



ANNUAL REPORT 2013



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Front cover: Sydney's champions for last racing season – It's a Dundeel (NSW Horse of the Year); (L-R): Nash Rawiller (George Moore Award); Chris Waller (TJ Smith Award & Bart Cummings Medal) and Sam Clipperton (Theo Green Award)

MISSION STATEMENT

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

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 that appeals to all demographics, and takes all actions necessary to guarantee integrity and confidence in the sport.

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



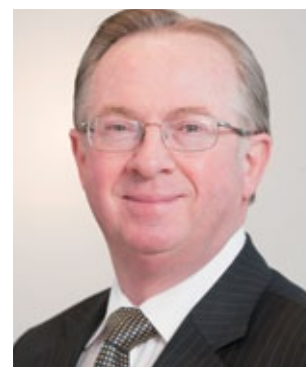
CURRENT MEMBERS OF THE BOARD



J M Messara AM (John)
CHAIRMAN
Appointed 19 December 2011
Attended 12 Meetings



Ms N Sparks (Naseema)
DEPUTY CHAIRMAN
Appointed 19 December 2011
Attended 10 Meetings



R Balding AO (Russell)
Appointed 19 December 2011
Attended 12 Meetings



A F Brown (Alan)
Appointed 19 December 2011
Attended 9 Meetings



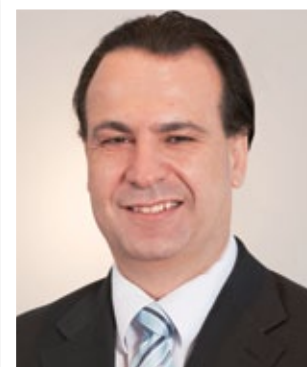
K M Brown AM (Ken)
Appointed 19 December 2011
Attended 11 Meetings



The Hon K P Greene (Kevin)
Appointed 19 December 2011
Attended 12 Meetings



A G Hodgson AM (Tony)
Appointed 19 December 2011
Attended 12 Meetings



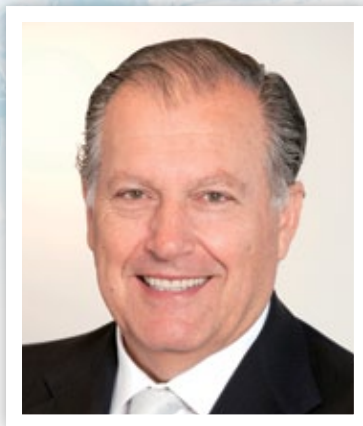
P N V'landys (Peter)
RACING NSW CHIEF EXECUTIVE
Appointed 23 February 2004
Attended 12 Meetings

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,
- b1) 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



John Messara AM
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, I am pleased to submit to you the 17th Annual Report of **Racing NSW** covering the period 1 July 2012 to 30 June 2013.

Board meetings were held on 12 occasions during the year and I again acknowledge the invaluable contributions of my fellow Board members whose expertise, business acumen and detailed knowledge of the thoroughbred racing industry have enabled **Racing NSW** to undertake its functions and responsibilities to the highest levels.

Racing NSW continued to pursue policies aimed at improving returns to owners and to improve the incomes of those many participants who rely on the industry for their livelihoods. To this end, **Racing NSW** funded prizemoney increases from July 2012 totaling approximately \$29 million annually.

In addition **Racing NSW** oversaw the commencement of a major capital development program for the State's racecourses. This program, which is being financed with accrued funds generated from Race Fields fees, is focused on improvements to racing surfaces and training facilities at major provincial and country racecourses throughout the State. We also continued to work closely with the Australian Turf Club in the construction of the new grandstand and associated facilities at Royal Randwick.

Construction of this grandstand is completed and it is now open for business. I believe that the state of the art facilities contained in the structure are the equal of any grandstand anywhere in the racing world and I am confident that the grandstand will prove to be a major attraction for Sydney and will result in increased interstate and overseas tourism.

During the year we have progressed several other

major initiatives which will provide significant benefits for the industry. These included:

- Finalisation of negotiations for the aggregation of all media rights for NSW and Victorian thoroughbred race meetings;
- The restructure of the Sydney Autumn Racing Carnival; and
- Negotiations with your Government for the provision of additional funding for the above carnival and the revitalisation of the industry.

As required under the Thoroughbred Racing Act 1996, the Board has continued to hold meetings with the Racing Industry Consultative Group (RICG) and the advice provided by that body has been most appreciated and has ensured that the Board develops its policies in a manner which best suits the needs of the industry and its participants.

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

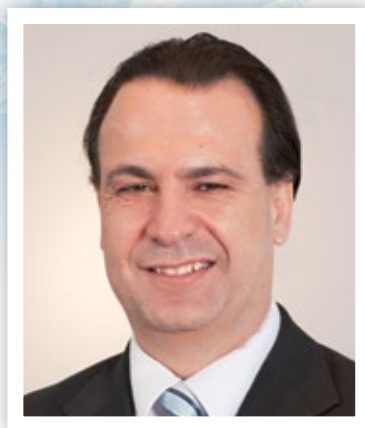
I would also like to thank you and your staff, particularly Frank Marzic, as well as your Departmental Officers for your assistance and support during the year and confirm that we are looking forward to working with you over the coming years to further the welfare of the many thousands of participants who are involved in the NSW Thoroughbred Racing Industry.

Yours Sincerely

A handwritten signature in black ink, appearing to be 'J. Messara', written in a cursive style. The signature is positioned above the printed name and title.

John Messara AM
Chairman

CHIEF EXECUTIVE'S REPORT



Peter V'landys
Chief Executive

2012/13 was a year in which the industry was able to capitalize on **Racing NSW**'s successful defence of the challenge to the validity of Race Fields Legislation. This resulted in the collection of \$59 million per annum in Race Fields fees from wagering operators throughout Australia plus interest earned of \$7.4 million.

The increased revenue allowed the payment of record levels of prizemoney and returns to owners as well as the introduction of an Australian first with the payment of a percentage of prizemoney to licensed stable staff to reward them for the success of their respective stables. In addition, the release of \$102 million in accrued Race Fields fees allowed us to commence a major capital development program at racecourses throughout the State including developments at the Randwick, Newcastle, Hawkesbury, Scone and Muswellbrook racecourses.

It was also very exciting to see the opening of the magnificent new grandstand at Royal Randwick racecourse, which was funded by **Racing NSW** selling to TAB its 17% share of the virtual racing game, Trackside, for \$150 million.

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 and expanded on the major issues below.

Operational Costs and Administrative Charge

Racing NSW reported an operating surplus of \$2,883,851 before the Race Fields funding of Capital works at NSW Racecourses of \$7,358,079. Including extraordinary items and the treatment of accrued Race Fields, the surplus is \$98,822,916. The most pleasing aspect again this year is that the first charge to the NSW Thoroughbred Racing Industry against the TAB distribution was \$7,557,068 down \$229,719 compared to \$7,786,787 in the previous year. In a time of increasing costs generally, **Racing NSW** continues to operate extremely efficiently.

The **Racing NSW** Workers Compensation Fund recorded a surplus of \$1,611,738 which goes towards

funding possible future liabilities. The total amount allowed for future liabilities is \$47,558,178 (gross before the reinsurance recoveries). This includes a 20% prudential margin as a buffer to ensure the fund has sufficient funds to pay its possible future liabilities.

Workers Compensation

During 2012/13 the Racing NSW Workers Compensation Fund experienced a 7.6% decrease in the incidence of new claims compared to 2011/12. In the 2 year period from 2010/11 the incidence of new claims has reduced by 13.2%. This is a very beneficial outcome which bears testimony to the continuous commitment to improving safety across the industry. Additionally, the reduction in new claims has occurred despite the increase in both the number of races and starters over the corresponding period.

Actuarial assessment at 30 June 2012 forecast the gross liability of the Fund at 30 June 2013 to be \$47,558,178 (gross before the reinsurance recoveries). In an excellent outcome, the net liability of the fund at 30 June 2013 has been contained to \$40.4 million which represents a reduction of \$3.4 million on the forecasted net liability.

The Fund experienced an operational surplus of \$1.6 million for the year ending 30 June 2013. This surplus was largely the result of continuing strong claims and injury management practices which focus on the early, safe and sustainable return of the injured worker to pre-injury or other suitable employment. All surpluses go towards funding future liabilities.

Race Fields Fees

During the year, 337 wagering operators throughout Australia were granted approvals to provide wagering services on NSW Thoroughbred Race Fields and \$59 million in fees was collected in the 12 months to 30 June 2013 plus interest of \$7.4 million. All of the available fees collected have been utilised to assist race clubs in meeting minimum prizemoney obligations.

As a result of a proposal submitted to the NSW State Government by **Racing NSW**, the Racing Administration Amendment (Fees) Regulation 2013 was introduced from 1 March 2013 to provide for an increase from 1.5% to 2% of

CHIEF EXECUTIVE'S REPORT

wagering turnover for the use of NSW Race Fields information at premium race days (being race meetings at which any race offering prizemoney of \$150,000 or more is held).

Significant extra costs apply to these premium race days with increased marketing and promotional campaigns and higher prizemoney and, as customers are more attracted to these meetings, each wagering operator's business and profit for the day reflects that interest.

In addition, from 1 July 2013 **Racing NSW** amended the conditions applying to Race Fields approvals to provide for the payment of a 1% fee by bookmakers on turnover under \$5 million per annum.

In previous years, wagering operators were exempt from paying any fee under the \$5 million threshold. From 1 July 2013, wagering operators will pay 1% for the first \$5 million in turnover and 1.5% (or 2% for premium meetings) over \$5 million.

The move brings New South Wales into line with most other Australian States which charge Race Fields fees on all wagers. The new monies from the 1% fee will be paid entirely to NSW Race Clubs to help them with the costs of conducting their race meetings.

Collectively, these initiatives will generate an additional \$6 million revenue per annum.

Randwick Redevelopment

Construction of the new grandstand and the Theatre of the Horse at Randwick Racecourse was completed during the year and the building is now open and operational. The grandstand, which is a world class building offering state of the art facilities, is an essential addition for the future of thoroughbred racing in NSW. It provides the premium "shop front" which will attract new audiences and participants to our industry. The public has many alternatives to spend their disposable income and have a much greater expectation and these new facilities not only meet expectations but exceed them. In addition to providing an excellent race day experience the facility, will also enable the Australian Turf Club the means of generating substantial income from non-race day activities.

The grandstand was funded by **Racing NSW** selling to TAB its 17% share of the wagering product known as Trackside (the simulated racing game sometimes referred to as "cartoon racing") for \$150 million.

It simply would not have been commercially possible to undertake such a major renovation of Randwick, without the monies generated from the sale of Trackside, as the Australian Turf Club and **Racing NSW** had exhausted all efforts to identify other possible sources of funding.

Returns to Owners

Thoroughbred racing in NSW again continued to perform strongly in delivering very good returns to the owners of thoroughbred racehorses.

Despite several years of flat or negative revenue growth from wagering, **Racing NSW** was still able to keep prizemoney at a level that maintained returns to owners at a rate comparable with Victoria where the industry received \$85 million per annum more than NSW in TAB distributions.

The victory in the Race Fields' case and accompanying revenue enabled **Racing NSW** to increase prizemoney from July 2012. This provided the most significant across the board increase ever to prizemoney in NSW, with total NSW prizemoney increasing by \$28.8 million for 2012/13.

This increase enabled:

- A 50% increase for Country racing with every race at TAB meetings increasing from \$10,000 to \$15,000;
- A 21% increase for Saturday Metropolitan meetings taking races from \$70,000 to \$85,000;
- Races at Metropolitan mid-week meetings increasing by 30% from \$27,000 to \$35,000. These were increased by a further \$5,000 to \$40,000 per race from July 2013;
- Races at public holiday Metropolitan meetings were increased by \$7,750 per race to \$50,000 from July 2013;
- Provincial races increasing by between 42% and 46% to \$22,000; and
- Races at Country Sky2 race meetings increasing by 60% to \$8,000 per race and races at Country non-TAB meetings increasing by 71% to \$6,000 per race.

In addition a new policy saw prizemoney paid down to 10th place so as to offset costs incurred by owners in having their horses presented for race meetings.

These prizemoney increases saw returns to owners in 2012/13 increase from \$147.6 million to \$173.3 million.

Also boosting returns to owners for 2012/13 was another strong year for **Racing NSW's** Breeder Owner Bonus Scheme (BOBS). Total bonuses paid to winning owners including BOBS Double Up were \$10.6 million, with BOBS continuing to be the most lucrative of any Australian State bonus scheme.

Despite the increase in prizemoney that have taken place from July 2012 and July 2013, racehorse owners in NSW collectively bear deficits of \$170 million in the costs (this does not include the cost of acquiring the horse) of having horses trained for competition compared to their prizemoney return. The extent of this 'subsidy' from owners continues to be the most pressing strategic issue facing the industry and its longer term viability.

Racing NSW is working stridently to improve the funding of the NSW Thoroughbred Racing Industry to reduce the net costs for owners of participating in racing.

Race Date Structure

From July 2013 the race date structure in NSW has been amended to transfer ten Metropolitan meetings from the Australian Turf Club to be run as Provincial race meetings.

As a consequence of this restructure the Australian Turf Club will conduct 113 race meetings, down from 123. The ten transferred meetings are shared among Newcastle, Hawkesbury and Kembla Grange. These venues were selected for the transferred meetings because the geometry of these racecourses are conducive for competitive racing, which in turn generates the maximum wagering turnover for the industry.

While the total number of Metropolitan races was reduced, prizemoney has been increased by a net of almost \$1.5 million annually. Accompanying this restructure from 1 July 2013 was an increase in midweek Metropolitan prizemoney to \$40,000 per race and \$50,000 per race for

CHIEF EXECUTIVE'S REPORT

Metropolitan public holiday races.

To date these transfers have had a significant positive impact on Metropolitan field sizes, without creating any undue negative impact on Provincial racing.

With this successful change in the structure of Metropolitan and Provincial race dates, the process of race date allocation will be further revamped. **Racing NSW** is moving to issuing three year rolling race dates from 2014/15, in order to enable clubs to better plan for the use of their racecourse and increase the level of non-racing revenue generated.

Payments to Stablehands and Other Licensed Stable Staff

In announcing the above prizemoney increases, which became effective on 1 July 2012, **Racing NSW** also announced that the industry's lowest paid workers (licensed stablehands and other licensed stable staff) would also benefit from the increases.

It was determined that 1.5% of all prizemoney would be set aside and paid to licensed stablehands and other licensed stable staff to ensure that they benefit from the success of the stables in which they are employed.

The 1.5% is deducted from the owners' share of prizemoney and the payments are made directly to the licensed stablehands through the Stakes Payment System, each quarter.

BOBS

The **Racing NSW** Breeder Owner Bonus Scheme reached record levels of participation and rewards in 2012/13. For the season, 1,488 bonuses were paid out, up almost 100 on last season. The total value of bonuses was \$10.6 million. Of this 1,227 bonuses were paid in cash totalling \$7.5 million. Additionally a further 261 claims worth \$3.1 million were registered during the season through the unique BOBS Double Up component of the program. These additional funds were used by owners to purchase yearlings sired by NSW based stallions.

Of the bonuses won, 636 (52%) were won at country and picnic race meetings, 372 at provincial meetings (30%) and 219 at metropolitan meetings (18%).

BOBS Extra bonuses were also at record levels with 166 bonuses worth \$1.07 million paid out. The aim of BOBS Extra is to improve the quality of staying races in NSW and to preserve the racing careers of thoroughbreds by rewarding the patience of owners and breeders with slower maturing horses. From season 2013, winners of BOBS Extra bonuses will also be able to claim Double Up bonuses instead of taking cash. The conditions also changed slightly, with the minimum race distance moving from 1600m to 1800m.

149 NSW based stallions participated in the scheme for the 2012 breeding season.

In the next twelve months **Racing NSW** is determined to drive continuous improvement in the BOBS program to ensure it retains its place as the nation's leading bonus scheme.

Racing NSW has now paid out almost \$77 million in

bonus prizemoney and BOBS Double Ups since BOBS began in 2002.

Capital Development Program

Following the handing down of the High Court decision in the Race Fields case **Racing NSW** determined that a portion of the accrued revenue from Race Fields would be set aside for a racecourse Capital Development Program as well as establishing a "Future Fund" to hedge the industry against any unforeseen declines in revenue receipts. The Capital Development Program will be largely in alignment with the 2010 Strategic Plan.

An audit of the top 30 Country and Provincial racecourses was undertaken to assess racing and training facilities throughout NSW and the prioritization of works was determined in accordance with the primary targets detailed in the 2012 Annual Report.

In line with these guidelines the Board approved a preliminary budget of \$36.9 million for the implementation of a first tranche of projects. Before proceeding with the implementation of the program the Chairman and the Chief Executive met with the Provincial Racing Association of NSW and Racing NSW Country to obtain their input on the proposed developments and upgrades. It was also determined that all capital works were to have long-term benefits and funding was to be subject to guarantee of the availability of resources for proper on-going maintenance and supervision of funded works.

Amongst the projects approved for funding were:

Royal Randwick – \$1.7 million – Complete upgrade of the Kensington racecourse with a StrathAyr turf profile.

Hawkesbury – \$4.1 million – The course proper was upgraded with the home straight lengthened to 400m. The extension of the home straight beyond the previous winning post required the construction of a large gabion wall to fill the area into which the home straight was extended. Other works at the racecourse included construction of new broadcast, stewards and photo finish towers, improvements to drainage of the course proper and a full refurbishment of the race days stalls.

Newcastle – \$10 million for construction of second racecourse inside and upgrade of existing course proper plus \$1.2 million for Pro-Ride fast work track.

Score – \$480,000 for drainage works and other race day infrastructure including additional race day stalls, upgrades to the parade ring and outside running rail.

Muswellbrook – \$550,000 for an upgrade to the racecourse irrigation system and new drainage.

Tuncurry-Forster – \$900,000 for upgrade of racecourse to provide amenities to enable the racecourse to stage TAB race meetings. These included additional race days stall, stewards towers, jockeys rooms, stewards room and racegoer amenities. These works will enable the venue to stage race meetings and provide valuable capacity as works are undertaken elsewhere in the region.

Bathurst – \$750,000 for irrigation upgrades, water, sewer, electrical connections and upgrade of female jockeys room.

CHIEF EXECUTIVE'S REPORT

Corporate Governance of Race Clubs

At the time of approving funding of capital projects to be financed from Race Fields accrued revenue, **Racing NSW** approved the introduction of new governance models for race clubs including the appointment of independent directors for race clubs receiving such financial assistance.

Under this policy, clubs receiving more than \$750,000 in capital funding are now required to adopt a governance model that includes a mix of elected and appointed independent directors.

In the case of Provincial clubs it has been determined that a governance model of four elected directors and three appointed or independent directors should be implemented. This model has been adopted by the membership of the Newcastle Jockey Club, the Hawkesbury Race Club and the Illawarra Turf Club.

Taking account of the importance of voluntary labour for Country race clubs it was determined that Country clubs moving to an independent governance model be allowed to adopt a constitution with ten directors, of which four are appointed as independent directors.

The appointment process is to be undertaken by a panel comprising the Club Chairman, a non-executive Board member of **Racing NSW** and the Local Chamber of Commerce President.

The independent directors are to be selected to bolster and enhance the skill set of the Boards of race clubs. Independent directors will have qualifications or experience in areas such as law, accounting, construction, marketing, event management, business management or other expertise which the elected Board members may not have. Also, many skilled and experienced persons will not run for popular elections, and are lost to the industry.

TVN Aggregation

The exploitation of media rights has always been fundamental to the wagering market given that vision of races drives wagering. The evolving landscape of media rights means that the coverage of thoroughbred racing needs to be wide-reaching and significantly enhanced in terms of its quality and optionality. Racing, like all other sports, must keep pace with these exciting and changing times.

During the year, **Racing NSW** negotiated the aggregation of all NSW media rights into TVN, the thoroughbred industry owned aggregator and broadcaster. As part of that aggregation, the corporate governance of TVN was restructured to ensure it now equally represents the interests of the New South Wales and Victorian Thoroughbred Racing Industries. The Board of TVN is now made up of four directors appointed by the NSW Thoroughbred Racing Industry and four directors appointed by the Victorian Thoroughbred Racing Industry. A number of key measures have been implemented so that the focus of TVN is the promotion of thoroughbred racing in NSW and Victoria so as to maximise wagering and the returns to the thoroughbred racing industry.

Improved Broadcast Policy

During the year, **Racing NSW** undertook an extensive investigation of strategies to upgrade the broadcast quality of NSW thoroughbred race meetings. **Racing NSW** then engaged Smart Media to scope options for the delivery of outside broadcast ("OB") including acquiring and operating a fleet of OB vehicles or alternatively establishing on-site studios at racecourses complemented by smaller sized production suites.

These upgrades to race footage will include development of high definition and graphics compatibilities for the broadcast of races from throughout NSW.

In addition, a digital strategy project commenced in March 2013 to enhance the consumer experience across three specific target markets;

- The participant
- The punter
- The 'digital savvy' potential customer of our sport

A leading firm specializing in digital media was commissioned to conduct the initial scoping of the project. That firm has now submitted a report outlining the options available to **Racing NSW** and it is anticipated that the project will be finalized during the first six months of the next financial year.

Increased Powers of Racing NSW

Apart from the ability to cancel a club's registration in the event of it failing to comply with a condition of registration, **Racing NSW** previously had no power to impose any other sanctions on race clubs who breached their conditions of registration. Cancelling a club's registration, however, would have a negative flow-on effect on the wider industry and its participants.

So as to overcome this anomaly, **Racing NSW** approached the Minister with a request that the legislation be suitably amended, to allow clubs to be financially penalized if they breached their conditions of registration which are put in place to protect the interest of the NSW Thoroughbred Racing Industry as a whole.

Subsequently, increased powers for **Racing NSW** were included in the Racing Administration Amendment Act 2013 which was assented to on 7 May 2013. Those amendments impose sanctions on race clubs which fail to comply with a condition of their registration.

Australian Racing Forensic Laboratory

Laboratory – The Australian Racing Forensic Laboratory (ARFL), as a department of **Racing NSW** is integral to integrity functions and is committed to the fundamental right of the public to have confidence that racing is run fairly, honestly and efficiently. In order to maintain drug free racing, the ARFL provides analytical testing services to **Racing NSW** stewards and customers who contract its services which make use of state of the art drug testing equipment as part of a quality system in formulating a prohibited substances detection strategy.

With strong collaboration with interstate and overseas racing laboratories, ARFL is continually responding to the latest threats and challenges faced by racing jurisdictions

CHIEF EXECUTIVE'S REPORT

by responding strategically to develop methods to detect new drugs, and this includes the long term storage of specified samples in a process called 'tanking' in -80 degree freezers indefinitely, for future testing. There is also a number of joint ventures with universities researching future threats.

Apart from providing testing services for **Racing NSW**, the ARFL also provides similar services for other racing authorities (Harness Racing and Greyhound Racing) throughout Australia as well as several equine societies and authorities and other non-racing agencies. During the year ARFL conducted in excess of 25,000 tests.

Thoroughbred Rehabilitation Program

The treatment of thoroughbred horses at the conclusion of their racing career has been previously identified as a cause for concern in regards to equine welfare.

In the 2010 Strategic Plan prepared by **Racing NSW**, several measures were proposed to address the issue, including the 'Development of after race care programs, facilities and services for thoroughbred horses'.

At present, the retirement of thoroughbred racehorses can commonly lead to euthanasia and so **Racing NSW**, as part of its strategy, sought to introduce a program to re-educate former racehorses and re-house them for future equine careers.

After hearing about a successful program in America that used animals to rehabilitate prison inmates, **Racing NSW** sought to adopt a similar program which offers a solution to a two-pronged issue, rehabilitating former racehorses and providing inmates with lifelong skills.

Established in March 2011, the Thoroughbred Rehabilitation Program aims 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 such as equestrian competition, Mounted Police or security work and for leisure purposes;
- provide inmates with skills, training and prospective employment opportunities in the thoroughbred industry, through the completion of relevant tertiary TAFE qualifications offered through the Thoroughbred Rehabilitation Program.

The Thoroughbred Rehabilitation Program is a not-for-profit venture, with any proceeds from the sale of retrained horses reinvested into the Thoroughbred Rehabilitation Program to allow for its ongoing maintenance and possible extension.

All operating costs of the Thoroughbred Rehabilitation Program are borne by **Racing NSW**, assisted by the benevolence of key industry suppliers. The Australian Turf Club has generously donated use of the Canterbury Racecourse facilities for advanced training.

Public funding is generated via the NSW Thoroughbred Horse Rehabilitation Trust ("TRT"), a charitable trust appointed by **Racing NSW** to conduct fundraising in support of the Thoroughbred Rehabilitation Program. During 2013, industry and public donations to the TRT funded expansion of the Canterbury site to include an undercover training arena, enabling retraining to be carried out safely

and comfortably in all weather conditions.

The Thoroughbred Rehabilitation Program has the capacity to accommodate 80 horses at any one time. During 2013, the Thoroughbred Rehabilitation Program's second year of operation, 54 ex-racehorses were successfully retrained and rehomed as leisure or equestrian eventing horses. No horses are sold for commercial purposes under the Thoroughbred Rehabilitation Program.

I wish to thank the Trustees of the TRT and the Thoroughbred Rehabilitation Program's many volunteers for their generosity of time and passionate commitment to this very worthy cause. Through increased awareness and continuing industry support, it is hoped that one day every retired thoroughbred can be guaranteed a life after racing.

Jockey Welfare Programs

As part of **Racing NSW**'s continuing commitment to improving jockey welfare, the Jockeys Benefit Scheme ("JBS") was established to provide financial assistance and other forms of support to NSW jockeys in need or preparing for a new career.

The JBS comprises:

- (a) the Jockeys Benefit Scheme Trust ("JBS Trust"), a public charitable trust established to provide financial assistance to former and current NSW jockeys and their families who are in necessitous circumstances; 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 upon retirement.

During 2012/13, the NSW Jockeys Trust provided assistance of \$40,000 to NSW jockeys who found themselves in severe financial distress, mainly as a result of significant injury or illness and over \$94,000 in total was distributed from the JBS Discretionary Fund.

Acknowledgments

I again take the opportunity to express my appreciation to members of the Board for their leadership and support during the year. Their collective administrative experience, business acumen and working knowledge of the racing and wagering industries has proved vital to the administration of thoroughbred racing throughout the year.

I also thank Board members for their support and friendship particularly the Chairman, John Messara, whose passion, intellect and immense determination was inspirational.

Thanks also to the members of the Racing Appeals Tribunal, the Appeal Panel, the Integrity Assurance Committee and the Jockeys Benefit Scheme Trust for their invaluable contributions during the year.

Finally, I acknowledge and thank the executive and staff of **Racing NSW** for their continued loyalty, conscientious, professionalism and hard work during the year.

Peter V'landys
Chief Executive

INDUSTRY



Scott Kennedy
General Manager –
Industry & Analytical

OVERVIEW

Wagering on Racing

The 2012/13 year saw a continuation of the change in the Australian wagering market.

While wagering through the NSW TAB remains the dominant source of funding of the NSW racing industry, the mix of totalizator and fixed odds wagering continues to change with fixed odds wagering growing to be almost 20% of racing's wagering turnover, with fixed odds turnover growing against lower totalizator sales. Total NSW TAB racing turnover was flat against the previous financial year.

During the year, turnover on NSW thoroughbred racing grew by 1.7%. Turnover from interstate wagering operators attracting Race Fields fees grew by more

than 3% underpinning the importance of **Racing NSW's** success in defending Race Fields Legislation.

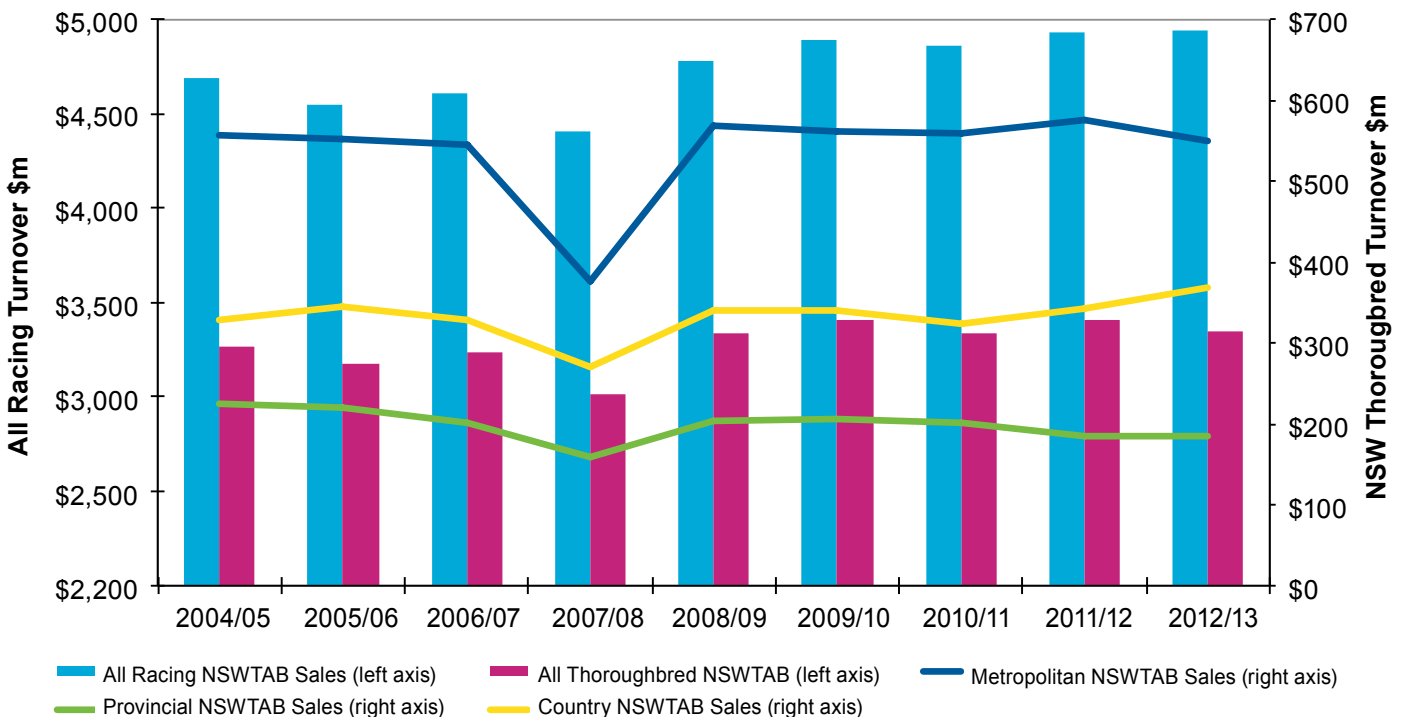
The chart below incorporates both totalizator and fixed odds wagering on the NSW TAB for recent years. Metropolitan wagering sales were affected by the limited use of Royal Randwick racecourse.

Prizemoney and Returns to Owners

The 2012/13 year was a new high in prizemoney and returns to owners in NSW following success in defending the Race Fields Legislation.

A total of 124 Metropolitan status and 118 Provincial status race meetings were held during the year. The number of Metropolitan status meetings held increased slightly, while Provincial meetings declined by two compared to the previous year.

WAGERING SALES ON NSW TAB



INDUSTRY

The Country sector again conducted a number of TAB race meetings well in excess of the 241 contracted with Tabcorp through the Racing Distribution Agreement.

Payments to Race Clubs from TAB Funding and Returns to Owners

TAB distributions to Race Clubs in 2012/13 were \$145.9 million, a slight increase on fees received in 2011/12, with the increase largely attributable to a one-off item relating to prior years.

Increases in non-feature prizemoney across all sectors saw prizemoney rise more than \$147m and a further increase in BOBS bonuses paid saw total returns to owners rise to more than \$173m.

The increase in prizemoney was funded by recurrent Race Fields fees paid directly to Clubs to enable them to meet higher prizemoney commitments. The chart overleaf summarises TAB distributions and returns to owners for each sector.

Race Meetings

The total number of NSW race meetings rose by 18 in 2012/13 compared to 2011/12. Compared to the previous year, the Metropolitan sector benefited from fewer wet weather abandonments of Metropolitan meetings run at the Provincial tracks during the Royal Randwick Grandstand construction.

Country weekday and Sunday TAB meetings regained wet weather losses from recent years to a record 315 meetings conducted.

There was also further modest growth in the number of Saturday TAB fixtures in the second full year of Sky 2 TAB meetings converted from non-TAB fixtures. The total non-TAB meetings held rose slightly to 110, however, these were well below the number run in previous years.

Given their classification as Metropolitan meetings by **Racing NSW** for premierships and calculation of apprentice jockey claims, the Hawkesbury 'stand-alone' meeting on 5 May 2013 and Scone meetings on Friday 17 May 2013 and Saturday 18 May 2013 are included in the Metropolitan figures below.

SECTOR	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Metropolitan	121	88	121	123	126	120	124
Provincial	118	86	122	121	122	120	118
Country TAB	288	220	291	293	279	291	315
Country Saturday TAB	20	25	25	38	68	70	65
Country Non-TAB	175	99	154	150	107	109	110
Picnic	26	18	30	27	27	31	28
TOTAL	748	537	743	752	729	741	760

Races Conducted

Consistent with the overall increase in the number of race meetings held, the total number of races in 2012/13 increased by almost 130 to 5,414.

SECTOR	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Metropolitan	945	688	936	934	951	917	931
Provincial	942	699	955	958	959	934	919
Country TAB	2,254	1,763	2,274	2,285	2,137	2,228	2,391
Country Saturday TAB	142	197	197	265	427	443	416
Country Non-TAB	960	526	816	784	575	590	596
Picnic	150	101	173	155	154	174	161
TOTAL	5,393	3,974	5,351	5,381	5,203	5,286	5,414

Race Starters

Total NSW race starters increased again in 2012/13 by a total of almost 800 over the previous year.

Total Metropolitan and Provincial starters decreased marginally, while Country TAB starters continued to grow. This was partly attributable to a growth in the number of Metropolitan-trained starters at Country tracks, especially venues nearer to Sydney such as Goulburn.

As a result, Country race starters increased, especially weekday and Sunday TAB starters which were almost 1,150 higher than in the previous year, recovering on the increased number of meetings and races held during the year.

SECTOR	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Metropolitan	9,195	6,615	9,242	9,280	9,162	8,954	8,925
Provincial	9,552	7,377	9,766	9,803	9,418	9,140	9,124
Country TAB	24,582	19,520	25,132	25,951	23,628	24,787	26,016
Country Saturday TAB	1,681	2,142	2,089	2,916	4,468	4,601	4,317
Country Non-TAB	7,876	4,332	6,633	6,869	4,920	4,942	4,926
Picnic	974	605	1,084	1,007	948	1,082	994
TOTAL	53,860	40,591	53,946	55,826	52,544	53,506	54,302

Race Field Sizes

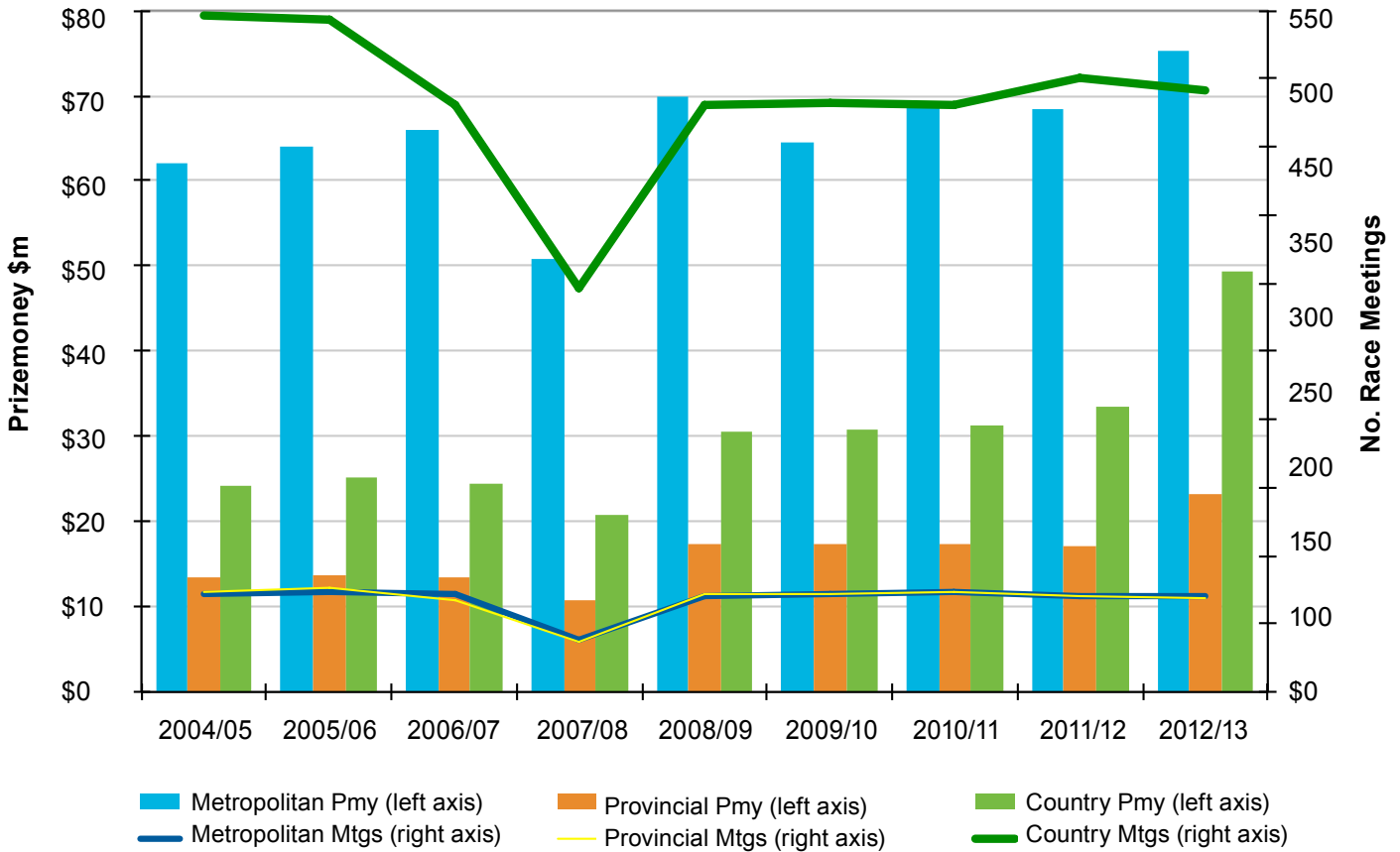
The decline in Metropolitan and Provincial starters levels were in line with the number of race meetings, with average race field sizes largely unchanged from 2010/11.

Average country race field sizes were slightly down for Saturday TAB and non-TAB racing, with a slight increase in the average for weekday and Sunday TAB racing.

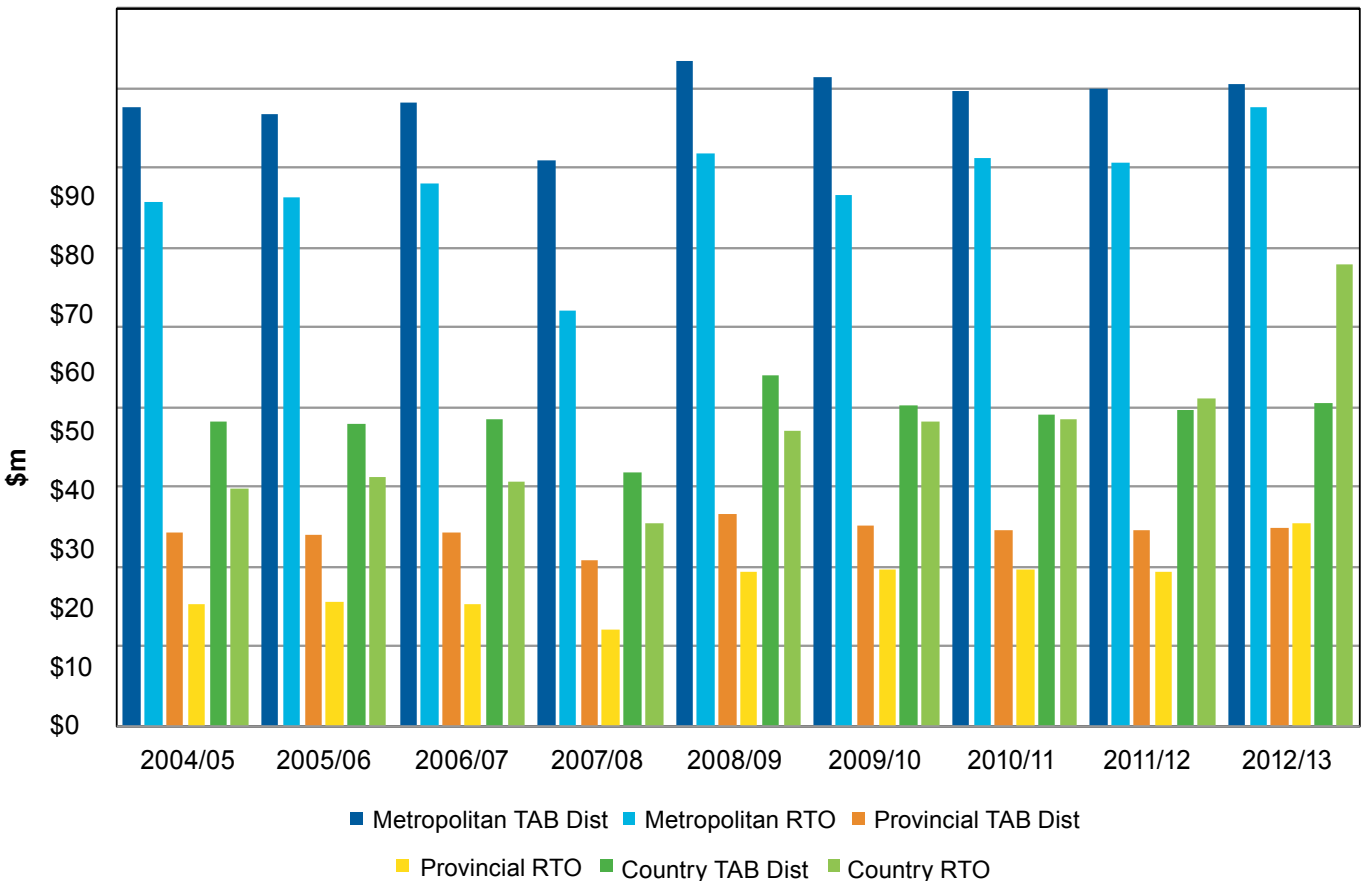
SECTOR	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Metropolitan	9.73	9.60	10.01	9.94	9.63	9.76	9.59
Provincial	10.14	10.55	10.23	10.23	9.82	9.79	9.93
Country TAB	10.91	11.07	11.05	11.36	11.06	11.13	10.88
Country Saturday TAB	11.84	10.87	10.60	11.00	10.46	10.39	10.38
Country Non-TAB	8.20	8.23	8.13	8.76	8.56	8.38	8.27
Picnic	6.49	5.99	6.27	6.50	6.16	6.22	6.17
TOTAL	9.99	10.21	10.08	10.37	10.10	10.12	10.03

INDUSTRY

NSW PRIZEMONEY & RACE MEETINGS



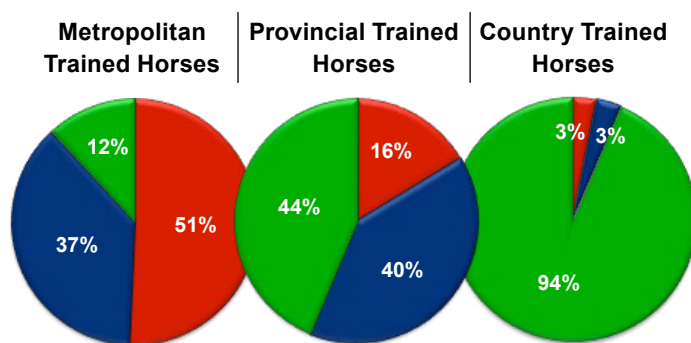
TAB DISTRIBUTIONS & RETURNS TO OWNER SECTOR



There are several elements in play that contribute to race field sizes. An important factor in the differential between Country TAB and Metropolitan and Provincial starters is the extent to which horses race across sectors. Country trained horses tend to race within their broader regions, owing to distance that would have to be travelled and finding suitable races. Conversely, Metropolitan and Provincial trained horses have a greater incidence of racing outside their sector and region. This is primarily due to there being more races that could be regarded as suitable, especially with increases in Country prizemoney, along with BOBS adding to the attraction of contesting Country TAB races at venues within reach of Sydney and the Provincial region.

The chart below summarises the cross-over of horses trained in each sector and where they race, demonstrating the greater transfer of Metropolitan and Provincial trained horses.

2012/13 NSW RACE STARTERS BY SECTOR RACED AND TRAINED



Raced at:

- Metropolitan race meetings
- Provincial race meetings
- Country race meetings

Industry Support

Racing NSW continued to administer and supervise the Racecourse Redevelopment Funding Deed which relates to the provision of grants for capital improvements at Royal Randwick and Rosehill Gardens.

At Royal Randwick, the redevelopment of facilities for racegoers has included construction of a new Grandstand and extensive refurbishment of the existing QEII Stand to create two grandstands providing first class spectator facilities, function areas, restaurants and corporate boxes.

Part of the development including the Theatre of the Horse was available for use during the Autumn Carnival in April.

The entire redevelopment was completed in August 2013 with the quality of refurbishment establishing a new benchmark for spectator sports facilities in this country.

During the year, **Racing NSW** completed the roll out of PVC running rail at 30 Country racecourses across NSW which first came into use at Scone Racecourse in May 2012.

Racing NSW continues to provide installation technical support including management of the defects liability period for the PVC rail.

Several capital projects funded by accumulated Race Fields fees were undertaken or commenced during 2012/13 as outlined in the Chief Executive's Report.

Group and Listed Race Highlights

NSW-trained horses dominated the Australian racing season on the basis of Group One wins both in Australia and internationally.

The Paul Messara trained ORTENSIA was successful at York (GB) in the Group 1-Nunthorpe Stakes and also the Group 2-King George Stakes at Goodwood.

The Peter Snowden trained MENTAL was also successful overseas with a victory in the Group 2-AI Shindagha Sprint in Dubai before being sent to England to be trained.

The season was highlighted by the exceptional crop of three-year-olds spearheaded by multiple Group One winners PIERRO and ALL TOO HARD.

The Gai Waterhouse-trained superstar PIERRO carried on from his stellar 2yo year with victories in the Group 1-Canterbury Stakes and George Ryder Stakes.

The Hawkes team-trained ALL TOO HARD took out four Group One races, namely the Caulfield Guineas, C.F. Orr, Futurity and All Aged Stakes.

Other 3yos who won Group One races against the older horses were YOUR SONG (BTC Cup), EPAULETTE (Doomben 10,000), FIVEANDHALFSTAR (The BMW) and SACRED FALLS (Doncaster Handicap).

The result of the Doncaster saw three-year-olds sweep the placings with PIERRO and NORZITA filling the minor placings behind SACRED FALLS.

Champion New Zealand 3yo IT'S A DUNDEEL became the first horse to win the Triple Crown of the Randwick Guineas, Rosehill Guineas and ATC Derby since the Randwick Guineas replaced the Canterbury Guineas.

NSW-trained horses were also to the fore in the ANZ Classifications with category winners being OVERREACH (2yo), SIDESTEP (2yo Male), PIERRO (3yo Sprinter), SNITZERLAND (3yo Sprinter Filly), NORZITA (NZ) (3yo Mile & Intermediate Filly), ROYAL DESCENT (3yo Long Filly), MENTAL (Older Sprinter Male), MORE JOYOUS (NZ) (Older Mile), SHOOT OUT (Joint Older Mile Male) and RELIABLE MAN (GB) (Joint Older Intermediate).

Chris Waller was the most successful Metropolitan trainer of the season and in taking out his third consecutive premiership, broke the long-standing record of the number of city wins that was jointly held by Tommy Smith and his daughter Gai Waterhouse.

Nash Rawiller won the Metropolitan Jockeys' Premiership, while Greg Ryan rode the most number of winners for the season in NSW.

Sam Clipperton won the Metropolitan Apprentices' title whilst Cassandra Schmidt was the most successful apprentice in NSW with the most number of winners.



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 Fields Information, and payment of required fees
- Licensing Department – licensing of industry personnel
- Registration – NSW functions including changes of horse ownership, transfers, leases and syndicates, racing colours
- Handicapping
- Industry Training Department – AREA partnership with TAFE Western Sydney
- Syndications, Licensed Promoters and ASIC communication
- Stablehand 1.5% prizemoney bonus scheme
- Chairman, Racing NSW Licensing Committee
- Trustee, NSW Jockey's Trust
- Alternate Member, NSW Jockeys' Governance Advisory Committee
- Alternate Member, NSW Animal Care and Ethics Committee
- Alternate Director, Australian Racing Board
- Alternate Member, TAFE Governance Partnership Committee
- Rules of Racing, betting and some disciplinary enquiries in conjunction with stewards
- Project work as assigned
- Chairman – number of Racing NSW Show Cause Hearings
- Barrier Draw auditing
- Swab sample quality transport and storage auditing

The GM-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:

Industry Training Department Review

The GM-Regulatory reviewed the operations of the department to more closely align the aims of industry training with the needs of the industry.

Some new staff was employed with specific skill sets to deliver the training and assessment strategy needed to better qualify industry workers.

The department was relocated to Richmond TAFE campus under **Racing NSW's** and TAFE Western Sydney's training partnership banner Australian Racing and Equine Academy (AREA).

AREA now operates as one combined team under the management of TAFE's Robyn Parkinson.

The outcome of the review and changes has realised a sharp increase in the number of trainees signed into traineeships as stablehands, track riders, horse trainers, barrier attendants, future apprentice jockeys, track maintenance workers and Club administration staff.

As employers, Race Clubs and racehorse trainers are receiving incentive payments from Government as encouragement for their staff to undertake the training and to compensate for time spent on the job. **Racing NSW's** aim for a better qualified and safer industry will continue to be met with the new direction AREA has taken.

Stablehand and Other Licensed Stable Staff 1.5% Payments Scheme

As a direct result of the Race Fields Legislation court decision in March 2012, the Racing NSW Board and Chief Executive allocated money to stablehands as reward to these highly needed industry workers for the hard work they put in.

The new incentive scheme was introduced in July 2012, rewarding eligible stablehands with prizemoney bonus payments.

At the end of each quarter, trainers submit online the number of hours worked in that quarter by each eligible stablehand on their team. 1.5% of prizemoney earned by stable runners during that period are then paid on a pro-rata basis directly to each eligible stablehand.

REGULATORY

Race Fields Legislation – Two Significant Changes

Two changes were introduced in the 2012/13 period:-

1. The introduction of 2% Premium Race Meeting charges to wagering operators took effect in March 2013. To match the Government Legislation, revised terms and conditions were published by **Racing NSW** for wagering operators. New approval schedules were issued to reflect the turnover of each operator;
2. A review of the \$5 million threshold saw the introduction of a 1% charge to wagering operators on turnover under the threshold. Revised terms and conditions were published by **Racing NSW** to take effect 1 July 2013. New approval schedules were issued to reflect the turnover of each operator, with the collected fees destined for distribution to Race Clubs.

Appointment of Jockey Medical Liaison Officer

Racing NSW and the NSW Jockeys' Association agreed on the introduction of a new position – Jockey Medical Liaison Officer. The position is one providing connection between injured jockeys and their families, and assisting to ensure the best medical attention is found for injured jockeys.

Dr Ron Muratore was successful in gaining the role, commencing in early 2013. Dr Muratore, a Sports Physician Specialist, has years of experience as Medical Officer for a range of sporting teams and is also the current NRL Medical Officer.

Since commencing in the part-time role with **Racing NSW**, Dr Muratore's help has been invaluable in a number of cases.

Bookmakers Telephone Betting System

A new bookmakers telephone system was introduced. The purpose is to record all calls to NSW licensed bookmakers so that bets can be verified, checked if necessary by bookmaker or client and if needed, recordings act as evidence in Stewards inquiries.

After careful review and audit, the new system was introduced in January 2013 with the co-operation of the NSW Government's Office of Liquor Gaming and Racing and the NSW Bookmakers Co-Operative.

Handicapping Department Review

After an internal review of department operations, to ensure planning, progressive staff training, and communication models are effective, the following changes were implemented:-

- Restructure early part of the week for more timely production of weights;
- Saturday Metropolitan weights declared by 4pm on Monday;
- Create Twitter account and radio spot for Senior

- Handicappers to improve communication;
- Re-train Cadet Handicappers for the position of Handicapper/Racing Assistant, a shared role ; and
- Increase in responsibilities (Metropolitan weights) for the newer handicappers to ensure succession training.

REGULATORY DEPARTMENT REPORTS

LICENSING

The Racing NSW Licensing Department is responsible for the issuing of NSW industry licences.

Criteria regarding applicant's qualifications apply, depending on the category of licence sought.

Gary Rudge is Licensing Supervisor, assisted by Matinde James and Keryn Newman (part-time job share).

Licensing decisions are reviewed or recommendations made by the Racing NSW Licensing Committee. The role of the Licensing Committee with oversight of the Chief Executive is to make decisions on licence applications and to recommend licensing policy and procedure for **Racing NSW**.

The Committee, comprising a panel of Managers representing Licensing, Stewards, Legal Division and Industry Training and chaired by the General Manager-Regulatory, met on six occasions during 2012/13. Applicants for licences may also be further interviewed at these meetings.

In 2012/13 the Committee at these meetings:-

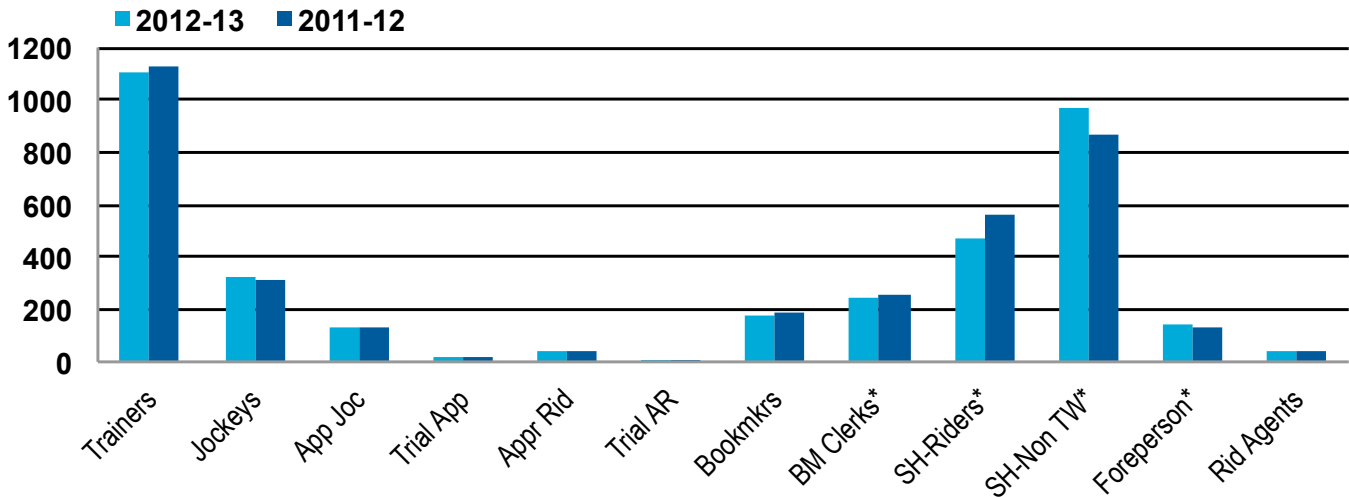
- conducted 17 interviews in relation to licence and other applications;
- considered 26 licence applications that were referred to them by the Licensing Supervisor, of which 16 were approved, 8 refused and 2 deferred (both applicants who were deferred did not proceed with their application);
- considered 11 other matters that were referred to them including licensee disciplinary matters and proposed amendments to licensing policy and procedures; and
- approved 3 Bookmaker licence applications and 1 Bookmaker Company application.

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

- 65 Trainer licences
- 1 Trainer partnership
- 15 Jockey licences
- 42 applications to register an Apprentice Jockey
- 25 applications to transfer the indentures of an Apprentice Jockey
- 8 applications from an Apprentice Jockey to extend their indentures
- 7 Rider Agent licences
- 588 Stable Employee licences (122 refused due to the applicant not obtaining the required Police Certificate)
- 65 Bookmaker Clerk licences (3 refused due to the applicant not obtaining the required Police Certificate)

REGULATORY

TOTAL LICENSES



Comparison of Licensing Statistics – 2012/13 vs. 2011/12

The total number of Trainers licensed compared to last season was down slightly by 1.8% (1110 vs. 1130).

The number of resident NSW Jockeys and Apprentice Jockeys registered remained static; Jockeys – 155 (154); Apprentices – 71 (72).

There was a further reduction (5.3% – 176 vs. 186) in the number of Bookmakers registered this season. The continued growth of Corporate Bookmakers no doubt continues to affect the number of Bookmakers registered in this state.

LICENSING STATISTICS – FINAL 2012/13 VS. 2011/12

	Metropolitan		Provincial		Country		Total	
	Total 12/13	Total 11/12	Total 12/13	Total 11/12	Total 12/13	Total 11/12	Total 12/13	Total 11/12
Trainers	105	105	201	198	806	827	1110	1130
Jockeys	97	97	25	26	201	193	323	316
App Joc	19	24	14	13	103	94	136	131
Trial App	8	1	3	2	12	10	23	13
Appr Rid	-	-	-	-	38	37	38	37
Trial AR	-	-	-	-	3	6	3	6
Bookmkr	48	49	10	10	118	127	176	186
BM Clerks*	292	308	319	47	45	47	244	255
SH-Riders*	403	357	383	134	138	150	466	558
SH-Non TW*	687	659	708	367	367	402	964	863
Foreperson*	110	102	101	46	42	44	138	134
Rid Agents	23	21	5	5	16	17	44	43

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 – 154 (151); Apprentices – 72 (73)

*Forepersons, Stablehands, Bookmakers Clerks expire on 31 October each season. As final numbers for these categories will not be established until 31/10/2013, the above represents those registered at 30/06/13. All other categories represent final figures

REGISTRATION

Racing NSW acts as Deputy Registrar for NSW registration functions which include Transfers of Ownership, Leases, Syndicates and Registration of Racing Colours (silks).

Ruth Casserly is Administration Co-ordinator for the area assisted part-time by Beverley Lawless.

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

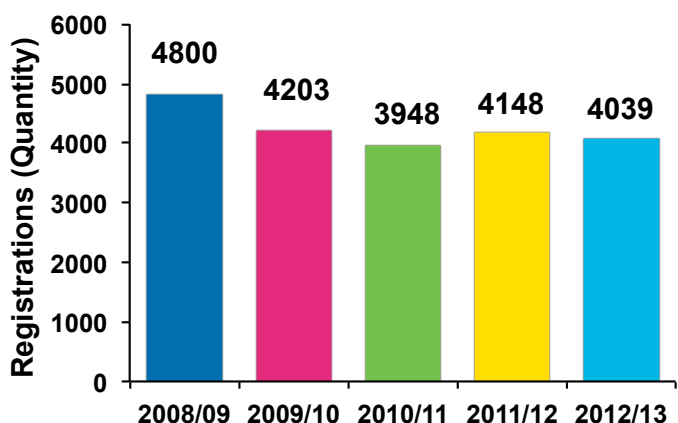
Horse Registration – NSW

At the end of the 2012/13 financial year the Registrar of Racehorses (ROR) had registered 12,700 horses, of which 4,039 are owned in NSW.

NSW remains the largest contributor to the national figure as this number represents 32% of the total number of horses registered, as identified having the manager (first named owner) located in NSW.

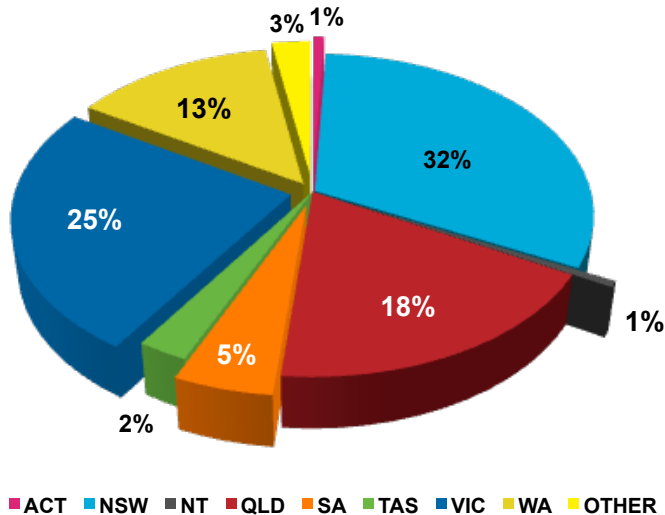
This number has remained reasonably static in the last few years after a spike in the post Equine influenza season 2008/09.

NSW REGISTRATION FIGURES



REGULATORY

NATIONAL REGISTRATIONS



Transfers/Leases/Syndicates – NSW

The Regulatory Department recorded 2078 Transfers of Ownership for the 2012/13 financial year, an increase of 5% from the previous season.

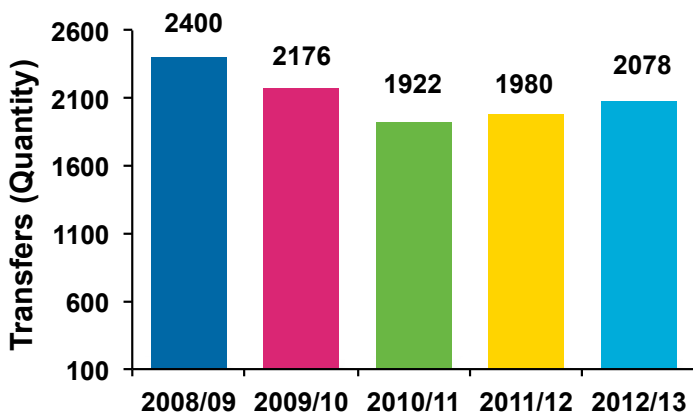
914 Lease Agreements were recorded; a figure closely comparable to the previous year. Leases in NSW remain a popular option for people wishing for a low cost entry into racing and ownership. Leases allow people to lease a horse from an owner for a set period of time, without the initial outlay of purchase.

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

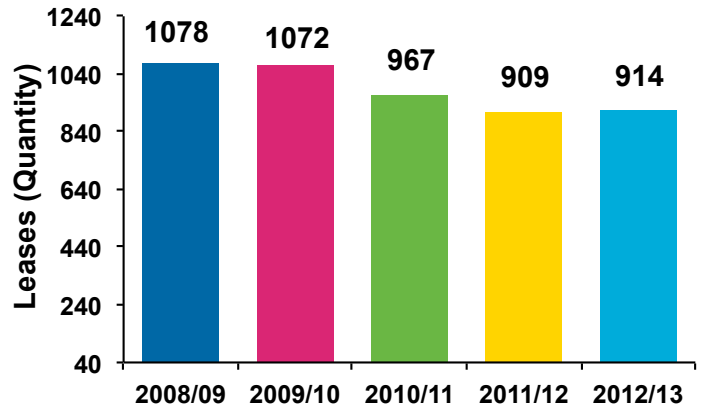
NSW registered 223 syndicates for the 2012/13 period which represents a significant decrease from the previous season. A national total of 1131 were registered.

The downturn in the number of registered Syndicates can be explained by the ARB decision to expand the number of individuals permitted to register in the ownership of a racehorse from 10 to 20. Of NSW registered syndicates this season, 82.5% of those were 'ordinary' syndicates made up of a group of up to 20 persons. The remaining 17.5% of syndicate registrations comprise Company, Firm or Stud Syndicates.

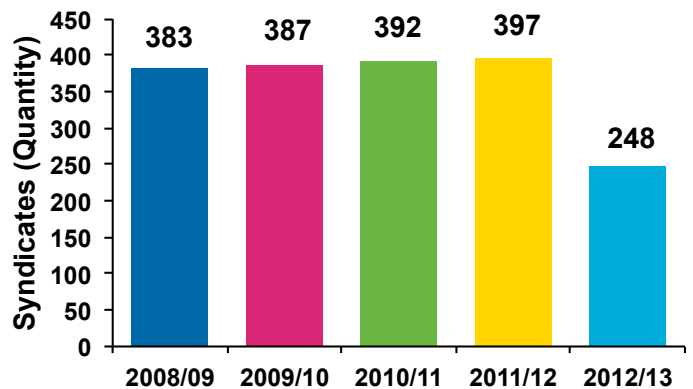
NSW TRANSFERS



NSW LEASES



NSW SYNDICATES

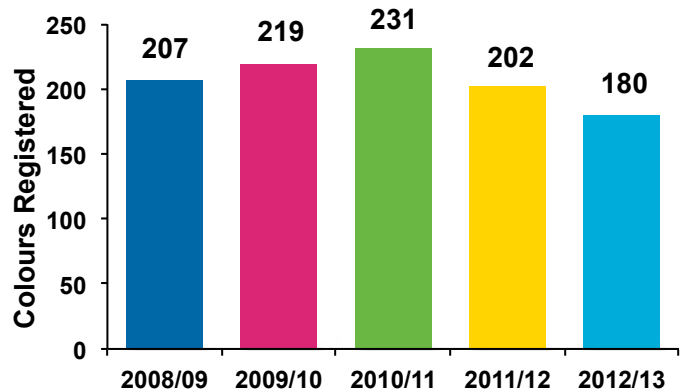


Racing Colours – NSW

Racing NSW registered 180 new sets of jockey silks during the 2012/13 financial year. There are a total of 3,481 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 set of colours, as well as applications for different designs from new participants into the racing industry seeking 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

REGULATORY

Exchanges) must seek the approval of **Racing NSW** to use NSW Thoroughbred Race Fields 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 Fields 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 Fields 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 2012/13 period the total number of Australian wagering operators who had been approved to use NSW Thoroughbred Race Fields was 336.

Clare Wilson, as Race Fields and Wagering Supervisor, is the officer responsible for the administration of the Race Fields area including initial assessments and recommendations to the General Manager-Regulatory regarding applications, the applicable fee for wagering operators, audit and financial reporting.

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

In March 2013 **Racing NSW** amended the Standard Conditions to include a revised fee structure being 1.5% for Standard Race Meetings (a race meeting where no individual race held has prizemoney more than \$150,000) and 2% for Premium Race Meetings (a race meeting with at least one race held carrying prize money above \$150,000).

Other regulatory duties of the Race Fields and



REGULATORY

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); review applications from NSW bookmakers to operate 24/7 from an approved betting premise or betting office (to date 16 betting premises have been approved); and monitor this betting activity, monitoring of telephone and internet betting by NSW Bookmakers and assisting Stewards with betting enquiries.

HANDICAPPING

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

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; Handicapper, Daniel Stephenson and Cadet Handicappers, James Cable and Nick Chalmers.

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 is the model used in NSW. 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 restricted, thus providing more racing opportunities for participants.

The Handicapping Department issued the weights and ballot orders for 5,625 races held across the 826 race meetings which were conducted in the 2012/13 racing season.

Weights were released for all of the 99,265 nominations at these meetings with each of the 56,429 starters being individually re-assessed by the panel and given a new Benchmark rating within an average of two business days after the race.

Feature Race Weights

The Racing NSW Handicapping Department released weights early for the four major Group One Handicap races conducted in NSW in the 2012/13 racing season;

The Doncaster Mile, Sydney Cup, Epsom Handicap and The Metropolitan Handicap.

Epsom Handicap – Spring carnival

The 2012 Epsom Handicap received 101 entries with 11 horses weighted above the limit weight of 52.0kg with a topweight of 60.5kg given to More Joyous achieving a 8.5kg weight spread.

The Metropolitan Handicap – Spring carnival

The 2012 Metropolitan Handicap received 97 entries with 23 horses weighted above the limit weight of 52.0kg with a topweight of 58.0kg given to Rangirangdoo.

Doncaster Mile – Autumn carnival

The 2013 Doncaster Handicap received 188 entries with 36 horses weighted above the limit weight of 52.0kg with a topweight of 59.5kg given to More Joyous, achieving a 7.5kg weight spread.

Sydney Cup – Autumn carnival

The 2013 Sydney Cup received 70 entries with 17 horses weighted above the limit weight of 52.0kg with equal topweights of 59.0kg given to both Green Moon and Sea Moon, achieving a 7.0kg weight spread.

These Group One races are among those at 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 healthy betting turnover for our future events.

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

CHANGES IN 2012/13

After industry consultation and review, several changes were introduced or planned in 2012/13:

Effective 1 August 2012

Discretionary Handicapping Extended to All Races when Warranted

Post-race Benchmark ratings may be subject to a final review and alteration by the Racing NSW Handicapping Panel when the horse is next nominated and handicapped in a race.

It is important to note that there are instances where the quality of the field can affect scales used in the handicapping of races.

This applies more often in feature handicap races where the Racing NSW Handicapping Panel has the discretion to be flexible based on the strength of the nomination whether it is strong or weak. However, this flexibility may be applied equally to standard class races, especially when a horse may have raced 'above' its current grade at its previous start and proves to be competitive, or where horses from the different sectors meet in a race.

This flexibility allows proper attention to all the considerations and deliberations that are necessary to frame weights in our races.

REGULATORY

In order to accommodate these changeable circumstances and to maintain a practical approach to handicapping, it is necessary that a post-race Benchmark rating of a horse may be an indicative figure only and may be amended or varied later for competitive reasons, particularly when a horse has competed at a higher level than ever before and performed well.

The indicative Benchmark figure will be subject to a final review and alteration by the Racing NSW Handicapping Panel when the horse is next handicapped in a race.

In many cases, the benchmark will collate directly to the weight allotted and no variance will occur, but there will be instances where slight movement is applied by the Handicapping Panel.

Review of a Horse's Benchmark

Discretionary Handicapping may also include the re-assessment of a horse. For example, a horse resumes from an extended spell, has three or four runs and is clearly not performing – the horse may be 're-handicapped' lower, rather than just dropped a few points for its most recent run.

The same approach may be applied to a multiple win horse that has left the Metropolitan area and been sold or transferred to the Country region. After a few Country starts, the handicap figure may be re-assessed if the horse is not performing.

Changes to the system agreed to and effective 1 August 2013

Amendment to 2yo & 3yo Set Weights Maiden Plates Scale

The weight scale for Two & Three-Year-Old Maiden Plates will be increased by 1kg, effective 1 August 2013, as follows:-

- 2YO Maiden Plates
Colts & Geldings 57kg
Fillies 55kg
 - 3YO Maiden Plates
Colts & Geldings 57kg
Fillies 55kg
- Sex restricted Maiden Plates will not change and will remain as follows:-
- 2YO or 3YO Colts & Geldings Maiden Plates
Colts & Geldings 56kg
 - 2YO or 3YO Fillies Maiden Plates
Fillies 56kg
- All other set weight scales will remain the same.

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.

Syndicators are registered by **Racing NSW** as either Approved Promoters (in which case the applicant also

requires an ASIC Australian Financial Services Licence) or as Authorised Representatives (who operate under the licence of an Approved Promoter).

At the end of 2012/13 there were 11 Approved Promoters and 2 Authorised Representatives on the **Racing NSW** registers.

When a horse is sold in shares by one of these parties it is described as a promotion, requiring production of a Product Disclosure Statement (PDS) that explains the investment to the purchaser before deciding to buy. Each PDS requires approval by **Racing NSW** before being released to the public.

There were a total of 117 approved promotions in the 2012/13 period, an increase of 13 from 2011/12.

Statistics

Number of horses syndicated bracketed on price per 10% share:-

10% Share Price Range	2012/13 Number	2011/12 Number	2010/11 Number	2009/10 Number	2008/09 Number	2007/08 Number
<\$10,000	49	39	43	44	52	41
\$10,000 to \$29,999	68	65	54	46	37	36
> \$30,000	0	0	0	0	1	0

There were no 10% shares offered over \$30,000 each during the period, there was, however, an increase in the number of 10% shares offered between \$10,000 to \$29,999 each and below \$10,000 each.

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

Price Range	2012/13 Number	2011/12 Number	2010-11 Number	2009/10 Number	2008/09 Number	2007/08 Number
<\$10,000	2	2	0	3	3	1
\$10,000 to \$29,999	8	7	3	11	17	7
\$30,000 to \$59,000	32	26	26	23	23	22
\$60,000 to \$99,000	38	30	39	28	22	15
\$100,000 +	37	39	29	25	25	32

There was an increase in the number of horses purchased between both the \$60,000 to \$99,000 and the \$30,000 to \$59,000 bracket.

INTEGRITY



Ray Murrphy
General Manager Integrity –
Chairman of Stewards

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

John Davidson was appointed to the position of Chief Steward (SDRA) South Districts Racing Association in May 2013, following the departure of Geoff Hausfeld to the RVL Stewards panel. Mr Davidson has over 20 years' experience as a Stipendiary Steward including as Chairman of Stewards in the Northern Rivers of NSW and Canberra Race Club. Mr Davidson returned from Singapore Turf Club, where he was employed as a Stipendiary Steward since 2007.

Long-serving AJC and Racing NSW Racecourse Detective, Mr Bob Nicholson, retired in November 2012 after 22 years' service.

This year saw the sad passing of two very long-standing officials in former Steward/Licensing Officer/ Appeal Panel Member in Jack Hickman, and Frank Martin, AJC and ARB Shorthand Reporter/Secretary of the National Chairman of Stewards Committee.

Stewards Inquiries

During the 2012/13 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 332 suspensions of licence
- AR137(b): Failure to ride horse out to finish – 4 suspensions of licence;
- AR137A(5): Whip related offences – 13 suspensions of licence – a pleasing reduction from 31 suspensions in the previous 12 months;
- AR145: Weighing in overweight – 8 suspensions of licence
- AR135 (b): Failure to take all reasonable and permissible measures to win or obtain the best possible placing – 2 suspensions of licence
- AR135 (a) and (c): Failure to allow a horse to run on its merits – 2 disqualifications of licence
- AR143(b): Weighing in light – 4 suspensions of licence

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. Inquiries were also conducted into incidents of workplace harassment arising from the use of social media, with fines being imposed for improper conduct.

Drug Testing and Surveillance

Racing NSW appointed Mr Nathan Hayward to the position of Chief Investigator. Mr Hayward has over 15 years' experience in law enforcement including serving with the NSW Police Force.

During his time with the NSW Police, Mr Hayward was involved in investigations in conjunction with the Homicide Squad, Armed Robbery Unit, Counter Terrorism Command and the Integrity Testing Unit. He was also involved in joint operations with ASIO, Australia Federal Police and the NSW Crime Commission.

More recently Nathan worked with the NSW Independent Commission Against Corruption (ICAC) where he has successfully investigated corrupt conduct by NSW Public Sector Employees and was an integral member of the Wollongong Council 'sex for development' investigation and Operation Cicero.

INTEGRITY

Mr Albert Gardner was appointed to the position of Racecourse Detective & Compliance Officer.

Mr Gardner is an experienced regulator having been designated a Detective/Investigator with Federal and State agencies.

This year's sampling figures show a significant increase over the 2012/13 figures, with ratios of sampling to starters up approximately 10%.

A total of 15,561 samples were collected for analysis with an overall industry ratio across the three sectors of samples to starters being 1:3.5, an increase from 1:3.8 last year.

In the Metropolitan area, increased sampling is reflected in the ratio of samples to starters now 1:1.2, an increase in the ratio from 1:1.4.

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

Racing NSW purchased an i-Stat unit which will facilitate broader testing for TCO2 levels across Country areas of NSW. With these levels available to Stewards almost instantly, any horse returning an elevated level can be further sampled, with samples sent to ARFL for full analysis.

Stewards and the Investigations and Surveillance Unit also conducted early morning stable visits of

Metropolitan, Provincial and Country stables on major carnival racedays.

This has been complemented by searches of raceday horse transports throughout the year, across the Metropolitan, Provincial and Country sectors.

In total, 18 positive swabs were dealt with by Stewards, involving penalties to trainers of suspension (up to four months) and fines (up to \$5000).

In addition, a number of 2011/12 cases delayed pending the completion of a **Racing NSW** study of testosterone concentration in geldings.

As a result of **Racing NSW** study, new Rules of Racing were introduced giving Stewards the discretion to rule on elevated testosterone levels acting on scientific and analytical evidence. Five of these 18 cases were determined in this manner.

In addition, Stewards maintained a strong presence at trackwork, trials and race meetings with rider and stablehand testing.

This involved breath and urine sampling over 650 licensed persons for a range of banned substances, with 55 offences detected and penalties of suspension or disqualification of licence handed down.

Over 100 stablehand employees were tested in a planned operation at Warwick Farm on 10 November 2012.



INTEGRITY

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

Conferences and Tribunals

Chairman of Stewards, Mr Ray Murrhiy, chaired the International Stewards conference held in July 2012 in Istanbul.

Mr Murrhiy, as the Chairman of the Chairman of Stewards Committee, represented the National Stewards at Australian Racing Board and at Integrity and Welfare Executive Committee level.

In addition, Mr Murrhiy represented **Racing NSW** at COS conferences and spoke at the "Combating Serious Crime and Comparative Perspectives" conference in Brisbane.

The Racing NSW Stewards annual conference was conducted in June at the **Racing NSW** Sydney office.

Racing NSW Stewards hosted a number of overseas visitors including Eric Lee (Steward), Ryu Wonsang, Choi Inyong from the Korean Racing Association, and Tae and Hun Nam from the Korean Minister of Agriculture and Rob De Kock (South African Jockey Club).

Racing NSW also hosted a number of Australian officials including Doug Mead (RWWA) and Chris Albrecht (QR). Mr Murrhiy also served on the Sports Disputes Panel.

New Developments – Investigation and Surveillance Unit

Racing NSW announced the appointment of two leading investigators to head the newly formed Investigations and Surveillance Unit that now complements the work of the Racing NSW Stewards Panel in addressing potential integrity challenges for thoroughbred racing in New South Wales.

Minimum penalties of disqualification were introduced by Australian Racing Board, effective 1 March 2013, for a range of offences under the Rules of Racing.

The offences caught by the minimum penalty provisions all involve acts of intent entailing deliberate breaches of the Rules of Racing.

The minimum penalties do not apply to Stewards charges under AR178 and AR175h(ii) which by and large are the applicable rules in most positive swab cases.

They do, however, apply to offences under AR175(h)(i) where a person administers a prohibited substance to a horse for the purpose of affecting its performance or behaviour.

They also apply to offences under AR177B(6) which involve administration of those substances specified under AR177B(2) which basically have no place in racing.

Further, any treatment on raceday (AR178E) or a horse being stomach tubed within one clear day of a race (AR64G(1)(a)) also attract minimum periods of disqualification.

The mandatory minimum penalties complement the 'Cheating at Gambling' Crimes Amendment Bill introduced

in September 2012.

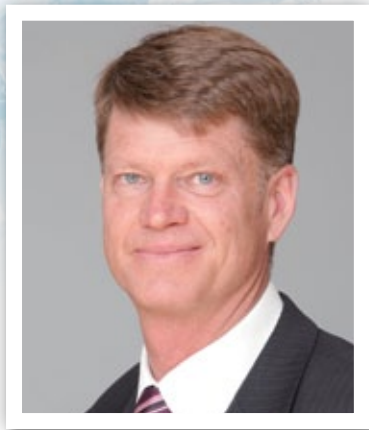
Stewards and members of the Investigations and Intelligence Unit took part in 'Operation Trentbridge' with the Casino and Racing Investigations Unit members in Gunnedah on 12 May 2013.

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
- RISA

VETERINARY SERVICES



Dr Craig Suann

BVsc, Dip VSC, Dip LAS, MACVSc
Senior Official Veterinarian

Role of the Racing NSW Veterinary Department

- 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 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; and
- provide expert evidence to Stewards and to Appeals and other hearings for racing codes in NSW and for other ARFL clients.

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 race meetings, including those attending non-TAB meetings, and updated the document "A guide for official racing veterinarians in NSW";
- conducted drug administration trials for 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 as a Trustee on the NSW Thoroughbred Rehabilitation Trust;
- participated in and co-ordinated other veterinarians

for the out of competition testing program for horses in racing stables;

- collaborated with ARFL on the maintenance and development of routine and strategic drug control issues;
- with ARFL, collaborated with Charles Sturt University, Wagga Wagga, to conduct a series of equine administration trials to assist in the investigation of unusual findings of testosterone in raceday samples;
- evaluated the use of the i-STAT, a portable device that facilitates raceday analysis of blood samples for TCO₂ levels. **Racing NSW** has subsequently acquired an instrument that will be primarily used at country meetings to increase the level of surveillance of the administration of alkalinising agents;
- participated as a keynote speaker at a national seminar for raceday official veterinarians held in Brisbane in July 2012, in conjunction with the annual Equine Veterinarians Australia Bain Fallon Conference;
- continued a collaboration with the RIRDC-funded Equine Therapeutics Research Australia (ETRA) equine medication study (report published at <https://rirdc.infoservices.com.au/downloads/11-117>) assisting ETRA in the publication of information sheets on equine therapeutic drug detection times and pharmacokinetics. The ETRA medication study has been the largest ever RIRDC-funded equine research project since the inception of the RIRDC horse program in 1995. The project brought together a consortium of Australia's racing chemists, veterinarians and equine scientists from within the racing industry and the university sector, including ARFL. The objective of the project was to provide more information on the nature of the excretion of a number of therapeutic medications commonly used to treat racehorses, and therefore more reliable information on their detection times;
- co-ordinated the **Racing NSW** response to the confirmed NSW cases of Hendra virus during the winter of 2013, including:-
 - posting information on the Hendra virus section on the **Racing NSW** website such as biosecurity

VETERINARY SERVICES

- guidelines for industry participants, updates from the NSW Department of Primary Industries (DPI), frequently asked questions and fact sheets,
- liaison with NSW DPI on the progress of identified cases and affected properties, and in the development of guidelines for the management of the detection of a case of Hendra virus at a racing event or training centre,
- monitoring the roll-out of the Hendra vaccine for horses released under a "Minor Use Permit" in November 2012;
- as the Chairman of Australian Racing Board's Veterinary and Analysts Committee (VAC), Dr Suann convened a meeting of the Committee in Melbourne on 27 and 28 August 2012 where the following matters were considered:-
 - testing for therapeutic substances and implementation of screening limits through new AR.178EA, and the provision to industry participants of detection periods for the therapeutic drugs,
 - equine welfare matters, including rehabilitation programs for retired racehorses, transport guidelines, racing of two-year-olds and evidence supporting their superior career longevity,
 - injuries/mortalities,
 - research to assess physiological impact of the use of the whip,
 - unusual testosterone concentrations in raceday urine samples,
 - racing laboratory research and development,
 - review of new gene technologies and gene doping,
 - development and implementation of methods for the detection of protein molecules (proteomics),
 - TCO2 testing,
 - emerging issues – ITPP, AICAR, protein kinases, peptides, synthetic cannabinoids, designer steroids, other new drug classes identified by human sports labs,
 - recording of incident/injury data at race meetings (ARID),
 - Hendra virus and Hendra vaccination
- Dr Suann also facilitated VAC's out-of-session review of the following matters:-
 - hypoxic/altitude training techniques in horses,
 - drafting of new Australian Rules of Racing dealing with pre-race stomach tubing and administration of alkalising agents,
 - regulation of the use of anabolic steroids and intra-articular corticosteroids in racing.
- as one of two international veterinary members on the International Federation of Horseracing Authorities (IFHA) Advisory Council on Equine Prohibited Substances and Prohibited Practices and the IFHA Welfare Committee, Dr Suann attended meetings of both committees during the 19th International Conference of Racing Analysts and Veterinarians (ICRAV) held in Philadelphia in September 2012. Matters considered included:-
 - publication by IFHA of a list of harmonised International Screening Limits for a range of therapeutic medications commonly used in horses,
 - wholesale revision of Article 6 (Biological Integrity of the Horse) of the IFHA International Agreement to also include prohibited practices in racing and gene doping;
 - a blood plasma threshold for testosterone,
 - "residue limits" for environmental contaminants,
 - International co-ordination of equine drug administration trials to avoid unnecessary duplication of research.
- The 19th ICRAV covered a comprehensive range of veterinary topics, including:-
 - injuries – update, prevention, reporting,
 - track surfaces,
 - pre-race veterinary inspections,
 - cardiac arrhythmias,
 - upper airway dysfunction.
- Drug analysis sessions covered cutting edge developments in drug testing in racing:-
 - new methods and instruments,
 - detection of new drugs, including for peptide hormones, designer steroids, snake venoms, dermorphin, GABA, tb-500, SARMS and SERMS, AICAR, ITPP,
 - detection of natural substances and hormones,
 - TCO2 testing,
 - the detection of AICAR following its administration to the horse.
- The ongoing assistance and commitment of veterinary colleagues providing official veterinary services at racetracks around NSW is gratefully acknowledged.

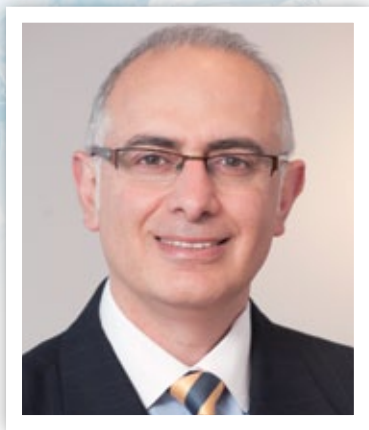
Racing NSW Animal Care and Ethics Committee (ACEC)

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 Mrs 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.

The Committee approved three 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.

AUSTRALIAN RACING FORENSIC LABORATORY



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 (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 2012 to 30 June 2013

	Total urine	Total Blood	TCO2 tests	EPO tests	Prohibited Substances Detected
Metro T'breds NSW	1827	5045	3165	-	5
Provincial T'breds NSW	1295	1398	1061	-	2
Country T'breds NSW	3784	1609	678	-	11 (5)*
Other clients	8535	4366	3283	-	63
TOTAL	15441	12418	8187		81
Out of Competition T'breds				427	0
Out of Competition Others	-	-	-	176	0
TOTAL				603	0

* AR.178G was applied to these detections

Human urine samples collected from jockeys, track riders and stablehands are also tested for banned substances in accordance with AR81B. Approximately 8-9% of these samples were found to contain banned substances (Table 2).

AUSTRALIAN RACING FORENSIC LABORATORY

Table 2 – Human samples statistics 1 July 2012 to 30 June 2013

Human Samples	Urine	Banned Substances Detected
Metropolitan NSW	148	22
Provincial NSW	83	5
Country NSW	348	19
Other Racing NSW	28	8
Other clients	22	1
TOTAL	629	55

ARFL also performs referee analyses to confirm the findings of other Australian and international racing laboratories. From 1 July 2012 to 30 June 2013 this totalled 54 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.

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

During 2012/13, ARFL was successful in securing competitive research funding from prestigious national bodies for **Racing NSW** to combat new threats to integrity:-

1. Australian Research Council awarded \$180,000 over 3 years for **Racing NSW** to collaborate with University of New South Wales on "Proteomic approaches for the detection of administered peptide hormones, growth factors and related substances in the horse". The contribution from Racing NSW to this project is \$450,000, including the dedicated time of an ARFL Senior Scientist.
2. Australian Research Council awarded \$195,000 over 3 years for **Racing NSW** to collaborate with the Australian National University on "Strategies for the detection of designer steroids in racehorses". The contribution from **Racing NSW** to this project is \$350,000.
3. The Anti-Doping Research Program of the Commonwealth Department of Prime Minister and Cabinet awarded \$275,000 to a Racing NSW collaboration with the Australian National University for "Enzyme preparations for efficient hydrolysis of steroid sulphates and improved doping control".

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 2012/June 2013 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 has entered external markets such as in the field of workplace drug testing.

RICG REPORT

(RACING INDUSTRY CONSULTATION GROUP)

RICG comprises representation from, the major industry groups in NSW, namely:-

- Steve McMahon – *NSW Trainers Association Current Chairman*
- Bob Pavitt – *Racing NSW Country Vice-Chairman*
- Darren Pearce & Matt Rudolph – *Australian Turf Club*
- Paul Innes – *NSW Jockeys' Association*
- Derek Field – *Thoroughbred Breeders NSW*
- Ray McDowell – *NSW Racehorse Owners Association*
- Russ Collison – *Unions NSW*
- Peter De Vries – *Provincial Racing Association of NSW*

RICG was established under the Thoroughbred Racing Amendment Bill 2008, to consult with **Racing NSW** on thoroughbred racing matters that the controlling body has before it and as such, through RICG the views and comments from the major stakeholders can be co-ordinated.

RICG met on 11 occasions during the year and held discussions with the Racing NSW Chief Executive, Mr Peter V'landys, at six of those meetings. He was joined by the Racing NSW Chairman, Mr John Messara, at the February 2013 meeting. RICG also met with the Racing NSW Board in November 2012.

Due to its composition, RICG is in a position to provide **Racing NSW** with reliable and experienced views on a variety of subjects as highlighted below and in return provide information directly to the members of the

various organisations on **Racing NSW** policies.

RICG made submissions and recommendations on the:-

- Race meeting cancellation policy
- Schedule of NSW race dates
- Distribution of prizemoney
- Race Club finances
- **Racing NSW** Strategic Plan
- BOBS and BOBS extra
- Barrier trials
- Cost of racing

Discussions were also held with **Racing NSW** on a variety of industry matters, the more notable being:-

- ARB minimum penalties
- Changes to rules AR177 and 178
- Intra code review
- Racecourse minimum standards
- Race fields capital development program
- Ambulance services at race meetings
- Owner/trainer agreements
- Owner/trainer dispute resolution
- Racing NSW Workers Compensation scheme

RICG acknowledges the support and assistance provided by the Chairman and Members of the Racing NSW Board and Chief Executive, Peter V'landys, who always makes himself available on RICG matters when requested. The administrative services provided by Mr Brian Judd are appreciated.



BREEDER OWNER BONUS SCHEME (BOBS)

Season Highlights

The Racing NSW Breeder Owner Bonus Scheme has become the most popular racing incentive scheme in Australia since it began paying bonus prizemoney in 2002.

Now in its 11th year, BOBS is still proving tremendously popular after paying out 1,488 bonuses for 2012/13; totalling a massive \$9.5 million in cash and Double Ups.

While those figures are immensely impressive on their own, when paired with BOBS Extra, it becomes clear why BOBS is such a successful scheme.

Last season, an extra \$1.1 million was distributed to owners of BOBS Extra horses, bringing the combined total of bonuses to in excess of \$9 million.

BOBS' and BOBS Extra's strength is twofold. First, the scheme continues to grow each season, with more breeders and owners nominating stallions and 2YO horses. This in turn leads to more bonuses being paid out and therefore, more nominations.

Second, the fact that BOBS bonuses can be won at all NSW tracks (except in Group and Listed Races), means that trainers and owners racing outside of the Metropolitan tracks are able to continue to race their

horses closer to home, reducing travel and increasing the competition and class of racing at Provincial and Country racecourses.

Some quick facts on BOBS:-

- **Racing NSW** has paid out almost \$58 million in cash bonuses prizemoney since BOBS began 11 years ago;
- 1227 BOBS bonuses were won last season, 96 more than in the previous year;
- Of the 1227 bonuses won, two-year-old horses won 205 (16.7% >0.4%) and three-year-old horses accounted for 1022 (83.3%) wins;
- In 2012/13, BOBS Extra bonuses were won on 166 occasions totalling \$1.3 million;
- Of the Top 10 tracks where BOBS bonuses were won, seven of the tracks were located in Provincial or Country areas;
- 15 of the leading sires by value of bonuses are Australian-bred; and
- Since the Double Up option was introduced on January 2005, \$19 million has been reinvested in bloodstock in NSW breeding industry through this scheme, benefiting all participants.

BOBS BONUSES WON BY NUMBER PER MONTH

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
August	13	33	33	32	42	26	35	58	47	41	64
September	16	34	36	22	41	3	36	55	50	54	71
October	16	37	43	56	63	13	70	75	88	79	75
November	17	49	53	53	48	18	71	76	68	72	98
December	20	46	39	63	62	49	79	74	76	102	90
January	22	57	59	72	64	71	94	106	94	91	85
February	13	54	62	71	56	70	70	88	97	83	94
March	26	61	57	57	68	93	100	112	111	102	116
April	23	52	71	68	77	57	96	122	97	103	119
May	22	68	76	80	72	97	121	126	112	132	120
June	21	59	69	75	67	84	117	108	109	121	121
July	24	83	87	87	96	112	167	151	135	149	175
Total	233	633	685	736	756	693	1056	1151	1086	1129	1227

SEASON 2012/13 – BOBS BONUS WINNING SIRES BY VALUE

Stallion	Standing at	Total bonuses	Wins
More Than Ready (USA)	Vinery Stud	\$295,000	40
Redoute's Choice	Arrowfield Stud	\$280,000	33
Not A Single Doubt	Arrowfield Stud	\$260,000	41
Choisir	Coolmore Stud	\$255,000	39
Lonhro	Darley Stud	\$240,000	29
Exceed And Excel	Darley Stud	\$226,250	29
Stratum	Widden Stud	\$215,000	23
Fastnet Rock	Coolmore Stud	\$200,000	28
Encosta De Lago	Coolmore Stud	\$190,000	29
Charge Forward	Arrowfield Stud	\$181,250	25
Commands	Darley Stud	\$175,000	25
Oratorio (Ire)	Coolmore Stud	\$155,000	29
Holy Roman Emperor (Ire)	Coolmore Stud	\$155,000	23
Casino Prince	Vinery Stud	\$155,000	25
Magic Albert	Yarraman Park Stud	\$131,250	24
Zariz	Koorinal Stud	\$126,250	24
Dane Shadow	Kitchwin Hills Stud	\$126,250	22
Snippetson	Widden Stud	\$117,500	23

BREEDER OWNER BONUS SCHEME (BOBS)

SEASON 2012/13 – BOBS BONUS WINNING HORSES BY VALUE

Horse	Sire	Trainer	Bonuses	Wins
Oompa Loompa	Testa Rossa	Chris Waller	\$65,000	5
Relaxed And Happy	Exceed And Excel	Chris Waller	\$60,000	3
Sessions	Lonhro	Peter Snowden	\$60,000	3
Golden Sunshine	Danzero	Rick Worthington	\$55,000	4
Pitcrew	Sebring	Gai Waterhouse	\$50,000	3
Rebel Dane	California Dane	Gary Portelli	\$50,000	3
Zin Zan Eddie	Zizou	Matthew Smith	\$50,000	3
Ferment	Husson (Arg)	John Thompson	\$45,000	3
Masshiko	Haradasun	Gai Waterhouse	\$45,000	3
Northern Glory	Northern Meteor	Gai Waterhouse	\$45,000	3
Arabian Gold	Dubawi (Ire)	David Vandyke	\$40,000	3
Catkins	Dubawi (Ire)	Chris Waller	\$40,000	3
Gullible	Shamardal (USA)	Chris Waller	\$40,000	3
Queenstown	Stratum	Gai Waterhouse	\$40,000	3
Watabout	More Than Ready (USA)	Allan Denham	\$40,000	3
Assail	Charge Forward	Clarry Conners	\$40,000	2
Regimental Pride	More Than Ready (USA)	David Payne	\$40,000	2

SEASON 2012/13 – LEADING BOBS WINNING TRAINER

Trainer	Location	Bonuses	Value
Chris Waller	Rosehill	64	\$695,000
Gai Waterhouse	Randwick	64	\$655,000
Peter Snowden	Warwick Farm	62	\$500,000
Kris Lees	Newcastle	46	\$271,250
Paul Messara	Scone	27	\$171,250
John O'Shea	Randwick	26	\$190,000
Paul Perry	Newcastle	22	\$130,000
Gerald Ryan	Rosehill	21	\$210,000
Bart Cummings	Randwick	18	\$135,000
Clarry Conners	Warwick Farm	18	\$135,000
Anthony Cummings	Randwick	16	\$145,000
David Payne	Rosehill	16	\$185,000
Darren Smith	Newcastle	16	\$85,000
Grahame Begg	Randwick	15	\$120,000
Bindi Cheers	Taree	15	\$75,000
Tim Martin	Rosehill	15	\$125,000
Brett Thompson	Mudgee	15	\$75,000
Leon Davies	Tamworth	14	\$72,500
John Thompson	Randwick	14	\$135,000

SEASON 2012/13 – WHERE THE BONUSES WERE WON

Track	Bonuses	Value
Canterbury Park	94	\$990,000
Newcastle	89	\$500,000
Kembla Grange	85	\$440,000
Wyong	78	\$465,000
Gosford	72	\$425,000
Warwick Farm	54	\$740,000
Hawkesbury	48	\$270,000
Rosehill	42	\$810,000
Taree	42	\$210,000
Scone	41	\$250,000
Grafton	40	\$210,000
Port Macquarie	40	\$200,000
Tamworth	38	\$190,000
Goulburn	34	\$170,000
Wagga	33	\$165,000
Muswellbrook	31	\$155,000
Randwick	24	\$350,000

APPEALS

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

Appeal Panel Members

John Hiatt OAM (Principal Member)		
Richard Beasley SC	David Campbell SC	Thomas Carlton
Cliff Clare	Ross Clugston	John Fletcher
Tim Hale SC	Kevin Langby	Jack Hickman
Darcy Leo	John Lynn	David McKee
Ray Nolan		

Executive for Appeal Panel

Peter V'landys, *Secretary*
Kathy Reece, *Appeals Coordinator*

Changes to Appeal Panel

During this year Kevin Langby was appointed. **Racing NSW** also regrets to advise that Jack Hickman passed away during the year.

Avenue of Appeal

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 sat on 22 occasions during 2012/13 and John Hiatt OAM chaired the Panel on 21 occasions and Ross Clugston on the other occasion. Within those 22 sittings there were 29 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.

Decision On Charges

AREA	UPHELD	DISMISSED	PENALTY VARIED	WITHDRAWN	\$200 REFUNDED	TOTAL
Appeal Panel	6	23	8	12	7	41
Racing Association	-	2	2	-	-	2

Summary of Charges Applicable to Appeal Cases Lodged

RULE	DESCRIPTION	AMOUNT
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.	2
AR135(a)	Every horse shall be run on its merits.	1
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.	4
AR135(c)	Any person who in the opinion of the Stewards has breached, or was a party to breaching, any portion of this Rule may be penalised, and the horse concerned may be disqualified.	2
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.	11
AR143(b)	If a horse carries less weight than the weight it should carry notwithstanding paragraph (a), the rider and/or any other person at fault may be penalised.	2
AR145	If a horse carries more than a half a kilogram in any race over the weight imposed or declared, the rider and any other person at fault may be penalised.	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(f)	The Committee of any Club or the Stewards may penalise any owner, nominator, lessee, member of a syndicate, trainer, jockey, rider, apprentice, stablehand, bookmaker, bookmaker's clerk, person having official duties in relation to racing, person attendant on or connected with a horse, or any other person who refuses or fails to attend or give such evidence as directed at any inquiry or appeal when requested by the Principal Racing Authority or Stewards to do so.	1

APPEALS

RULE	DESCRIPTION	AMOUNT
AR175(gg)	The Committee of any Club or the Stewards may penalise any person who makes any false or misleading statement or declaration in respect of any matter in connection with the administration or control of racing.	1
AR175(j)	The Committee of any Club or the Stewards may penalise any person guilty of improper or insulting behaviour at any time towards the Committee of any Club or Association or any member thereof, or Stewards, or any official, in relation to their or his duties.	1
AR175(p)	The Committee of any Club or the Stewards may penalise any person who fails or refuses to comply with any order, direction or requirement of the Stewards or any official.	1
AR175(q)	The Committee of any Club or the Stewards may penalise any person who in their opinion is guilty of any misconduct, improper conduct or unseemly behaviour.	2
AR175B(3)	A nominator must not lay any horse that is or may be entered by him or on his behalf, provided that a bookmaker may lay a horse in accordance with his licence.	1
AR178	Subject to AR 178G, 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
LR82B(1)(b)	Any person employed by or assisting a trainer in the training, care or superintendence of a racehorse upon any racecourse, training centre or registered stable commits an offence and may be penalised if he/she refuses or fails to deliver a sample as directed.	1
LR97(2)	A bookmaker or bookmakers clerk must not without the permission of the Stewards, whilst betting is taking place on a racecourse, bring onto, have in his or her possession or use any portable telephone, radio transmitter, radio transceiver or other appliance, apparatus, instrument or equipment capable of receiving or transmitting information that has not been approved under an authority issued by the Minister for Gaming and Racing.	1
LR97A(2)	A bookmaker or bookmakers clerk must not without the permission of Racing NSW, whilst betting is taking place on a racecourse, bring onto, or have in his or her possession or use a device which permits Internet access that has not been approved by Racing NSW.	1
LR97A(3)	Any bets transacted by a bookmaker electronically while he or she is conducting his or her business as a bookmaker must only be with a licensed wagering operator. Full details of the transaction, including the name of the licensed wagering operator with whom the bet or bet back is made, must be recorded separately in the bookmaker's ledger and identified as an Electronic Internet bet.	1
TOTAL		41

REPRESENTATION TABLE

	Dismissed	Upheld
Represented by Solicitor/Master	15	4
Represented Self	8	2
Totals	23	6

The Board gratefully acknowledges the time, effort and expertise that Appeal Panel members give towards this important part of the NSW Thoroughbred Racing Industry.

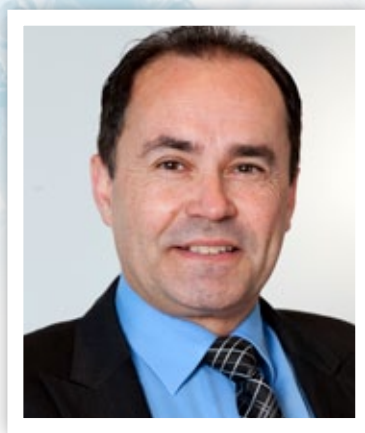
Racing Appeals Tribunal

Racing Appeals Tribunal comprised of:-
 David Armati (Racing Appeals Tribunal)
 Ian McRae (Acting Racing Appeals Tribunal)
 Peter V'landys, *Secretary Racing Appeals Tribunal*
 Kathy Reece, *Appeals Coordinator*

THERE WERE THREE APPEALS LODGED TO THE RACING APPEALS TRIBUNAL DURING 2012/13:-

Presided Over By	Dismissed
D Armati	3
Total	3

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 forms 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 riding 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 .

Promotions and Recruitment

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

Included in the Careers Market drive was presence via a stall at the Sydney Royal Easter Show held at Sydney Olympic Park in March and April 2013. The

Sydney Show was visited by over 860,000 people over the 11-day event, with many people, both young and old, dropping by the racing stand.

Rising Star Series

The 12th consecutive staging of the Rising Star Series was held between August and July with 25 competitive heats held. Shaun Guymer won the series for the first time.

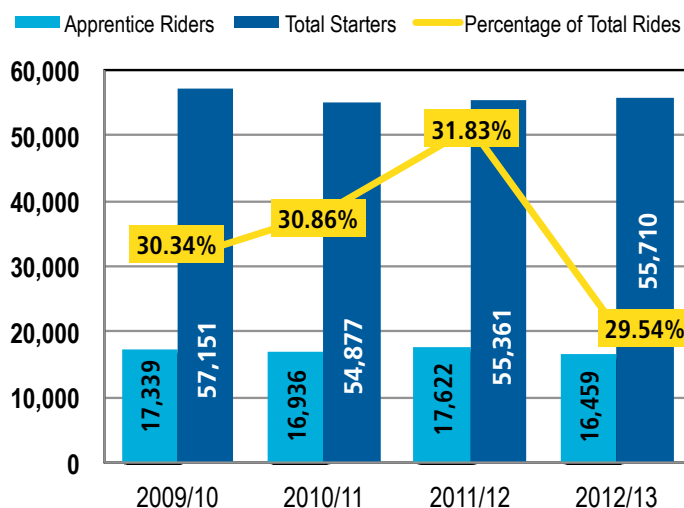
Apprentice Winning Rides

	2009/10	2010/11	2011/12	2012/13
Total Winning Rides	1584	2104	1624	1398

Apprentice Rides

The overall apprentice ride summary for the 2009/10, 2010/11, 2011/12 seasons in comparable with that of the 2012/13 season. This table includes Metropolitan, Provincial and Country statistics.

COMPARISON OF APPRENTICE RIDERS TO TOTAL STARTERS



INDUSTRY TRAINING

	2009/10	2010/11	2011/12	2012/13
Cert II Stablehand	80	190	61	13
Cert III Advanced Stablehand	28	34	31	101
Cert III Trackrider	43	33	20	77
Cert IV Racehorse Trainer	5	29	15	63
Cert II Racing Administration	No stats	2	1	0
Cert III Racing Administration	No stats	2	4	3
Cert III Racing Steward	No stats	3	1	2
Cert II Racing Track Maintenance	No stats	2	0	0
Cert III Track Maintenance	No stats	2	7	8
Cert III Farriery	No stats	13	1	35
Barrier Attendant Skill Set	0	0	0	268

APPRENTICE JOCKEY NUMBERS

	2009/10	2010/11	2011/12	2012/13
Races	84	73	131	136
Trials	25	10	13	23
Total	109	83	144	159

Other Student Numbers

This year we continued delivering training to the whole industry and there are a number of qualifications that were delivered for the first time.

Barrier Attendant Training

After an approach from NSW Trainers Association, **Racing NSW** agreed to implement a new program of training for barrier staff and starters that has been rolled

out across New South Wales.

Aimed to increase work health and safety awareness, barrier staff have been provided with education and training sessions which will co-ordinate their skills in the workplace.

The AREA team (**Racing NSW** and TAFE WSI) developed the program in consultation with starters, trainers, jockeys and veterinarians.

The new reform is the most significant improvement for barrier staff in many years, designed to deliver a consistent approach across all sectors.

Barrier staff was provided with classroom-based First Aid and Safety training, as well as some practical activities involving horse handling behind the barriers and how to deal with injured or fallen horses.

The topics also included Work Health & Safety procedures, communication skills and, assessing race gear suitability and safety.



JOCKEY WELFARE

As part of **Racing NSW**'s continuing commitment to improving jockey welfare, the Jockeys Benefit Scheme ("JBS") was established to provide financial assistance and other forms of support to NSW and ACT jockeys in need or preparing for a new career. The JBS comprises:-

- the Jockeys Benefit Scheme Trust ("JBS Trust"), a public charitable trust established to provide financial assistance to former and current NSW and ACT jockeys and their families who are in necessitous circumstances; and
- the JBS Discretionary Fund from which funding is provided for programs and initiatives to benefit jockeys' welfare both during their riding career and upon retirement.

NSW JOCKEYS TRUST

The JBS Trust was founded by **Racing NSW** in February 2011 with the aim of relieving financial stress and improving quality of life for NSW and ACT jockeys, ex-jockeys and their families who are in necessitous circumstances, especially (but not limited to) financial hardship caused through a jockey being seriously injured or dying (whether on a racetrack or otherwise) or suffering a severe illness.

The public activities of the Trust are conducted under the name "NSW JOCKEYS TRUST".

Funding for the Trust is provided from the 1% of all prizemoney allocated to NSW thoroughbred race meetings which has been deducted by **Racing NSW** for the benefit of jockeys' insurance and welfare programs since July 2009, and through public donations.

Racing NSW also provides secretarial, administrative and marketing support to the Trust at no cost, so that every dollar donated is available to assist jockeys and their families in need.

Natalie Tipping (Racing NSW General Manager-Special Projects) acts as Secretary of the Trust.

The Trust is overseen by a distinguished Board of Trustees who devote their time on a voluntary basis. The following Trustees were in office during the 2013 Financial Year:-

- Mr Robert Nason, *Former Chairman – Resigned 13 February 2013*
- Mr Allen Windross AM, *Acting Chairman*
- Mr Keith Bulloch, *Trustee*
- Mr Ian Craig OAM, *Trustee*
- Mr Paul Innes OAM, *Trustee*
- Mr Robert Ward AM, *Trustee*

Racing NSW and the Trustees wish to recognise the invaluable service of Mr Nason as Chairman of the Trust during its first two years of operation and in particular, to pay tribute to his dedicated efforts to raise corporate awareness of the Trust and its role in assisting jockeys in necessitous circumstances.

During 2012/13, over \$40,000 was distributed to applicants to the Trust for payment of medical procedures, rental assistance, clothing and education costs, day-to-day living expenses and specialised purchases as determined appropriate.

The Trust continues to raise awareness of its aims and objectives through advertising and marketing strategies. Further information regarding the NSW

Jockeys Trust can be obtained by contacting the Trust Secretary or at – www.nswjockeystrust.com.au

JBS DISCRETIONARY FUND

The JBS Discretionary Fund provides funding 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 and business start-up assistance.

Jockeys Assistance Program

In July 2011 **Racing NSW** and the NSW Jockeys' Association appointed sports psychologist Grant Brecht (of Grant Brecht & Associates) to provide free confidential counselling services to NSW and ACT jockeys, apprentices and their families.

The Jockeys Assistance Program ("JAP") provides jockeys and their family members with 24 x 7 telephone access to Mr Brecht's services. Counselling facilities are available in Sydney and throughout NSW via Mr Brecht's network of regional associates.

During the year, 29 people accessed this vital service, dealing with a range of problems from relationship breakdowns, depression and anxiety disorders, to drug and alcohol abuse.

The JAP service is also available to jockeys seeking career development, motivation and performance advice. Mr Brecht has experience in providing specialised psychological, health and well-being consultancy services to sporting organisations and professional athletes.

All jockeys (from the leading Group One riders to Country Jockeys) are eligible to access the JAP service to assist them to focus on achieving success on the track.

Career Assistance Funding

Over \$94,000 in total was distributed from the JBS Discretionary Fund during the 2012/13 Financial Year to jockeys to assist them to undertake career training courses in preparation for their life after racing or to start-up their own small business.

In addition, Paul Colwell, a senior career advisor with the TAFE OTEN Counselling & Career Development Service, meets with jockeys and assists them in planning alternate career pathways and selecting training courses to suit those options or to start-up a small business.

The program is gaining momentum each year as jockeys start training in new fields, such as:-

- Information Technology;
- Small Business Management;
- Financial Planning;
- Work Health & Safety; and
- Equine Riding Coaching.

Seed funding has been provided from the JBS Discretionary Fund to former or current jockeys to start-up a variety of small business ventures to date, including a coffee shop, a horse transport business, an equine coaching school and several new thoroughbred training operations.

MARKETING, MEDIA & PR



Ian Mackay

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 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**

ACHIEVEMENTS

The BMW Sydney Carnival

Once again in 2013 the feature autumn carnival on the Sydney racing calendar was jointly marketed by Australian Turf Club, Destination NSW and **Racing NSW**.

The incomplete Royal Randwick development created challenges for the carnival but the final racetrack appearance of Black Caviar overwhelmed all else in what was a true sporting celebration.



TAB Saddle-Up Sundays

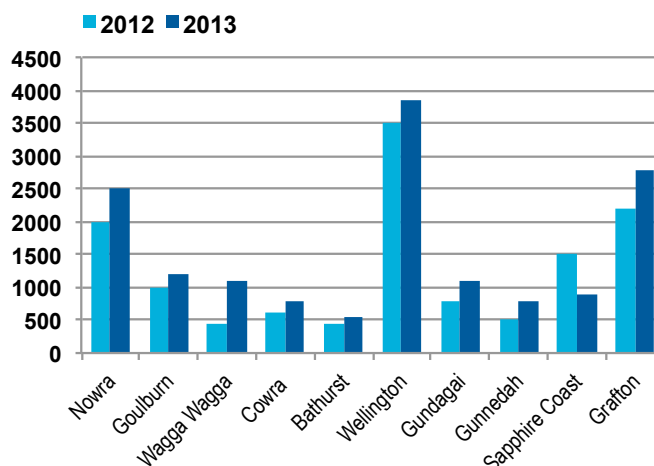
The successful Saddle-Up Sundays initiative continued in 2012/13, promoting unique country racedays in NSW within local communities and throughout the state.

In 2012/13 there were 12 Saddle-Up Sundays conducted, each with the objective of celebrating the uniqueness of country racing within the local community and to increase attendance and wagering.

The Clubs involved were:-

MONTH	VENUE	RACEDAY
August	Taree	Taree Cup
September	Orange	Saddle-Up Spring Raceday
October	Shoalhaven, Nowra	Mollymook Cup
November	Goulburn	Goulburn Cup
December	Wagga Wagga	Stan Sadleir Stakes Day
January	Cowra	Cowra Japan Cup Day
February	Bathurst	Bathurst Cup
March	Wellington	Wellington Boot
April	Gundagai	Gundagai Cup
May	Gunnedah	Gunnedah Cup
June	Sapphire Coast, Merimbula	Merimbula Cup
July	Grafton	South Grafton Cup

TAB SADDLE-UP SUNDAYS ATTENDANCE FIGURES AS AT JULY 2013



MARKETING, MEDIA & PR

Based on the excellent results of the Saddle-Up Sunday program, the number of Clubs involved has expanded to 14 in 2013/14. We welcome first time Saddle-Up venues (Coffs Harbour and Narromine) as well as helping some already successful events grow bigger still.

The clubs involved are:-

MONTH	VENUE	RACEDAY
August	Muswellbrook	Bengalla Cup
August	Narromine	Gold Cup
September	Port Macquarie	Port Macquarie Cup Prelude
October	Shoalhaven, Nowra	Mollymook Cup
November	Goulburn	Goulburn Cup
December	Lismore	Evans Head Cup
January	Tamworth	Country Music Cup
February	Bathurst	Bathurst Cup
March	Wellington	Wellington Boot
April	Gundagai	Gundagai Cup
May	Mudgee	Gooree Cup
June	Sapphire Coast, Merimbula	Merimbula Jazz Festival Cup
July	Grafton	South Grafton Cup
July	Coffs Harbour	Community Cups

As testament to the strength of the Saddle-Up Sunday brand TAB has extended their sponsorship of the event for a further five years.

Media and PR

The Media and PR Department manage and load all news, feature articles and notices onto the **Racing NSW** website as well as being responsible for the **Racing NSW** magazine and the publication of a wide range of media releases and advices throughout the season.

The **Racing NSW** website was upgraded in 2013 and since the upgrade site visits have increased over 10% with over 90,000 individuals visiting the site each month.

The updated site features better race form and data, improved search facilities and the introduction of a range of online forms making it easier for participants to do business with **Racing NSW**.

We will continue to modernise our website capability for the benefit of participants and fans of racing in New South Wales as well as improving our mobile site offering in the months ahead.

Racing NSW Magazine continues to be a vital source of information for participants as well as providing entertaining stories from around the State. Published monthly, the magazine has subscribers from around the globe and boasts an extensive readership base of trainers, owners, jockeys, breeders

and those that just love racing.

The Media Department also collates the point scoring from the media for the Bart Cummings Medal and ensures this prestigious medal along with the other **Racing NSW** awards are created for the end of season awards night.

The automation of the 'Seven Day Update' has been another improvement introduced by the media team. With weather playing havoc with tracks throughout the season the update was able to offer daily information on weather forecasts, track conditions and rail positions from every venue throughout the State.

The Seven Day update is a feature of the weekly industry news email that keeps participants and journalists abreast of the key stories and announcements in our industry.

ADDITIONAL PROJECTS

NSW Jockeys Trust & NSW Thoroughbred Rehabilitation Trust

The Marketing Department leads the promotion and marketing of two key initiatives supported by **Racing NSW**.

The NSW Jockeys Trust is a charitable trust that provides financial grants to injured and retired jockeys. Advertising the benefits of the Trust to jockeys continued in 2012/13 with direct mail and emails sent to current and former jockeys in NSW.

The creation of an online donation page, as well as an online form for applicants nears completion and aims to increase applications and donations alike to the Trust.

The NSW Thoroughbred Rehabilitation Trust (or TRT) is a not-for-profit charity that helps retired racehorses find new homes. The TRT is aligned to the Thoroughbred Rehabilitation Program, an initiative set up by **Racing NSW** and Corrective Services NSW, which rehabilitates retired racehorses and inmates alike.

Through sponsorship, donations and fundraising events, the TRT raised over \$50,000 in 2012/13, which included fundraising for an indoor arena.

Advertising for the TRT increased with the production of a television commercial and presence across all Metropolitan racetracks.

With over 80 former racehorses retired through the Program since its inception in 2011, the TRT aims to help graduate 100 thoroughbreds each year through the Program.

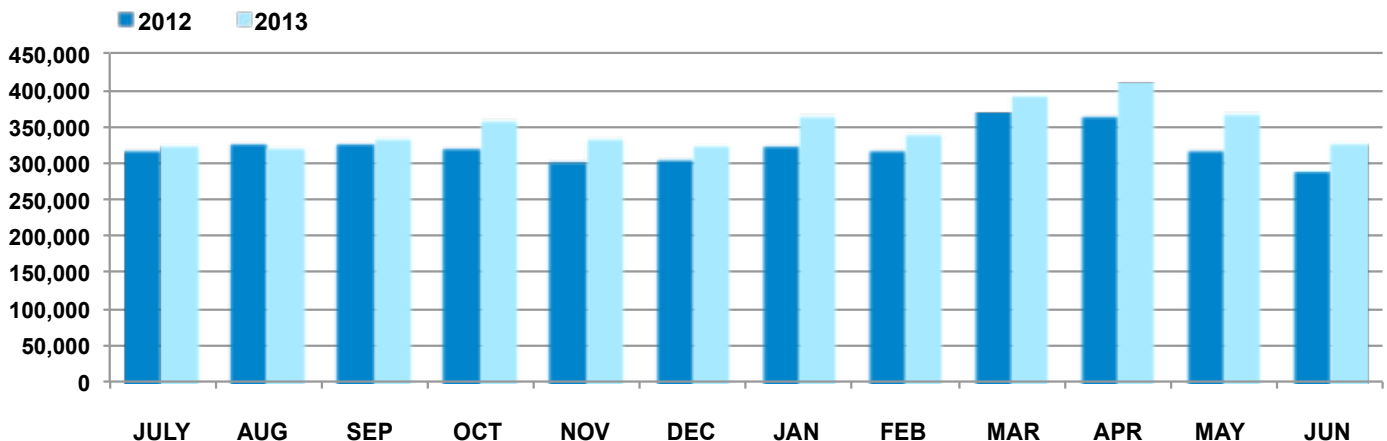
Weekly e-Newsletter – Frontrunner

The weekly e-Newsletter Frontrunner is sent to over 15,000 subscribers each week with a mix of stories, tips, prizes and insights into the industry. Open rates of the newsletter have soared in 2013 as we have focused on providing more interesting information delivered in a timely manner. The introduction of a weekly prize has also proved very popular with readers.

In the new season we plan to introduce an owners email service, ensuring that every owner gets the

MARKETING, MEDIA & PR

TOTAL WEBSITE VISITS – 2013 VS. 2012



information they need when they have a runner in New South Wales.

This will include track conditions, a free form guide plus information from the Club regarding what's happening on the raceday to encourage attendance.

Social Media – Twitter

Racing NSW has a strong presence on twitter with over 4,500 followers. Since the introduction of the service more than 6,000 tweets have been published and this will grow exponentially as we continue to grow our social media expertise and deliver on our broader consumer strategy. You can follow Racing NSW @racing_nsw.

Our handicapping department also entered the 'twittersphere' in 2013 enabling fans and participants a direct line to their team. This has quickly proven to be a popular service since launching in mid-2013, with already almost 600 followers. The handicappers twitter handle is @RNSWHandicappers

YPR

Young Professionals in Racing (YPR) is a Sydney-based network for young racing enthusiasts, providing

opportunities to generate new social and professional connections with like-minded people at industry related events.

The initiative is backed by **Racing NSW** and governed by an independent board of dynamic young professionals, passionate about the growth and sustainability of Australian racing.

About to celebrate one year since launching, YPR has established itself as a unique addition to the industry, successfully hosting events such as racedays, bloodstock sales and stud tours, punting previews, fashion and millinery parades and various social gatherings. Members of the group enjoy access to these events, as well as racehorse ownership experiences within the YPR stable, featuring young trainers such as Paul Messara, Bjorn Baker and Michael Costa of New Breed Racing.

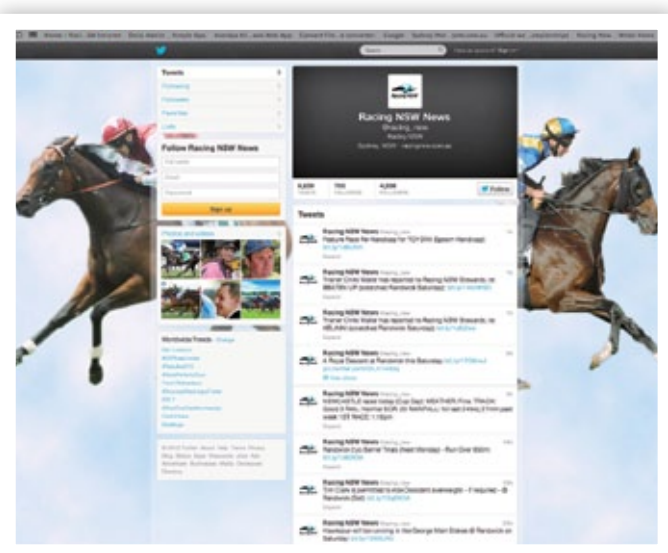
The group has a strong social media presence, publishing more than 900 tweets for over 1,000 followers already and has secured several corporate partnerships to ensure continued growth and development, with a 2013/14 membership target of 1,000.

Form

As well as developing better online form in partnership with RISA, available through the **Racing NSW** website, the marketing team also work in partnership with the print form guide providers, such as Winning Post, Best Bets, Sportsman, The Daily Telegraph and The Sydney Morning Herald.

This helps ensure the NSW racing form is presented effectively to the reader and the publications continue to promote and advertise the key Metropolitan, Provincial and Country race meetings throughout the State.

A key goal of **Racing NSW** is to ensure that racing fans continue to enjoy a superior coverage of horse racing throughout daily papers, and in their digital versions, along with freely available print and online form guides for racing in New South Wales.



INSURANCE



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.

2012/13 Financial Performance

The Fund experienced an operating surplus of \$1.6 million for 2013 which is largely attributable to the following factors:-

- Reduced incidence of new claims. There were 467 workers compensation claims received during 2012/13 which represented a 7.6% decrease on the 511 claims received during 2011/12 and a 13.2%

reduction on the 538 claims received during 2010/11;

- Reduction in open claims. The size of the open claims portfolio reduced to 301 claims as at 30 June 2013. This is a reduction of 10.4% on the 336 claims that were open at 30 June 2012 and a 25.6% reduction on the 378 open claims at 30 June 2011;
- Continuing improvements were achieved in return to work outcomes which led to the earlier finalisation of many claims and helped contain claims costs. 61% of claims received during 2012/13 have been resolved. The first year claim finalisation rate has risen sharply from 40% in 2010/11 and again from approximately 55% in 2011/12. Early claims resolution protects the fund from the exposure to increased claims costs as the claims develop over time;
- Amendments to New South Wales Workers Compensation Legislation during 2012/13 which focus on encouraging and assisting injured workers make an early and safe return to work; and
- Third party insurance recoveries have been fully identified and actively pursued as have reinsurance recoveries where claims costs have reached the Fund's claims cost retention level.

The actuarial central estimate of **Racing NSW's** outstanding Workers Compensation claims liability as at 30 June 2013 is \$33.6 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

SUMMARY OF ACTUARIAL ESTIMATE OF OUTSTANDING CLAIMS LIABILITIES

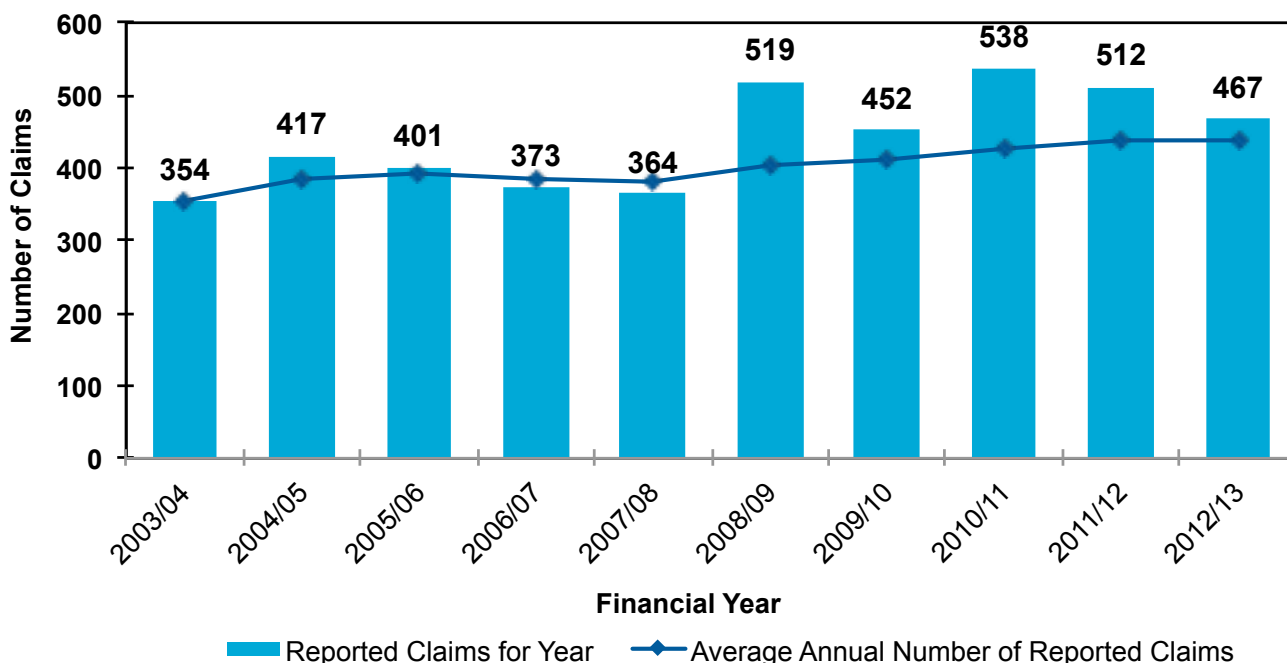
	Estimate of Liability as at 30 June 2013 (\$m)	Projected Estimate of Liability as at 30 June 2013 (2012 Valuation) (\$m)	Estimate of Liability as at 30 June 2012 (\$m)	Projected Estimate of Liability as at 30 June 2014 (2013 Valuation) (\$m)
Net Central Estimate ¹	33.7	36.5	33.6	35.8
Risk Margin	6.7	7.3	6.7	7.2
Outstanding Claims Provision ²	40.4	43.8	40.3	43.0

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

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

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INCURRED CLAIMS BY FINANCIAL YEAR



payments (at 3.5% p.a. – down 0.5% from 2012) and is discounted (at 4.2% p.a. – increased by 0.6% from 2012) to allow for future investment income earned between the valuation date and expected payment date.

The increase in the discount rate impacted favorably upon the valuation and countered the pressure brought upon the Fund by the indexation of scheduled fees for medical treatment and increases in rates of weekly compensation arising from the 2012 legislative amendments.

The net provision for outstanding claims liability inclusive of 20% prudential margin as at 30 June 2013 is \$40.4 million (0.25% increase of \$100,000 from the 2012 provision of \$40.3 million).

The actuarial provision of outstanding claims liability at 30 June 2013 was \$3.5 million lower than the projected estimate of \$43.8 million from the 2012 actuarial valuation.

The much better than forecast net provision resulted from, in roughly equal measures, the increase in the discount rate and also the combination of lower claims incidence, allowance for claim recoveries and the impact of amendments to workers compensation legislation.

The Fund's net liability to 30 June 2014 is projected to increase to \$43.0 million which is an increase of \$2.6 million on the net valuation at 30 June 2013.

CLAIM NUMBERS

There were 467 Workers Compensation claims received during 2012/13 which represented a 7.6% decrease on the 511 claims received during 2011/12 and a 13.2% reduction on the 538 claims received during 2010/11.

It should be noted that the reduction in claim numbers has occurred despite an increase in both the numbers of races and starters during 2011/12 and 2012/13 of 2.3% and 1.3% respectively.

This improving claims experience trend is reflective

of the impact of recent safety initiatives implemented by **Racing NSW** to reduce industry risk, including:-

- rollout of the mandatory barrier attendant and Starter Training Program;
- older trackwork rider competency assessments;
- annual cognitive testing for jockeys and apprentices;
- installation of PVC (plastic) running rails at 30 Country racecourses;
- funding of other racecourse infrastructure upgrades (e.g. fencing, drainage, raceday stalls); and
- rollout of the Online WHS Management System to all Provincial & Country TAB/Community Clubs and the specially-developed "kit version" for use by Picnic Clubs.

The size of the open claims portfolio reduced to 301 claims as at 30 June 2013. This is a reduction of 10.4% on the 336 claims that were open at 30 June 2012 and a 25.6% reduction on the 378 open claims at 30 June 2011. The lower open claim numbers has impacted favorably upon the estimate of the Fund's net liability and has allowed claim managers greater opportunity to focus on tail claims.

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 2013:-

The profile of the 2013 claims portfolio is similar to that of previous years insofar as:-

- the highest incidence of injuries arises out of

INSURANCE

trackwork riding, including trainers riding their own trackwork (33.19%);

- the most common mechanism of injury is from falls (38.54%) 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 (49.89% of all injuries).

There was a slight increase (5%) in the incidence of claims arising from workers being struck by horses during 2012/13.

The new but small incidence of claims during 2011/12 alleging bullying and harassment was not repeated during 2012/13.

GENERAL INSURANCE AND PUBLIC LIABILITY

In 2011/12 **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 Australian Racing Board.

The Racing NSW Insurance Program:-

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

The insurance renewal program for 2012/13 was undertaken under difficult market conditions. Following unprecedented losses in the Asia Pacific Region in the preceding two years (including the Brisbane floods, Cyclone Yasi and Christchurch earthquakes), underwriting scrutiny heightened. Insurers sought to impose higher deductibles, reduced limits of cover and significant premium increases.

Within this challenging renewal market, **Racing NSW** nonetheless secured placement of cost effective and comprehensive cover for the group for 2013, notably:-

- a minimal increase of only 5% in the premium rate for Industrial Special Risks (Property) insurance, with the added benefit of a new (lower) deductible applicable to claims by Clubs with declared asset replacement values of less than \$2 million;
- containment of the premium increase in the General (Public & Products) Liability Insurance policy through extensive marketing and change of insurer; and
- premium savings in the professional risk/financial lines.

Claims experience under the ISR and Comprehensive Motor Vehicle policies deteriorated during the 2013 policy year, but improved significantly under the Liability policy.

The reduction in liability claims is a positive reflection of racecourse infrastructure and facilities upgrades and the contribution of the Online WHS Management System to Club management's understanding of risk prevention practices and loss mitigation strategies.

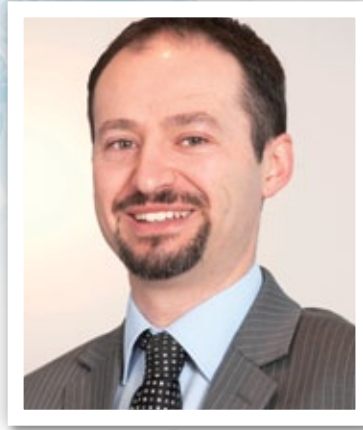
2013 CLAIMS BY MECHANISM OF INJURY		
Falls from horse (or other height)	180	38.54%
Being struck by horse	169	36.19%
Muscular stress by lifting, carrying, handling or repetitive movement	32	6.85%
Trapped between stationary and moving objects (including machinery/equipment)	24	5.14%
Falls on the same level (slips, trips & stumbles)	22	4.71%
Hitting stationary objects	10	2.14%
Muscular stress with no objects being handled	8	1.71%
Hitting or being hit by moving objects	7	1.50%
Being bitten by horse (or other animal)	5	1.07%
Being hit by falling objects	3	0.64%
Work related harassment/pressure	2	0.43%
Being assaulted by a person or persons	1	0.21%
Contact with hot objects or electricity	1	0.21%
Exposure to sounds (single/sudden and long term)	1	0.21%
Rubbing and chafing	1	0.21%
Stepping, kneeling or sitting on objects	1	0.21%
TOTAL	467	100.00%

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2013 CLAIMS BY INJURY LOCATION		
Back	67	14.35%
Shoulder	48	10.28%
Foot/Toes	44	9.42%
Hand/Fingers	43	9.21%
Head	37	7.92%
Knee	30	6.42%
Leg	30	6.42%
Neck	20	4.28%
Ribs	19	4.07%
Ankle	18	3.85%
Arm	18	3.85%
Mouth/Tooth	17	3.64%
Wrist	17	3.64%
Face/Nose	13	2.78%
Elbow	12	2.57%
Chest/Trunk	8	1.71%
Hip	8	1.71%
Pelvic bones, muscles and tendons	7	1.50%
Multiple locations	4	0.86%
Abdomen	3	0.64%
Brain	1	0.21%
Ear	1	0.21%
Heart/Lung/Other internal chest organs	1	0.21%
Psychological system	1	0.21%
TOTAL	467	100.00%

2013 CLAIMS BY INJURY TYPE		
Sprain/Strain (Soft Tissue Injury, Muscle or Tendon Trauma)	143	30.62%
Fracture	90	19.27%
Contusion, Bruising, Superficial Crushing	70	14.99%
Sprain/Strain (Trauma to Joints and Ligaments)	64	13.70%
Superficial Injury	28	6.00%
Fractured Skull and Facial Bones	20	4.28%
Laceration / Open Wound	17	3.64%
Dislocation	9	1.93%
Multiple Injuries	7	1.50%
Concussio /Head Trauma	6	1.28%
Fracture of Vertebral Column	4	0.86%
Internal Injury – Chest, Pelvis, Abdomen	3	0.64%
Other & Unspecified Injuries	2	0.43%
Brain Injury	1	0.21%
Deafness	1	0.21%
Mental Disorder (Stress)	1	0.21%
Burn	1	0.21%
TOTAL	467	100.00%

INFORMATION TECHNOLOGY



Ariel Paez
General Manager –
Information Technology (IT)

Functions of Racing NSW IT

- Core ICT Services
- Telephony Management and Switchboard Operators
- Web Hosting
- Web and Application Services
- Network Services
- ICT Security Services
- IT Support Services
- ICT Project Services
- ICT Contract Management
- Records Management
- Business Services

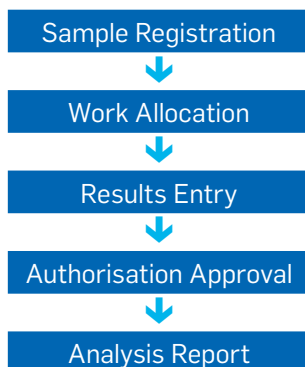
Overview

Racing NSW IT accomplished all of its goals for the 2012/13 year. Several key projects were successfully delivered including a major internal network security upgrade and redesign.

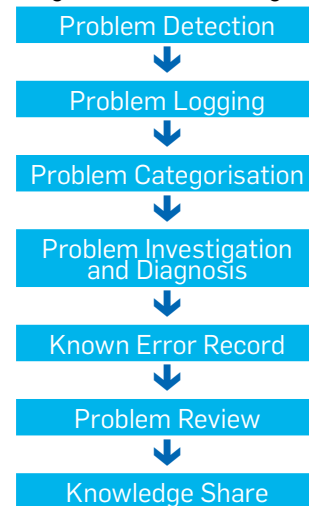
Racing NSW's website refresh and development has been launched which was in collaboration with the Racing NSW Marketing Department and Racing Information Services Australia.

The website has a fresh new look and offers numerous site enhancements for visitors who are looking for the most up-to-date and accurate data.

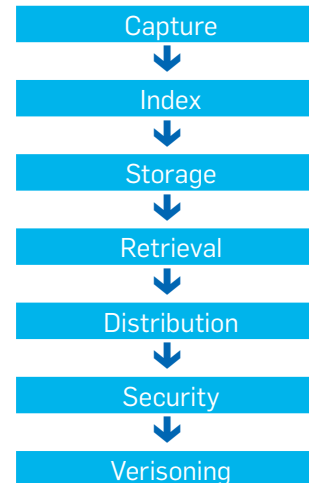
A new Laboratory Information Management System has been purchased and developed to suit **Racing NSW's** needs. The system is built on the latest and most secure database technologies which provides the most highest and stringent data integrity.



In addition, the IT Department continued to provide a first-rate support environment to internal staff and external industry participants throughout NSW following key problem management methodologies.



Digital Archiving across Head Office and ARFL (Australian Racing Forensic Laboratory) has reduced our storage and paper library by 60%. Records management and retrieval efficiency has improved across all departments.



This year saw Racing NSW IT keep up with changes by new directions in various technologies as Cloud Based Hosting, Virtualisation, mobile provisioning and Data Replication.

NSW GROUP & LISTED WINNERS

GROUP	FEATURE	DIST	PRIZES	WINNER	TRAINER
1	GOLDEN ROSE STAKES	1400	1,000,000	EPAULETTE	Peter Snowden
1	GEORGE MAIN STAKES	1600	350,000	SHOOT OUT	Chris Waller
1	EPSOM HCP	1600	500,000	FAT AL	Gai Waterhouse
1	THE METROPOLITAN	2400	400,000	GLENCADAM GOLD	Gai Waterhouse
1	SPRING CHAMPION STAKES	2000	400,000	IT'S A DUNDEEL	Murray Baker
1	FLIGHT STAKES	1600	400,000	NORZITA	Bart Cummings
1	CHIPPING NORTON STAKES	1600	350,000	SHOOT OUT	Chris Waller
1	RANDWICK GUINEAS	1600	500,000	IT'S A DUNDEEL	Murray Baker
1	COOLMORE CLASSIC	1500	600,000	APPEARANCE	Guy Walter
1	RANVET STAKES	2000	400,000	FORETELLER	Chris Waller
1	CANTERBURY STAKES	1300	350,000	PIERRO	Gai Waterhouse
1	ROSEHILL GUINEAS	2000	500,000	IT'S A DUNDEEL	Murray Baker
1	THE GALAXY	1100	350,000	BEL SPRINTER	Jason Warren
1	GOLDEN SLIPPER	1200	3,500,000	OVERREACH	Gai Waterhouse
1	THE BMW	2400	2,250,000	FIVEANDAHALFSTAR	Anthony Cummings
1	GEORGE RYDER STAKES	1500	400,000	PIERRO	Gai Waterhouse
1	QUEEN OF THE TURF STAKES	1500	400,000	APPEARANCE	Guy Walter
1	VINERY STUD STAKES	2000	400,000	NORZITA (NZ)	Bart Cummings
1	ATC AUSTRALIAN DERBY	2400	1,500,000	IT'S A DUNDEEL	Murray Baker
1	T J SMITH STAKES	1200	1,000,000	BLACK CAVIAR	Peter Moody
1	ATC SIRES PRODUCE STAKES	1400	500,000	GUELPH	Peter Snowden
1	DONCASTER HANDICAP	1600	2,000,000	SACRED FALLS	Chris Waller
1	ATC OAKS	2400	550,000	ROYAL DESCENT	Chris Waller
1	SYDNEY CUP	3200	500,000	MOURAYAN	Robert Hickmott
1	QUEEN ELIZABETH STAKES	2000	500,000	RELIABLE MAN	Chris Waller
1	CHAMPAGNE STAKES	1600	400,000	GUELPH	Peter Snowden
1	ALL AGED STAKES	1400	400,000	ALL TOO HARD	M, W & J Hawkes
2	WARWICK STAKES	1400	175,000	PINWHEEL	Peter Snowden
2	CHELMSFORD STAKES	1600	175,000	DANLEIGH	Chris Waller
2	FURIOUS STAKES	1400	175,000	DEAR DEMI	Clarry Conners
2	THEO MARKS STAKES	1400	200,000	AMBIDEXTER	Peter Snowden
2	HILL STAKES	2000	200,000	LAMASERY	David Vandyke
2	THE SHORTS	1200	200,000	PAMPELONNE	Tim Martin
2	TEA ROSE STAKES	1500	175,000	LONGPORT	John Thompson
2	STAN FOX STAKES	1500	250,000	KABAYAN	Gai Waterhouse
2	SHANNON STAKES	1500	175,000	ROLLING PIN	Gwenda Markwell
2	PREMIERE STAKES	1200	200,000	RED TRACER	Chris Waller
2	ROMAN CONSUL STAKES	1200	175,000	JOLIE BAY	M, W & J Hawkes
2	VILLIERS STAKES	1600	175,000	ALL LEGAL	Kevin Moses
2	EXPRESSWAY STAKES	1200	200,000	HAPPY GALAXY	M, W & J Hawkes
2	LIGHT FINGERS STAKES	1200	200,000	BENNETTA	Grahame Begg
2	ROYAL SOVEREIGN STAKES	1200	175,000	REBEL DANE	Gary Portelli
2	BREEDERS' CLASSIC	1200	175,000	STEPS IN TIME	John O'Shea
2	APOLLO STAKES	1400	250,000	ALMA'S FURY	Paul Murray

NSW GROUP & LISTED WINNERS

GROUP	FEATURE	DIST	PRIZES	WINNER	TRAINER
2	SILVER SLIPPER STAKES	1100	200,000	SWEET IDEA	Gai Waterhouse
2	HOBARTVILLE STAKES	1400	200,000	PIERRO	Gai Waterhouse
2	SURROUND STAKES	1400	200,000	DEAR DEMI	Clarry Conners
2	CHALLENGE STAKES	1000	175,000	SNITZERLAND	Gerald Ryan
2	REISLING STAKES	1200	300,000	OVERREACH	Gai Waterhouse
2	TODMAN STAKES	1200	300,000	CRITERION	David Payne
2	PHAR LAP STAKES	1500	175,000	TOYDINI	Guy Walter
2	AJAX STAKES	1500	175,000	HAVANA REY	Bjorn Baker
2	MAGIC NIGHT STAKES	1200	175,000	SCANDIVA	Anthony Cummings
2	PAGO PAGO STAKES	1200	175,000	SIDESTEP	Peter Snowden
2	TULLOCH STAKES	2000	175,000	PHILIPPI	Michael Kent
2	CHAIRMAN'S HANDICAP	2600	175,000	TREMEC	John P Thompson
2	SAPPHIRE STAKES	1200	175,000	ARINOSA	Chris Waller
2	EMANCIPATION STAKES	1600	175,000	SKYERUSH	Guy Walter
3	MISSILE STAKES	1200	125,000	PINWHEEL	Peter Snowden
3	SAN DOMENICO STAKES	1100	125,000	SNITZERLAND	Gerald Ryan
3	UP AND COMING STAKES	1300	125,000	ALBRECHT	Peter Snowden
3	SILVER SHADOW STAKES	1200	125,000	NECHITA	John Thompson
3	THE RUN TO THE ROSES	1200	125,000	PIERRO	Gai Waterhouse
3	CONCORDE STAKES	1100	125,000	TIGER TEES	Joseph Pride
3	TRAMWAY HCP	1400	125,000	TAGUS	John Thompson
3	KINGSTON TOWN STAKES	2000	125,000	STOUT HEARTED	Chris Waller
3	SPRING STAKES	1600	175,000	PROISIR	Gai Waterhouse
3	CAMERON HCP	1500	150,000	ROLLING PIN	Gwenda Markwell
3	NEWCASTLE CUP	2300	200,000	GLENCADAM GOLD	Gai Waterhouse
3	GLOAMING STAKES	1800	200,000	IT'S A DUNDEEL	Murray Baker
3	BILL RITCHIE HANDICAP	1400	125,000	STEPS IN TIME	John O'Shea
3	RESEARCH STAKES	1400	250,000	MORE JOYOUS	Gai Waterhouse
3	COLIN STEPHEN QUALITY	2400	125,000	KELINNI	Chris Waller
3	CRAVEN PLATE	2000	125,000	MOURAYAN	Robert Hickmott
3	HAWKESBURY GOLD CUP	1600	150,000	DARCI BE GOOD	Bede Murray
3	SUMMER CUP	2400	125,000	LE ROI	Tony McEvoy
3	SOUTHERN CROSS STAKES	1200	125,000	SKYTRAIN	Peter Snowden
3	TRISCAY STAKES	1200	125,000	SHE'S CLEAN	Chris Waller
3	MILLIE FOX QLTY STAKES	1300	125,000	RED TRACER	Chris Waller
3	LIVERPOOL CITY CUP	1300	125,000	SKYERUSH	Guy Walter
3	SKYLINE STAKES	1200	125,000	ALL THE TALK	Gary Portelli
3	SWEET EMBRACE STAKES	1200	125,000	ROMANTIC MOON	John O'Shea
3	NEWCASTLE NEWMARKET HCP	1400	125,000	BELLO	Peter Snowden
3	KEITH F NOLAN CLASSIC	1600	150,000	CAMEO	Peter Snowden
3	BIRTHDAY CARD STAKES	1200	125,000	ARINOSA	Chris Waller
3	EPONA STAKES	1900	125,000	ALIYANA TILDE	Kerry Parker

NSW GROUP & LISTED WINNERS

GROUP	FEATURE	DIST	PRIZES	WINNER	TRAINER
3	SEBRING STAKES	1200	125,000	HOT SNITZEL	Gerald Ryan
3	T L BAILLIEU HANDICAP	1400	125,000	CHAMPOLLION	Peter Snowden
3	NEVILLE SELLWOOD STAKES	2000	125,000	LIGHTS OF HEAVEN	Peter Moody
3	ADRIAN KNOX QLTY STAKES	2000	150,000	ROYAL DESCENT	Chris Waller
3	DONCASTER PRELUDE	1600	125,000	SKYERUSH	Guy Walter
3	CARBINE CLUB STAKES	1600	125,000	TOYDINI	Guy Walter
3	KINDERGARTEN STAKES	1100	125,000	SAFEGUARD	Peter Snowden
3	FRANK PACKER PLATE	2000	125,000	USAINITY	Murray Baker
Listed	THE ROSEBUD	1200	100,000	SHE'S A FOX	Anthony Cummings
Listed	STARLIGHT STAKES	1100	100,000	MRS ONASSIS	Gerald Ryan
Listed	SHOW COUNTY QUALITY HCP	1200	100,000	MOMENT OF CHANGE	Peter Moody
Listed	TOY SHOW F-&-M QLTY HCP	1300	100,000	DYSTOPIA	Chris Waller
Listed	PREMIER'S CUP	1800	100,000	GLENCADAM GOLD	Gai Waterhouse
Listed	WYONG GOLD CUP	2100	150,000	JULIENAS	Gai Waterhouse
Listed	MONA LISA STAKES	1350	120,000	MISS STELLABELLE	Gai Waterhouse
Listed	MING DYNASTY QUALITY HCP	1400	100,000	TATRA	Peter Snowden
Listed	SHERACO STAKES	1200	100,000	MORE JOYOUS	Gai Waterhouse
Listed	TIBBIE STAKES	1400	100,000	NOCTURNELLE	Chris Waller
Listed	HERITAGE STAKES	1100	100,000	ICHIHARA	Allan Denham
Listed	REGINALD ALLEN QLTY HCP	1200	100,000	URBAN GROOVE	Gai Waterhouse
Listed	DULCIFY 3YO QUALITY HCP	1900	100,000	PROVERB	Peter Snowden
Listed	BREEDERS' PLATE	1000	100,000	WHITTINGTON	Gai Waterhouse
Listed	GIMCRACK STAKES	1000	100,000	BRILLIANT BISC	Peter Moody
Listed	ANGST STAKES	1500	100,000	NOCTURNELLE	Chris Waller
Listed	CITY TATT'S CLUB CUP	2400	100,000	CRAFTY IRNA	Ron Quinton
Listed	CITY TATTS LIGHTNING HCP	1100	100,000	FAMOUS SEAMUS	Noel Mayfield-Smith
Listed	BRIAN CROWLEY STAKES	1200	100,000	BETTER THAN READY	Kelly Schweida
Listed	THE NIVISON	1200	100,000	QUIDNUNC	Peter Snowden
Listed	SKIN FITNESS CUP	1300	100,000	ALL LEGAL	Kevin Moses
Listed	FRANK UNDERWOOD CUP	2200	100,000	FIUMICINO	M, W & J Hawkes
Listed	FESTIVAL STAKES	1500	100,000	MALAVIO	Steve Englebrecht
Listed	CHRISTMAS CUP	2400	100,000	CANTONESE	Bjorn Baker
Listed	RAZOR SHARP HCP	1200	100,000	ADEBISI	Desleigh Forster
Listed	TATTERSALLS CLUB CUP	2000	100,000	MORIARTY	Chris Waller
Listed	CARRINGTON STAKES	1100	100,000	NO LOOKING BACK	Gai Waterhouse
Listed	GOSFORD GOLD CUP	2100	125,000	MORIARTY	Chris Waller
Listed	BELLE OF THE TURF STAKES	1600	100,000	CATHAY LADY	John Sargent
Listed	TAKEOVER TARGET STAKES	1200	100,000	TESTARHYTHM	Darren Smith
Listed	CANTERBURY CLASSIC	1100	100,000	SKYTRAIN	Peter Snowden
Listed	AUSTRALIA DAY CUP	2400	100,000	SHADOWS IN THE SUN	Anthony Cummings
Listed	CANONBURY STAKES	1100	100,000	NEVER CAN TELL	Anthony Cummings
Listed	WIDDEN STAKES	1100	100,000	OVERREACH	Gai Waterhouse

NSW GROUP & LISTED WINNERS

GROUP	FEATURE	DIST	PRIZES	WINNER	TRAINER
Listed	PARRAMATTA CUP	2000	100,000	PELICANO	Tony McEvoy
Listed	FIREBALL QUALITY HCP	1100	100,000	CATKINS	Chris Waller
Listed	WIGGLE STAKES	1400	100,000	STEPS IN TIME	John O'Shea
Listed	BLACK OPAL STAKES	1200	250,000	CRITERION	David Payne
Listed	CANBERRA CUP	2000	200,000	COURT CONNECTION	Danny Williams
Listed	NATIONAL SPRINT	1400	100,000	NIBLICK	Brett Cavanough
Listed	CANBERRA GUINEAS	1400	100,000	COMPLICATE	Peter Snowden
Listed	RANDWICK CITY STAKES	2200	100,000	TREMEC	John Thompson
Listed	ESKIMO PRINCE STAKES	1200	100,000	ICHIHARA	Allan Denham
Listed	ASPIRATION QUALITY	1600	100,000	THY	Peter Moody
Listed	WENONA GIRL HANDICAP	1200	100,000	CHOICE WORDS	David Vandyke
Listed	ALBURY CUP	2000	170,000	NIBLICK	Brett Cavanough
Listed	SKY HIGH STAKES	1900	100,000	JULIENAS	Gai Waterhouse
Listed	MAURICE McCARTEN STAKES	1100	100,000	SEE THE WORLD	Joseph Pride
Listed	N E MANION QUALITY CUP	2400	100,000	JULIENAS	Gai Waterhouse
Listed	DARBY MUNRO STAKES	1200	100,000	CHIARAMONTE	Peter Snowden
Listed	P J BELL STAKES	1200	100,000	CATKINS	Chris Waller
Listed	JAPAN RACING ASSOC PLATE	2000	100,000	KELINNI	Chris Waller
Listed	SOUTH PACIFIC CLASSIC	1400	100,000	PLATINUM KINGDOM	Lisa Latta
Listed	KEITH MACKAY HANDICAP	1200	100,000	EVERAGE	Craig Carmody
Listed	FERNHILL HANDICAP	1600	100,000	RIOCETTO	N & C Voigt
Listed	GOSFORD GUINEAS	1200	250,000	ICHIHARA	Allan Denham
Listed	JAMES H B CARR STAKES	1400	100,000	MISSY CUMMINGS	Anthony Cummings
Listed	HALL MARK STAKES	1200	100,000	RAREFIED	Peter Snowden
Listed	WAGGA WAGGA GOLD CUP	2000	140,000	SCREAM MACHINE	Jason Coyle
Listed	ROWLEY MILE	1600	175,000	MOURO	Tony McEvoy
Listed	DARLEY CROWN	1300	175,000	AEROBATICS	Peter Snowden
Listed	HAWKESBURY GUINEAS	1400	175,000	LIMES	Peter Snowden
Listed	LORD MAYOR'S CUP	2000	100,000	MORIARTY	Chris Waller
Listed	SCONE CUP	1600	175,000	SPEEDINESS	Colin Scott
Listed	LUSKIN STAR STAKES	1300	120,000	FONTELINA	Anthony Cummings
Listed	DARK JEWEL CLASSIC	1400	175,000	ARCTIC FLIGHT	Anthony Cummings
Listed	WOODLANDS STAKES	1100	140,000	TWEET	Grahame Begg
Listed	DENISE'S JOY STAKES	1100	140,000	DIAMOND EARTH	Anthony Cummings
Listed	ORTENSIA STAKES	1100	100,000	SATIN SHOES	Clarry Conners
Listed	W J MCKELL CUP	2400	100,000	FIUMICINO	M, W & J Hawkes
Listed	JUNE STAKES	1200	100,000	SHE'S CLEAN	Chris Waller
Listed	WINTER CUP	2400	100,000	DESTINY'S KISS	Joseph Pride
Listed	CIVIC STAKES	1400	100,000	MIC MAC	Paul Messara
Listed	RAMORNIE HANDICAP	1200	130,000	YOUTHFUL JACK	Ross Stitt
Listed	GRAFTON CUP	2350	150,000	MR O'CEIRIN	Michael Kent
Listed	WINTER STAKES	1400	100,000	UNDER THE SUN	Gai Waterhouse

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PROFIT/LOSS STATEMENT - GENERAL ACTIVITIES

AS AT 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

	Note	2013 \$	2012 \$
REVENUE			
Revenue from Operating Activities			
Sale of Goods - Publications	5(i)	491,102	537,462
Sale of Services	5(ii)	6,171,891	5,810,174
		6,662,993	6,347,636
Revenue from Non Operating Activities			
(Loss)/Gain on Disposal of Assets	5(ix)	(10,731)	8,240
Interest - General	5(viii)	2,151,705	6,272,306
		2,140,974	6,280,546
First Charge	5(iv)	7,557,068	7,786,787
RISA Payment	xxxix	715,340	825,147
Conferences and Industry Functions		-	113,892
		17,076,375	21,354,008
REVENUE			
EXPENSES			
Horse Rehabilitation	5(xi)	438,940	263,611
Board	5(xii)	596,584	543,255
Analytical	5(xiii)	177,135	167,484
Finance	5(xiv)	468,353	451,687
Administration and Executive	5(xv)	4,330,558	3,980,787
Legal	5(xvi)	279,855	30,086
Licensing	5(xvii)	300,029	260,512
Race Fields	5(xix)	103,017	151,800
Race Results	5(xx)	16,816	15,337
Publications	5(xxi)	415,338	376,742
Laboratory	5(xxii)	2,671,195	2,391,543
Handicapping	5(xxiii)	551,138	533,621
Stewards	5(xxiv)	3,388,748	3,193,288
Veterinary	5(xxv)	615,187	590,057
Syndicates	5(xxvi)	115,085	76,488
Stakes Payments	5(xxviii)	239,084	286,791
Information Technology	5(xxix)	560,936	535,801
Racing Office	5(xxx)	162,791	183,873
Marketing	5(xxii)	555,023	491,500
Racing Rewards	5(xxiii)	-	24,336
Finance Costs	5(xxx)	55,090	42,945
Australian Racing Board	5(xxvii)	269,941	533,655
		16,310,8436	15,169,499
EXPENSES			
OPERATING PROFIT			
		765,532	6,184,509

PROFIT/LOSS STATEMENT RACE FIELDS ACTIVITIES

FOR THE YEAR ENDED 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

	Note	2013 \$	2012 \$
REVENUE			
Revenue from Operating Activities			
Race Fields Fees	5(v)	59,333,072	209,479,874
Race Fields interest received	5(v)	7,461,949	13,264,680
TAB distribution - prizemoney subsidies	5(vii)	6,363,424	-
REVENUE		73,158,445	222,744,554
EXPENSES			
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements	5(xvii)	71,235,065	124,740,338
Race Fields legal fees incurred	5(xvi)	-	1,252,875
Race Fields legal fees to be recovered	5(xvi)	744,704	(3,500,000)
Race Fields funding at NSW racecourses of capital works	5(xxxxi), Note 32	7,358,079	-
EXPENSES		79,337,848	122,493,213
RACE FIELDS LOSS/PROFIT		(6,179,403)	100,251,341
Funds Transferred to Reserves		(6,179,403)	100,251,341

PROFIT/LOSS STATEMENT WORKERS COMPENSATION FUND

FOR THE YEAR ENDED 30 JUNE, 2013

	Note	2013 \$	2012 \$
REVENUE			
Revenue from Operating Activities			
Workers Compensation Premiums/Charges	5(iii)	11,372,342	11,629,380
Revenue from Non Operating Activities			
Rent received	13	17,510	-
Interest - Workers Compensation Fund	5(viii)	1,451,364	1,832,176
REVENUE		12,841,216	13,461,556
EXPENSES			
Workers Compensation Payments	5(xxxiv)	8,869,572	9,877,461
Workers Compensation Administrative & Regulatory	5(xxxiv)	1,886,321	1,792,523
Finance Costs	5(xxxv)	247,397	250,364
Investment Property Expenses	13	92,561	-
Investment Property Depreciation Expense	13	102,529	-
EXPENSES		11,198,380	11,920,348
Funds before allocation of additional provision for possible future liabilities		1,642,836	1,541,208
Additional provision for possible future liabilities.		31,098	149,096
Funds Transferred to Reserves		1,611,738	1,392,112

STATEMENT OF COMPREHENSIVE INCOME

AS AT 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

	Note	2013 \$	2012 \$
REVENUE FROM CONTINUING OPERATIONS			
Sale of Goods - Publications	5(i)	491,102	537,462
Sale of Services	5(ii)	6,171,891	5,810,174
Workers Compensation Fund Premiums & Revenues	5(iii)	11,389,852	11,629,380
First Charge	5(iv)	7,557,068	7,786,787
Race Fields fees & interest received	5(v)	66,795,021	222,744,554
Appearance Fee Receipts	5(vi)	1,506,200	6,460,955
Prior Appearance Fee receipts redirected to prizemoney subsidies	5 (vii)	6,363,424	-
Interest other parties	5(viii)	3,603,069	8,104,482
OTHER INCOME			
(Loss)/Gain on Disposal of Assets	5(ix)	(10,731)	8,240
Conferences and Industry Functions	5(x)	-	292,219
Non-repayable grant	5(xxxix)	642,505	489,392
Share of Captive Fund Settlement	5(xxxx)	133,655	299,237
TOTAL REVENUE AND OTHER INCOME		104,643,056	264,162,882
EXPENSES			
Horse Rehabilitation	5(xi)	438,940	263,611
Board	5(xii)	596,584	543,255
Analytical	5(xiii)	177,135	167,484
Finance	5(xiv)	468,353	451,687
Administration and Executive	5(xv)	4,600,499	4,514,443
Legal	5(xvi)	1,024,559	(2,217,039)
Licensing	5(xvii)	300,029	260,512
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements	5(xviii)	71,235,065	124,740,338
Race Fields	5(xix)	103,017	151,800
Race Results	5(xx)	16,816	15,337
Cost of Goods Sold - Publications	5(xxi)	415,338	376,742
Laboratory	5(xxii)	2,671,195	2,391,543
Handicapping	5(xxiii)	551,138	533,621
Stewards	5(xxiv)	3,388,748	3,193,288
Veterinary	5(xxv)	615,187	590,057
Syndicates	5(xxvi)	115,085	76,488
Stakes Payments	5(xxviii)	239,084	286,791
Information Technology	5(xxix)	560,936	535,801
Racing Office	5(xxx)	162,791	183,873
Appearance Fee (unplaced starters)	5(xxxi)	1,506,200	6,460,955
Marketing	5(xxxii)	555,023	491,500
Racing Rewards	5(xxxiii)	-	24,334
Workers Compensation Fund Expenses	5(xxxiv)	10,982,081	11,819,080
Finance Costs	5(xxxv)	302,487	293,310
Conferences and Industry Functions	5(x)	-	178,327
Royal Randwick Redevelopment monitoring costs	5(xxxvi)	105,750	167,060
BOBS Extra additional funding	5(xxxvii)	750,000	750,000
Royal Randwick Redevelopment grant	5(xxxviii)	-	2,634,455
Race Fields funding at NSW racecourses of capital works	5(xxxx)	7,358,079	-
TOTAL EXPENSES		109,240,119	159,878,653
Share of profit of associate (RISA)	10	72,835	335,755
(LOSS)/PROFIT BEFORE INCOME TAX		(4,524,228)	104,619,983
INCOME TAX EXPENSE			
		-	-
(LOSS)/PROFIT AFTER INCOME TAX	5(xxxxii)	(4,524,228)	104,619,983
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME		(4,524,228)	104,619,983

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, 2013

RACING NSW ABN 86 281 604 417

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	7	86,059,665	164,265,940
Trade and Other Receivables	8	105,022,377	94,948,916
Other Current Assets	9	84,664	436,094
TOTAL CURRENT ASSETS		191,166,706	259,650,950
NON-CURRENT ASSETS			
Investment accounted for using the equity method	10	4,159,673	4,086,838
Other Non-Current Receivables	14	21,663,709	4,928,844
Property, Plant and Equipment - Buildings	11	4,133,124	4,228,908
Property, Plant and Equipment - Other	12	2,405,448	2,617,751
Investment Property	13	6,716,405	-
TOTAL NON-CURRENT ASSETS		39,078,359	15,862,341
TOTAL ASSETS		230,245,065	275,513,291
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	15	62,705,049	106,683,718
Breeder Owner Bonus Scheme	16	14,157,440	12,678,483
Provisions	17	959,473	912,951
Workers Compensation Provisions	18	9,570,456	8,078,501
Other Current Liabilities	19	677,330	674,307
TOTAL CURRENT LIABILITIES		88,069,748	129,027,960
NON-CURRENT LIABILITIES			
Breeder Owner Bonus Scheme	16	4,873,449	4,437,916
Provisions	17	371,558	307,168
Workers Compensation Provisions	18	37,987,722	38,228,124
Other Non-Current Liabilities	20	119,672	164,979
TOTAL NON-CURRENT LIABILITIES		43,352,401	43,138,187
TOTAL LIABILITIES		131,422,149	172,166,147
NET ASSETS		98,822,916	103,347,144
EQUITY			
Reserves	21	98,822,916	103,347,144
Accumulated Surplus	22	-	-
TOTAL EQUITY		98,822,916	103,347,144

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, 2013

RACING NSW ABN 86 281 604 417

	Note	Reserves \$	Accumulated Surplus \$	Total \$
Balance at 30 June 2011		(1,272,839)	-	(1,272,839)
Profit for the Year		-	104,619,983	104,619,983
Total Comprehensive Income for the Year		-	104,619,983	104,619,983
Transfer to Reserves	22	104,619,983	(104,619,983)	-
Balance at 1 July 2012		103,347,144	-	103,347,144
(Loss) for the Year		-	(4,524,228)	(4,524,228)
Total Comprehensive Income for the Year		-	(4,524,228)	(4,524,228)
Transfer to Reserves	22	(4,524,228)	4,524,228	-
Balance at 30 June 2013		98,822,916	-	98,822,916

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, 2013

	Note	2013 \$	2012 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		186,495,121	187,936,296
Payments to suppliers and employees		(250,822,011)	(133,030,355)
Interest received		9,975,087	13,667,642
Finance costs		(302,487)	(293,310)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6(b)	(54,654,290)	68,280,273
CASH FLOW FROM INVESTING ACTIVITIES			
Short term investment		(15,990,125)	(60,000,000)
Payments for property, plant and equipment		(7,322,667)	(1,518,784)
Proceeds from sale of plant and equipment		280,381	194,151
NET CASH PROVIDED BY INVESTING ACTIVITIES		(23,032,411)	(61,324,633)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of loans from/(loans to) related parties		(519,574)	3,788,982
NET CASH USED IN FINANCING ACTIVITIES		(519,574)	3,788,982
NET (DECREASE) / INCREASE IN CASH		(78,206,275)	10,744,622
Cash at beginning of the year		164,265,940	153,521,318
CASH AT THE END OF THE YEAR	6(a)	85,059,665	164,265,940

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

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 cover 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.

(c) 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.

	Depreciation Rate
Laboratory Equipment	10.00-33.33%
Building Fitout, Furniture & Equipment	10.00-33.33%
Office & Other Equipment	2.50-33.33%
Motor Vehicles	20.00%
Land and Buildings	2.00%

Leases: 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 period in which they are incurred.

(d) 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.

(e) 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 Breeder 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.

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.

(f) 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.

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

(f) Investments in Associates (cont.)

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.

(g) 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.

(h) 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.

(i) 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.

(j) 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).

(k) 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.

(l) Breeder Owner Bonus Scheme

Racing NSW administers the Breeder Owner 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.

(m) Finance Costs

Finance costs are expensed when incurred.

(n) 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.

(o) 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.

(p) 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.

(q) 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. 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.

(r) 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.

(s) Investment Property

Investment Properties are held to generate long-term rental yields and/or for capital appreciation. All tenants leases are on an arm's length basis.

Investment properties are carried at cost less accumulated depreciation calculated at a straight line depreciation rate of 2.00% (Refer Note 13).

The investment properties were purchased as an investment that will be held by the Racing NSW workers' compensation fund and were purchased with the intent of diversifying the workers' compensation fund asset base away from cash and increasing the asset base held.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

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

(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 2013. It is anticipated that they will have only a disclosure impact in the period of initial application.

- AASB 12 (Issued August 2011): Disclosure of Interest in Other Entities;
- AASB 9 (Issued December 2009 and amended December 2010): Financial Instruments;
- AASB 13 (Issued September 2011): Impacting Fair Value Measurement;
- AASB 2011-9 (Issued September 2011) Aligns the presentation of other Comprehensive Income with US GAAP; and
- AASB 119 (Issued September 2011) 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) Race Fields fees and interest received pursuant to the Race Fields legislation, from 1 September, 2008, Racing NSW required all wagering operators to pay a uniform fee of 1.5% of wagering turnover on New South Wales thoroughbred races above \$5 million ("exempt fee turnover"). The exempt fee threshold was applied uniformly and wagering operators only become liable to pay a fee when their wagering turnover exceeds \$5 million annually. From 1 March, 2013 an increased fee of 2.0% was applied to premium race meetings where any race held offered \$150,000 or more in prizemoney.

	2013 \$	2012 \$
Total Race Fields fees received	59,333,072	209,479,874
Total Race Fields interest received	7,461,949	13,264,680
Total Race Fields fees & interest received	66,795,021	222,744,554

A detailed breakdown of the 2012 total Race Fields fees and interest received is detailed in the corresponding note in the 2012 financial report.

(vi) 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 prizemoney.

(vii) Prior Appearance Fee Receipts redirected to prizemoney subsidies is the amount of industry charge that is not paid to owners of horses not receiving prizemoney and is used to subsidise increased prizemoney levels in accordance with changes effective 1 July 2012.

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

Interest from Cash at Bank	1,200,351	785,118
Interest from Loans to Clubs	949,240	761,296
Interest from Cash on Deposit	1,453,478	6,558,068
	3,603,069	8,104,482

The total interest income for Racing NSW is comprised as follows:

Interest other parties - general	2,151,705	6,272,306
Interest other parties - Workers' Compensation	1,451,364	1,832,176
Interest Race Fields	7,461,949	13,264,680
	11,065,018	21,369,162

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

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

(xi) Horse Rehabilitation includes staff, office costs, horse feed, veterinary and horse welfare costs associated with the retraining and sale of thoroughbred horses.

(xii) Board includes directors fees and office costs associated with the board of Racing NSW.

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

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

(xv) 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.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

NOTE 5: STATEMENT OF COMPREHENSIVE INCOME (CONT.)

- (xvi) Legal represents the cost of managing legal matters and litigation, including staff costs and external representation.
- (xvii) Licensing expenditure represents staff and office costs associated with the derivation of this income stream.
- (xviii) Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements represents the use of current year race fields funds.
- (xix) Race Fields expenditure represents staff and office costs associated with the management of Race Fields information use and collection of fees.
- (xx) Race Results expenditure represents staff, consultants and office costs associated with the deriving of income for the provision of race result information.
- (xxi) Publications expenditure includes staff and office costs as well as all production, distribution and selling costs.
- (xxii) Laboratory expenditure includes staffing, depreciation of capital expenditure, consumables and occupancy costs.
- (xxiii) Handicapping expenditure includes staff and office costs.
- (xxiv) Stewards' expenditure includes staffing costs, shorthand writers and office costs.
- (xxv) Veterinary expenditure includes staff, research horses, consumables and office costs.
- (xxvi) Syndicates expenditure includes staffing and office costs.
- (xxvii) Australian Racing Board represents the contribution Racing NSW makes to the ongoing operations of the Australian Racing Board.
- (xxviii) Stakes Payments costs include staffing, consultants, system development, bank charges and office costs.
- (xxix) Information Technology represents the cost of providing an IT platform to Racing NSW and supporting staff costs.
- (xxx) Racing Office represents the cost of coordinating race dates and programming throughout NSW.
- (xxxi) Appearance fees are a \$200 per starter payment to the owners of all horses not receiving prizemoney.
- (xxxii) Marketing costs include staff, consultants and promotional costs.
- (xxxiii) Racing Rewards is all expenditure associated with racing rewards program which was cancelled in the prior year.
- (xxxiv) 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).
- (xxxv) Finance costs include interest expense, bank charges and bank guarantee fees.
- (xxxvi) Royal Randwick Redevelopment monitoring costs represents expenditure for quantity surveyors to review costing's of Royal Randwick redevelopment.
- (xxxvii) BOBS Extra additional funding represents amounts allocated to fund the BOBS Extra program.
- (xxxviii) Royal Randwick Redevelopment grant represents a one-off grant to the redevelopment fund to be used towards the Royal Randwick redevelopment.
- (xxxix) RISA payments is the "non-repayable grant" received from RISA for the current financial year.
- (xxxx) 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.
- (xxxxi) Race Fields funding of capital works at NSW racecourses represents payments made to NSW race clubs to primarily improve racing surfaces and training facilities. All payments are subject to deeds of agreement and allow for Racing NSW to recover the funds under certain circumstances (See Note 32).
- (xxxixii) (Loss)/profit after Income Tax

The (Loss)/profit has been determined after :

	2013 \$	2012 \$
Finance Costs		
Bank Charges	64,151	53,763
Bank Guarantee	238,336	239,547
Total Finance Costs	302,487	293,310
Depreciation and impairment expense of non-current assets		
- Land and Building Depreciation Expense	95,784	95,784
- Plant and Equipment Depreciation Expense	776,352	580,234
- Investment Property Depreciation Expense	102,529	-
Total Depreciation and Impairment Expense	974,665	676,018
Bad and Doubtful Debts		
- Trade Debtors written off / (recovered)	10,314	3,470
Total Bad and Doubtful Debts	10,314	3,470
Rental Expense on Operating Lease	15,262	16,056
Total (Loss)/Gain on disposal of non-current assets:		
- Property, Plant and Equipment	(10,731)	8,240
Total (Loss)/Gain on disposal of non-current assets	(10,731)	8,240
Remuneration of Auditor		
- audit services	89,000	84,000
- non-audit services	-	-
Total Remuneration of Auditor	89,000	84,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

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	2013 \$	2012 \$
NOTE 5: STATEMENT OF COMPREHENSIVE INCOME (CONT.)		
(xxxii) (Loss)/profit after Income Tax (cont.)		
Employee Benefits Expense (excluding Superannuation)	9,567,426	9,262,755
Defined Contribution Superannuation Expense	624,921	686,759
Defined Benefit Superannuation Expense	376,420	173,671
Defined Benefit Superannuation Movement	(202,749)	23,911
Insurance Claim Liability Expenses (Refer Note 18):		
Gross Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	1,251,553	348,011
Less Gross Increase in Reinsurance Recoveries relating to Insurance Claims Liability as recommended by the Actuary	(1,220,455)	(198,915)
Net Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	31,098	149,096

NOTE 6: CASH FLOW INFORMATION

a) Reconciliation of Cash

Cash and Cash Equivalents	86,059,665	164,265,940
	86,059,665	164,265,940

As at 30 June 2013, Racing NSW had no credit facilities in place.

b) Reconciliation of Cash Flow from Operating Activities

(Loss)/Profit after Income Tax	(4,524,228)	104,619,983
Loss/(Gain) on Sale of Asset	10,731	(8,240)
Depreciation	974,665	676,018
Share of (profit) in associate (RISA)	(72,835)	(335,755)
	(3,611,667)	104,952,006
(Increase)/ Decrease in Trade Debtors	(4,250,466)	50,260
(Increase)/ Decrease in Prepayments	-	(295,664)
(Increase)/ Decrease in Stakes Payment Debtors	(1,474,133)	814,731
(Increase)/ Decrease in Other Debtors	11,686,001	(9,728,867)
(Increase)/ Decrease in Other Non-Current Receivables	(16,734,865)	(275,231)
(Increase)/ Decrease in Other Non-Current Assets	-	72,952
Increase/ (Decrease) in Trade Creditors and BOBS Creditors	(4,890,508)	8,371,098
Increase/ (Decrease) in Stakes Payment Creditors	(659,131)	2,651,595
Increase/ (Decrease) in Jockeys Welfare	275,554	145,833
Increase/ (Decrease) in Sundry Creditors and Accruals	11,753,889	5,649,072
Increase/ (Decrease) in Leave Provisions	215,160	116,523
Increase/ (Decrease) in Redevelopment Grant	(48,215,677)	62,180,748
Increase/ (Decrease) in Race Fields Fee	-	(106,772,794)
Increase/ (Decrease) in Insurance Claims Provisions	1,251,553	348,011
	(51,042,623)	(36,671,733)
Cash Flows from operating activities	(54,654,290)	68,280,273

NOTE 7: CASH AND CASH EQUIVALENTS

Cash at Bank	49,458,434	56,506,458
Cash at Bank - Redevelopment Grant (Restricted)	747,439	74,180,748
Cash on Deposit - Workers Compensation	35,272,181	33,483,449
Cash at Bank - Autumn Racing Carnival (Restricted)	581,611	95,285
Total Cash and Cash Equivalents	86,059,665	164,265,940

The Cash at Bank bears floating interest rates between 2.25% and 4.55% (2012: 4.30% and 5.40%). Cash at bank - Redevelopment Grant (Restricted) bears interest rates of between 3.25% and 4.55% (2012: 4.72% and 6.10%). The Cash on Deposit - Workers Compensation are pledged as security for the ANZ Bank Guarantee to Work Cover (Note 18).

Racing NSW entered into a Trackside Agreement with TAB Limited to fund the redevelopment of Randwick Racecourse. Under the agreement Racing NSW has received \$150 million of funds to distribute to the Australian Turf Club solely for the purpose of redeveloping the Randwick Racecourse. In addition Racing NSW received \$24 million from the New South Wales Government solely for the purpose of the Rosehill Gardens Racecourse redevelopment (Refer note 8).

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

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NOTE 7: CASH AND CASH EQUIVALENT (CONT.)

Cash at Bank - Redevelopment Grant (Restricted) represents the aforementioned net cash received and paid out, less Cash on Deposit at reporting date. Payments to the Australian Turf Club are made on receipt of certified progress claims. These funds will be distributed to the Australian Turf Club solely for the purpose of redeveloping the aforementioned respective racecourses. The accounting treatment has been on a cash basis to reflect when economic benefits and obligations will be received. (Refer Note 15).

Racing NSW entered into an agreement with Destination NSW in respect of funding to promote the Autumn Racing Carnival. Under the agreement Racing NSW and Destination NSW spend funds to an agreed budget to promote the Autumn Racing Carnival.

	2013 \$	2012 \$
NOTE 8: TRADE AND OTHER RECEIVABLES		
Trade Debtors	5,548,364	1,309,502
Provision for Doubtful Debts	(4,287)	(15,891)
Sundry Debtors	7,699,394	10,359,688
Cash on Deposit - Race Fields (maturity of greater than 90 days at time of investment)	50,772,493	60,000,000
Cash on Deposit - Redevelopment (maturity of greater than 90 days at time of investment) (Restricted)	25,217,632	-
Amounts receivable from associated entities:		
- Racing NSW Country Limited	6,375,262	-
- Racingcorp Pty Limited	-	16,476
- Australian Racing Board Limited	619,272	558,058
Reinsurance Recoveries Receivable	1,447,070	1,041,581
Amounts receivable - Loans to Clubs	230,000	16,036,458
Stakes Payment Debtors	7,117,177	5,643,044
Total Receivables	105,022,377	94,948,916

Sundry Debtors includes outstanding Race Fields fees, accrued interest, accrued Tabcorp receipts and accrued legal fees incurred in the Race Fields case which are to be reimbursed by Plaintiffs.

Amounts Receivable - Loans to Clubs is made up of the following:

- Loan to Australian Turf Club	-	15,005,277
- Loan to Hawkesbury Race Club	-	1,031,181
- Loan to Ballina Jockey Club	150,000	-
- Loan to Lismore Turf Club	80,000	-
	230,000	16,036,458

The Australian Turf Club loan has been reclassified as non current at 30 June 2013 in accordance with a repayment agreement reached with the club (Refer Note 14).

The Hawkesbury Race Club loan was fully repaid in the year ended 30 June 2013

NOTE 9: OTHER CURRENT ASSETS

Prepayments	84,664	436,094
	84,664	436,094

NOTE 10: INVESTMENT IN RISA

	Principal Activity	Country of Incorporation	Reporting Date	2013	2012
Racing Information Services Australia Pty Ltd (RISA)	Maximising benefits of racing information	Australia	30/06/2013		
Ownership Interest				35.0%	35.0%
Voting Power				35.0%	35.0%
Movements in carrying amounts					
At beginning of financial year				4,086,838	3,751,083
Share of RISA profit current year				72,835	335,755
At end of financial year				4,159,673	4,086,838
Total				4,159,673	4,086,838
Summarised financial information of RISA as at 30 June					
Racing NSW's share of the results of RISA and its aggregated assets and liabilities are as follows:					
Assets				4,518,136	4,492,698
Liabilities				400,775	448,173
Equity				4,117,361	4,044,525
Revenues				2,718,927	2,560,384
Profit				72,835	335,755

Racing NSW accounts for the cash payments received from RISA as "non-repayable grants" and accounted for as income each year.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

	2013 \$	2012 \$
NOTE 11: PROPERTY, PLANT and EQUIPMENT - BUILDINGS		
Land and Buildings - at cost	4,779,320	4,779,320
Less accumulated depreciation	646,196	550,412
Total Land and Buildings	4,133,124	4,228,908
Movement in carrying amounts:		
Balance at beginning of year	4,228,908	4,324,692
Depreciation expense	(95,784)	(95,784)
Carrying Amount at the end of the year	4,133,124	4,228,908
The Druiitt Street property was purchased on 29 September 2006.		
NOTE 12: PROPERTY, PLANT and EQUIPMENT - OTHER		
Plant and Equipment - at cost	8,460,603	8,141,085
Less accumulated depreciation	6,055,155	5,523,334
Total Plant and Equipment	2,405,448	2,617,751
Movement in Carrying Amounts		
Balance at Beginning of Year	2,617,751	1,800,400
Additions	855,162	1,591,736
Disposals	(291,113)	(194,151)
Depreciation Expense	(776,352)	(580,234)
Carrying Amount at the end of the year	2,405,448	2,617,751
Plant and equipment above is comprised of the following categories:		
Laboratory Equipment - at cost	4,309,097	4,066,224
Less accumulated depreciation	3,274,660	2,977,910
Total Laboratory Equipment	1,034,437	1,088,314
Movement in carrying amounts		
Balance at beginning of year	1,088,314	374,267
Additions	242,873	823,759
Disposals	-	-
Depreciation expense	(296,750)	(109,712)
Carrying Amount at the end of the year	1,034,437	1,088,314
Building Fit-out, Furniture and Fittings - at cost	951,352	951,352
Less accumulated depreciation	626,306	533,650
Total Building Fit-out, Furniture and Fittings	325,046	417,702
Movement in carrying amounts		
Balance at beginning of year	417,702	510,973
Additions	-	-
Depreciation expense	(92,656)	(93,271)
Carrying Amount at the end of the year	325,046	417,702
Office and Other Equipment - at cost	2,187,860	2,099,930
Less accumulated depreciation	1,908,285	1,721,853
Total Office and Other Equipment	279,575	378,077
Movement in carrying amounts		
Balance at beginning of year	378,077	245,763
Additions	87,929	307,130
Disposals	-	-
Depreciation expense	(186,431)	(174,816)
Carrying Amount at the end of the year	279,575	378,077
Motor Vehicles - at cost	1,012,294	1,023,579
Less accumulated depreciation	245,904	289,921
Total motor vehicle	766,390	733,658
Movement in carrying amounts		
Balance at beginning of year	733,658	669,397
Additions	524,360	460,847
Disposals	(291,113)	(194,151)
Depreciation expense	(200,515)	(202,435)
Carrying Amount at the end of the year	766,390	733,658

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

	2013 \$	2012 \$
NOTE 13: INVESTMENT PROPERTY (COST MODEL)		
Level 6, 51 Druitt Street Sydney NSW 2000 - at cost	575,361	-
Less accumulated depreciation	(6,053)	-
	569,308	-
Level 11, 51 Druitt Street Sydney NSW 2000 - at cost	6,243,573	-
Less accumulated depreciation	(96,476)	-
	6,147,097	-
Total Investment Property - at cost	6,716,405	-
Level 6, 51 Druitt Street Sydney NSW 2000 - at cost		
Balance at beginning of year	-	-
Additions (new acquisitions)	575,361	-
Depreciation expense	(6,053)	-
Carrying Amount at the end of the year	569,308	-
Level 11, 51 Druitt Street Sydney NSW 2000 - at cost		
Balance at beginning of year	-	-
Additions (new acquisitions)	6,243,573	-
Depreciation expense	(96,476)	-
Carrying Amount at the end of the year	6,147,097	-

The investment properties were purchased as an investment that will be held by the Racing NSW workers' compensation fund and were purchased with the intent of diversifying the workers' compensation fund asset base away from cash and increasing the asset base held.

The properties were purchased on the 20 December 2012 and 21 September 2012 respectively.

NOTE 14: OTHER NON CURRENT RECEIVABLES

Non Current Reinsurance Recoveries Receivable	5,743,810	4,928,844
Loan to Australian Turf Club (Refer note 8)	15,919,899	-
	21,663,709	4,928,844

The abovementioned loan by Racing NSW was subordinated to loans held by Westpac Banking Corporation.

NOTE 15: TRADE AND OTHER PAYABLES

Trade Creditors	1,214,244	7,923,961
Other Creditors and Accruals	20,802,650	9,615,698
Amounts payable to associated entities:		
- Racing NSW Country Limited	-	461,677
- RacingCorp Pty Limited	27,626	-
- Jockey's Benefit Scheme Trust	91,804	132,587
Employee Leave	1,041,493	937,245
Jockeys Welfare Fund	2,354,305	2,078,751
Stakes Payment Creditors	9,902,151	10,561,282
Redevelopment Fund	25,965,071	74,180,748
Benevolent Fund	724,094	696,484
Autumn Racing Carnival (Restricted)	581,611	95,285
Total Creditors and Accruals	62,705,049	106,683,718

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.

Stakes Payments Creditors represent balances owed to industry participant accounts that are due to be paid out.

Redevelopment Fund represents amounts received in relation to redevelopment of Royal Randwick and Rosehill race courses, less progress payments made to 30 June 2013.

	Randwick	Rosehill	Total
Redevelopment funds received to 30 June 2013	150,000,000	24,000,000	174,000,000
Less: Progress payments made to 30 June 2013	(148,225,958)	(2,443,426)	(150,669,384)
Plus: Additional Racing NSW grant	2,634,455	-	2,634,455
Balance of Redevelopment liability	4,408,497	21,556,574	25,965,071

The Benevolent Fund is an amount held in trust to be applied to eligible industry participants under significant financial hardship.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

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	2013 \$	2012 \$
NOTE 16: BREEDER OWNER BONUS SCHEME		
Current		
Breeder Owner Bonus Scheme	14,157,440	12,678,483
Total Current	14,157,440	12,678,483
Non-Current		
Breeder Owner Bonus Scheme	4,873,449	4,437,916
Total Non-Current	4,873,449	4,437,916
	19,030,889	17,116,399

BOBS current liabilities 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(l))

NOTE 17: PROVISIONS

Current		
Employee Benefits	959,473	912,951
Total Current	959,473	912,951
Non-Current		
Employee Benefits	371,558	307,168
Total Non-Current	371,558	307,168
Total Provisions for Employee Benefit	1,331,031	1,220,119

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	1,944,929	2,038,567
Net market value of assets held by the fund to meet future benefit payments	1,814,488	1,923,528
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)	130,441	115,039

NOTE 18: WORKERS COMPENSATION PROVISION

Current		
Provision for Insurance Outstanding Claim	9,570,456	8,078,501
Total Current	9,570,456	8,078,501
Non-Current		
Provision for Insurance Outstanding Claims	37,987,722	38,228,124
Total Non-Current	37,987,722	38,228,124
Total Provisions for Workers Compensation	47,558,178	46,306,625
Workers Compensation Provisions		
Opening Balance of Workers Compensation Provisions	46,306,625	45,958,614
Gross Movement in Workers Compensation Provisions	1,251,553	348,011
Closing Balance of Workers Compensation Provisions	47,558,178	46,306,625
The movement in the Workers Compensation Provision is shown at a Gross of any Reinsurance Recoveries.		
Gross Movement in Workers Compensation Provisions	1,251,553	348,011
Less Increase in Reinsurance Recoveries	1,220,455	198,915
Net Movement in Workers Compensation Provision	31,098	149,096

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 2013. The ANZ Bank had issued guarantees amounting to \$40,200,000 as at 30 June 2013 (2012:\$40,200,000) 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% (2012: 20%) in respect of the net central estimate of liabilities relating to the specialised insurer's license and a prudential margin of 50% (2012: 50%) in respect of the net central estimate of liabilities relating to the self insurer's license. 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.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

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	2013 \$	2012 \$
NOTE 19: OTHER CURRENT LIABILITIES		
Deferred Income	677,330	674,307
	677,330	674,307

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	119,672	164,979
	119,672	164,979

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	2,102,774	2,029,939
Operating Reserve	731,975	731,975
Industry Distribution Reserve	102,205,764	108,414,565
Workers Compensation Reserve	(6,217,597)	(7,829,335)
Total Reserve	98,822,916	103,347,144

Movement in Reserves

General Reserve

Balance at the beginning of the year	2,029,939	1,694,184
Transfers from/(to) accumulated surplus	72,835	335,755
Balance reserve at the end of the year	2,102,774	2,029,939

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	108,414,565	5,522,449
Transfers (to)/from accumulated surplus	(6,208,801)	102,892,116
Balance reserve at the end of the year	102,205,764	108,414,565

Workers Compensation Reserve

Balance at the beginning of the year	(7,829,335)	(9,221,447)
Transfers to accumulated surplus	1,611,73	1,392,112
Balance reserve at the end of the year	(6,217,597)	(7,829,335)

Total Reserves

	98,822,916	103,347,144
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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.

NOTE 22: ACCUMULATED SURPLUS

Accumulated surplus at beginning of the financial year	-	-
Total Funds transferred to/(from) Reserves	(4,524,228)	104,619,983
Transfer (to)/from General Reserve	(72,835)	(335,755)
Transfer to Operating Reserve	-	-
Transfer to Industry Distribution Reserve	6,208,801	(102,892,116)
Transfer (to)/from Workers Compensation Reserve	(1,611,738)	(1,392,112)
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	64,916	55,931
Payable later than 1 year and not later than 5 years	-	-
	64,916	55,931

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

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NOTE 24: CONTINGENT LIABILITIES

As at 30 June, 2013 Racing NSW had \$4,408,497 remaining from the \$150,000,000 received under Trackside Agreement with TAB Limited to fund the Redevelopment of Randwick Racecourse. This has subsequently been paid out in July 2013 and as such no further contingent liability remains. Of the \$24,000,000 received from the New South Wales Government for the purpose of the Rosehill Gardens Racecourse development, \$21,556,574 remained on hand as at 30 June, 2013 and was due to be paid out during subsequent periods. 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 (owner of the aforementioned clubs) will be made on receipt of certified progress claims.

There are guarantees provided by the ANZ Bank in favour of WorkCover Authority of NSW amounting to \$40,200,000 (2012: \$40,200,000) at the end of the reporting period, against a facility of \$40,200,000 (2012: \$40,200,000). Unused facilities at the end of the reporting period amount to \$0 (2012: \$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 excluding the aforementioned funds held for the purpose of redeveloping Randwick and Rosehill Racecourses.

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
John Messara AM	Chairman
Naseema Sparks	Deputy Chairperson
Alan Brown	Board Member
Ken Brown AM	Board Member
Russell Balding AO	Board Member
The Hon Kevin Greene	Board Member
Anthony Hodgson AM	Board Member
Peter V'landys	Chief Executive Officer & Board Member
Ray Murrinh	General Manager - Integrity
Ian Mackay	General Manager - Marketing (From 11 February 2013)
Peter McGauran	Director - Strategy, Marketing and Public Affairs (Until 26 July 2012)
Keith Bulloch	General Manager - Regulatory
Scott Kennedy	General Manager - Industry and Analytical
Pete Sweney	General Counsel
John Keledjian	Laboratory Director - Operations
Adam Cawley	Laboratory Director - Scientific
Ariel Paez	General Manager - IT
Craig Barnes	General Manager - Finance
Natalie Tipping	General Manager - Insurance, Special Projects, Asst. Legal Counsel
John Galvin	General Manager - Workers Compensation
Maurice Logue	General Manager - Training

b) Key Management Personnel Compensation

	2013 \$	2012 \$
Salary, Bonuses and Fees	2,900,666	2,909,637
Non-Cash Benefits	108,050	115,133
Other Long Term Benefits	57,300	32,821
Superannuation	218,647	256,337
Total	3,284,663	3,313,928

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. 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 whilst 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

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

	2013			2012		
	Racing NSW	Insurance	Total	Racing NSW	Insurance	Total
Primary Reporting - Business Segments						
Revenue						
External Sales	89,660,866	11,389,852	101,050,718	244,420,780	11,629,380	256,050,160
Other Revenue	2,140,974	1,451,364	3,592,338	6,280,546	1,832,176	8,112,722
Share of profit of associate (RISA)	72,835	-	72,835	335,755	-	335,755
Total Segment Revenue	91,874,675	12,841,216	104,715,891	251,037,081	13,461,556	264,498,637
Expenditure	97,167,878	11,097,576	108,265,454	146,963,337	12,239,299	159,202,636
Depreciation	842,763	131,902	974,665	646,957	29,061	676,018
Total Segment Expenditure	98,010,641	11,229,478	109,240,119	147,610,294	12,268,360	159,878,654
Segment Result	(6,135,966)	1,611,738	(4,524,228)	103,426,787	1,193,196	104,619,983
Assets						
Segment Assets	176,274,065	49,229,716	225,503,781	231,877,293	39,453,875	271,331,168
Investments in Assets Accounted for using the Equity Method	4,159,673	-	4,159,673	4,086,838	-	4,086,838
Total Assets	180,433,738	49,229,716	229,663,454	235,964,131	39,453,875	275,418,006
Liabilities						
Segment Liabilities	76,278,168	54,562,370	130,840,538	125,500,071	46,570,791	172,070,862
Total Liabilities	76,278,168	54,562,370	130,840,538	125,500,071	46,570,791	172,070,862
Net Assets/(Liabilities)	104,155,570	(5,332,654)	98,822,916	110,464,059	(7,116,916)	103,347,143
Purchase of Non-Current Assets	855,163	6,818,934	7,674,097	1,518,784	-	1,518,784
Impairment Losses	-	-	-	-	-	-
Significant Non Cash Expenses other than Depreciation	-	1,251,553	1,251,553	-	348,011	348,011

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 25(a).

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

J Messara AM
R Balding AO
N Sparks
The Hon K Greene
A Brown
A Hodgson AM
K Brown AM
P N V'landys

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

Mr J Messara and Mr P N V'landys are also directors of ThoroughVisioN Pty Limited as representatives of Racing NSW Country Limited and the Provincial Racing Association.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

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NOTE 28: RELATED PARTIES (CONT.)

(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, Australian Racing Board Limited, Jockeys Benefit Scheme Trust and NSW Thoroughbred Rehabilitation Trust. Refer Notes 8 and 15 for amounts due from/payable to 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	75,713,695	73,566,621
- Australian Racing Board Limited	974,785	974,785
- Racingcorp Pty Limited	126,144	126,144
- NSW TRB Training Limited	800,701	825,136
- The Jockeys Benefit Scheme Trust	38,931	-
- Thoroughbred Horse Rehabilitation Trust	1,957	54,368

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.

	2013 \$	2012 \$
Trade Debtors	5,544,077	1,293,611
Other Receivables	114,024,832	88,012,261
Stakes Payment Debtors	7,117,177	5,643,044
Cash at Bank	50,787,484	130,782,491
Cash on Deposit	35,272,181	33,483,449
	212,745,751	259,214,856

Whilst Racing NSW has a material credit risk exposure to Other Receivables through amounts receivable from NSW Country Racing Council Limited the Board is of the view that this risk is negligible due to control over the funding stream through the Racing Distribution Agreement, Inter-Code Agreement and Intra-Code Agreements.

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.	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.

BOBS trade debtors as at 30 June 2013 were \$687,304 (2012: \$701,225). 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 as at 30 June, 2013 including Racing NSW Country Limited \$6,375,262 (2012: \$0) Racingcorp Pty Limited \$0 (2012: \$16,476) and Australian Racing Board Limited \$619,272 (2012: \$558,058).

Additionally a significant portion of Other non-current receivables comprises the loan receivable from the Australian Turf Club Limited being \$15,919,899 (2012: \$0) (note 14). 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

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

b) Credit Risk (cont.)

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.

2013 Trade and Other Receivables ageing are as follows:

	Total \$	Current \$	30 days \$	60 Days \$	90 Days \$
Maximum Exposure - Trade Debtors	5,548,364	4,759,225	57,421	600,843	130,875
Maximum Exposure - Stakes Payment Debtors	7,117,177	7,117,177	-	-	-
Maximum Exposure - Other Receivables	114,024,832	114,024,832	-	-	-
	126,690,373	125,901,234	57,421	600,843	130,875
Amount past due but not considered Impaired	784,852	-	57,421	600,843	126,588
Amount past due considered Impaired	4,287	-	-	-	4,287
	789,139	-	57,421	600,843	130,875
Impairment provision	(4,287)	-	-	-	(4,287)

2012 Trade and Other Receivables ageing are as follows:

	Total \$	Current \$	30 days \$	60 Days \$	90 Days \$
Maximum Exposure - Trade Debtors	1,309,502	515,557	552,962	13,020	227,963
Maximum Exposure - Stakes Payment Debtors	5,643,044	5,643,044	-	-	-
Maximum Exposure - Other Receivables	88,012,261	88,012,261	-	-	-
	94,964,807	94,170,862	552,962	13,020	227,963
Amount past due but not considered Impaired	778,054	-	552,962	13,020	212,072
Amount past due considered Impaired	15,891	-	-	-	15,891
	793,945	-	552,962	13,020	227,963
Impairment provision	(15,891)	-	-	-	(15,891)

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 Race Fields fees receivable and are subject to 'Information Use' agreements. 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 mutually beneficial ongoing business associations 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.

	2013 \$	2012 \$
Opening Balance	15,890	99,464
Bad Debts written off during year	(11,893)	(86,774)
Provision for Doubtful Receivables	290	3,200
Closing Balance	4,287	15,890

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 (A-1+ rated by S&P)	37,572,039	95,233,203
Westpac Bank (A-1+ rated by S&P)	1,372,736	1,336,048
Commonwealth Bank (A-1+ rated by S&P)	64,152,456	127,696,688
National Australia Bank (A-1+ rated by S&P)	58,952,059	-
Total	162,049,290	224,265,939

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

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

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 - 2013

	Carrying Amount	Contractual Cash Flows	< 6 Months	6-12 Months	1-4 years
	\$	\$	\$	\$	\$
Trade and Other Payables	25,796,334	25,796,334	25,676,904	-	-
Stakes Payment Creditors	9,902,151	9,902,151	9,902,151	-	-
Breeder Owners Bonus Scheme	19,030,889	19,030,889	5,174,860	8,982,580	4,873,449
Redevelopment Funds	25,965,071	25,965,071	25,965,071	-	-
Total	80,694,445	80,694,445	66,718,986	8,982,580	4,873,449

Maturity Analysis for Financial Liabilities - 2012

Trade and Other Payables	20,410,178	20,410,178	20,410,178	-	-
Stakes Payment Creditors	10,561,282	10,561,282	10,561,282	-	-
Breeder Owners Bonus Scheme	17,116,399	17,116,399	4,554,210	8,124,273	4,437,916
Redevelopment Funds	74,180,748	74,180,748	74,180,748	-	-
Total	122,268,607	122,268,607	109,706,418	8,124,273	4,437,916

Economic Dependency

Racing NSW received 7.22% (2012: 3.00%) 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

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

d) Market Risk (cont.)

2013	Effective Weighted Average Interest	Floating Interest Rate	Fixed Interest Maturing < 1 year	Non Interest Bearing	Total
		\$	\$	\$	\$
Financial Assets:					
Cash at Bank	3.580%	50,787,484	-	-	50,787,484
Cash on Deposit	4.810%	-	35,272,181	-	35,272,181
Receivables	4.910%	15,919,899	75,990,125	34,776,062	126,686,086
Total Financial Assets		66,707,383	111,262,306	34,776,062	212,745,751
Financial Liabilities:					
Breeder Owner Bonus Scheme	-	-	-	19,030,889	19,030,889
Trade and Other Payables	-	-	-	61,663,556	61,081,945
Total Financial Liabilities measured at amortised cost		-	-	80,694,445	80,112,834

2012	Effective Weighted Average Interest	Floating Interest Rate	Fixed Interest Maturing < 1 year	Non Interest Bearing	Total
		\$	\$	\$	\$
Financial Assets:					
Cash at Bank	4.830%	130,782,491	-	-	130,782,491
Cash on Deposit	5.570%	-	33,483,449	-	33,483,449
Receivables	5.500%	16,036,458	60,000,000	18,912,458	94,948,916
Total Financial Assets		146,818,949	93,483,449	18,912,458	259,214,856
Financial Liabilities:					
Breeder Owner Bonus Scheme	-	-	-	17,116,399	17,116,399
Trade and Other Payables	-	-	-	105,651,188	105,651,188
Total Financial Liabilities measured at amortised cost		-	-	122,767,587	122,767,587

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 30 June 2013, the net profit impact for a 100 basis points movement in interest rates would be \$1,773,881 (2012: \$2,404,072)

2013	Current Weighted Average Rate	Amount	100 basis points Increase in Interest	100 basis points Decrease in Interest
		\$	\$	\$
Cash at Bank	3.580%	50,787,484	507,875	(507,875)
Cash on Deposit	4.810%	35,272,181	352,722	(352,722)
Receivables	4.910%	91,910,024	919,100	(919,100)
Total		177,969,689	1,773,881	(1,779,697)
2012				
	Current Weighted Average Rate	Amount	100 basis points Increase in Interest	100 basis points Decrease in Interest
		\$	\$	\$
Cash at Bank	4.830%	130,782,491	1,306,872	(1,306,872)
Cash on Deposit	5.570%	33,483,449	334,834	(334,834)
Receivables	5.500%	76,036,458	760,365	(760,365)
Total		240,302,398	2,402,071	(2,402,071)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

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

b) Market Risk (cont.)

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 2013: 9.34% (2012: 10.24%)
- payments are made evenly throughout the period.
- BOBS has been discounted over 4 years (2012: 4 years) due to the nature of the BOBS agreement.

	Fair Value	2013 Carrying Value	Variance	Fair Value	2012 Carrying Value	Variance
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash at Bank	50,787,484	50,787,484	-	130,782,491	130,782,491	-
Cash on Deposit	35,272,181	35,272,181	-	33,483,449	33,483,449	-
Receivable	126,686,086	126,686,086	-	94,948,916	94,948,916	-
Total Financial Assets	212,745,751	212,745,751	-	259,214,856	259,214,856	-
Financial Liabilities:						
Breeder Bonus Owner Scheme	18,805,909	19,030,889	(224,980)	16,872,487	17,116,399	(243,912)
Trade and Other Payables	61,663,556	61,663,556	-	105,651,187	105,651,187	-
Total Financial Liabilities measured at amortised cost	80,469,465	80,694,445	(224,980)	122,523,674	122,767,586	(243,912)

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

RACING NSW ABN 86 281 604 417

	2013 \$	2012 \$
NOTE 31: INSURANCE ACTIVITIES		
Premium revenue	11,152,284	11,084,296
Reinsurance recoveries and other recoveries revenue	124,108	252,524
Other Income	1,333,915	292,560
	12,610,307	11,629,380
Interest Income	1,451,364	1,832,176
	1,451,364	1,832,176
Underwriting expenses	1,796,308	1,538,136
Direct claims expense	10,121,125	10,026,558
Outwards reinsurance premium expense	532,500	504,750
	12,449,933	12,069,444
Underwriting result for the financial year excluding investments revenue and expense	160,374	(440,064)
Investments		
Investment Property	6,716,405	-
	6,716,405	-
Operating Assets		
Bank	35,322,432	33,483,449
Reinsurance recoveries	7,190,880	5,970,425
	42,513,312	39,453,874
Total Assets	49,229,717	39,453,874
Liabilities		
Outstanding claims	47,558,178	46,306,625
Unearned Premium	287,787	264,166
Investment Property costs funded by General Activities	6,716,405	-
	54,562,370	46,570,791

Refer to Note 18 for bank guarantee and other information relating to Workers Compensation Provision.

a) Outstanding Claims

Gross undiscounted claim liability	55,564,310	56,988,126
Discount to present value	(14,734,015)	(17,404,201)
Central estimate of the expected present value of future payments for claims incurred	40,830,295	39,583,925
Prudential margin	6,727,883	6,722,700
	47,558,178	46,306,625
Current	9,570,456	8,078,501
Non-current	37,987,722	38,228,124
	47,558,178	46,306,625

The average weighted term to settlement of the outstanding liabilities is 10.1 years (2012: 11.2years).

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

	2013		2012	
	Next Year	Thereafter	Next Year	Thereafter
Inflation rate	3.50%	3.50%	3.50%	3.50%
Discount Rate	4.20%	4.20%	3.60%	3.60%

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

	2013		2012	
	Current Year	Reassess Prior Years	Current Year	Reassess Prior Years
	\$	\$	\$	\$
Gross undiscounted incurred claims	14,432,310	(2,157,916)	14,193,000	(14,166,000)
Undiscounted reinsurance & other recoveries	(455,074)	(2,170,826)	(81,000)	97,000
Net undiscounted incurred claims	13,977,236	(4,328,742)	14,112,000	(14,069,000)
Discounting of incurred claims	(2,884,199)	2,449,200	(2,898,000)	11,227,000
Discounting recoveries	105,916	24,196	18,000	(383,000)
	11,198,953	(1,855,346)	11,232,000	(3,225,000)
Gross discounted incurred claims	11,548,111	291,284	11,295,000	(2,939,000)
Discounted reinsurance & other recoveries	(349,158)	(2,146,630)	(64,000)	(286,000)
Net discounted incurred claim	11,198,953	(1,855,346)	11,231,000	(3,225,000)

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.

NOTE 31: INSURANCE ACTIVITIES (CONT.)

- a) the interest rate used for discounting is the published ANZ Reference Rate as at 30 June each year 2013: 9.34% (2012: 10.24%)
- b) payments are made evenly throughout the period.

c) Claim Development

Claims cost estimate	Accident Year											Total
	Prior	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
At the end of accident year	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
One year later	n/a	5,745,520	7,132,984	8,351,672	8,154,329	8,952,558	13,326,633	10,768,330	14,057,842	12,899,842	11,168,333	100,458,042
Two years later	n/a	6,046,826	7,637,118	7,640,157	9,177,341	10,454,049	14,599,553	10,269,359	13,382,008	10,839,067		90,045,476
Three years later	n/a	6,249,429	5,961,684	8,687,932	9,538,730	10,586,406	14,002,698	9,558,091	12,414,600			76,999,570
Four years later	n/a	5,379,526	7,238,938	9,110,498	9,660,750	10,792,657	13,500,384	9,517,312				65,200,065
Five years later	n/a	5,755,785	8,273,813	9,271,091	9,658,166	11,084,453	12,233,370					56,276,678
Six years later	n/a	7,282,263	7,824,281	8,149,674	8,813,519	9,904,389						41,974,127
Seven years later	n/a	7,501,846	7,293,066	7,898,883	8,092,774							30,786,569
Eight years later	n/a	6,831,022	7,042,351	7,075,365								20,948,738
Nine years later	n/a	7,461,356	6,489,172									13,950,528
	n/a	7,118,287										7,118,287
Current estimate of claims cost	-	7,118,287	6,489,172	7,075,365	8,092,774	9,904,389	12,233,370	9,517,312	12,414,600	10,839,067	11,168,333	
Cumulative payments	-	(5,743,585)	(5,203,993)	(5,398,042)	(5,776,324)	(7,441,758)	(8,369,317)	(4,527,189)	(6,075,372)	(3,783,131)	(2,589,435)	
Undiscounted central estimate	2,954,788	1,374,702	1,285,179	1,677,323	2,316,451	2,462,632	3,864,053	4,990,124	6,339,228	7,055,935	8,578,898	42,899,312
Effect of discounting	(1,033,235)	(459,992)	(446,960)	(535,793)	(742,176)	(754,330)	(1,231,444)	(1,207,909)	(1,773,212)	(1,855,715)	(1,996,698)	(12,037,464)
Discounted central estimate	1,921,553	914,710	838,219	1,141,530	1,574,275	1,708,301	2,632,609	3,782,215	4,566,016	5,200,221	6,582,200	30,861,849
Claims handling expense	172,940	82,324	75,440	102,738	141,685	153,747	236,935	340,399	410,941	468,020	592,398	2,777,566
Risk margin	418,899	199,407	182,732	248,853	343,192	372,410	572,909	824,523	995,392	1,133,648	1,434,920	6,727,883
Present value recognised in the statement of financial position	2,513,391	1,196,440	1,086,390	1,493,121	2,059,151	2,234,458	3,443,453	4,947,137	5,972,350	6,801,889	8,609,517	40,367,298

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	2013					2012				
	All Years	< 1 year	1-2 years	2-5 years	> 5 years	All Years	< 1 year	1-2 years	2-5 years	> 5 years
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
42,899,312	6,351,382	4,672,537	9,645,765	22,229,628	42,949,000	5,512,000	3,986,000	3,259,000	3,019,200	30,192,000

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 29. Amounts shown are undiscounted and exclude claims handling expenses.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2013

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NOTE 32: RACE FIELDS DEVELOPMENT PROGRAM

As result of Race Fields high court case decision of 30 March, 2012 the Board of Racing NSW commenced a capital development program for the State's racecourses over a sustained period of time. The focus of the program is improvements to racing surfaces and training facilities at major provincial and country racecourses throughout the State. In the year ended 30 June, 2013 the following clubs benefited from the program:

	Amount
	\$
- Australian Turf Club (Kensington Track)	1,607,510
- Bathurst Thoroughbred Racing	40,515
- Goulburn & District Racing Club	75,511
- Hawkesbury Race Club	3,776,634
- Newcastle Jockey Club	1,200,000
- Muswellbrook Racing Club	83,045
- Scone Race Club	285,737
- Tuncurry Forster Jockey Club	272,727
	<hr/>
	7,341,679
- Quantity Surveyor & monitoring costs incurred by Racing NSW	16,400
	<hr/>
	7,358,079

The aforementioned funding was provided by way of interest free interminable loans with certain conditions attached allowing Racing NSW to recover these funds should these conditions be breached. The above amounts have been expensed in the Racing NSW Statement of Comprehensive Income for the year ended 30 June, 2013 on the basis that it is not probable that these loans will ever be recovered by Racing NSW.

NOTE 33: RACECOURSE REDEVELOPMENT FUND LOANS TO THE ATC

On 1 July 1998, the operations of the Racecourse Redevelopment Fund were transferred to Racing NSW, including the right to interminable loans from the former Australian Jockey Club for \$43,036,000 and former Sydney Turf Club for \$53,671,000 (subsequently combined within the Australian Turf Club for \$99,707,000). These interminable loans are repayable only on the sale of properties which have benefited from the expenditure of the funds, or in the event of the Company ceasing to perform its current operations. As such, the aforementioned amounts were expensed in the respective year on the basis that it is not probable that these loans will ever be recovered by Racing NSW.

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 2013 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 J Messara AM
Chairman



Mr P N Vlandys
Chief Executive

Dated at Sydney this 14 October 2013



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RACING NSW BOARD

We have audited pages 49 to 72 of the accompanying financial report of Racing NSW, which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Members of the Board.

Responsibility of the Directors for the financial report

The Members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with the Thoroughbred Racing Act 1996 and Australia Accounting Standards. This responsibility includes such internal controls as the Board Members determine are necessary to enable the preparation of the financial report to be 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 which require us to 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 Company'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 applicable independence requirements of the Accounting Professional and Ethical Standards Board.

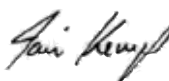
Auditor's Opinion

In our opinion, the financial report of Racing NSW:

- a. presents fairly, in all material respects, the entity's financial position as at 30 June 2013 and of its performance and cash flows for the year then ended; and
- b. complies with the Thoroughbred Racing Act 1996 and Australian Accounting Standards.

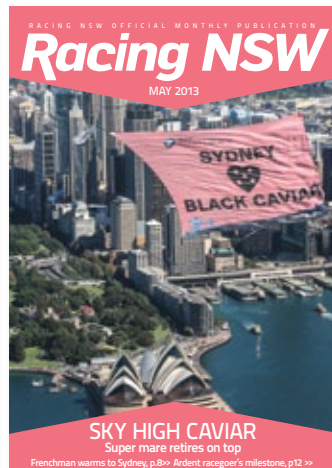


GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner - Audit & Assurance
Sydney, 14 October 2013

RACING NSW MAGAZINE





Scream Machine (Tim Clark, purple & mauve) arrives in time to defeat local hope Devised (John Kissick) in the 2013 Wagga Gold Cup



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