Act 1987 Clause 7.3.6 and actuarial recommendations, Racing NSW has provided for a prudential margin of 20% (2010: 20%) in respect of the net central estimate of liabilities relating to the specialised insurer's license and a prudential margin of 50% (2010: 50%) in respect of the net central estimate of liabilities relating to the self insurer's license. Racing NSW is currently in the process of increasing the ANZ Bank Guarantee to \$40,200,000 as a requirement of NSW WorkCover guidelines.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

2011
\$

2010
\$

NOTE 18: WORKERS COMPENSATION PROVISION (CONT.)

The directors have determined that these prudential risk margins are appropriate to increase the likelihood that the provision will be adequate to meet the cost of claims. Due to the small amount of claim data and the difficulties in determining a mathematical distribution appropriate to Racing NSW, the probability of adequacy corresponding to the margin cannot be reliably estimated.

The movement in Workers Compensation Provision is recognised as either income or an expense of the period.

NOTE 19: OTHER CURRENT LIABILITIES

Deferred Income	685,830	613,312
	685,830	613,312

Monies received by Racing NSW at the end of the reporting period for products or services not yet provided are classified as current deferred income. These items include subscriptions received for registration of racing colours, license fees, Workers Compensation Insurance premiums and subscriptions to NSW Racing magazine which will be recognised in the next 12 months.

NOTE 20: OTHER NON CURRENT LIABILITIES

Deferred Income	213,820	217,892
	213,820	217,892

Monies received by Racing NSW at the end of the reporting period for products or services to be provided in more than 12 months time are classified as non current deferred income. These items include subscriptions received for registration of racing colours, license fees, Workers Compensation Insurance premiums and subscriptions to NSW Racing magazine.

NOTE 21: RESERVES

The following reserves have been set aside in accordance with a resolution of Racing NSW.

Reserves

General Reserve	1,694,184	1,461,249
Operating Reserve	731,975	731,975
Industry Distribution Reserve	5,522,449	2,281,530
Workers Compensation Reserve	(9,221,447)	(7,685,755)
Total Reserves	(1,272,839)	(3,211,001)

Movement in Reserves

General Reserve

Balance at the beginning of the year	1,461,249	1,288,089
Transfers from/(to) accumulated surplus	232,935	173,160
Balance reserve at the end of the year	1,694,184	1,461,249

Operating Reserve

Balance at the beginning of the year	731,975	731,975
Transfers from accumulated surplus	-	-
Balance reserve at the end of the year	731,975	731,975

Industry Distribution Reserve

Balance at the beginning of the year	2,281,530	2,192,544
Transfers (to)/from accumulated surplus	3,240,919	88,986
Balance reserve at the end of the year	5,522,449	2,281,530

Workers Compensation Reserve

Balance at the beginning of the year	(7,685,755)	(7,895,868)
Transfers to accumulated surplus	(1,535,692)	210,113
Balance reserve at the end of the year	(9,221,447)	(7,685,755)

Total Reserves	(1,272,839)	(3,211,001)
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The Industry Distribution Reserve, General Reserve and Operating Reserve represent monies that have progressively been accumulated by Racing NSW from its operation since inception, to fund different areas of its general activities segment. The Workers Compensation Reserve represents accumulated losses from Racing NSW Workers Compensation segment.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

	2011 \$	2010 \$
NOTE 22: ACCUMULATED SURPLUS		
Accumulated surplus at beginning of the financial year	-	-
Total Funds transferred to/(from) Reserves	1,938,162	472,259
Transfer (to)/from General Reserve	(232,935)	(173,160)
Transfer to Operating Reserve	-	-
Transfer to Industry Distribution Reserve	(3,240,919)	(88,986)
Transfer (to)/from Workers Compensation Reserve	1,535,692	(210,113)
Accumulated surplus at end of the financial year	-	-

NOTE 23: CAPITAL AND LEASING COMMITMENTS

Operating lease Commitments		
Non-cancellable operating lease contracted for but not capitalised in the Financial statements		
Payable not later than 1 year	16,056	16,056
Payable later than 1 year and not later than 5 years	10,704	26,760
	26,760	42,816

NOTE 24: CONTINGENT LIABILITIES

Racing NSW is currently defending Federal Court proceedings commenced by Belfair Aust Pty Ltd and Sportsbet Pty Ltd in respect of Race Field Fees collected by Racing NSW under the Racing Administration Act 1998. An adverse decision in that case may result in an order to repay Race Field fees (included in Note 15). Due to the uncertainty of the litigation no other provisions have been made.

Racing NSW has entered into a Trackside Agreement with TAB Limited to fund the Redevelopment of Randwick Racecourse. In the agreement Racing NSW are to receive \$150 million of funds to distribute to the Australian Turf Club solely for the purpose of Redeveloping the Randwick Racecourse over the course of the next two financial years. The first payment of \$75 million is due to be receipted on the 1st of July 2011 and the second payment of \$75 million on the 1st of July 2012. The accounting treatment will be on a cash basis to reflect when economic benefits and obligations will be received. Payments to the Australian Turf Club will be made once the redevelopment has commenced and on the receipt of certified program claims.

There are guarantees provided by the ANZ Bank in favour of WorkCover Authority of NSW amounting to \$39,400,000 (2010: \$36,298,000) at the end of the reporting period, against a facility of \$39,400,000 (2010: \$36,298,000). Unused facilities at the end of the reporting period amount to \$0 (2010: \$0).

Assets pledged as security.

The carrying amounts of assets pledged as security for the financial guarantees issued by the ANZ bank in favour of WorkCover are set out in note 7. A registered mortgage debenture over all the assets of Racing NSW is held by the ANZ bank.

The Cash on Deposit - Workers Compensation are pledged as security for the ANZ Bank Guarantee to Workcover.

NOTE 25: KEY MANAGEMENT PERSONNEL

a) Key Management Personnel

The following persons were key management personnel of Racing NSW during the financial year:

Name	Position Held
Alan Brown	Chairman
Alan Bell	Deputy Chairman
Ken Brown AM	Board Member
Kim Harding	Board Member
Arthur Inglis	Board Member
Peter V'landys	Chief Executive Officer
Ray Murrhly	General Manager - Integrity
Paul Eriksson	General Manager - Finance & IT
John Keledjian	Laboratory Director - Operations
Andrew McKinney	Laboratory Director - Scientific (until 21st January 2011)
Adam Cawley	Laboratory Director - Scientific (from 21st March 2011)
Keith Bulloch	General Manager - Regulatory
Scott Kennedy	General Manager - Industry and Analytical
Pete Sweney	Legal Counsel
Natalie Tipping	General Manager - Insurance, Special Projects, Asst. Legal Counsel
John Galvin	General Manager - Workers Compensation (from 1 February 2011)
Maurice Logue	General Manager - Training
Victoria Samba	General Manager - Marketing (until 30 October 2010)
Francesca Murchie	General Manager - Marketing (from 9 February 2011)

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

	2011 \$	2010 \$
NOTE 25: KEY MANAGEMENT PERSONNEL (CONT.)		
b) Key Management Personnel Compensation		
Salary, Bonuses and Fees	2,756,193	2,276,038
Non-Cash Benefits	103,800	103,800
Other Long Term Benefits	31,325	50,240
Superannuation	214,296	316,314
Total	3,105,614	2,746,392

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

c) Policy for determining the nature and amount of key management personnel compensation

The remuneration of Board Members is established by the Thoroughbred Racing Act, 1996.

The remuneration of the Chief Executive is subject to a contract for executive services, with the level of remuneration subject to annual review by the Board of Racing NSW. Due to the nature of Racing NSW as an entity, remuneration while being performance based, is not tied to the achievement of specific objectives, and no formal bonus structure is in place.

The remuneration of the other key management personnel is determined by the Chief Executive Officer, with the level of remuneration subject to annual review by the Chief Executive Officer. Remuneration while being performance based, is not tied to the achievement of specific objectives, and no formal bonus structure is in place.

Due to the nature of Racing NSW as an entity, no Board Member or employee receives compensation in the form of equity instruments.

There are no loans to key management personnel and their related parties.

NOTE 26: ENTITY DETAILS

Racing NSW was established as the NSW Thoroughbred Racing Board, an entity under the Thoroughbred Racing Act 1996. As such it is an entity incorporated and domiciled in Australia.

The registered office and principal place of business of the Board is: Level 7, 51 Druitt Street, Sydney, NSW, 2000.

NOTE 27: SEGMENT REPORTING

	2011			2010		
	Racing NSW	Insurance	Total	Racing NSW	Insurance	Total
Primary Reporting - Business Segments						
Revenue						
External Sales	23,804,204	11,552,535	35,356,739	24,086,122	12,920,807	37,006,929
Other Revenue	929,659	1,530,704	2,460,363	549,099	665,721	1,214,820
Movement in Market Value of Investment	-	-	-	-	2,155,058	2,155,058
Non-repayable grant prior year adjustment	1,899,842	-	1,899,842	-	-	-
Share of profit of associate (RISA)	232,935	-	232,935	173,160	-	173,160
Total Segment Revenue	26,866,640	13,083,239	39,949,879	24,808,381	15,741,586	40,549,967
Expenditure	24,392,021	12,693,301	37,085,322	23,829,265	15,531,414	39,360,679
Depreciation	897,798	28,597	926,395	716,970	59	717,029
Share of Loss of associated entity	-	-	-	-	-	-
Total Segment Expenditure	25,289,819	12,721,898	38,011,717	24,546,235	15,531,473	40,077,708
Segment Result	1,576,821	361,341	1,938,162	262,146	210,113	472,259
Assets						
Segment Assets	155,982,761	37,810,402	193,793,163	107,704,777	33,607,864	141,312,641
Investments in Assets Accounted for using the Equity Method	3,751,083	-	3,751,083	1,618,306	-	1,618,306
Total Assets	159,733,844	37,810,402	197,544,246	109,323,083	33,607,864	142,930,947
Liabilities						
Segment Liabilities	152,589,049	46,228,033	198,817,082	101,993,986	44,147,962	146,141,948
Total Liabilities	152,589,049	46,228,033	198,817,082	101,993,986	44,147,962	146,141,948
Net Assets/(Liabilities)	7,144,794	(8,417,631)	(1,272,837)	7,329,097	(10,540,098)	(3,211,001)
Purchase of Non-Current Assets	984,970	-	984,970	728,254	-	728,254
Impairment Losses	-	-	-	-	-	-
Significant Non Cash Expenses other than Depreciation	-	2,056,947	2,056,947	-	6,046,597	6,046,597

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 27: SEGMENT REPORTING (CONT.)

The primary business activity of Racing NSW is provision of racing services to the industry. The secondary activity is the Workers Compensation Fund. All income and expenditure is incurred within the thoroughbred racing industry within the state of New South Wales, Australia.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage.

The entity operates in one geographical segment, being NSW Australia.

NOTE 28: RELATED PARTIES

(a) Key Management Personnel

The key management personnel of the entity are disclosed in note 24(a).

The names of the key management personnel who were members of the Board at any time during the year were as follows:

A. Brown	K. Brown AM
A. Bell	K. Harding
A. Inglis	P.N. V'landys

The operation of Racing NSW Rewards Club have incurred transaction fees with Pinpoint Pty Ltd of \$315,875 and an asset write off of \$83,335 bringing the expense for the financial year to \$399,210. Pinpoint Pty Ltd is owned by Kim Harding a Board member of Racing NSW. All transactions with Pinpoint Pty Ltd are conducted on normal commercial terms.

Mr A Brown and Mr P N V'landys, both board members of Racing NSW, are also directors of Racingcorp Pty Limited and each beneficially own for Racing NSW one Class A1 share unit in Racingcorp Pty Limited.

Mr A Brown and Mr P N V'landys are also directors of Australian Racing Board Limited.

(b) Other Related Parties

Racing NSW undertakes accounting, administrative, banking and payroll services and support for Racing NSW Country Limited, NSW TRB Training Limited, Racingcorp Pty Limited and Australian Racing Board Limited. Refer Note 8 for amounts due from these related entities. Amounts disclosed below detail transactions with these related entities during the year. These transactions are on normal commercial terms. These are summarised as follows:

	Expenses Paid on behalf of entity	Receipts taken on behalf of entity
- Racing NSW Country Limited	58,877,950	60,272,440
- Australian Racing Board Limited	1,483,174	1,682,879
- Racingcorp Pty Limited	166,290	147,832
- NSW TRB Training Limited	679,345	795,513

NOTE 29: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

a) General objectives, policies and processes

Activities undertaken by Racing NSW may expose the business to a variety of financial risks: credit risk, liquidity risk, market risk and insurance risk. The Board has overall responsibility for the determination of Racing NSW's financial risk management objectives and policies. Racing NSW's financial risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of Racing NSW where such impacts may be material.

Racing NSW has a central treasury function which implements the financial risk management policies approved by the Board of Directors.

There have been no substantive changes in Racing NSW's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated.

b) Credit risk

Credit risk is the risk that the other party to the financial instrument will fail to discharge their obligations resulting in Racing NSW's incurring a financial loss.

Racing NSW trades only with recognised, credit worthy third parties. Receivable balances are monitored on an ongoing basis with the result that Racing NSW's exposure to bad debts is not significant.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

	2011 \$	2010 \$
Trade Debtors	1,343,871	1,562,629
Other Receivables	21,478,112	21,004,173
Stakes Payment Debtors	6,457,775	9,199,094
Cash at Bank	8,906,090	32,873,020
Cash on Deposit	144,615,228	66,291,257
Investments	-	-
	182,801,076	130,930,173

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 29: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

b) Credit Risk (cont.)

Objectives and Policies	Process for Managing the Risk	Methods used to Measure the Risk
Policies require that Cash at Bank and Cash on Deposit be placed with major banks approved by the Board.	No changes to investments are made without Board approval. Deposits and term investments are placed with major banks with rating AA or above.	The holdings and performance of Cash at Bank and Cash on Deposit are reported to the Board on a monthly basis.
Debtors are assessed as to likely recovery prior to advancing credit. Stakes Payment Debtors and Trade Debtors are reviewed and treated separately.	Debtors are reviewed on an ongoing basis depending on type of debt. Collectability is assessed on a regular basis.	Aged Debtors Balances are reviewed on a regular basis.
Policies require that all Investments be placed with major institutions approved by the Board.	No changes to investments are made without Board approval.	The holdings and performance of Investments are reported to the Board on a monthly basis.

Concentration of Debtors

Racing NSW determines the credit risk from the type of debtor and type of debt. Stakes Payment debtors are recoverable as Racing NSW has significant control over industry funding and acts as the facilitator between industry participants for the distribution of these funds.

A significant proportion of Trade Debtors relates to BOBS. BOBS trade debtors as at 30 June 2011 were \$1,108,497 (2010: \$1,309,149). The Board believes the credit risk is negligible due to control over future winnings attributable to these debtors.

A significant proportion of Trade and Other Receivables comprise amounts receivable from the associated entities Racing NSW Country Limited, Racingcorp Pty Limited and Australian Racing Board Limited. Additionally a significant portion of Trade and Other Receivables comprises the loan receivable from the Australian Turf Club. The receivables from the associated entities as at 30 June 2011 were \$2,808,371 (2010:\$4,202,861), \$70,900 (2010:\$52,442) and \$889,981 (2010:\$1,089,687) respectively, with the loan receivable from the Australian Turf Club being \$13,217,130 (2010:\$13,217,130). (Note 8)

The Board believes the credit risk is negligible due to control over the funding through the Racing Distribution Agreement, Inter-Code Agreement and the Intra-Code Agreement.

Impairment

Impairment is determined based on the type of debtor and the type of debt. Normal trading terms are 30 days from date of invoice, however in respect of Stakes Payment debtors this may vary depending on the debtor type. In general the major Stakes Payment debtors have 30 working days following the fortnightly prize money pay run to clear their accounts. This is generally automatic as Racing NSW facilitates distribution of the TAB Product Fees to Stakes Payment debtors.

Unpaid Trade debtor's accounts over 90 days are reviewed for impairment. Outstanding Other Receivables are reviewed for impairment on an individual basis. The provision for impairment is based on the likelihood of recovery after contact with the debtor and assessment of recourse action available.

2011 Trade and Other Receivables ageing are as follows:

	Total \$	Current \$	30 days \$	60 Days \$	90 Days \$
Maximum Exposure - Trade Debtors	1,443,335	332,186	889,368	13,798	207,983
Maximum Exposure - Stakes Payment Debtors	6,457,775	6,457,775	-	-	-
Maximum Exposure - Other Receivables	21,478,112	21,478,112	-	-	-
	29,379,222	28,268,073	889,368	13,798	207,983
Amount past due but not considered Impaired	1,011,685	-	889,368	13,798	108,519
Amount past due considered Impaired	99,464	-	-	-	99,464
	1,111,149	-	889,368	13,798	207,983
Impairment provision	(99,464)	-	-	-	(99,464)

2010 Trade and Other Receivables ageing are as follows:

	Total \$	Current \$	30 days \$	60 Days \$	90 Days \$
Maximum Exposure - Trade Debtors	1,633,276	507,404	780,897	4,540	340,435
Maximum Exposure - Stakes Payment Debtors	9,199,094	9,199,094	-	-	-
Maximum Exposure - Other Receivables	21,004,173	21,004,173	-	-	-
	31,836,543	30,710,671	780,897	4,540	340,435
Amount past due but not considered Impaired	1,055,223	-	780,897	4,540	269,786
Amount past due considered Impaired	70,649	-	-	-	70,649
	1,125,872	-	780,897	4,540	340,435
Impairment provision	(70,649)	-	-	-	(70,649)

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 29: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

b) Credit risk (Cont)

Trade debtor amounts are unsecured. Stakes Payment debtor and Other Receivable amounts are primarily Racing Clubs and are indirectly secured through industry agreements.

Trade debtors are primarily BOBS and are indirectly secured through the BOBS funding agreement. The Board does not believe there is any material credit risk on the debtor balances that are past due but not considered impaired due to the agreements in place.

Allowance for Impairment Loss

Trade Receivables are non-interest bearing and are generally required to be settled with 30 days. BOBS receivables may be deferred for 12 months. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. Movements in the provision for impairment loss were as follows.

	2011 \$	2010 \$
Opening Balance	70,649	68,797
Provision for Doubtful Receivables	28,815	1,852
Closing Balance	99,464	70,649

Concentration of Investments

Racing NSW determines the credit risk from the bank or institution that retains funds of the business. There is a concentration of credit risk with respect to current bank deposits and investments in the following institutions.

Institution

ANZ Bank	141,331,571	99,164,277
Westpac Bank	12,189,747	-
Total	153,521,318	99,164,277

c) Liquidity Risk

Liquidity risk is the risk that Racing NSW may encounter difficulties raising funds to meet commitments associated with financial instruments.

Objectives and Policies	Process for Managing the Risk	Methods used to Measure the Risk
Board policies require that Racing NSW maintain adequate cash reserves to meet the liquidity demands when due and payable.	Racing NSW monitors liquidity risk by daily monitoring of the cash position and regular review of the annual cash flow.	Racing NSW manages purchases and staff remuneration within an expenditure budget.
Borrowings are not generally undertaken by the Board. Any borrowing must be approved by the Board.	Borrowings must be 100% supported by the investment.	
Trade Creditors are assessed as to quality of service provided and paid within due date following General Manager Authorisation.	Trade Creditors are paid weekly based on due date and managerial authorisation.	Trade Creditors' ledger is reviewed on a monthly basis.
Stakes Payment Creditors are paid on a fortnightly basis.	Stakes Payment Creditors are paid fortnightly in arrears following authorisation by the Chief Executive.	Industry Creditors are reviewed every fortnight when they are paid.

Concentration of Creditors

Racing NSW determines the credit risk from the type of creditor and type of payable. Stakes Payment creditors are generally offset by Stakes Payment debtors. Racing NSW acts as the facilitator between industry participants for the distribution of these funds.

There is no concentration of credit risk with respect to current payables.

Maturity Analysis for Financial Liabilities - 2011

	Carrying Amount \$	Contractual Cash Flows \$	< 6 Months \$	6-12 Months \$	1-4 years \$
Trade and Other Payables	7,225,309	7,225,309	7,225,309	-	-
Stakes Payment Creditors	7,909,687	7,909,687	7,909,687	-	-
Breeders and Owners Bonus Schemes	16,148,668	16,148,668	3,874,490	7,306,875	4,967,303
Race Fields	106,772,794	106,772,794	106,772,794	-	-
Redevelopment Funds	12,000,000	12,000,000	12,000,000	-	-
Total	150,056,458	150,056,458	137,782,280	7,306,875	4,967,303

Maturity Analysis for Financial Liabilities - 2010

Trade and Other Payables	4,813,291	4,813,291	4,813,291	-	-
Stakes Payment Creditors	7,204,457	7,204,457	7,204,457	-	-
Breeders and Owners Bonus Schemes	16,748,818	16,748,818	5,072,261	6,800,652	4,875,905
Racefields	70,737,674	70,737,674	70,737,674	-	-
Total	99,504,240	99,504,240	87,827,683	6,800,652	4,875,905

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 29: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

c) Liquidity Risk (cont)

Economic Dependency

Racing NSW received 22.33% (2010: 22.48%) of its income via a First Charge on the TAB distributions to the Thoroughbred Racing Industry. This distribution is governed by the NSW Racing Distribution Agreement as entered into by Racingcorp Pty Limited and TAB Limited. Consequently, Racing NSW is economically dependent on TAB Limited.

d) Market Risk

Market Risk includes interest rate risk and price risk and arises from the use of interest bearing financial instruments. Racing NSW is exposed to fluctuations in interest rates on its cash holdings and cash deposits. Racing NSW is exposed to price risk on its investments.

Interest Rate Risk

Racing NSW is exposed to fluctuations in interest rates on its cash at bank balances. Cash on Deposit have short term fixed interest rates. There are no interest bearing financial liabilities. The effective weighted average interest rate on financial assets is shown below.

Objectives and Policies	Process for Managing the Risk	Methods used to Measure the Risk
Board policies require that Racing NSW review and negotiate interest rates on Cash at Bank on a regular basis in order to maximise their return.	Racing NSW negotiates a Current Cash Rate less a tiered discount rate for all Cash at Bank.	Racing NSW checks interest rate applied by recalculating interest received on an average balance for the month and comparing to actual rates less tiered discounts.
Board policies require that Racing NSW review and negotiate interest rates on Cash on Deposit on roll-over of the deposit.	Racing NSW negotiates an interest rate in line with market rates at the time of roll-over.	Racing NSW checks interest rate applied to Cash on Deposit by recalculation of interest revenue received.

2011	Effective Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing < 1 year	Non Interest Bearing	Total
		\$	\$	\$	\$
Financial Assets:					
Loans and Receivables					
Cash at Bank	4.345%	8,906,090	-	-	8,906,090
Cash on Deposit	4.857%	-	144,615,228	-	144,615,228
Receivables	4.857%	13,217,130	-	16,062,628	29,279,758
Total Loans and Receivables		22,123,220	144,615,228	16,062,628	182,801,076
Financial Liabilities:					
Breeders and Owners Bonus Scheme	-	-	-	16,148,668	16,148,668
Trade and Other Payables	-	-	-	133,907,790	133,907,790
Total Financial Liabilities measured at amortised cost		-	-	150,056,458	150,056,458

2010

Financial Assets:

Loans and Receivables

Cash at Bank	3.591%	32,873,020	-	-	32,873,020
Cash on Deposit	4.066%	-	66,291,257	-	66,291,257
Receivables	4.066%	13,217,130	-	18,548,766	31,765,896
Total Loans and Receivables		46,090,150	66,291,257	18,548,766	130,930,173
Financial Liabilities:					
Breeders and Owners Bonus Scheme	-	-	-	16,748,818	16,748,818
Trade and Other Payables	-	-	-	82,755,422	82,755,422
Total Financial Liabilities measured at amortised cost		-	-	99,504,240	99,504,240

Interest Rate Sensitivity

Racing NSW performs a sensitivity analysis to measure market risk exposures at the time of each maturity of the investment so as to assess the reinvestment opportunities. There is no interest rate sensitivity for trade receivables or payables. Interest rate sensitivity only applies to Racing NSW Cash at Bank and Cash on Deposit.

Based on the calculations as at 30th June 2011, the net profit impact for a 100 basis points movement in interest rates would be \$1,667,384 (2010: \$1,123,814)

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 29: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

d) Market Risk (cont)

2011	Current Weighted Average Rate	Amount \$	100 basis points Increase in Interest Rate \$	100 basis points Decrease in Interest Rate \$
Cash at Bank	4.345%	8,906,090	89,061	(89,061)
Cash on Deposit	4.857%	144,615,228	1,446,152	(1,446,152)
Receivables	4.857%	13,217,130	132,171	(132,171)
Total		166,738,448	1,667,384	(1,667,384)
2010				
Cash at Bank	3.591%	32,873,020	328,730	(328,730)
Cash on Deposit	4.066%	66,291,257	662,913	(662,913)
Receivables	4.066%	13,217,130	132,171	(132,171)
Total		112,381,407	1,123,814	(1,123,814)

The method used in determining the sensitivity was to evaluate the interest revenue based on the timing of the interest repricing on the deposits for the next 12 months. The following assumptions were applied:

- the rate at the beginning of the 12 month period would apply for the whole period.
- the cash on deposit would all reprice to the new interest rate at the same time.
- the base rate is the weighted average across the cash on deposit.

Insurance Risk

Pursuant to section 13(1)(d) of the Thoroughbred Racing Act 1996 (NSW), Racing NSW's functions include "insuring of participants in the horseracing industry". Racing NSW holds a specialised insurer's licence issued by WorkCover NSW that permits it to offer compulsory workers compensation insurance for employers and employees engaged in activities incidental to thoroughbred horse racing.

The rights and obligations of Racing NSW as a specialised insurer, are regulated by the Workers Compensation Act 1987 (NSW) and the Workplace Injury Management and Workers Compensation Act 1998 (NSW). These Acts define the circumstances in which an employer has a liability to an injured worker, the manner and timing of any decision by Racing NSW as to the granting of indemnity, and the quantum of benefits payable in response to a claim. Racing NSW provides an annual actuarial report to WorkCover NSW for the period to 30 June in each financial year that covers issues such as:

- The quantum of outstanding liabilities.
- The predicted development of such liabilities, payments on new claims and other expenses during the subsequent financial year.
- The number of new claims expected and an estimate of Incurred But Not Reported (IBNR) claims for the preceding financial year.
- The amount of the bank guarantee that Racing NSW must arrange to be executed by an established financial institution in favour of WorkCover NSW to support its ability to fund the thoroughbred racing industry's accumulated and expected workers compensation liabilities. (Refer Note 18)

Racing NSW is committed to managing legal, operational and financial risk in the conduct of its workers compensation activities.

Financial payments made by the fund are initially approved by the relevant claims manager. Payments are then entered by a different department and returned to the Insurance Manager for authorisation before being randomly audited and processed by the General Manager – Finance and the Chief Executive.

Established practices and procedures govern the internal management of claims, the selection and remuneration of service providers and the manner in which critical decisions are made in relation to individual claimants (such as decisions to contest liability and/or litigate appropriate cases). These practices and procedures are regularly reviewed and, in conjunction with the Occupational Health & Safety and Workers Compensation summary publicly available on Racing NSW's website, are available for review and comment by WorkCover NSW upon request.

Racing NSW's Insurance Manager is a practising lawyer with experience and qualifications in the allied health field. This enables decisions about legislative interpretation, the conduct of litigation and the resolution of disputes to be made (or reviewed) by an appropriately qualified expert. In addition, Racing NSW uses a number of experienced external legal practitioners, including Senior Counsel and recognised firms of solicitors, as and when appropriate.

NOTE 30: FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value has been determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset and liability.

The information is only relevant to circumstances at balance date and will vary depending on market rates and conditions at the time. The carrying value less impairment provisions for trade receivables and payables approximates their fair values due to their short term nature. The carrying value of other short term financial assets and liabilities is assumed to approximate their fair value due to their short term nature. The fair value of financial liabilities, that are maturing in more than 12 months, for disclosure purposes, has been estimated by discounting the future contractual cash flows at the current market interest that is available to Racing NSW. Significant assumptions used in determining the cash flows are that they will be consistent with the contracted cash flows under their respective contracts. Other specific assumptions used are:

- the interest rate used for discounting is the published ANZ Reference Rate as at 30 June each year. 2011: 11.19% (2010: 10.8%)
- payments are made evenly throughout the period.
- BOBS has been discounted over 4 years (2010: 4 years) due to the nature of the BOBS agreement.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 30: FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

	Fair Value	2011 Carrying Value	Variance	Fair Value	2010 Carrying Value	Variance
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash at Bank	8,906,090	8,906,090	-	32,873,020	32,873,020	-
Cash on Deposit	144,615,228	144,615,228	-	66,291,257	66,291,257	-
Receivables	29,279,758	29,279,758	-	31,765,896	31,765,896	-
Total Financial Assets	182,801,076	182,801,076	-	130,930,173	130,930,173	-
Financial Liabilities:						
Breeders and Owners Bonus Scheme	15,875,661	16,148,668	(273,007)	16,489,830	16,748,818	(258,988)
Trade and Other Payables	133,907,790	133,907,790	-	82,755,422	82,755,422	-
Total Financial Liabilities measured at amortised cost	149,783,451	150,056,458	(273,007)	99,245,252	99,504,240	(258,988)

	2011 \$	2010 \$
NOTE 31: INSURANCE ACTIVITIES		
Premium revenue	9,947,225	9,731,780
Reinsurance recoveries and other recoveries revenue	245,588	185,224
Other Income	1,359,722	3,003,803
	11,552,535	12,920,807
Interest Income	1,530,704	665,721
Movement in market value of Investment Fund	-	2,155,058
	1,530,704	2,820,779
Underwriting expenses	1,581,444	1,425,612
Direct claims expense	12,517,975	13,601,111
Outwards reinsurance premium expense	519,471	504,750
	14,618,890	15,531,473
Underwriting result for the financial year excluding investments revenue and expense	(3,066,355)	(2,610,666)
Investments		
ANZ Trust	-	-
	-	-
Operating Assets		
Bank	32,038,892	29,129,668
Reinsurance recoveries	5,771,510	4,478,196
	37,810,402	33,607,864
Total Assets		
	37,810,402	33,607,864
Liabilities		
Outstanding claims	45,958,614	43,901,667
Unearned Premiums	269,419	246,296
	46,228,033	44,147,963
Refer to Note 18 for bank guarantee and other information relating to Workers Compensation Provision.		
a) Outstanding Claims		
Gross undiscounted claim liability	60,802,293	60,953,686
Discount to present value	(21,545,619)	(23,679,539)
Central estimate of the expected present value of future payments for claims incurred	39,256,674	37,274,147
Prudential margin	6,701,940	6,627,520
	45,958,614	43,901,667
Current	8,901,817	7,555,234
Non-current	37,056,797	36,346,433
	45,958,614	43,901,667

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 31: INSURANCE ACTIVITIES (CONT.)

a) Outstanding Claims (cont.)

The average weighted term to settlement of the outstanding liabilities is 11.8 years (2010: 12.85years).

The following average inflation rates and discount rates were used in measuring the liability for outstanding claims:

	2011		2010	
	Next Year	Thereafter	Next Year	Thereafter
Inflation rate	3.75%	4.00%	3.75%	4.50%
Discount Rate	5.35%	5.35%	5.35%	5.35%

b) Net claims incurred for current year and change in incurred for prior years.

	2011		2010	
	Current Year Incurred	Reassess Prior Years	Current Year Incurred	Reassess Prior Years
	\$	\$	\$	\$
Gross undiscounted incurred claims	18,248,000	(7,164,000)	14,165,000	2,048,000
Undiscounted reinsurance & other recoveries	(23,000)	(1,071,000)	(18,000)	(3,258,000)
Net undiscounted incurred claims	18,225,000	(8,235,000)	14,147,000	(1,210,000)
Discounting of incurred claims	(4,781,000)	7,137,000	(4,234,000)	2,365,000
Discounting recoveries	7,000	(243,000)	6,000	308,000
	13,451,000	(1,341,000)	9,919,000	1,463,000
Gross discounted incurred claims	13,467,000	(27,000)	9,931,000	4,413,000
Discounted reinsurance & other recoveries	(15,000)	(1,314,000)	(12,000)	(2,950,000)
Net discounted incurred claims	13,452,000	(1,341,000)	9,919,000	1,463,000

The claim cost incurred consists of paid to date plus estimate of outstanding liabilities plus claim management expenses, being 9% of the gross discounted liability.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 32: INSURANCE ACTIVITIES (CONT.)

c) Claim Development

Claims cost estimate	Prior	Accident Year										Total
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
At the end of accident year	n/a	6,329,488	5,659,267	5,745,520	7,132,984	8,351,672	8,154,329	8,852,558	13,326,633	10,768,330	14,057,842	88,378,623
One year later	n/a	5,931,061	5,247,415	6,046,826	7,637,118	7,640,157	9,177,341	10,454,049	14,599,553	10,269,359		77,002,878
Two years later	n/a	5,447,721	5,327,736	6,249,429	5,961,684	8,687,932	9,538,730	10,586,406	14,002,698			65,802,336
Three years later	n/a	5,274,256	5,257,470	5,379,526	7,238,938	9,110,498	9,660,750	10,792,657				52,714,095
Four years later	n/a	6,300,556	3,890,939	5,755,785	8,273,813	9,271,091	9,658,166					43,150,350
Five years later	n/a	5,240,290	4,000,405	7,282,263	7,824,281	8,149,674						32,496,913
Six years later	n/a	5,617,672	4,964,264	7,501,846	7,293,066							25,376,849
Seven years later	n/a	6,311,672	5,292,736	6,831,022								18,435,430
Eight years later	n/a	6,174,198	5,206,734									11,380,932
Nine years later	n/a	5,726,989										5,726,989
Current estimate of claims cost	-	5,726,989	5,206,734	6,831,022	7,293,066	8,149,674	9,658,166	10,792,657	14,002,698	10,269,359	14,057,842	
Cumulative payments	-	(4,528,544)	(3,960,144)	(4,922,012)	(4,719,443)	(5,193,683)	(5,240,683)	(5,895,222)	(6,334,215)	(3,548,342)	(2,789,254)	
Undiscounted central estimate	4,127,274	1,198,445	1,246,590	1,909,010	2,573,623	2,955,991	4,417,483	4,897,435	7,668,483	6,721,016	11,268,587	48,983,937
Effect of discounting	(1,726,517)	(519,808)	(551,532)	(803,509)	(1,080,860)	(1,205,309)	(1,789,076)	(1,924,469)	(2,652,757)	(2,413,034)	(3,611,836)	(18,278,706)
Discounted central estimate	2,400,757	678,637	695,058	1,105,501	1,492,763	1,750,682	2,628,408	2,972,965	5,015,726	4,307,982	7,656,751	30,705,231
Claims handling expense	216,068	61,077	62,555	99,495	134,349	157,561	236,557	267,567	451,415	387,718	689,108	2,763,471
Risk margin	523,365	147,943	151,523	240,999	325,422	381,649	572,993	648,106	1,093,428	939,140	1,669,172	6,693,740
Present value recognised in the statement of financial position	3,140,190	887,658	909,135	1,445,996	1,952,534	2,289,892	3,437,957	3,888,639	6,560,570	5,634,841	10,015,030	40,162,442

This table shows the way in which the cost of claims for each accident year has developed over time.

d) Maturity Analysis for Outstanding Claims

Workers Compensation Claim Payments - Undiscounted	2011						2010					
	All Years	< 1 year	1-2 years	2-5 years	> 5 years	All Years	All Years	< 1 year	1-2 years	2-5 years	> 5 years	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	48,984,000	6,058,000	4,349,000	3,439,000	35,138,000	49,771,000	5,283,000	3,757,000	7,946,000	32,785,000		

This table shows the maturity analysis for the remaining contractual maturities of the workers compensation liabilities. The management of insurance risk and liquidity risk are disclosed in Note 30. Amounts shown are undiscounted and exclude claims handling expenses.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2011

NOTE 32: RISA

On 26 November 2003, Racing NSW signed a number of transaction agreements relating to the establishment of Racing Information Services Australia Pty Limited ("RISA").

RISA was established to undertake some of the functions of the State Principal Racing Authorities (PRA) which would provide synergies for the PRA's and to facilitate the sale of racing information to the market place.

On 10 September 2004, Racing NSW gave notice rescinding the RISA transaction agreements on the basis of what Racing NSW maintains were misrepresentations of certain crucial matters. RISA advised that it did not accept the notice of rescission and disputed Racing NSW's right to rescind the agreements. Following negotiations between RISA and Racing NSW, on 19 December 2005 Racing NSW signed an agreement reinstating the November 2003 transaction agreements with an effective date of 1 December 2003. The agreement provided for:

1. Racing NSW to sell its 42% stake in the Registrar of Racehorses to RISA at a sale price of \$1,050,000
2. Racing NSW to obtain an investment in RISA, which is assessed at \$3,511,225
3. Racing NSW to have net funding commitments to RISA of \$2,221,001
4. Racing NSW to recognise the "non re-payable grants" as income.
5. Racing NSW director on RISA board has the right to veto RISA Board decisions.
6. RISA has retained a non-exclusive licence to sell NSW racing information to persons or organisations that do not use this information for wagering operations but foregone any right to sell NSW racing information to wagering operators.

On 1st July 2007 Queensland Racing Limited acquired an 18% interest in RISA with the impact being a dilution of RNSW's ownership from 42.7% to 35% additionally the net funding commitment was reduced by \$548,792 as was the carrying value of the investment.

DECLARATION BY MEMBERS OF THE BOARD

The Members of the Board declare that:

- (1) the financial statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes:
 - (i) give a true and fair view of the financial position of Racing NSW as at 30 June 2011 and its performance for the year ended on that date.
 - (ii) are in accordance with the Thoroughbred Racing Act 1996 (NSW) and comply with Accounting Standards.
- (2) as at the date of this declaration there are reasonable grounds to believe that Racing NSW will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Members of the Board and is signed for and on behalf of Racing NSW.



Mr A.R. Bell
Deputy Chairman
Dated at Sydney 30th September, 2011



Mr P.N. Vlandys
Chief Executive



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RACING NSW BOARD

We have audited pages 41 to 63 of the accompanying financial report of Racing NSW, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by the Members of the Board.

Board Members Responsibility for the Financial Report

The Board Members of Racing NSW are responsible for the preparation and fair presentation of the financial report in accordance with the Thoroughbred Racing Act 1996 and Australian Accounting Standards, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates

made by the Board Members, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Racing NSW as of 30 June 2011 and of its financial performance and cash flows for the year then ended in accordance with the Thoroughbred Racing Act 1996 and Australian Accounting Standards.



BDO Audit (NSW-VIC) Pty Ltd



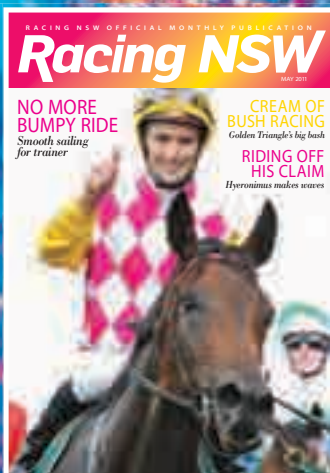
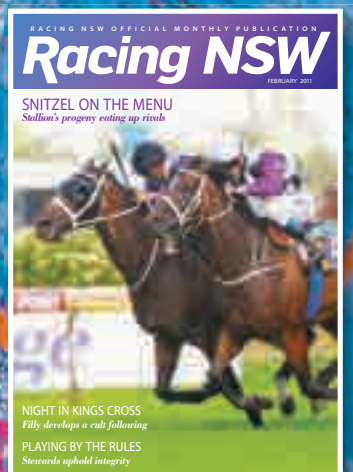
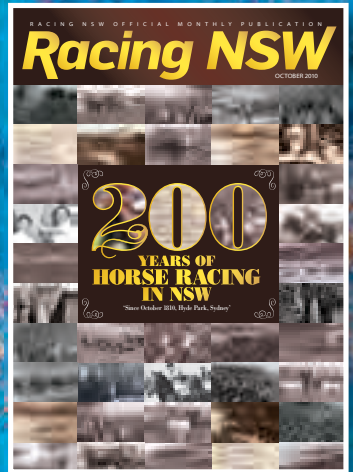
Iain Kemp
Director

Signed at Sydney, this 13th day of October, 2011.

BDO Audit (NSW-VIC) Pty Ltd ABN 17 114 673 540
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Racing NSW





NSW Country Horse of the Year, Voice Commander (Kathy O'Hara, blue, red armbands), captures the Wagga Gold Cup

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