



ANNUAL REPORT

2014





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.

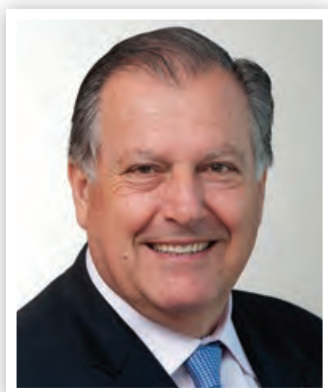
Maximise betting turnover on NSW Thoroughbred race meetings by accommodating punters' needs and desires, and work with Tabcorp to promote new wagering products that reflect changes in demand.

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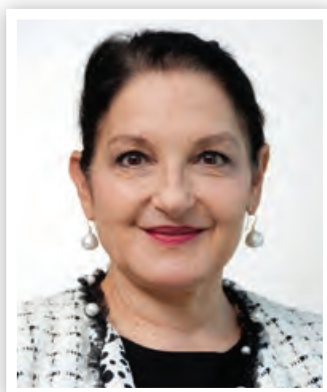
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Front cover (L-R): Sydney's champions for last season – Chris Waller (Bart Cummings Medal & TJ Smith Award), Sam Clipperton (Theo Green Award) and James McDonald (George Moore Award)

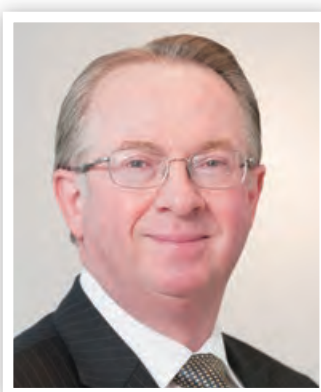
CURRENT MEMBERS OF THE BOARD



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



Ms N Sparks (Naseema)
DEPUTY CHAIRMAN
Appointed 19 December 2011
Attended 12 Meetings



R Balding AO (Russell)
Appointed 19 December 2011
Attended 11 Meetings



A F Brown (Alan)
Appointed 19 December 2011
Attended 12 Meetings



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



The Hon K P Greene (Kevin)
Appointed 19 December 2011
Attended 11 Meetings



A G Hodgson AM (Tony)
Appointed 19 December 2011
Attended 10 Meetings



P N V'landys AM (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 Troy Grant, MP
Minister for Hospitality, Gaming and Racing
and Minister for the Arts
Level 17
52 Martin 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 18th Annual Report of Racing NSW covering the period 1 July 2013 to 30 June 2014.

Board meetings were held on 12 occasions during the year and I again acknowledge the contributions of my fellow Board members during the year.

Collectively, this Board possesses a high degree of business acumen and administrative expertise as well as a detailed knowledge of the Thoroughbred racing industry. These attributes have enabled Racing NSW to undertake its functions and responsibilities for the betterment of the industry and its participants.

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, returns to owners increased by 11% to \$192.2 million.

In addition, the Board has given continuous attention to the maintenance of integrity within the industry and has implemented several new rules of racing which have been developed to further enhance integrity.

During the year we saw the inaugural running of The Championships, which was an initiative of Racing NSW and the Australian Turf Club supported by a \$10 million grant from the NSW Government. It represented two The Championships days of racing at one of the world's great racecourses, Royal Randwick, with over \$18 million in prizemoney on offer.

The Championships was one of the signature events on the Sydney and NSW events calendar in 2014, and is now ingrained into the fabric of Sydney racing following the two days of outstanding competition.

Racing NSW has commenced planning for the 2015 The Championships and will be announcing a special

series of races for Provincial and Country-trained racehorses as part of the event.

During the 2014/15 financial year we will continue to negotiate with your Government in an endeavor to obtain parity with Victoria in respect of the shares of punters' losses received by the Government and the racing industry respectively.

As required under the Thoroughbred Racing Act 1996, the Board has continued to hold meetings with the Racing Industry Consultative Group (RICG) and has sought advice and comment from that body on all major issues under consideration by the Board.

On behalf of the Board, I thank and acknowledge the Chief Executive, Peter V'landys AM, and the entire staff of Racing NSW for their dedication, support and achievements during the year. Peter's efforts on behalf of the industry were recognised in the Australia Day Honours List when he was awarded a Member of the Order of Australia.

I would like to thank you and your staff, 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.

I also take this opportunity to thank the former Minister, The Hon George Souris MP, for his support during his tenure as Minister.

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

Yours Sincerely
John Messara AM
Chairman



Peter V'landys AM
Chief Executive

I am pleased to advise that 2013/14 was again a successful year for the NSW Thoroughbred Racing Industry. Prizemoney and returns to owners continued to increase despite the fact that the NSW State Government takes the highest share of revenue generated from totalizator and fixed odds bets placed on the NSW TAB as compared to any other State or Territory in Australia. This is however becoming increasingly difficult owing to the disparity between the States in the share of wagering revenue. Especially considering the Victorian Racing Industry (VRI) due to its State Government taking a lesser share receives \$100 million per annum more in TAB distribution than the NSW racing industry. Accordingly it was very pleasing that the Baird Government and in particular Racing Minister Troy Grant has been proactive and supportive in addressing this vital issue.

The two weeks of the inaugural The Championships proved to be the highlight of the racing year and with upgrades to prizemoney across key lead up events, the first running of The Championships has provided a strong base for future autumn carnivals.

The international status of the event gained early recognition which was beyond what was hoped for at the inaugural event. Given the short lead time, The Championships still managed to lure two international participants from Japan and Ireland, both of which won a Group One race during the Sydney Autumn Carnival. There was great public support over the two days with attendance growing 37% and wagering up 20.4% on comparative days in 2013, with increased interstate and international attendance. Planning has already begun for the 2015 event and Racing NSW is examining available options to improve and grow The Championships over the years to come.

The Championships was enhanced by virtue of a \$10 million grant from the NSW Government. Although the Government has committed to provide a similar amount for the 2015 Championships, Racing NSW will continue to pursue its claim that the Industry should be provided the same share of revenue generated from totalizator and fixed odds bets placed on the NSW TAB as other States, in particular Victoria. Details of these approaches are set out below.

The major capital development program for the State's racecourses also continued during the year with many projects

completed or progressed to an advanced stage. 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 \$3.48 million, this was despite paying \$6.4 million more in prizemoney and for other costs of The Championships than Racing NSW received from Race Fields fees and TAB distribution. The most pleasing aspect again this year is that the first charge to the NSW Thoroughbred Racing Industry against the TAB distribution was \$7.65 million, a modest increase of \$94,514 compared to \$7.56 million in the previous year. In a time of increasing costs generally, Racing NSW continues to operate extremely efficiently. It must be highlighted this charge in 2004 was \$10.34 million. Accordingly in real terms the accumulated savings of \$42 million have all been passed on to race clubs over that period.

The Racing NSW Workers Compensation Fund recorded a surplus of \$3.87 million which goes towards funding previous deficits. The total amount allowed for future liabilities is \$40 million (gross before the reinsurance recoveries). This includes a 20% prudential margin as a buffer to ensure the fund has sufficient funds to pay its future liabilities.

Redressing the Imbalance in Share of TAB Wagering Revenue

A key revenue initiative for Racing NSW is gaining parity with other States, with respect to the share of TAB wagering revenue between Government and the racing industry. In other words, to ensure the NSW Government takes the same share of TAB wagering revenue as the Governments of other States.

This is best highlighted by tracing the wagering revenue received by the racing industry and the NSW Government respectively on every \$100 bet with that State's TAB.

What is Gross Wagering Revenue?

State TABs offer punters both totalizator and fixed odds betting. For every \$100 bet on through TABs an average of \$83 is distributed to the punter for totalizator bets, and \$86 is returned to the punter for fixed odds betting. The remaining \$17 on totalizator betting and \$14 on fixed odds betting is shared between the State Governments, Commonwealth Government, racing industry and the TAB.

The figures below show a typical return to punters and revenue shared among Government, the racing industry and TAB for the NSW TAB.

Pari-mutuel Wagering	
\$100 Bet	
\$83 Dividends to Punter	\$17 Revenue to be distributed to Government, NSW racing industry and TAB

Fixed Odds Wagering	
\$100 Bet	
\$86 Dividends to Punter	\$14 Revenue to be distributed to Government, NSW racing industry and TAB

Background to Government's Share of TAB Wagering Revenue

The NSW Government takes a higher share of TAB wagering revenue than any State in Australia. The proportion of TAB wagering revenue taken by the NSW Government is far higher than that taken by the Victorian Government, with the Victorian racing industry being a significant beneficiary of this treatment.

In NSW, the Government's share of wagering revenue through the NSW TAB is 19.11% on totalizator betting and 10.91% on fixed odds betting.

The Victorian Government reduced its share of TAB wagering revenue on totalizator betting to 7.6% of revenue and fixed odds to 4.38% of revenue from August 2012.

The Queensland Government has reduced its share of wagering revenue on totalizator wagering to 4.91% and 0.91% on fixed odds betting.

The South Australian Government has gradually reduced its share of TAB wagering revenue since 2008/09 with this culminating in a zero rate from 2012/13 with the proceeds rebated entirely to the racing industry in that State.

The Tasmanian Government charges a small fixed charge of \$6 million with no further share of wagering revenue.

In addition to the above, the Victorian Government established the \$79.5 million Victorian Racing Industry Fund (VRIF) across four years.

Also, in January 2010 the Queensland Government announced a capital works funding package to redevelop racing infrastructure across Queensland over the next four years. The value of this funding package was more than \$80 million and obviated the need for the racing industry to find this funding from its own revenues.

In summary, the NSW Government receives the largest

share of TAB revenue of any State in Australia and the NSW racing industry receives the lowest share of revenue by comparison to its interstate counterparts.

The high percentage of the NSW Government's share of wagering revenue is out of step with wagering having evolved into a national market.

GOVERNMENT SHARE OF TAB WAGERING REVENUE PER \$100 BET

State	Totalizator	Fixed Odds
	Revenue \$17.00 per \$100 Bet	Revenue \$14.00 per \$100 Bet
NSW	19.11%	10.91%
Victoria	7.60%	4.38%
Queensland	4.91%	0.91%
South Australia	0.00%	0.00%
Western Australia	11.91%	12.00%
Tasmania	0.00%	0.00%

The lower share of TAB wagering revenue taken by the Victorian Government is a key driver of the higher TAB Distributions paid to the Victorian racing industry compared to NSW. Accordingly the Victorian Thoroughbred Industry receives \$70 million more per annum than its NSW counterpart.

REVENUE ALLOCATION BY STATE FOR TOTALIZATOR BETTING PER \$100

State	Racing Industry Share Per \$100 bet	State Government Per \$100 bet	GST Per \$100 bet
NSW	\$4.70	\$3.22	\$1.52
Victoria	\$7.90	\$1.28	\$1.52
Queensland	\$7.25	\$0.82	\$1.52
South Australia	\$8.00	\$0.00	\$1.52
Western Australia	\$6.67	\$2.00	\$1.52
Tasmania	\$9.02	\$0.00	\$1.52

The NSW racing industry receives \$4.70 for every \$100 bet through the totalizator in stark contrast with \$7.90 per \$100 bet in Victoria.

REVENUE ALLOCATION BY STATE FOR FIXED ODDS BETTING PER \$100

State	Racing Industry Share Per \$100 bet	State Government Per \$100 bet	GST Per \$100 bet
NSW	\$4.00	\$1.56	\$1.30
Victoria	\$7.04	\$0.63	\$1.30
Queensland	\$6.17	\$0.13	\$1.30
South Australia	\$6.79	\$0.00	\$1.30
Western Australia	\$5.66	\$2.00	\$1.30
Tasmania	\$7.65	\$0.00	\$1.30

The NSW racing industry receives \$4.00 for every \$100 bet on a fixed odds bet in stark contrast with \$7.04 per \$100 bet in Victoria.

This disparity negatively affects both the long-term viability of the NSW racing industry and the Government's revenue derived from the industry. In NSW,

the Thoroughbred racing industry makes a substantial contribution to the economy and local communities. Across the State – metropolitan and regional areas – tens of thousands of people are involved in breeding and training, organising the tracks and races and administering the sport, often on a volunteer basis.

Currently, payments to the NSW Thoroughbred Racing Industry are inadequate to reasonably sustain owners and broaden racing's customer base. This is a major contributing factor to the shortfall to racehorse owners in NSW, who, as a group, collectively sustain losses of \$200 million per annum to have their horses trained to compete, without taking into account the capital cost of the horses.

Description		Amount
Estimated Annual Thoroughbred Training, Spelling, Veterinary and Other Racing Costs		\$347 million
Total Returns to Owners	\$192 million	
Less: Trainer's, jockey's and stablehand's percentages and Payments on Behalf of Owners	(\$45 million)	
Prizemoney & Bonuses Received by Owners		\$147 million
Net Deficit Met by Owners		\$200 million

The losses sustained by racehorse owners in NSW effectively subsidise the Government's share of TAB wagering revenue, with these losses being greater than the amount of wagering revenue taken by the State Government – truly an imbalance between the Thoroughbred racing industry and Government.

Funding Disparity between NSW and Victoria

Racing NSW approached the NSW Government regarding a higher share of TAB wagering revenue for the NSW racing industry that benefitted all parties and would create a significant contribution to the NSW economy. The proposal was to provide a competitive neutral position for the NSW Thoroughbred industry by eliminating the majority of the funding disparity of \$100 million between the NSW and Victorian racing industries which arises from different treatment of TAB wagering revenue by the respective Governments.

Making a strong case for the NSW racing industry to be on a similar Government share of TAB revenue footing as Victoria is vital to its future competitiveness and success. Racing NSW also commissioned an independent firm, Deloitte Access Economics, to assist in developing its case.

In contrast to the NSW racing industry which receives \$225 million in TAB distributions, the Victorian racing industry received an estimated \$100 million more for the year ending 30 June 2014. The Victorian racing industry previously benefitted from a share of poker machine profits in Victoria. That situation in Victoria has since changed with the loss of Tabcorp's gaming machine licence and the decision of the Government to compensate the racing industry by lowering its own share of TAB wagering revenue, and was significant in that State maintaining its substantial financial advantage.

Under these arrangements, the Government's share of TAB revenue in Victoria was reduced from 19.11% to 7.6% with the proceeds of the reduction being paid to the three codes of racing.

In addition, unlike the situation in NSW where unclaimed dividends become the property of Tabcorp after a period of 12 months and constitute wagering revenue, all unclaimed totalizator dividends in Victoria (\$79.5 million over four years) are currently paid into that State's Consolidated Fund and deployed through the Victorian Racing Industry Fund, being invested into a range of programs to assist the Victorian racing industry.

With the new Victorian totalizator licence regime having come into force from August 2012 and a lower share of wagering revenue taken by that Government, the funding disparity between the two States is such that the NSW Thoroughbred Racing Industry would receive approximately \$70 million per annum more funding if the Victorian Government's share of TAB wagering revenue applied to NSW.

Unless the NSW Thoroughbred Racing Industry receives a share of TAB wagering revenue comparable with that provided to the industries in other States and Territories it will be increasingly difficult for it to remain competitive with those jurisdictions. More importantly, it will be challenging for the industry to remain financially viable and provide a proper return to those involved in it.

At the time of writing this report, the Government had committed to providing a further \$10 million towards the holding of the 2015 Championships and Racing NSW understands that a decision on its submission for harmonisation with other States will be made during the current calendar year.

TAB Agreements

During the year Racing NSW was able to successfully negotiate four new agreements with Tabcorp regarding a PGI (Premier Gateway International Joint Venture) Product fee, On-course Exclusivity, Race Field RDA Damages Claim settlement and Saddle Up Sundays. Collectively these will secure additional funding of approximately \$20 million annually for the NSW Thoroughbred Racing Industry.

The revenue from those agreements has been distributed to the NSW Thoroughbred Racing Industry including by means of a formula intended to incentivise race clubs.

Race Fields Legislation

During the year, 328 wagering operators were granted approvals to provide wagering services on NSW Thoroughbred Race Fields and \$68 million was collected in 12 months to 30 June 2014. The increase from 2012/13 was due to the amendment to the Racing Administration Regulations 2013, which provided for an increase from 1 March 2013 in the fees from 1.5% to 2% for premium race meetings (being any race meeting at which any one race

offered prizemoney of \$150,000 or more is held). Also, wagering operators were charged 1% on the first \$5 million of turnover (or part thereof).

Fees collected have been utilized to assist race clubs in meeting minimum prizemoney obligations. The monies collected on 1% of the first \$5 million were paid directly to the clubs.

There has been no change to the fee structure for the 2014/15 approval period. However, following extensive consultation with wagering operators and punters, Racing NSW has announced the terms of minimum bet limits that Australian wagering operators will be required to comply with when betting on NSW Thoroughbred races.

In developing these conditions Racing NSW was concerned that all punters should be able to place a legitimate bet on NSW Thoroughbred races and should not be discriminated against by having their accounts closed or bets refused simply because they are successful.

Under the new conditions Australian Wagering Operators with Net Assessable Turnover on NSW Thoroughbred races greater than or equal to \$5 million are required to accept a bet to win \$2,000 on Metropolitan NSW Thoroughbred races and \$1,000 on Provincial and Country races. Wagering Operators with Net Assessable Turnover on NSW Thoroughbred races less than \$5 million are required to take a bet to win \$1,000 on all NSW Thoroughbred races.

Racing NSW is confident that the conditions are fair and practical for all parties, whether they are wagering operators, professional punters or recreational punters. Nevertheless, it will monitor the conditions to ensure that they are fair and practical for all parties. If warranted, changes may be made periodically to achieve the right balance.

Prizemoney>Returns to Owners

Racing NSW continued to develop and implement policies aimed at maximising returns to racehorse owners. Despite the financial disadvantage the NSW Thoroughbred Racing Industry has when compared to its Victorian counterpart, the NSW industry continued to perform strongly in delivering increased prizemoney and returns to owners and fared extremely favourably compared to Victoria. In fact, returns to owners increased by 11% to \$192.2 million.

Returns to owners were made up of the following:

Item	2013/14
Prizemoney and BOBS	\$177,981,754
Other payments on behalf of owners (i.e. jockey riding fees)	\$14,174,966
Total	\$192,217,020

Notwithstanding these increases, NSW owners absorb as a group net annual losses of \$200 million, not including the cost of buying and breeding the horses. This situation creates a vicious downward spiral which will see a reduction in the number of owners which in turn could result in a reduction in the number and quality of horses

racing, hence, the wagering revenue generated for the NSW Thoroughbred Racing Industry, further reducing prizemoney and racehorse participation.

BOBS Funding (including Double Up on Stallions)

Racing NSW's incentive scheme, BOBS (Breeder Owner Bonus Scheme), has been extremely successful since its inception in 2003. The scheme has paid out nearly \$85 million to owners.

The unique BOBS Double Up concept continues to grow in popularity. Normally, if a BOBS eligible horse wins a 2YO or 3YO race on a Metropolitan Saturday meeting, a \$20,000 bonus via BOBS is paid. After deductions the Owners of the winner receive \$16,000. This money may be lost to the racing economy as the Owners may spend the \$16,000 on areas outside racing. In order to encourage reinvestment into racing, the BOBS Double Up option is provided where, rather than taking the \$16,000, the Owner(s) can receive a voucher for \$32,000 which must be used at Thoroughbred sale or for a stallion service. Similar double ups are available for BOBS races in Provincial and Country. Racing NSW has invested almost \$20 million in the breeding industry since the introduction of the Double Up program.

From 2010/11 Racing NSW commenced BOBS Extra which is an extension, aimed at encouraging slower maturing middle distance and staying horses.

BOBS Extra allows owner the option to nominate their horse to continue racing for BOBS bonuses following the end of their three year old season. BOBS Extra bonuses apply to races of 1800 metres and further, throughout a horse's racing career from the age of four. Since its inception, BOBS Extra bonus payments have reached almost \$4 million.

Accordingly BOBS goes from strength to strength and last season a record 1,333 BOBS bonuses were won with more than \$11.7 million in cash and BOBS Double Up vouchers redeemed.

This year over 134 stallions will participate in the BOBS Stallions scheme and the new BOBS Mare Bonus Scheme payments commenced in January 2014.

Capital Development Program

Racing NSW has continued funding capital works at racecourses throughout NSW from accumulated Race Field fees. These monies, totalling \$98 million, were retained from fees collected from wagering operators over a period of three years, whilst Racing NSW was defending the challenge against Race Fields Legislation by various wagering operators. The Board of Racing NSW also resolved to establish a \$20 million "Future Fund" out of these retained fees to hedge the industry against any unforeseen declines in revenue receipts. The Board approved of a preliminary budget of \$36.9 million for the implementation of the first tranche of projects.

Since then a further \$30.4 million has been allocated.

Capital funding that has been approved to date is summarised on the next page:

CHIEF EXECUTIVE'S REPORT

Club	Amount	Works
Australian Turf Club - Royal Randwick	\$1.70m	Refurbish the "Kensington" track and upgrade PVC running rail.
Newcastle Jockey Club	\$11.20m	Pro-Ride training track renovations, establish inside racing surface, fully refurbish course proper.
Hawkesbury Race Club	\$4.75m	Extension of home straight and course proper, new broadcast facilities, renovate day stalls. Repair concrete cancer in grandstand.
Gosford Race Club	\$0.24m	Renovate Pro-Ride fast work track.
Illawarra Turf Club	\$8.00m	Establish inside racing surface, fully refurbish course proper, upgrade sand training track.
Wyong Race Club	\$1.50m	Install an equine pool, upgrade irrigation system. Provision for replacement of sand training tracks.
Tamworth Jockey Club	\$2.15m	Realign chutes, turns and cambers on course proper. Upgrade fast work training facilities.
Scone Race Club	\$0.48m	Upgrade course proper drainage, additional day stalls, Upgrade parade ring and fencing outside the home straight.
Muswellbrook Race Club	\$0.55m	Upgrade course proper drainage and the irrigation system.
Coffs Harbour Racing Club	\$1.10m	Conversion of damaged fast work track to a new sand track, upgrade of drainage.
Port Macquarie Race Club	\$3.70m	Fully renovate the course proper including chutes, turns and racing surface. Upgrade sand training track.
Ballina Jockey Club	\$2.17m	Fully renovate the course proper including chutes, turns and racing surface. Upgrade training track.
Tuncurry-Forster Jockey Club	\$0.9m	Additional day stalls, construction of racing infrastructure including stewards room, jockeys rooms, toilets.
Dubbo Turf Club	\$1.55m	Additional day stalls, upgrade training tracks and training infrastructure.
Racing Orange	\$1.30m	Relocate and upgrade the sand training track and upgrade drainage of course proper.
Bathurst Thoroughbred Racing	\$0.75m	Upgrade irrigation system, upgrade utilities connections including sewer, water and electricity.
Murrumbidgee Turf Club	\$1.10m	Upgrade course proper drainage. Other works to be assessed.
Goulburn & District Racing Club	\$2.95m	Acquisition of land, upgrade training tracks, establish additional training infrastructure and capacity.
Laboratory & Equipment	\$3.25m	Relocation of laboratory and acquisition of new instruments to test samples, maintaining and improving integrity of racing in NSW.
Outside Broadcast Infrastructure and advanced Stewards review and replay system	\$10.00m	Transportable equipment and vans for high quality filming and broadcast of race meetings
Quarantine Station	\$8.00m	Provision for establishment of an Equine Quarantine Station in Sydney
	\$67.34m	Total

The clubs are responsible for all design, documentation and tender to carry out the works. Racing NSW makes progress payments once works have commenced.

Workers Compensation

During 2013/14 the Racing NSW Workers Compensation Fund experienced a 9.2% increase in the incidence of new claims compared to 2012/13. The claims incidence was at a level which was effectively identical to that of the 2011/12 year. Notwithstanding the increase in new claims during the year, the size of the open claims portfolio reduced by 10.3% to 270 claims from the 301 claims open at 30 June 2013. The reduction in open claims combined with other factors including an increased return to work rate has contributed to an increased operating surplus for 2013/14 and a

reduction in the actuarial valuation of the Fund's net liability.

The Fund experienced an operational surplus of \$3.867 million for the year ending 30 June 2014. 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. Claims costs were contained and amendments to WorkCover legislation were implemented to improve both the Fund's claims and premium related position.

Actuarial assessment at 30 June 2013 forecast the net liability of the Fund at 30 June 2014 (including a 20% risk margin) to be \$43 million. In an excellent outcome, the net liability of the fund at 30 June 2014 has been reduced to \$40 million which represents a (rounded) reduction of \$3 million (7.0%) on the forecasted net liability and a

reduction of \$0.4 million on the actual valuation for 2012/13.

The sound performance of the Fund during 2013/14 now makes way for a reduction in premiums for clubs and trainers, even though they are already paying the lowest premium of any State in Australia.

Outside Broadcasts

During the year, Racing NSW continued to develop its broadcast strategy and undertook to increase its participation in the delivery of Outside Broadcast ('OB') services. These services include the capture and production of all race footage for distribution off-course, as well as the integrity requirements of Racing NSW stewards. Racing NSW has set aside a capital expenditure budget from retained Race Fields fees to cover the cost of replacing all OB assets across NSW, and is in the process of establishing a new department to oversee the operation of these assets in a centralised and cost effective operation that will provide lasting benefits to the NSW Thoroughbred Racing Industry, including:

- Increased buying power through Racing NSW involvement;
- Consistency of race footage for punters and stewards
- High Definition ('HD') ready production;
- Centralised control of OB services to ensure business continuity; and
- Control over efficient production costs charged to race clubs.

Racing NSW is in the process of constructing a state-of-the-art, racing specific OB facility for the Metropolitan area to be implemented in 2015. Country and Provincial facilities have been contracted and will shortly begin construction and implementation in conjunction with existing operators.

Included in this process is a significant upgrade to the Stewards replay services that will provide industry leading technology at all racecourses in NSW. This technology will greatly improve the review process for Stewards by providing all cameras in HD that can be viewed simultaneously with independent control to zoom in on any angle. Additionally, Racing NSW will establish a control room at head office so that Stewards can remotely view all replay angles from a Country race meeting in real time to greatly improve the availability of senior Stewards' input on decisions.

Digital Strategy

As part of its overall digital strategy Racing NSW is currently trialing an innovative horse tracking system for implementation at Metropolitan racecourses. The proposed system can accurately measure the following information for each horse in a specific race and display this in broadcast graphics and/or post-race analytical reports:

- Position in running (including a graphical representation);
- Sectional times for any part of the race;
- Top speeds and speed variations;
- Distance travelled (eg. if a horse is caught wide); and
- Changes in heart rate, including recovery time.

This information can be incorporated into broadcast graphics, which can be used as an analytical tool for punters and can be utilised by Racing NSW Stewards as an additional assessment measure.

Racing NSW is exploring the additional possibility of

incorporating the inner training tracks into the system's calibration so as to provide all of the above information for trials and trackwork. This would be a leading development to greatly improve the tools available to NSW trainers.

Integrity

One of the principle functions of Racing NSW is to ensure the integrity of the NSW Thoroughbred Racing Industry in the interests of participants and racing industry followers alike. During the year Racing NSW developed and implemented several initiatives aimed at protecting the integrity of the industry. These include:

Conflict of Interest Rules – Following the much publicised More Joyous Inquiry, the Board of Racing NSW took action to ensure that the NSW Thoroughbred Racing Industry had in place appropriate rules dealing with the issues of conflict of interest and inside information. The Board felt that the confidence of the public and racing participants in the integrity of racing is a paramount objective of Racing NSW.

Accordingly, Racing NSW introduced new Local Rules 110A and 110B dealing with inside information and conflicts of interest. These rules are consistent with the cheating and gambling provisions in the Crimes Act 1900 and the protocols in place in the corporate world and are intended to ensure that the NSW Thoroughbred Racing Industry has the best practices in place to maintain the confidence of racing participants and the public in the integrity of racing.

Australian Racing Forensic Laboratory – As an integral department of Racing NSW, the Australian Racing Forensic Laboratory (ARFL) is committed to the integrity of the racing industry by providing analytical testing services to Racing NSW Stewards and external clients.

Making use of state-of-the-art testing equipment, ARFL is continually developing new techniques to combat the latest threat of new age drugs that could enhance performance. A number of novel findings were reported as a result. During 2013/14 the ARFL worked in collaboration with leading international racing laboratories to establish a proposed urinary threshold for the control of AICAR ("exercise pill") in racehorses following intelligence received both locally and internationally. Research conducted by the ARFL in collaboration with the University of New South Wales has made a significant contribution in 2013/14 to racing chemistry with the publication of a scientific paper in an international journal titled "Detection and quantification of dermorphin and selected analogs in equine urine".

In response to a directive from the Board, the ARFL has commenced the retesting of several hundred long term stored samples kept at the discretion of Racing NSW Stewards in -80 degree freezers (as outlined in the 2013 Annual Report) by making use of the additional capabilities of the new equipment.

Working in collaboration with Racing NSW's newly established Investigation and Surveillance Unit, the ARFL has assisted Stewards by analyzing confiscated exhibits from throughout the State for the presence of illegal substances which often corroborated the findings of a positive swab sample.

Race Meeting Abandonment Policy

On occasions race meetings have to be called off on raceday after scratching time owing to inclement weather or other unforeseen circumstances. Racing NSW is aware that this can be costly and inconvenient for participants.

In cases where race meetings are called off from mid-morning or later, costs are still often incurred either by the trainer and/or owner. In such instances Racing NSW believes that it is reasonable that participants receive some compensation to offset the costs unnecessarily incurred.

Racing NSW previously made a payment of \$200 in such cases which is equivalent to the appearance fee. However, this is often insufficient to offset costs incurred. Therefore Racing NSW adopted the following new policy to compensate participants for the costs incurred when meetings are called off on raceday:

- For TAB race meetings called off after scratching time on racedays, the following compensation payments are to be made to trainers for credit to owners' accounts:
 - \$200 Base Payment
 - \$150 Transport up to 80km round trip (excluding race meetings at a horse's home track)
 - \$0.60 Per kilometre travelled after the first 80km round trip
- The maximum transport payment is \$400 per horse and the total maximum compensation payment is \$600 per horse.
- The compensation payment for non-TAB meetings will be a base payment of \$200 per horse.
- Jockeys are also compensated up to 2 ride fees.

Review of Crown Lands Legislation

During the year the NSW Government released a Crown Lands Legislation White Paper for public comment following the first major review of Crown Lands Legislation in more than 25 years.

Crown land in NSW is currently administered under eight different pieces of legislation. The Crown Lands Management Review was initiated by the Government to examine current activities and report on future directions.

The proposed legislative reforms aim to cut red tape through legislative and organisational change so there is less duplication, speedier turn-around times for requests and approvals and greater consistency across the NSW Crown estate.

As 97 Thoroughbred racing clubs currently occupy Crown land, Racing NSW accepted an invitation to make a submission to the review. Of these 97 racecourses, the respective Race Club Committee has been appointed as the Trust at 23 racecourses, at 36 racecourses they are managed by a Trust comprising the relevant user groups, including representatives of the Race Club Committee and the local Council has been appointed as the Trust at the remaining venues.

Racing NSW considered that every effort should be made to protect the interests of the State's race clubs and the industry assets which have been constructed on the respective racecourses. Accordingly, in its submission Racing NSW recommended that a preferable option would be for ownership of Crown Land used solely for Thoroughbred racing purposes to be devolved to Racing NSW to administer on behalf of the NSW Thoroughbred Racing Industry. Where the land is used jointly for Thoroughbred racing and harness racing and/or greyhound racing we recommended that ownership could

be transferred jointly to Racing NSW and the Controlling Authorities of one or more of the other industries.

In addition, where the local Thoroughbred racing club shares use of the land with other tenants or where such land is administered by the local Council, it was recommended that Racing NSW should be consulted on all major decisions regarding the use of the land.

Vale Nathan Berry, Guy Walter, Don Hopkins OAM and Frank Marzic

The year past proved to be one of the saddest in memory with the tragic and unexpected passing of wonderful ambassadors for racing in jockey Nathan Berry and trainer Guy Walter. The loss of Nathan Berry in April to the rare Norse syndrome and trainer Guy Walter soon after to a heart attack were both deeply distressing. Nathan and Guy were not only among the champions of our sport, they were both universally respected and admired throughout the NSW Thoroughbred Racing Industry. While we have mourned their passing, racing will never forget the contribution they made and their families can proudly remember them for the gentlemen they were and the esteem they were held in by the racing industry.

During the year we also lost a greatly respected racing administrator in Don Hopkins, OAM following a battle with cancer. Don made an unparalleled contribution as a tireless advocate of Country racing and also served with distinction as Deputy Chairman of Racing NSW, including a period as Acting Chairman between 2004 and 2008 and is sadly missed. I would also wish to acknowledge Frank Marzic, the former Chief of Staff to Minister George Souris, for the invaluable assistance he provided to Racing NSW during his tenure with the Minister and prior to that as a senior officer with the Office of Liquor, Gaming and Racing. Unfortunately, Frank lost his fight with cancer recently and racing has lost a major supporter and friend.

Acknowledgments

I take this opportunity to express my appreciation to members of the Board for their leadership during the year. Their collective administrative experience, business acumen and working knowledge of the racing and wagering industries has again 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 AM whose leadership is nothing less than extraordinary and inspiring.

My thanks also to the members of the Racing Appeals Tribunal, the Appeal Panel, the Integrity Assurance Committee, the Jockey's Benefit Scheme Trust and Racing Industry Consultation Group (RICG) for their invaluable contributions during the year.

Finally, I acknowledge and thank the executive and staff of Racing NSW for their continued loyalty, conscientiousness and professionalism. The NSW Thoroughbred Racing Industry is fortunate to have such an efficient group of people who are collectively dedicated to the best interests of the industry and its participants.

Peter V'landys AM

Chief Executive



Scott Kennedy
General Manager –
Industry & Analytical

RACING IN NEW SOUTH WALES

The NSW Thoroughbred Racing Industry remains the largest and most expansive of any Australian State.

During the 2013/14 year, NSW conducted 640 Thoroughbred TAB race meetings – a record number.

Thoroughbred racing in NSW also ran the highest total number of race meetings since 2005/06.

NSW Race Meetings Staged

SECTOR	08/09	09/10	10/11	11/12	12/13	13/14
Metropolitan	121	123	126	120	124	117
Provincial	122	121	122	120	118	134
Country TAB	291	293	279	291	315	328
Country Saturday TAB	25	38	68	70	65	61
Country Non-TAB	154	150	107	109	110	108
Picnic	30	27	27	31	28	29
TOTAL	743	752	729	741	760	777

This improved performance is mainly attributable to two factors.

First, track maintenance practices at country clubs have improved over recent years. Racing NSW's Racecourse Maintenance Manager has taken an active role in preparation of robust track maintenance plans.

Secondly, where possible, Racing NSW has been active in transferring meetings across venues in advance or staging postponed meetings to the benefit of participants.

The additional Country race meetings staged come at a cost to the industry with country TAB meetings requiring an outlay of upwards of \$30,000 plus, before prizemoney is paid.

Metropolitan to Provincial Meeting Transfers

From July 2013, 10 Metropolitan race meetings were transferred from the Australian Turf Club to be run as Provincial race meetings across Newcastle,

Hawkesbury and Kembla Grange Racecourses. At the same time, prizemoney for Metropolitan midweek races was increased to \$40,000, this resulting in a net benefit to participants of \$1.3 million annually.

The transfer of these previous Metropolitan meetings to the Provincial sector has been continued into 2014/15 with the combined number of meetings equal to the requirement under the Racing Distribution Agreement (RDA).

The Country sector continues to conduct a number of TAB race meetings well in excess of the 241 contracted with Tabcorp through the RDA.

NSW Races Run

The increased number of race meetings held translated into additional races and starters as summarised in the tables below and over the page.

SECTOR	08/09	09/10	10/11	11/12	12/13	13/14
Metropolitan	936	934	951	917	931	890
Provincial	955	958	959	934	919	1037
Country TAB	2,274	2,285	2,137	2,228	2,391	2,468
Country Saturday TAB	197	265	427	443	416	393
Country Non-TAB	816	784	575	590	596	584
Picnic	173	155	154	174	161	165
TOTAL	5,351	5,381	5,203	5,286	5,414	5,537

NSW Race Starters

Total NSW race starters also increased again in 2013/14 by a total more than 1,100 over the previous year and to the highest level since 2009/10.

Total combined Metropolitan and Provincial starters increased to 18,805.

Consistent with the increased number of weekday and Sunday Country TAB meetings staged, starters at these meetings increased to a record high of 26,662.

SECTOR	08/09	09/10	10/11	11/12	12/13	13/14
Metropolitan	9,242	9,280	9,162	8,954	8,925	8,731
Provincial	9,766	9,803	9,418	9,140	9,124	10,074
Country TAB	25,132	25,951	23,628	24,787	26,016	26,662
Country Saturday TAB	2,089	2,916	4,468	4,601	4,317	4,171
Country Non-TAB	6,633	6,869	4,920	4,942	4,926	4,754
Picnic	1,084	1,007	948	1,082	994	1,054
TOTAL	53,946	55,826	52,544	53,506	54,302	55,446

NSW AVERAGE FIELD SIZES

Although Metropolitan field sizes weakened late in the year, the average across the year increased on the levels achieved in recent years.

While the number of Country TAB starters was the highest ever in 2013/14, the record number of TAB meetings and races staged did impact on average field sizes with these again declining slightly for weekday and Sunday meetings in 2013/14.

SECTOR	08/09	09/10	10/11	11/12	12/13	13/14
Metropolitan	10.01	9.94	9.63	9.76	9.59	9.81
Provincial	10.23	10.23	9.82	9.79	9.93	9.71
Country TAB	11.05	11.36	11.06	11.13	10.88	10.80
Country Saturday TAB	10.60	11.00	10.46	10.39	10.38	10.61
Country Non-TAB	8.13	8.76	8.56	8.38	8.27	8.14
Picnic	6.27	6.50	6.16	6.22	6.17	6.39
TOTAL	10.08	10.37	10.10	10.12	10.03	10.01

Racing Highlights

THE CHAMPIONSHIPS

Racing in NSW was highlighted by the inaugural running of The Championships in April 2014.

The Championships held over consecutive Saturdays at Royal Randwick was headlined by ten Championships races including eight Group One races and more than \$18 million in prizemoney over the two days.

The Championships featured outstanding racing and saw a significant growth in wagering interest both domestically and internationally.

The Championships attracted international participation and although Gordon Lord Byron (Ireland) and Hana's Goal (Japan) were unplaced in their events during The Championships, each was successful at Group One level during the Sydney Autumn Carnival.

The Championships will again be staged over the first two Saturdays of April 2015 and will grow into one of the world's greatest Thoroughbred racing carnivals.

GROUP AND LISTED RACING

NSW-trained horses again highlighted the strength of NSW racing during the season. During the 2013/14 season there were 72 Group One races run in Australia and NSW-trained horses were the most successful of any State.

NSW stables provided 33 Group One winners, with Victoria being next with 18 wins and then Queensland with eight winners.

Chris Waller led in eight Group One winners, highlighted by training the first four placegetters in the \$3 million Doncaster Mile on Day 1 of The Championships. Gai Waterhouse was next with seven Group Ones; the pinnacle of her successes being FIORENTE's win in the 2013 Melbourne Cup.

The success was spread with 10 other NSW trainers preparing Group One winners during the year.

Notably, NSW trainers had 11 Group One wins in Victoria and four wins at this level over the Queensland carnival.

The most winning Group One horse in NSW was the Chris Waller trained BOBAN with three Group Ones, all at 1600 metres. His wins were the Epsom Handicap, the Emirates Stakes and the Chipping Norton Stakes.

CRITERION, GUELPH, FIORENTE, STREAMA and ZOUSTAR each recorded two Group One wins during the season.

NSW-trained horses were also to the fore in the ANZ Classifications with category winners being EARTHQUAKE and MOSSFUN (Joint 2yo), GHIBELLINES (2yo Male), ZOUSTAR (3yo Sprinter), VILLA VERDE (3yo Sprinter Filly), GUELPH (3yo Mile Filly), LUCIA VALENTINA (NZ) (3yo Intermediate Filly) and SACRED FALLS (NZ) (Joint Older Mile Male).

PREMIERSHIPS

James McDonald won the Metropolitan Jockeys' Premiership overhauling last season's winner Nash Rawiller on the very last day of the season.

Greg Ryan was again the most successful jockey in NSW, but the highlight of the year occurred in May with Robert Thompson riding his 4000th win in a stellar career that has spanned more than 40 years.

Sam Clipperton made it back-to-back premierships by taking out the Metropolitan Apprentices' title and Winona Costin was the most successful apprentice in NSW.

Chris Waller won his fourth Metropolitan Trainers' title and was also the most successful state-wide with just short of 200 winners.

Industry Support

Racing NSW continued its support of race clubs in improving their track maintenance practices. This is accomplished through educational seminars and mentoring with track managers and race club managers through our Racecourse Maintenance Manager.

Racing NSW supports clubs in implementing cost-effective track maintenance programs design to meet the minimum standards and enhance the quality of

our racing and training surfaces.

Racing NSW also provides support to clubs by liaising with them on equine training schedules and regulations.

In November 2013 WorkCover NSW undertook its detailed audit of Racing NSW's WHS Loss Management Program (WHS LMP). This is a full verification activity conducted on all Specialised Insurers (such as Racing NSW) to validate performance against an established set of assessment criteria including:

1. The existence of a phased approach in the WHS LMP – planning, risk management, measurement & evaluation and review.
2. Existence of sound record-keeping provisions.
3. Development, implementation & maintenance of a WHS Management System (WHSMS).
4. Conformance to WHS reporting procedures.

The process embraces both a Head Office audit plus a field verification (implementation) exercise.

WorkCover found that Racing NSW's WHS LMP continued to perform at a satisfactory level, thereby maintaining our three-yearly verification cycle.

This outcome is a significant achievement and reflects a substantial emphasis on WHS during the reporting period. In this regard and with respect to point 3 above, a "WHS Kit" was collaboratively developed with Racing NSW's WHS Contractor - Online Compliance Systems for roll-out across all non-TAB and Picnic race clubs throughout NSW.

This initiative was supported by an extensive program of training at numerous venues right across the State, to provide easy access for all participants.

This WHS Kit is essentially a scaled-down version of the online-based WHSMS in use at all TAB clubs, for which training was also provided and as a consequence, all NSW Thoroughbred racing clubs are now in possession of a customised WHSMS to assist them in meeting their obligations under WHS Legislation.

Racing NSW continued to support Race Fields funded capital development projects.

During the year, Racing NSW funded the reinforcement of a grandstand at Hawkesbury Racecourse which was essential to ensure the safety of racegoers using the facility.

This project was funded from savings achieved from the previous project which lengthened the home straight, improvements to drainage of the course proper and a full refurbishment of the raceday stalls.

At Muswellbrook Racecourse, an upgrade to the racecourse irrigation system was completed in August 2013 and drainage works on the course proper were undertaken during the year, greatly improving the performance of the racecourse during wet weather.

Extensive drainage works were also undertaken at Wagga Wagga Racecourse over the late summer period. This included sand slit treatment of the entire course proper which not only improves the performance of the track for racing, but enables increased use of the outside of the course proper for training.

During the period in which the works were undertaken, the inside B grass track (now called Riverside) was used for racing and performed very well.

Racing NSW also funded the full refurbishment of the fast work training track at Gosford Racecourse. Improvements to racing facilities at Tuncurry-Forster Racecourse were also completed during the year.

Racing NSW is continuing to fund further projects that were commenced during the year.

Wagering on Racing

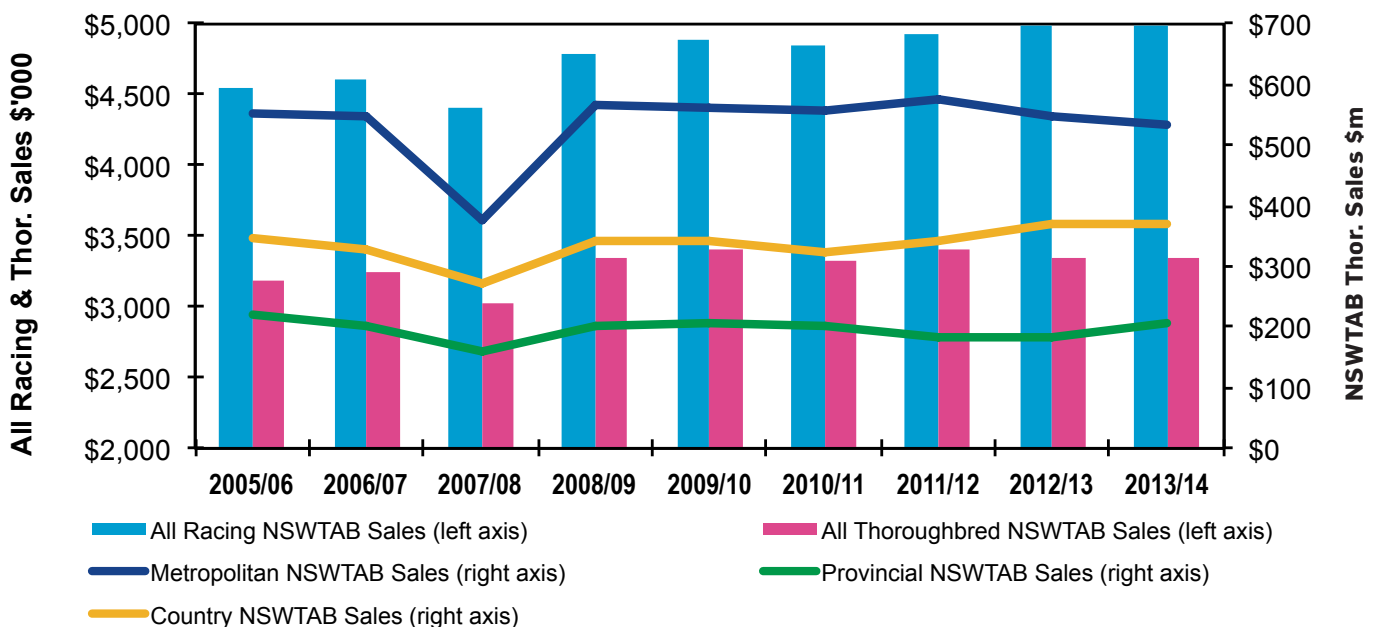
Wagering on NSW Thoroughbred racing continued to grow solidly during the 2013/14 financial year.

The NSW TAB remains the dominant source of funding of the NSW racing industry.

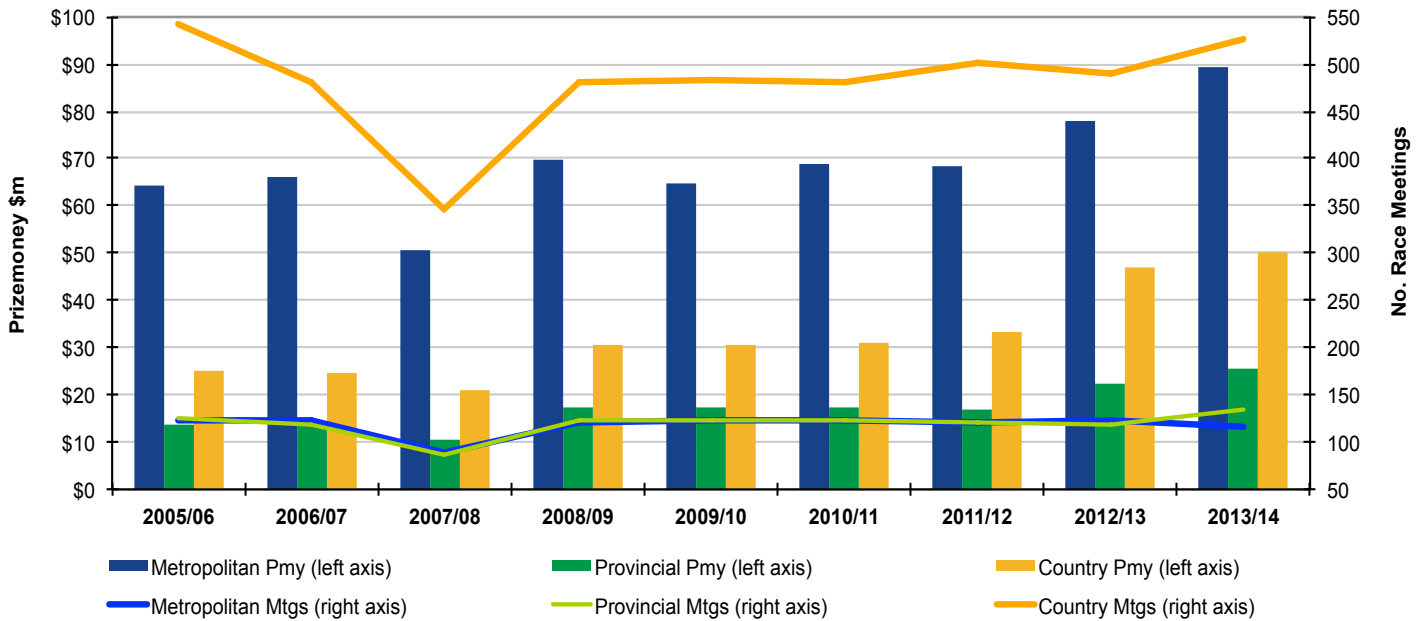
As has been the case in recent years, the mix of totalizator and fixed odds wagering continued to shift during the year with fixed odds wagering increasing as a proportion of total TAB racing wagering turnover.

Turnover with interstate wagering operators

RACING WAGERING SALES ON NSW TAB



NSW PRIZEMONEY AND RACE MEETINGS



on NSW Thoroughbred racing continued to grow strongly across the year. This further underpins the importance of Racing NSW's success in defending Race Fields Legislation in 2012.

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

Payments to Race Clubs from TAB Funding and Returns to Owner

TAB distributions to race clubs in 2013/14 were \$140.9 million, a decrease on fees received in 2012/13,

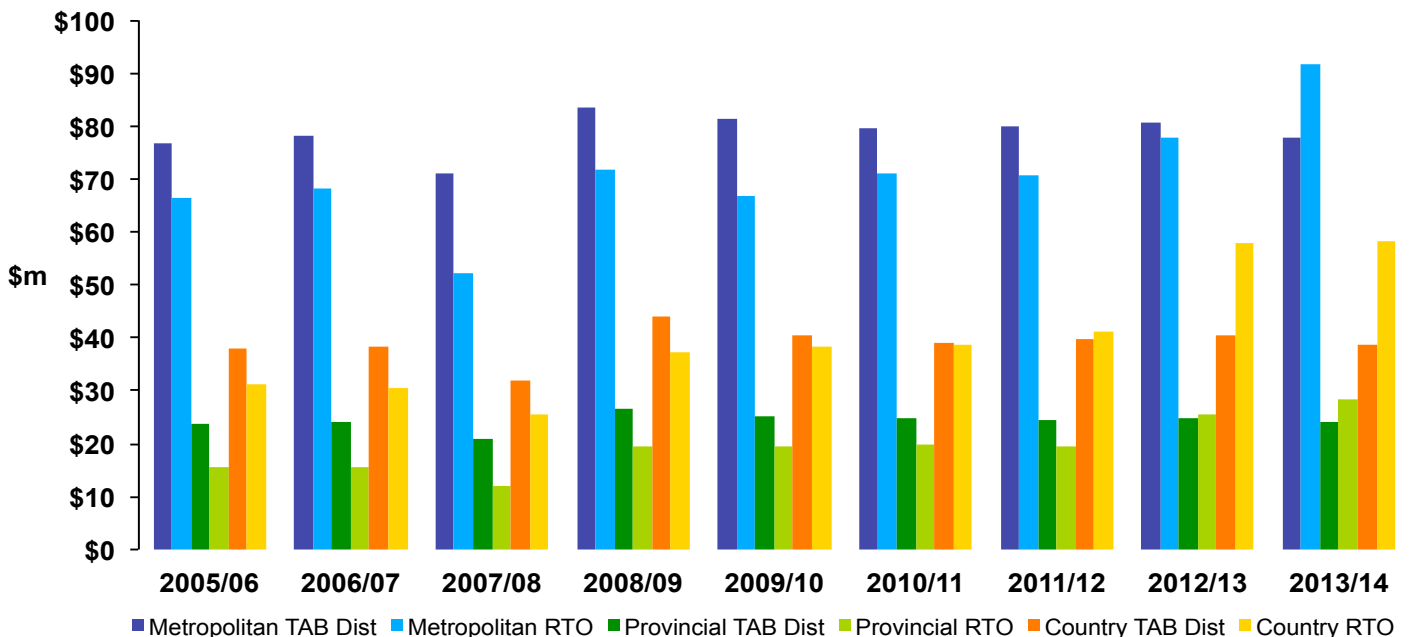
with payments from that year boosted by a one-off item relating to prior years.

The 2013/14 year again saw a new high prizemoney and returns to owners in NSW, driven by The Championships and increases in midweek Metropolitan prizemoney.

Total prizemoney for 2013/14 was \$164.9 million, with total returns to owners growing to \$192 million including BOBS and appearance fees.

The chart below summarises TAB distributions and returns to owners for each sector and demonstrates the extent to which prizemoney is supported by Race Fields fees.

TAB DISTRIBUTIONS AND RETURNS TO OWNER BY SECTOR





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 racing industry personnel;
- Registration – NSW functions including changes of horse ownership; transfers, leases and syndicates, racing colours (jockey silks);
- 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 Jockeys' 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 General Manager-Regulatory has senior management responsibility for each area including implementation of Board policy.

Department activities are reported under department headings later in this section.

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

Apprentice Jockeys – Wage Review

Fair Work Australia Decision – New Apprentices commencing their first apprenticeship after 1 January 2014.

In 2013/14 Fair Work Australia introduced a requirement that industries recognise the changing nature of apprenticeships in Australia with many persons of adult age now entering into apprenticeships. The new format accounts for apprentices in three wage scales:

- Adult apprentices aged 21yrs and over at the time of commencing their apprenticeship;
- Non-Adult apprentices who have completed their Higher School Certificate;
- Non-Adult apprentices who have not completed their Higher School Certificate;
- The decision relates only to apprentices who signed into their first and original apprenticeship after 1 January 2014.

As a consequence, Racing NSW applied this requirement by introducing a new set formula of apprentice wages to reflect the decision. To qualify for the new higher adult wage, the apprentice must be aged 21yrs+ at the time they commenced their apprenticeship (and after 1 January 2014).

Fair Work Australia also directed that the increment be introduced in two phases, in response to submissions from Employers. As a consequence, the first increment cannot exceed a 5% increase on the apprentice wages paid to those signed before the change. The second increment is from 1 January 2015, and takes the new wage to the full amount.

Stablehand 1.5% Payments Scheme

The second year of the scheme saw a refinement of the standard conditions and the streamlining of on-line lodgement as trainers and stablehands became accustomed to the system. At the end of each quarter, trainers submit on-line the number of hours worked in that quarter by each eligible stablehand on their team.

After the details of hours worked are lodged, 1.5% of prizemoney earned by stable runners is paid on a pro-rata basis directly to each eligible stablehand. The payments have proven beneficial to those working in the racing industry as a bonus payment to help with the

costs of living.

A number of audits have been carried out to ensure compliance with the scheme's intentions. i.e. to provide bonus payments to those workers in the racing industry on the lower income scale.

Show Cause Hearings

In addition to Licensing Committee meetings, two Show Cause hearings were conducted in the year under the delegated authority of the Chief Executive, who has delegated authority from the Board of Racing NSW.

The persons subject to the hearing are given opportunity to appear before the delegated panel at Racing NSW, represented by a solicitor, or self-represented, and present their case.

Both hearings resulted in recommendations for Warning Off which were adopted by the Chief Executive.

Each of the affected persons lodged an appeal against the decision to the Racing Appeals Tribunal; one was unsuccessful and the decision confirmed, the other withdrew from the appeal process before the hearing was set.

In addition, two licensed persons were interviewed regarding association with persons of poor repute, as identified by the NSW Crime Commission. Each was monitored and had conditions placed on their licence regarding future conduct.

Barrier Draw Auditing

The General Manager- Regulatory conducts audit of barrier draws utilising a restricted access program within the IRIS system.

The purpose of the audit is to ensure an operator does not conduct a second or subsequent barrier draw (without just reason) if, for example, the first draw is not pleasing to them or someone connected to them.

There is no allegation that this has occurred but the audit was implemented as a sensible Corporate Governance measure. The audits are conducted throughout the year for NSW and ACT race meetings.

Protocol is that Stewards/Racing Department complete a log book entry each time a race meeting is completed, and either record nil events, or record a description if an amendment to a barrier draw was required due to incorrect ballot order or for example a horse left out of the field due to a traceable administration error – either by the Trainer or the Trainers Service Centre (hub for all nominations and acceptances). Log book records are submitted monthly.

The audit report identifies instances when manual entry to the barrier draw acceptance process was actioned by the operator.

For each review, log book records from Stewards at all regional centres and the Racing NSW Racing Department are reviewed, providing record of and reasons why amendment occurred.

The audit discloses the initial barrier draw processed by the system which is then compared to the final published draw. On each, the report needs to be accountable and the barrier numbers originally drawn by each horse correctly retained, or a manual draw to slot a

horse into a field carried out.

If there is an amendment, usually the reason is either a horse was added or removed from the field because of having either:

- TAB numbers were re-done manually because of system failure;
- Trainer had accepted in more than one race on the program, but the horse had inadvertently been included in more than one field. The issue is rectified by either declaring the horse an emergency for the additional race if limits allow, or removing it altogether;
- Acceptance misplaced or not recorded by the Trainers Service Centre;
- Acceptance delayed due to provable trainer error; and
- Ballot exemption incorrectly applied.

The audit review revealed that the barrier draw processes were accountable and in order. The keeping of log records is of a good standard.

Trainers Assistance Program

For a number of years counselling support and assistance has been provided to racehorse trainers and their families in periods of strain or crisis.

After reviewing the need for a more permanent service, Racing NSW engaged David Goldman, psychologist and his company D'Accord Psychology, to provide free confidential counselling services to trainers and their families in need of assistance.

Mr Goldman has experience in providing specialised psychological, health and well-being consultancy services to a range of people and organisations in many different fields.

Now established, the Trainers Assistance Program provides NSW trainers and their family members with 24 x 7 access to Mr Goldman's services.

Counselling facilities are available in Sydney and throughout NSW via Mr Goldman's network of regional associates. The service is confidential and names are not provided to Racing NSW.

Common issues addressed are:

- Work related;
- Interpersonal problems – communication and conflict: staff; management; owners; other trainers;
- Occupational Health – physical environment, work conditions, adaptation to change;
- Vocational – stress, overload, career, etc.;
- Personal;
- Family and relationships – divorce, separation
- Emotional – depression, anxiety, lifestyle;
- Mental Health – substance abuse, gambling; and
- Other (Legal, Financial, Chronic Illness, Bereavement).

The NSW Trainers Association is very supportive of the program and assisted with its development and introduction.

Appointment of new Jockey Medical Liaison Officer

Dr Ron Muratore completed his term as the initial

appointee to the role of Racing NSW 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. Racing NSW's thanks goes to Dr Muratore for his work in establishing this important role.

Dr David Duckworth, an Orthopaedic Surgeon with years' of experience including operating on a number of jockeys and other sportsmen and women, commenced in the role as Dr Muratore's replacement in early 2014.

Dr Duckworth's advice has been invaluable in providing guidance to injured jockeys and his work in facilitating appointments with requisite specialists to expedite treatment has proven very beneficial to the process of recovery. The NSW Jockeys' Association assisted with the selection of Dr Duckworth to fill this important role.

REGULATORY DEPARTMENT REPORTS

LICENSING

The Racing NSW Licensing Department is responsible for the issuing of NSW racing 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 Judy Jessup (part-time job share).

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

The role of the Licensing Committee with oversight of the Chief Executive and Board is to make decisions

on licence applications and to recommend licensing policy and procedure for Racing NSW. The Licensing Committee met on four occasions during 2013/14.

Applicants for licences may be further interviewed at these meetings and other licences reviewed on documents submitted. Recommendations are forwarded to the Chief Executive for consideration.

At these meetings in 2013/14 the Committee:

- Conducted 10 interviews in relation to licence and other applications;
- Considered 23 licence applications that were referred to them by the Licensing Supervisor, of which nine were approved, 12 refused and two deferred for further information (both applicants who were deferred did not proceed with their application);
- Considered 15 other matters that were referred to them including licensee disciplinary matters and proposed amendments to licensing policy and procedures; and
- Approved four Bookmaker licence applications and one Bookmaker Company application.

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

- 63 Trainer licences;
- 2 Trainer partnerships;
- 8 Jockey licences;
- 28 applications to register an Apprentice Jockey;
- 32 applications to transfer the indentures of an Apprentice Jockey;
- 14 applications from an Apprentice Jockey to extend their indentures;
- 11 Riders' Agent licences;
- 598 Stable employee licences (131 declined/did not proceed due to the applicant not obtaining the required Police Certificate); and
- 52 Bookmaker Clerk licences (five declined/did not proceed due to the applicant not obtaining the required Police Certificate).



Comparison of Licensing Statistics - 2013/14 vs. 2012/13

The number of resident NSW Jockeys and Apprentices are again reasonably static when compared to recent years.

Whilst it would appear that the 5% decrease this season is somewhat significant, the numbers whilst varying up and down have remained within the 145 to 155 range over the past five seasons.

Apprentice jockeys increased by 8.5% (76 vs. 70) off the back of a small decrease last season. As referred to with jockey numbers, again it is not suggested that this increase can be seen as a trend as they have varied in both directions over the past five seasons but

have consistently been in the 68-78 range.

The total number of trainers licensed compared to last season saw a reduction of 3.2%, from 1110 trainers in 2012/13 to 1074 in 2013/14. This represents a small decline as retiring or resigning trainers are replaced by new applicants.

There has been a steady decrease in the number of registered bookmakers over the previous few seasons (this season down by 1.7%). Numbers would seem to be affected by the continued growth of the market share held by the Corporate Bookmakers/on-line wagering operators.

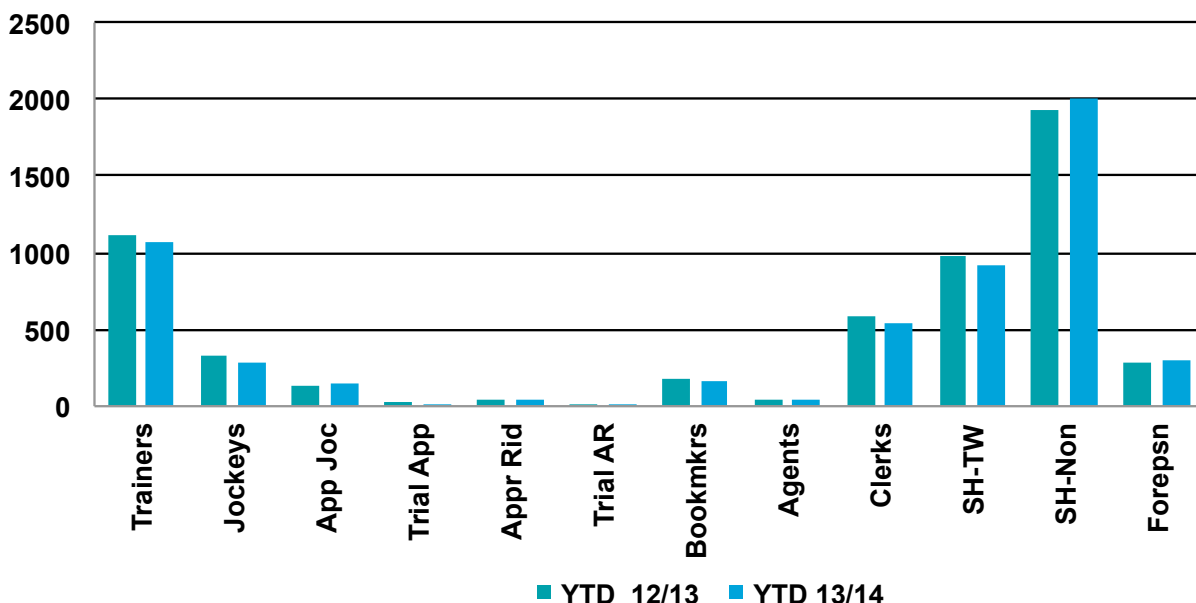
COMPARISON OF LICENSING STATISTICS - 2013/14 VS. 2012/13

	Metropolitan			Provincial			Country			Total		
	YTD 12/13	Total 12/13	YTD 13/14	YTD 12/13	Total 12/13	YTD 13/14	YTD 12/13	Total 12/13	YTD 13/14	YTD 12/13	Total 12/13	YTD 13/14
Licences with the expiry date 30 June 2014 (1/7/2013 to 30/6/2014)												
Trainers	105	105	105	201	201	188	806	806	781	1110	1110	1074
Jockeys	97	97	84	25	25	24	201	201	182	323	323	290
Apprentice Jockeys	19	19	20	14	14	13	103	103	110	136	136	143
Trial Apprentice	8	8	2	3	3	1	12	12	12	23	23	15
Appr Riders (Picnic)	-	-	-	-	-	-	38	38	36	38	38	36
Trial AR (Picnic)	-	-	-	-	-	-	3	3	2	3	3	2
Bookmakers	48	48	46	10	10	9	122	122	114	172	172	169
Rider Agents	23	23	25	5	5	5	16	16	14	44	44	44
Licences with the expiry date 31 October 2014 (1/11/2013 to 31/10/2014)*												
Clerks	290	291	263	47	47	51	243	247	231	580	585	545
SH-Trackwork	390	433	383	130	145	123	455	497	407	975	1075	913
SH-Non Trackwork	645	741	721	346	401	355	938	1037	927	1929	2179	2003
Foreman	107	107	116	44	49	47	137	146	129	288	302	292

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 – 147 (155); Apprentices – 76 (70)

* Note full season 2012/13 Vs. part season 2013/14 (as at 31/07/2014)

TOTAL LICENSES - 2013 VS. 2014



REGISTRATION

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

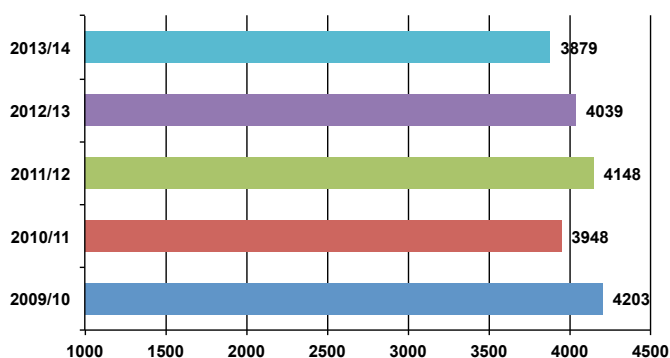
Emma Walsh is Administration Assistant for the area assisted part-time by Beverley Lawless and Cathie Hughes.

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

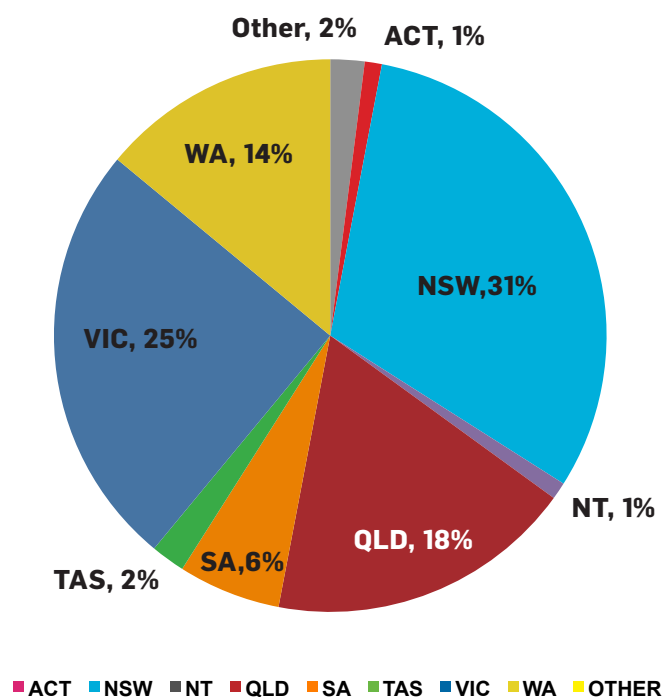
Horse Registration - NSW

At the end of the 2013/14 financial year the Registrar of Racehorses (ROR) had registered 12,376 new horses, of which 3,879 are owned in NSW. NSW remains the largest contributor to the national figure as this number represents 31% of the total number of horses registered, as identified having the Manager (first named owner) located in NSW.

NSW REGISTRATION FIGURES



REGISTRATION FIGURES BY STATE 2013/14



Transfers/Leases/Syndicates - NSW

The Regulatory Department recorded 2056 Transfers of Ownership for the 2013/14 financial year, a slight decrease of 1% when compared to last season.

There has been an increase in the number of enquiries regarding transferring owners out of a horse that are not paying their accounts and not being contactable.

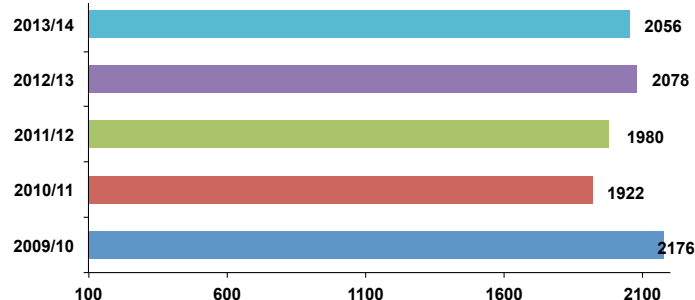
Since the introduction of 20 owner forms in August 2012, approximately 10% of horses have more than 10 owners, which have increased the possibility of ownership issues arising.

866 Lease Agreements were recorded for the 2013/14 financial year – this is a 5% decrease on last season's figure.

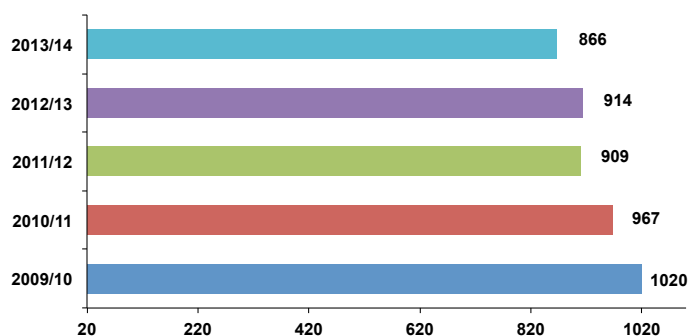
NSW registered 247 new syndicates for the 2013/14 period which represents an increase of 7% on the previous season. A national total of 1123 were registered which is comparable with last financial year.

Of NSW registered syndicates this season, 85% of those were 'ordinary' (or regular) syndicates made up of a group of up to 20 persons. The remaining 15% of syndicate registrations comprise Company, Firm or Stud Syndicates.

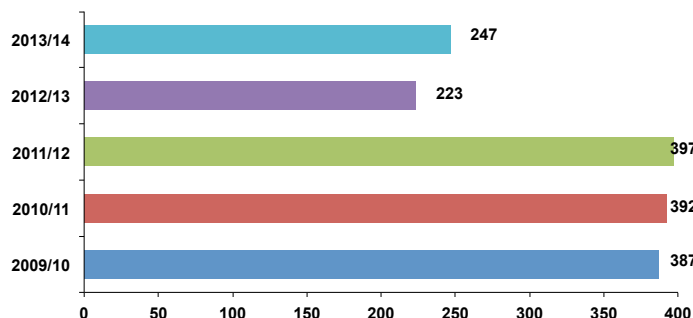
NSW TRANSFERS



NSW LEASES



NSW SYNDICATES

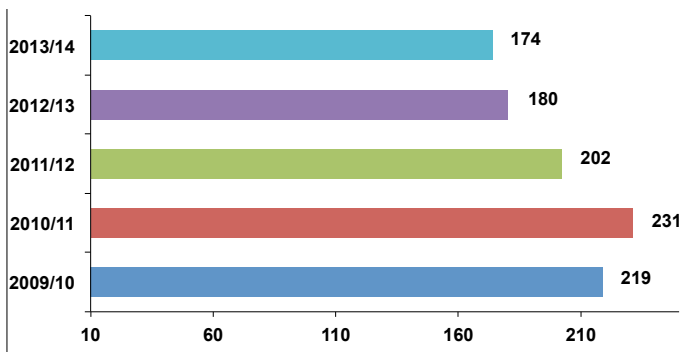


Racing Colours – NSW

Racing NSW registered 174 new sets of jockey silks during the 2013/14 financial year which is consistent with last year. There are a total of 3,175 sets of colours currently registered in NSW.

There is a continuing trend to register unique designs and patterns. As of this season, we are now registering colours in the Single National System (SNS) created by RISA which creates a National publication of colours for the racing industry.

NSW COLOURS



INDUSTRY TRAINING

This department is responsible for coordinating the training of new and existing licensees and others within the racing industry.

Both on-the-job and off-the-job training forms an integral part of a participant's future qualifications. Whilst particular focus applies to new riders and future apprentice jockeys, important training is also delivered to stablehands, foremen, trainers, track maintenance staff and race club administrators and racing officials.

Training is delivered by Racing NSW staff through our training partnership with TAFE Western Sydney Institute known as Australian Racing and Equine Academy Racing (AREA).

Robyn Parkinson of TAFE manages the training arm of the department and Maurice Logue coordinates and manages new training opportunities and jockey safety elements.

Experienced jockeys and trainers Ron Quinton, Malcolm Johnston, Pat Webster, and Rodney Quinn provide valuable guidance as Apprentice Jockey Mentors at race meetings.

In the country regions Malcolm Fitzgerald and Jamie Whitney mentor apprentices and deliver training, as do Workplace Trainers Karlie Triffitt and Dan Power (Metropolitan Provincial) and part-time staff Melina Remacle and Michael Donoghue (Country).

Phillip O'Brien manages e-learning and publishing, and Hawkesbury trainer and qualified teacher Joan Pracey provides quality assurance from headquarters at Richmond TAFE campus.

The objectives of the department include:-

- Delivery of quality training to racing industry participants throughout the Country, Provincial and Metropolitan areas;
- Assist the Department of Education to develop training packages to cover all vocations within the

racing industry;

- Manage Riding Skills Panel;
- Managing the apprentice race series;
- Mentoring of apprentice jockeys and others in achieving their career ambitions;
- Assisting people entering the racing industry to find their most suitable career path;
- Ensuring participants are informed about the national Racing Industry Training Package;
- 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 Equitana in November 2013 and also the Sydney Royal Easter Show held at Sydney Olympic Park in March and April 2014.

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 AREA (Racing NSW/TAFE) stand.

Rising Star Series

The 15th consecutive staging of the Rising Star Series was held between August and July with 25 competitive heats held.

The Rising Star comprises heats and a final to allow apprentices to compete on a point score basis to find the Rising Star in the NSW Apprentice Jockey ranks.

Sam Clipperton won the series this year for the first time. Sam also won the Metropolitan Apprentice Jockey Premiership for the second year running, proving himself a worthy recipient of both the Rising Star Award and Theo Green Medal.

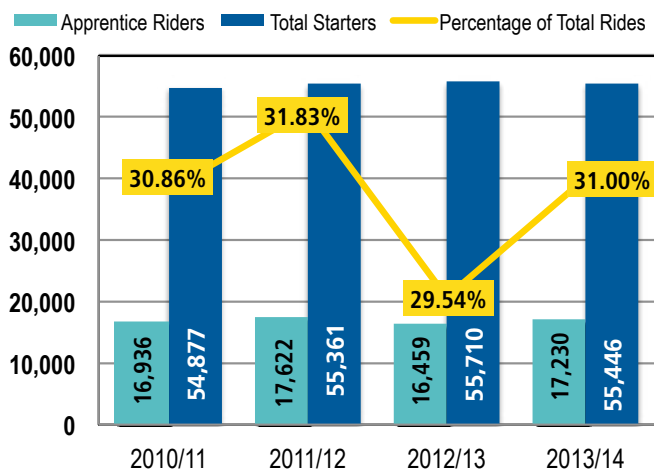
APPRENTICE JOCKEY NUMBERS

	09/10	10/11	11/12	12/13	13/14
Races	84	73	72	72	76
Trials	25	10	13	23	15
Total	109	83	85	95	91

Apprentice Rides

The overall apprentice ride summary includes Metropolitan, Provincial and Country statistics, and previous year comparisons. In 2013/14 apprentices' rides

have risen from last season to just over 31% (29.54%) of all race starters in NSW.



Apprentice winning rides

Of the 5690 races conducted in NSW and ACT for the 2013/14 racing period, apprentice jockeys were successful 1523 times or 26.76% of total winners.

	09/10	10/11	11/12	12/13	13/14
Total Races	5381	5203	5286	5414	5690
Total Winning Rides	1584	2104	1624	1398	1523

Other student numbers

This year, through Australian Racing and Equine Academy, the department continued delivering training and assessment services to many facets of the racing industry.

Expanding into the online market initially in areas such as Racing Administration and Cadet Steward, we now offer a number of the theory units for each qualification in an online format also. The overall number of enrolled students is set out below:

	09/10	10/11	11/12	12/13	13/14
Cert II Stablehand	80	190	61	13	43
Cert III Advanced Stablehand	28	34	31	101	83
Cert III Track rider	43	33	20	77	78
CIV Jockey					63
Cert IV Racehorse Trainer	5	29	15	63	97
Cert II Racing Administration	No stats	2	1	0	8
Cert III Racing Administration	No stats	2	4	3	11
Cert III Racing Steward	No stats	3	1	2	4
Cert II Racing Track Maintenance	No stats	2	0	0	1
Cert III Track Maintenance	No stats	2	7	8	21
Cert III Farriery	No stats	13	1	35	37
Barrier Attendant Skill Set	0	0	0	268	129

Riding Skills Panel Hearings

The Riding Skills Panel is formed under the Australian Rules of Racing to allow apprentices and jockeys to be referred by Stewards for tuition if concerns with aspects of their riding are identified. The panel (comprising Maurice Logue, other Apprentice Jockey Mentors and Stewards) review races and particular rides, interview and meet with the rider concerned and make recommendations back to the referring Stewards.

This year the panel convened on eight occasions, comparable to recent years:

	2011/12	2012/13	2013/14
August	1	0	0
September	1	0	1
October	1	1	0
November	1	0	0
December	1	1	0
January	1	0	1
February	0	1	1
March	1	0	1
April	0	0	1
May	2	1	1
June	1	1	1
July	0	1	1
Total	10	6	8

RACE FIELDS LEGISLATION - MANAGEMENT OF LEGISLATIVE REQUIREMENTS

The Racing Administration Act 1998 (the Act) provides that wagering operators (which includes Bookmakers, TABs, Corporate Bookmakers and Betting 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.

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 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. 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 determined by the wagering operators full year net accessible turnover;
- Other conditions designed to enable Racing NSW to administer the Race Fields Information Use legislation.

Approvals are issued annually for a financial year (or part thereof). 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 information.

At the end of the 2013/14 period the total number of Australian wagering operators who had been approved to use NSW Thoroughbred Race Fields Information was 328.

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

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.

Other regulatory duties of the Race Fields and Wagering Supervisor include:

- reviewing applications from NSW Licensed Bookmakers for internet wagering approvals;
- reviewing internet betting platforms (to date two different software platforms have been approved);
- reviewing 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 the monitoring of 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.

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 racing industry with programming that is inclusive rather than restricted, thus providing more racing opportunities for participants.

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, Handicapper/Racing Assistant – James Cable and Handicapper/Racing Assistant – 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.

The Handicapping Department issued the weights and ballot orders for 5,690 races held across the 824 race meetings which were conducted in the 2013/14 racing season.

Weights were released for the 96,715 nominations at these meetings with each of the 56,660 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 Handicapping Panel released weights early for the four major Group One Handicap races conducted in NSW in the 2013/14 racing season; The Doncaster Mile, Sydney Cup, Epsom Handicap and The Metropolitan.

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

Epsom Handicap – Spring carnival

The 2013 Epsom Handicap run at Royal Randwick over 1600m received 104 entries with 17 horses weighted above the limit weight of 52.0kg with a topweight of 58.0kg given to Shoot Out, achieving a 6.0kg weight spread.

The Metropolitan Handicap – Spring carnival

The 2013 Metropolitan, a 2400m staying test, received 102 entries with 24 horses weighted above the limit weight of 52.0kg. Equal topweights were Green Moon (Ire) and Sea Moon (GB) with 59.0kg, achieving a 7.0kg weight spread.

Doncaster Mile – Autumn carnival

The 2014 Doncaster Mile received 127 entries with 33 horses weighted above the limit weight of 50.0kg with a topweight of 58.0kg given to It's a Dundeel (NZ), achieving a 8.0kg weight spread.

Sydney Cup – Autumn carnival

The 2014 Sydney Cup over the time-honoured stayers' distance of 3200m received 97 entries with 19 horses weighted above the limit weight of 52.0kg with a topweight of 59.5kg given to Fiorente (Ire), achieving a 7.5kg weight spread.

Department Update For 2013/14

Communications

Two innovations for improved communication have proven very effective.

Twitter: The first, the Racing NSW Handicapping Twitter account @RNSWHandicapper was opened on 5 April 2013. As at 31 July 2014 the Handicappers published 410 tweets regarding upcoming races, specific handicap information about a particular horse or horses, or other general detail about handicapping in response to tweets.

Radio spot: Secondly, the weekly radio spot on Sky



Sports Radio is continuing to be successful, receiving positive feedback from racing industry participants. Manager/Senior Handicapper – Damien Hay and Senior Handicapper – Ben Dunn discuss handicapping issues and provide information to listeners as to the responsibilities of the Handicapping Department and decisions made each week about particular races or horses.

ANZCC

The Australian and New Zealand Classifications Committee was again attended by Manager/Senior Handicapper – Damien Hay representing NSW.

The Committee comprises the other Senior Handicappers from each Principal Racing Authority throughout Australasia.

Operating under the direction of the Australian Racing Board, the primary objective of the ANZCC is to produce the ANZ Classifications representing the numerical assessments of quality performers of the current Australasian Thoroughbred racing season.

The purpose of the Classifications therefore is to list the horses that have produced the best individual performances within Australasia in each season across the respective age and distance categories, providing the opportunity to compare horses both within and across generations.

The Committee met on two occasions throughout the 2013/14 racing season, mid-year at the offices of Racing NSW in November 2013 and the end of the racing season at the offices of Racing Victoria in July 2014. The committee also communicate fortnightly by teleconference throughout the year.

The Classifications are published at the end of each racing season and represent the numeric value assigned to a horse's optimum performance (or his/her best run) recorded in a specific contest during the current season.

These assessments then transpose to the International listings achieving world rankings for some of Australia's elite performers.

REGISTERED NSW SYNDICATE PROMOTERS AND AUTHORISED REPRESENTATIVES

Racing NSW continues to act in its appointed role as Australian Securities & Investment Commission (ASIC) 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 2013/14 there were 13 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 130 approved promotions in the 2013/14 period, an increase of 13 from 2012/13.

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

Price Range – 10% Share	13/14	12/13	11/12	10/11	09/10	08/09
<\$10,000	52	49	39	43	44	52
\$10,000 to \$29,999	78	68	65	54	46	37
> \$30,000	0	0	0	0	0	1

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

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

Price Range –Horse	13/14	12/13	11/12	10/11	09/10	08/09
<\$10,000	2	2	2	0	3	3
\$10,000 to \$29,999	17	8	7	3	11	17
\$30,000 to \$59,000	27	32	26	26	23	23
\$60,000 to \$99,000	35	38	30	39	28	22
\$100,000 +	49	37	39	29	25	25

There was an increase in the number of horses purchased between the \$10,000 to \$29,999 bracket and the over \$100,000 bracket.



Ray Murrhiy
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

Ben Gray completed a traineeship and was appointed to the CDRA/WRA panel based in Dubbo. Trainee Steward Dean Bucknell was appointed to TRSA panel in South Australia and following his departure, Jack Penfold, from the Hunter and North West region and Teague McDonald, from the Illawarra region, were appointed as a trainee Stewards continuing the training process that has resulted in numerous appointments of former Racing NSW Stewards in senior positions nationally and overseas.

Following the departure of Bradley Kliese in the Hunter and North West region to pursue further studies, Joshua Adams was appointed from the trainees' ranks in Sydney, to that vacancy.

In the Investigations and Surveillance Unit, Albert Gardner was appointed to a position in the Victorian Government and was replaced by Nick Ryan, to the position of Racecourse Detective & Compliance Officer in the Investigations and Surveillance Unit.

Mr Ryan is an experienced law enforcement officer, having been previously employed as a Detective/ Investigator with NSW Police.

Stewards Inquiries

During the 2013/14 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:-

- AR137(a): Careless Riding – 297 suspensions of licence;
- AR137(b): Failure to ride horse out to finish – 2 suspensions of licence;
- AR137A(5): Whip related offences – 10 suspensions of licence, a pleasing reduction from 31 suspensions two years ago;
- AR145: Weighing in overweight – 10 suspensions of licence;
- AR135 (b): Failure to take all reasonable and permissible measures to win or obtain the best possible placing – 6 suspensions of licence; and
- AR143(b): Weighing in light – 2 suspensions of licence.

In matters relating to trainers, a licensed trainer was disqualified for the breaches of three Australian Racing Rules relating to raceday medication, a positive swab and the possession of an unapproved wire whip covered in electrical tape which, in the opinion of the Stewards, had been made to make it capable of inflicting cruelty to a horse.

In September, the Racing Appeals Tribunal dismissed the appeal of jockey Mathew Cahill over his 12 month disqualification for his ride on Astronomer at Goulburn in June 2012.

Appeals by Racing NSW against the Appeal Panel's decision to uphold appeals of owner Guy Orbell (12 months disqualification) and bookmaker Richard Knight (6 months disqualification) were also upheld, confirming the original penalties of the Stewards.

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 of up to \$4000 and a disqualification being imposed for improper conduct.

The Stewards continue to warn the industry of the dangers associated with postings on social media, which

become public and can lead to breaches of the conduct related Rules of Racing.

Drug Testing and Surveillance

The Racing NSW Investigation and Surveillance Unit, headed by Nathan Hayward, was proactive during the year increasing their presence of raceday stable inspections and of horses competing.

In July a report from the unit to the Stewards led to the two-year disqualification of a Rosehill Gardens trainer and a one-year disqualification of a stablehand over the attempted stomach tubing of a horse on raceday.

The unit has also increased surveillance and inspections relative to unlabelled and unregistered substances being in stables, contrary to the provisions of the rules, resulting in a number of penalties being issued for this offence.

Working in conjunction with the Australian Racing and Forensic Laboratory (ARFL), almost 100 exhibit samples comprising of both registered and unregistered products, powders and feed were confiscated and tested for the presence of any prohibited substances.

The unit also attended major Country carnivals including the two-day Scone Cup Carnival in May, inspecting runners both on and off course.

They were central to the investigation commenced into the finding of cobalt in the stables of a Newcastle trainer, which resulted in a number of samples being taken from horses in the stable, showing irregularities to that substance, with an inquiry pending.

This year's sampling figures are very similar to the 2012/13 figures, with ratios of sampling to starters relatively the same.

A total of 15,181 samples were collected for analysis with an overall industry ratio across the three sectors of samples to starters being 1:3.5, on par with the previous 12 months. 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 two years ago.

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

Racing NSW continued the use of a unit which facilitates 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, five positive swabs were dealt with by Stewards involving penalties to trainers of suspension and disqualification (up to 12 months) and fines (up to \$6000). In addition, a number of cases have been delayed pending the completion of confirmatory findings of cobalt by the Chem Centre, Western Australia.

The Stewards also maintained a strong presence at trackwork, trials and race meetings with rider and stablehand testing. This involved urine sampling over 400 licensed persons for a range of banned substances, with 19 offences detected and penalties of suspension or disqualification of licence handed down. Over 200 breath tests were also carried out on licensed persons, at trackwork and on raceday.

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. Significantly, the number of positive swabs in this regard has fallen from 55 offences to 19 in the last 12 months, indicating an improvement in this approach.

Conferences and Tribunals

Chairman of Stewards, Ray Murrphy, represented the ARB Chairman of Stewards Committee at the International Stewards conference held in May 2014 in Hong Kong.

Mr Murrphy also represented the National Stewards at Australian Racing Board and at Integrity and Welfare Executive Committee level. In addition, Mr Murrphy represented Racing NSW at NCOS conferences, in Melbourne and in Sydney, with Greg Rudolph and Marc Van Gestel.

The Racing NSW Stewards annual conference was conducted in June at the Racing NSW Sydney office. Mr Murrphy also served on the Sports Disputes Panel.

New Developments

Racing NSW has participated in a national study to establish a threshold for cobalt by providing 300 samples to the Government Chemistry Centre in Western Australia to be measured for cobalt concentration.

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
- Veterinary and Analysts Committee
- Combined Racing Codes Committee
- Licensing Enforcement Agency
- National Jockey Safety Review Committee
- Australian Racecourse Managers Association
- Interstate and Overseas Principal Racing Authorities
- ARB Medical Officer
- Australian Jockeys' Association
- RSPCA
- Casino and Racing Investigation Unit



Dr Craig Suann

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 Racing NSW Board and industry on veterinary and equine health and welfare issues, and on matters relating to prohibited substances and their detection;
- Assist the Australian Racing Forensic Laboratory (ARFL) in developing and improving drug detection methods through the conduct of drug administration trials;
- Represent Racing NSW on national and international groups and committees deliberating on veterinary, equine welfare, emergency animal disease 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

- Assisted The Championships group on technical and quarantine matters relating to the participation of Hana's Goal (Jpn) and Gordon Lord Byron (Ire), including oversight of isolation and management protocols at the Canterbury Park isolation facility, and the provision of material on prohibited substances and veterinary treatments for the "Horseman's Handbook" for these overseas competitors;
- Collaborated with the ARFL and the Stewards on the maintenance and development of routine and strategic drug control issues;
- Following earlier collaboration with Charles Sturt University in the investigation of unusual findings of testosterone in raceday samples, continued further collaborative studies on the phenomenon with the British Horseracing Authority and the LGC Racing Laboratory, UK;

- Oversaw the operation of the i-STAT, a portable device that facilitates raceday analysis of blood samples for TCO₂ levels. The device is primarily used at Country meetings to increase the level of surveillance of the administration of alkalinising agents;
- 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;
- Participated in and coordinated other veterinarians for the out of competition testing program for horses in racing stables;
- 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" and the sample collection guidelines;
- Conducted drug administration trials for the ARFL, and managed the operations of Racing NSW's Animal Care and Ethics Committee which supervises and monitors the health and welfare of the research horses utilised by Racing NSW;
- Participated as a Trustee on the NSW Thoroughbred Rehabilitation Trust;
- Continued collaboration with the RIRDC-funded Equine Therapeutics Research Australia (ETRA) equine medication study consortium, including the review of information sheets on detection times for a range of therapeutic substances that are now published on the RIRDC publications website and available to industry participants;
- Coordinated the ongoing Racing NSW response to the Hendra virus, including:
 - ♦ Posting updated information on the Hendra virus section on vaccination matters;
- As Chairman of Australian Racing Board's Veterinary and Analysts Committee (VAC), Dr Suann convened a meeting of the Committee in Sydney on 26 and 27 August 2013 where the following matters were considered:
 - ♦ Testing for therapeutic substances, including a review of new screening limits for therapeutic substances, and the provision to industry

participants of detection periods for the therapeutic drugs derived from the RIRDC-funded ETRA study,

- ◆ Equine welfare matters, including rehabilitation programs for retired racehorses, racing of two-year-olds and evidence supporting their superior career longevity,
- ◆ The place of anabolic steroids in Australian and International racing,
- ◆ Research to assess the physiological impact of the use of the whip,
- ◆ Unusual testosterone concentrations in raceday urine samples,
- ◆ National racing laboratory research and development,
- ◆ Review of new gene technologies and gene doping,
- ◆ TCO₂ testing,
- ◆ Emerging issues – including other new drug classes identified by human sports labs,
- ◆ Recording of incident/injury data at race meetings, and
- ◆ Hendra virus and Hendra vaccination.

Dr Suann also facilitated VAC's out-of-session review of the following matters:

- ◆ A stand-down time after the intra-articular administration of corticosteroids,
- ◆ Regulation of the use of anabolic steroids, including consultation with industry stakeholders, and drafting of advice to industry regarding the implementation of the total ban on the use of anabolic steroids in racing thoroughbreds,
- ◆ The incorporation of new International Screening Limits into the Australian list;
- ◆ The incorporation of new International Screening Limits into the Australian list;
- ◆ The incorporation of the new international threshold for testosterone in plasma from geldings in the Australian Rules of 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, Dr Suann attended an Advisory Council meeting in Hong Kong in December 2013. Matters considered included:
 - ◆ Review of proposed new harmonised International Screening Limits to add to those already published 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 a medication and treatment code of practice and guidelines for out of competition testing for totally banned substances;
 - ◆ A blood plasma threshold for testosterone,
 - ◆ "Residue limits" for environmental contaminants,
 - ◆ International coordination of equine drug administration trials to avoid unnecessary duplication of research,
 - ◆ Development of new strategies for testing for anabolic steroids, including international minimum



standards for racing laboratories to ensure uniform and stringent capabilities, and hair and plasma testing,

- ◆ Unusual endogenous production of testosterone in geldings, as observed locally and in the UK.

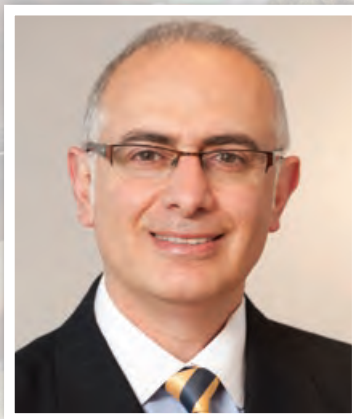
Racing NSW Animal Care and Ethics Committee (ACEC)

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 AM, 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 two research proposals during the reporting period. Included in these proposals was one that facilitated ongoing drug administration trials that would assist the Laboratory in improving its drug testing capabilities.

Racing NSW also successfully renewed its accreditation as an Animal Research Establishment during the period.



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 regional areas in NSW 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 2013 TO 30 JUNE 2014

	Total urine	Total Blood	TCO2 tests	OC tests	Prohibited Substances Detected
Metro T'breeds NSW	1846	4866	3043	-	2 (1)*
Provincial T'breeds NSW	1500	1212	1034	-	0
Country T'breeds NSW	3763	1391	667	-	5 (2)*
Other clients	8756	4261	3218	-	71
TOTAL	15865	11730	7962	-	78
Out of Competition T'breeds				427	0
Out of Competition Others	-	-	-	176	0
TOTAL				603	0

* AR.178G was applied to these detections, OC – Out of Competition tests

Human urine samples collected from jockeys, track riders and stablehands are also tested for banned substances in accordance with AR.81B. Approximately 4.7% of these samples were found to contain banned substances (Table 2).

TABLE 2 – HUMAN SAMPLES STATISTICS 1 JULY 2013 TO 30 JUNE 2014

Human Samples	Urine	Banned Substances Detected
Metropolitan NSW	61	5
Provincial NSW	59	1
Country NSW	255	13
Other Racing NSW	9	0
Other clients	38	1
TOTAL	422	20

ARFL also performs referee counter analyses to confirm the findings of other Australian and International racing laboratories. From 1 July 2013 to 30 June 2014 this totalled 66 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.

Quality Assurance

ARFL holds Australian and International accreditation to ISO 17025/ILAC G7, 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.

Key Milestones

During 2013/14, working in collaboration with overseas racing laboratories, ARFL contributed data towards the establishment of an international urinary threshold for the control of AICAR in racehorses.

Ratification of this proposed threshold to control the misuse of this significant doping threat will be discussed at the International Conference of Racing Analysts and Veterinarians (ICRAV) to be held during

September 2014 in Mauritius.

Working in collaboration with Racing NSW Stewards-Investigation and Surveillance Unit, ARFL received in total 98 exhibit samples comprising of both registered and unregistered products, powders and feed samples all of which were tested for the presence of any prohibited substances.

At the request of the Board of Racing NSW in collaboration with Racing NSW Stewards, ARFL implemented a testing strategy commencing the retesting of swab samples which have been stored at the laboratory dating back to 2009.

Based on both intelligence acquired and enhanced capabilities due to the acquisition of new sensitive equipment, retesting is conducted in accordance with AR 177B.

Additional Clients

ARFL's major external clients during the July 2013/June 2014 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 utilised by external clients undertaking pharmacokinetic studies of drugs in various animal species. ARFL provides analytical testing services in external non-racing markets such as in the field of workplace drug testing.



(RACING INDUSTRY CONSULTATION GROUP)

Under the Thoroughbred Racing Amendment Bill 2008, the State Government established the Racing Industry Consultation Group to consult with and make recommendations to Racing NSW on Thoroughbred racing matters that affect the industry's stakeholders.

RICG therefore provides the forum for industry stakeholders to take an informed and coordinated approach, to consultation and policy development with Racing NSW.

RICG met on 11 occasions during the year and held discussions as agreed, with the Racing NSW Chief Executive, Mr Peter V'landys AM, at five of those meetings.

RICG also met with the Racing NSW Board in November 2013.

The 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

The above members and the organisations they represent are well placed to provide Racing NSW with dependable and qualified input on a wide range of matters as the following matters suggest.

RICG made submissions and recommendations on the:-

- Review of the Thoroughbred Racing Act
- Cost of racing

- Riding fees
- Track work hours
- Track ratings
- NSW Central Coast racing
- BOBS funding
- Strappers' payments
- ARB Rule Changes

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

- Nomination and acceptance fees
- Female jockey facilities
- Country racecourse facility upgrades
- Training agreements
- Race meeting cancellation policy
- Review of the Crown Land Act
- Jockeys' superannuation
- Professional support for participants
- Licensing of veterinarians

The opportunity for RICG to confer with the Chairman and Members of the Racing NSW Board and Chief Executive, Peter V'landys AM, who always makes himself available on RICG matters when requested, is appreciated.

RICG's monthly meetings do require an ongoing commitment from each member and I thank each member for the time assigned to RICG matters, all of which contributes to the welfare of the Thoroughbred industry in this State.

We look forward to being of ongoing assistance to Racing NSW and contributing to the strength and future growth of NSW racing.

- Steve McMahon (Chairman)



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 12th year, BOBS is still proving immensely popular after paying out 1333 bonuses for 2013/14; totalling a massive \$8.6 million.

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

Last season, an extra \$1.3 million was distributed to owners of BOBS Extra horses, bringing the combined total of bonuses to \$11.7 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 two-year-old 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.

In 2014 the BOBS Mare Bonus Scheme payments commenced, along with the option to use Double Up vouchers to pay service fees for participating NSW-based stallions in the 2014 breeding season. Some quick facts on BOBS:-

- Racing NSW has paid out more than \$85 million in bonus prizemoney since BOBS began 12 years ago;
- The 1333 BOBS bonuses won last season were 106 more than in the previous year;
- Of the BOBS bonuses won, two-year-old horses won 191 (14.4%) and three-year-old horses accounted for 1142 (85.6%) wins;
- In 2013/14, BOBS Extra bonuses were won on 211 occasions with a total of in excess of \$3.9 million having been distributed through BOBS Extra;
- Nine of the 11 leading sires by value of bonuses are Australian-bred; and
- Since the Double-Up option was introduced in January 2005, \$20 million has been put back into the NSW breeding industry through this scheme, benefiting not just breeders, but also owners and trainers.

BOBS BONUSES WON BY NUMBER PER MONTH

	2011/12	2012/13	2013/14
August	41	64	69
September	54	71	68
October	79	75	90
November	72	98	104
December	102	90	112
January	91	85	110
February	83	94	102
March	102	116	127
April	103	119	97
May	132	120	154
June	121	121	150
July	149	175	150
Total	1129	1227	1333

SEASON 2013/14 - BOBS BONUS WINNING SIRES BY VALUE

Stallion	Standing at	Total bonuses	Wins
Northern Meteor	Widden Stud	\$480,000	63
Exceed And Excel	Darley Stud	\$360,000	39
More Than Ready (USA)	Vinery Stud	\$300,000	42
Lonhro	Darley Stud	\$285,000	39
Street Cry (Ire)	Darley Stud	\$280,000	35
Fastnet Rock	Coolmore Stud	\$260,000	28
Not a Single Doubt	Arrowfield Stud	\$256,250	46
Choisir	Coolmore Stud	\$241,250	40
Encosta De Lago	Coolmore Stud	\$235,000	29
Snitzel	Arrowfield Stud	\$230,000	32
Redoute's Choice	Arrowfield Stud	\$210,000	21

BREEDER OWNER BONUS SCHEME (BOBS)

SEASON 2013/14 – BOBS BONUS WINNING HORSES BY VALUE

Horse	Sire	Trainer	Bonuses	Wins
Sense and Reason	Exceed And Excel	Chris Waller	\$60,000	4
Unencumbered	Testa Rossa	Bjorn Baker	\$60,000	3
Abbasso	Encosta De Lago	Chris Waller	\$50,000	3
Calming Influence	Commands	Chris Waller	\$50,000	3
Delectation	Shamardal (USA)	Chris Waller	\$50,000	3
Sinjoren	Exceed And Excel	Peter Snowden	\$50,000	4
Woodbine	Hussonet (USA)	Gai Waterhouse	\$45,000	3
Amovatio	Al Maher	Chris Waller	\$40,000	2
Chateau Lafaute	Redoute's Choice	Chris Waller	\$40,000	2
Cosmic Endeavour	Northern Meteor	Gai Waterhouse	\$40,000	2
Koroibete	Kheleyf (USA)	Gerald Ryan	\$40,000	2
Made to Order	Commands	Chris Waller	\$40,000	3
Memorial	Street Cry (Ire)	Peter Snowden	\$40,000	2
Sniper Fire	High Chapparral (Ire)	Chris Waller	\$40,000	2

SEASON 2013/14 – LEADING BOBS WINNING TRAINER

Trainer	Location	Bonuses	Value
Chris Waller	Rosehill	64	\$775,000
Gai Waterhouse	Randwick	65	\$640,000
Peter Snowden	Warwick Farm	73	\$625,000
Gerald Ryan	Rosehill	35	\$290,000
Paul Perry	Newcastle	41	\$230,000
John O'Shea	Randwick	37	\$230,000
Anthony Cummings	Randwick	30	\$215,000
Bjorn Baker	Warwick Farm	22	\$205,000
Michael, Wayne & John Hawkes	Rosehill	17	\$190,000
Kris Lees	Newcastle	33	\$175,000
David Vandyke	Warwick Farm	26	\$155,000
David Payne	Rosehill	16	\$150,000
John Thompson	Randwick	14	\$135,000
Paul Messara	Scone	20	\$130,000
Tim Martin	Rosehill	15	\$125,000
Grahame Begg	Randwick	15	\$120,000
Bindi Cheers	Taree	15	\$75,000
Brett Thompson	Mudgee	15	\$75,000
Leon Davies	Tamworth	14	\$72,500

SEASON 2013/14 – WHERE THE BONUSES WERE WON

Track	Bonuses	Value
Randwick	75	\$1,090,000
Rosehill	40	\$800,000
Canterbury	72	\$740,000
Warwick Farm	58	\$590,000
Newcastle	95	\$480,000
Kembla Grange	90	\$450,000
Wyong	73	\$400,000
Hawkesbury	69	\$360,000
Gosford	68	\$340,000
Scone	42	\$250,000
Grafton	44	\$230,000
Port Macquarie	45	\$225,000

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

Appeal Panel Members

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

Executive for Appeal Panel

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

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 18 occasions during 2013/14 and Mr John Hiatt OAM chaired the Panel on 13 occasions, Mr Ross Clugston on three and Mr Richard Beasley SC on the other two occasions.

Within those 18 sittings there were 27 charges Appealed. The Appeal on a further three 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	1	26	5	3	2	30
Racing Association	-	2	2	-	-	2

Summary of Charges Applicable to Appeal Cases Lodged

RULE	DESCRIPTION	AMOUNT
AR56A	No horse, if in Australia, shall be entered for or run in any race or official trial or jump-out unless it is trained by a person with a licence or permit to train. Provided that this rule shall not apply to a horse entered for a race the entries for which close more than 60 days prior to the advertised date for the running of such race. Further provided that this Rule shall not apply to any other race exempted under the Rules.	1
AR64G(1)(a)	No person, without the permission of the Stewards, may stomach-tube, attempt to stomach-tube, cause to be stomach-tubed or be a party to the stomach-tubing of a horse which is engaged to be run in a race: at any time on the day of the race prior to the start of that race or during the one Clear Day prior to the day of the race.	2
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.	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.	6
AR137A(5)(a)(ii)	Subject to the other requirements of this rule in a race, official trial or jump-out prior to the 100 metre mark the whip shall not be used in a forehand manner more than on 5 occasions.	1
AR140(a)	The trainer of a horse that is included in the final acceptors for a race must ensure that such horse is fit and properly conditioned to race, and shall report to the Stewards as soon as practicable any condition or occurrence that may affect its running in the race.	2
AR140A	1. The trainer of a horse is at all times responsible for the proper saddling and application and fitting of all gear to a horse presented. 2. The trainer of a horse that is presented for a race, official trial, jump-out or track work and that has not been properly saddled or had all its gear fitted or correctly applied commits an offence and may be penalised, for a race, official trial, jump-out or track work.	1
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.	1

APPEALS

RULE	DESCRIPTION	AMOUNT
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.	2
AR175(a)	The Committee of any Club or the Stewards may penalise any person, who, in their opinion, has been guilty of any dishonest, corrupt, fraudulent, improper or dishonourable action or practice in connection with racing.	1
AR175(g)	The Committee of any Club or the Stewards may penalize any person who gives at any inquiry or appeal any evidence which in their opinion is false or misleading in any particular.	2
AR175(h)(ii)	The Committee of any Club or the Stewards may penalise any person who administers, or causes to be administered, to a horse any prohibited substance which is detected in any sample taken from such horse prior to or following the running of any race.	3
AR175(hh)(ii)	The Committee of any Club or the Stewards may penalise any person who has in his possession, any electric or electronic apparatus or any improper contrivance capable of affecting the performance of a horse in a race, official trial, jump-out or training gallop.	1
AR175(k)	The Committee of any Club or the Stewards may penalise any person who has committed any breach of the Rules, or whose conduct or negligence has led or could have led to a breach of the Rules.	1
AR175(l)	The Committee of any Club or the Stewards may penalise any person who attempts to commit, or conspires with any other person to commit, or any person who connives at or is a party to another committing any breach of the Rules.	1
AR175(n)	The Committee of any Club or the Stewards may penalise any person who in their opinion commits or commissions an act of cruelty to a horse, or is in possession or control of any article or thing which, in their opinion, has been made or modified to make it capable of inflicting cruelty to a horse.	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.	1
AR178E(1)	Notwithstanding the provisions of AR 178C(2), no person without the permission of the Stewards may administer or cause to be administered any medication to a horse on race day prior to such horse running in a race.	1
TOTAL		30

REPRESENTATION TABLE

	Dismissed	Upheld
Represented by Solicitor/Master	12	1
Represented Self	14	-
Totals	26	1

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

Racing Appeals Tribunal

Racing Appeals Tribunal comprised of:-

David Armati, *Racing Appeals Tribunal* Ian McRae, *Acting Racing Appeals Tribunal*
Peter V'landys AM, *Secretary Racing Appeals Tribunal* Kathy Reece, *Appeals Coordinator*

There were nine Appeals lodged to the Racing Appeals Tribunal during 2013/14.

Presided Over By	Dismissed	Upheld	Withdrawn
Mr D Armati	2	4	2
Mr I McRae	1	-	-
Total	3	4	2



Maurice Logue
General Manager – Jockey
Safety & Welfare



Alana Phadke
Racing NSW Legal Counsel

JOCKEY SAFETY

The activities of General Manager – Jockey Safety & Welfare include:-

- Manage Riding Skills Panel;
- Liaise with injured jockeys;
- Liaise with Racing NSW Doctor;
- Liaise with injured jockeys next of kin;
- Manage industry recognition passes;
- Manage injured jockeys' emergency response systems;
- Manage re-skilling programs for jockeys and assist in finding alternate employment.

Jockey Safety Officer – Role

In order to improve communication between officials, medical staff and families where jockeys (or apprentices) are injured in a race, barrier trial or trackwork incident, Racing NSW has the position of Jockey Safety Officer. Former top jockey Maurice Logue fills this important role.

In the event of a race accident, Maurice is immediately advised of any injuries by the on-course Stewards. Maurice then contacts the family of any affected jockey(s) to advise them of the accident and to provide any necessary support.

Maurice acts as a liaison between the Stewards, Racing NSW, race clubs, treating hospitals, Doctors and the family, to ensure that the family quickly has all possible information about the injured jockey's condition, location and any action that may be required.

The Racing NSW Medical Liaison officer, Dr David Duckworth, is another important link in the process.

JOCKEY SAFETY OFFICER INCIDENT REPORTS 2011/14

	2011/12	2012/13	2013/14
August	10	2	10
September	8	3	10
October	12	7	11
November	6	7	17
December	8	11	9
January	12	7	13

	2011/12	2012/13	2013/14
February	6	9	9
March	6	7	6
April	9	8	5
May	6	6	7
June	6	4	7
July	2	10	9
Total	91	81	113

Riding Skills Panel

Under the Australian Rules of Racing, each State Principal Racing Authority may form a Riding Skills Panel to review and mentor apprentice jockeys/jockeys who may be referred by Stewards for issues with their riding, which may include issues of safety.

Racing NSW Skills Panel members are Chairman Maurice Logue, Ron Quinton, Pat Webster, Rodney Quinn, Malcolm Johnston, Jamie Whitney and Malcolm Fitzgerald.

Hearings are convened throughout NSW with the attendance of the referring Steward and in accordance with Australian Rule of Racing AR92A.

The Panel may make recommendations to Stewards for a remedial training program or restricted return to riding schedule.

RIDING SKILLS PANEL HEARINGS 2011/14

	2011/12	2012/13	2013/14
August	1	0	0
September	1	0	1
October	1	1	0
November	1	0	0
December	1	1	0
January	1	0	1
February	0	1	1
March	1	0	1
April	0	0	1
May	2	1	1
June	1	1	1
July	0	1	1
Total	10	6	8

Jockeys Benefit Scheme

As part of Racing NSW's continuing commitment to improving jockey welfare, the Jockeys Benefit Scheme 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 Jockeys Benefit Scheme comprises:

(a) The Jockeys Benefit Scheme 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

(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.

NSW Jockeys Trust

The Jockeys Benefit Scheme 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.

Alana Phadke (Racing NSW Legal Counsel) 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 2014 Financial Year:

- Mr Allen Windross, AM, *Former Chairman*
- Mr Robert Ward, AM, *Current Chairman*
- Mr Keith Bulloch, *Current Trustee*
- Mr Ian Craig, OAM, *Current Trustee*
- Ms Kylie-Jane Menzies, *Current Trustee – Appointed 25 July 2013*
- Mr John Muir, *Current Trustee – Appointed 13 February 2014*
- Mr Mark Newnham, *Current Trustee – Appointed 13 February 2014*
- Mr Paul Innes, OAM, *Former Trustee*

Racing NSW and the Trustees wish to recognise the invaluable contribution of Mr Windross AM as Chairman of the Trust who sadly passed away on Boxing Day in 2013 and to pay tribute to his dedicated efforts to the Trust and the gaming and horse racing industries.

Mr Paul Innes's contribution to the Trust is also recognised gratefully. Ms Kylie-Jane Menzies, Mr John Muir and Mr Mark Newnham joined the Trust during the year as new members to set the number of Trustees at six.

During 2013/14, \$18,000 was distributed 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 can be obtained by contacting the Trust Secretary or at www.nswjockeystrust.com

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.

During 2013/14, over \$106,000 was distributed from the JBS Discretionary Fund towards providing NSW jockeys with vocational and life skills training, career transition support, business start-up assistance and counselling services.

JOCKEYS ASSISTANCE PROGRAM

Since July 2011, the Jockeys Assistance Program has provided NSW and ACT jockeys, apprentices and their families with free confidential counselling services, which includes face-to-face counselling sessions and also access to 24 x 7 telephone sessions.

Counselling facilities are available in Sydney and throughout NSW. During the year, 44 people accessed this vital service, dealing with a range of problems from relationship breakdowns, depression and anxiety disorders, to drug and alcohol issues.

Career Assistance Funding and Small Business Start-up Assistance

Since 2012, funding has been provided to assist Jockeys in finding alternate careers after a career ending event due to injury or lack of opportunity.

Over \$31,000 in total was distributed from the JBS Discretionary Fund during the 2013/14 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 Small Business Management, Aged Care, 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.

FUNCTIONS

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

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

ACHIEVEMENTS

The Championships

'The Championships' is positioned as Sydney's unique, international racing event. The event has been developed through a partnership between Racing NSW and Australian Turf Club (ATC).

In 2014, the NSW Government provided \$10 million in funding for additional prizemoney to Racing NSW for the development of the new event The Championships were held for the first time on 12 and 19 April 2014 at the refurbished Royal Randwick Racecourse.

The prizemoney is intended to attract world class Australian and International horses to the event.

The Championships consists of 10 established and traditional races on the Australian racing calendar, being the 'grand final' across age and distance ranges.

- **Marketing** – The campaign focused on three key items;
 - Building The Championships brand,
 - Securing increased attendance and
 - Attempting, as best as possible, to tie in with the already finalised ATC 'racy' campaign and existing Carnival sponsorships.
- **Attendance** – The Championships crowd across the two days was 50,484. This was a 37% increase across the comparative days in 2013.
- **Wagering** – Turnover for 2014 was very strong through the NSW TAB with the two-day combined total increasing 20.4% on the corresponding days in 2013.
- **Inbound Media Program** – A total of 13 International media (plus crew) were in attendance at either one or both days of The Championships and lead-up events. Good coverage was received from key International racing outlets including the US, UK, NZ and Asia.

- **Event Enhancement** – A number of raceday enhancements were made unique to The Championships including; floral dressing for the winning post, a portable presentation stage, flower garlands for The Championship races, unique emerald trophies, lapel pins, various on course theming and enhanced racebooks, as well as a high quality 'souvenir' race program each day.

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.

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 that rehabilitates retired racehorses and inmates alike.

Through sponsorship, donations and merchandise sale, the TRT raised over \$32,600 in 2013/14 (an 8% increase on the previous financial year).

There were nearly 75 former racehorses rehomed through the Program this year and since its inception in late 2011, the TRT has helped rehome over 160 retrained Thoroughbreds.

Weekly e-Newsletters - Frontrunner, Industry/Media Update & Owners Email

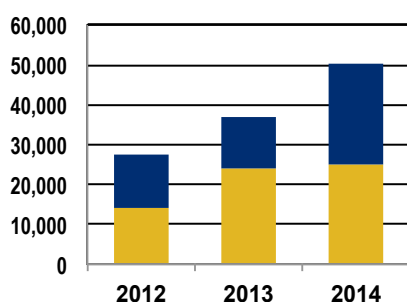
The weekly e-Newsletter Frontrunner is sent to over 14,000 subscribers each week with a mix of stories, tips, prizes and insights into the industry.

Open rates of the newsletter have continued to increase in 2014 as we have focused on providing more interesting information delivered in a timely manner. The weekly prize has also proved very popular with readers.

A weekly industry/media update is sent to all licensed personnel with important industry updates, top news stories, and new information relevant to the recipients.

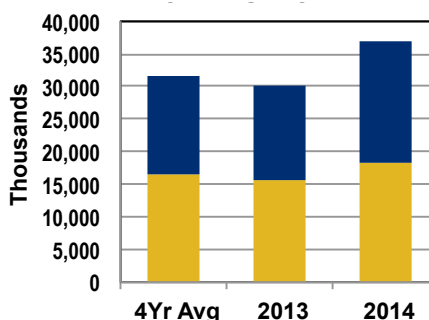
In 2014 a new owners email service was also

CROWD ATTENDANCE

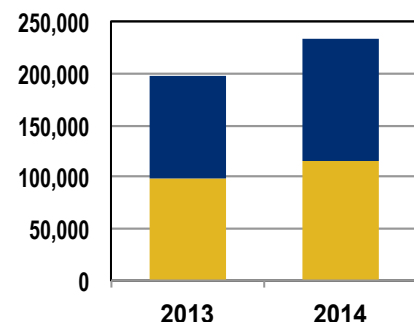


■ The Championships Day 2
■ The Championships Day 1

TOTAL TURNOVER



LIVE STREAM



introduced, ensuring that every owner gets the information they need when they have a runner in NSW. This includes track conditions, a free form guide plus information from the Club regarding what's happening on the raceday to encourage attendance.

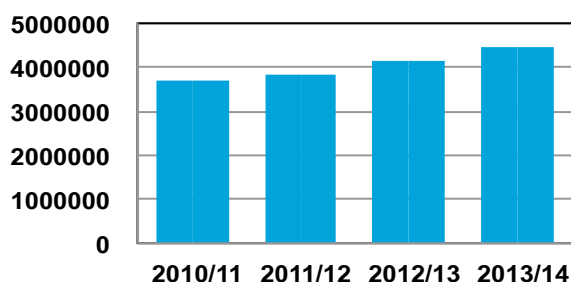
Form

As well as the recent development of better online form 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 NSW.

TOTAL WEBSITE VISITS



TAB Saddle Up Sundays

Now in its fourth season, TAB Saddle-Up Sundays continues as a highly successful program of Racing NSW, promoting unique country race meetings throughout the State.

In 2013/14, a total of 13 TAB Saddle-Up Sundays were conducted, each with the objective of celebrating the distinctiveness of Country racing within the local community, while increasing attendance and wagering turnover.

The clubs involved were:-

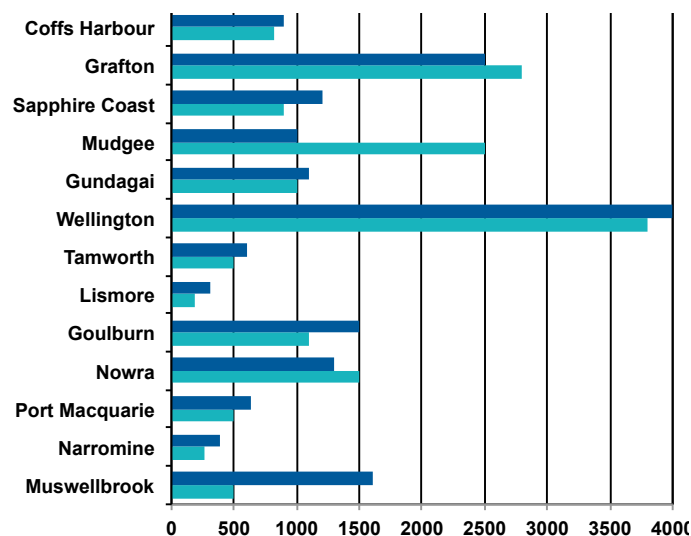
MONTH	VENUE	RACEDAY
August	Muswellbrook	Bengalla Cup
August	Narromine	Gold Cup
September	Port Macquarie	Port Macquarie Cup Prelude
October	Shoalhaven, Nowra	Mollymook Cup
November	Goulburn	Goulburn Cup
December	Lismore	Evans Head Cup
January	Tamworth	Country Music Cup
March	Wellington	Wellington Boot
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 indicated in Graph 1, there was an overall increase of 4% in attendance during the 2014 season, with Nowra and Mudgee severely affected by fires and bad weather respectively. In wagering turnover, there was an overall increase of 3%.

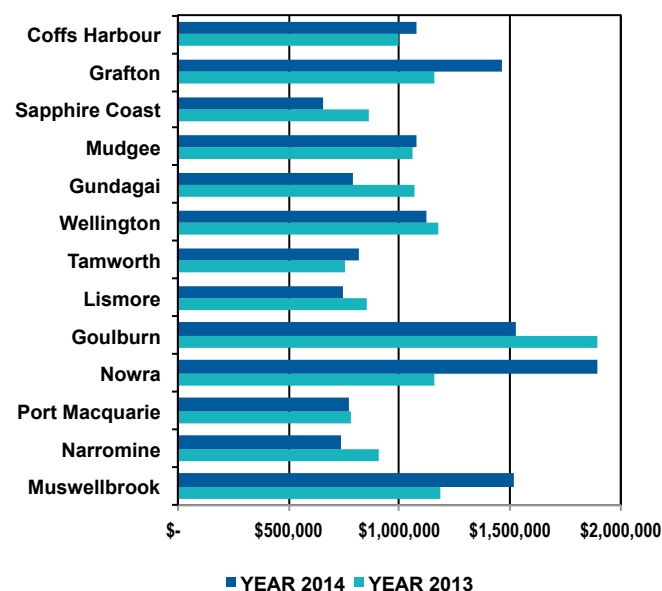
The 2015 season attracted 31 submissions, an increase of 63% on the previous year which indicates awareness of the brand has developed significantly over the past 12 months.

There are several new clubs to be included in the new 2015 schedule, including Moree, Warren and Moruya.

GRAPH 1. TAB SADDLE UP SUNDAYS 2014 ATTENDANCE



GRAPH 2. TAB SADDLE UP SUNDAYS 2014 WAGERING TURNOVER



Media, Public Relations and Websites

The Media and Public Relations Department manages and maintains the back-end of both the Racing NSW and The Championships websites loading on all news, images, feature articles and notices.

The department also handles media calls and inquiries and constantly seeks positive media coverage.

It is also responsible for the monthly Racing NSW Magazine, social media, the Annual Report and the publication of a wide range of media releases and advices throughout the season.

Racing NSW Magazine, with a print run in excess of 3000 and boasting a National and International subscriber base, continues to be a vital source of information for stakeholders, participants, breeders and the general public.

Each publication contains entertaining articles and comprehensive information on the NSW Thoroughbred Racing Industry.

The Media and PR Department also collates and maintains the point score of the prestigious Bart Cummings Medal and provides updates on the Racing NSW website and Racing NSW Magazine.

Final standings – 2013/14 Bart Cummings Medal	
Chris Waller	114
Hugh Bowman	50
Nash Rawiller	44
Gai Waterhouse	41
Peter Snowden	40
Tommy Berry	39
Jim Cassidy	35
Kerrin McEvoy	29
Glyn Schofield	24
James McDonald	23
Christian Reith	23
Blake Shinn	23

Social Media – Twitter

Racing NSW has a strong presence on Twitter with more than 6,300 followers. Since the introduction of the service more than 8,500 tweets have been published and this will rise exponentially as we continue to grow our social media expertise and deliver on our broader consumer strategy. You can follow Racing NSW News via the handle – @racing_nsw

Racing NSW Stewards also regularly post news and updates on their Twitter account with over 830 followers. The stewards handle is – @RNSWStewards

Our handicapping department is also part of Twitter enabling fans and participants a 'direct line' to the handicappers. This has quickly proven to be a popular service since launching with more than 870 followers. You can find the handicappers via – @RNSWHandicappers

Both LinkedIn and Facebook are also likely to be targeted by Racing NSW as a medium for social media in the near future.

Young Professionals in Racing

Young Professionals in Racing (YPR) is a Sydney-based initiative that actively engages young racing enthusiasts, providing opportunities to generate new social and professional connections within a community of like-minded people.

Backed by Racing NSW and governed by an independent Board of dynamic young professionals, passionate about the growth and sustainability of Australian racing, YPR is now heading into its third year.

The group has been established 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.

In 2014, YPR hosted the inaugural The Championships Preview Lunch for more than 250 young race fans, on the eve of Day One of The Championships at Royal Randwick.

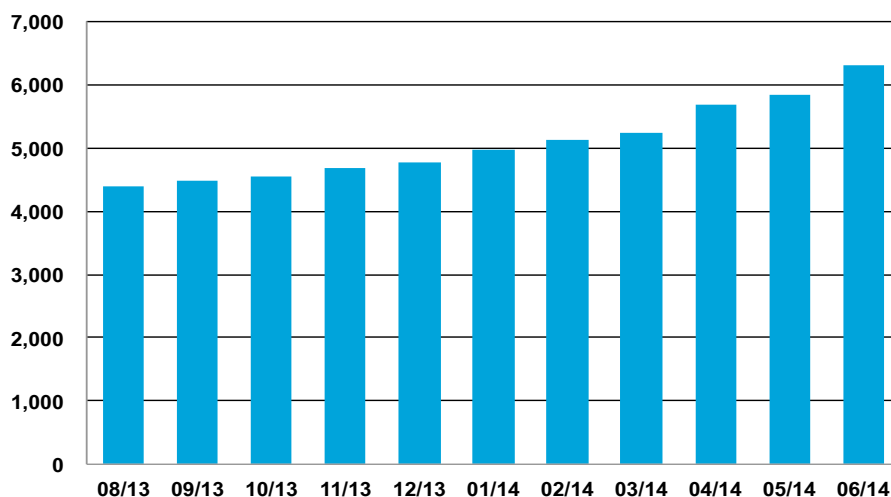
Members of the group enjoy complimentary access to the large majority of YPR events, as well as exclusive giveaways and promotions, including racehorse ownership experiences with young trainers such as Paul Messara and Bjorn Baker.

The group has a strong social media presence, publishing more than 1420 Tweets for 1470 Followers and 2187 Likes on Facebook.

In 2014 membership saw an increase of 230%, boasting more than 700 registered members. The target for 2015 is 1,000+.

YPR has secured several corporate partnerships since launching and works with these organisations to ensure continued development.

RACING NSW NEWS TWITTER FOLLOWERS





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.

2013/14 Financial Performance

The Fund experienced an operating surplus of \$3.87 million for 2013/14 which is largely attributable to the following factors:

- Reduction in open claims. The size of the open claims portfolio reduced to 270 claims as at 30 June 2014. This is a reduction of 10.3% on the 301 claims that were open at 30 June 2013 and a 19.6% reduction on the 336 open claims at 30 June 2012.
- Continuing improvements were achieved in return to work outcomes which led to the earlier finalisation of many claims and helped contain claims costs. 64% of claims received during 2013/14 have been resolved. The first year claim finalisation rate has risen sharply from 40% in 2010 and again from approximately 61% in 2012/13. 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. These amendments have been fully implemented and all open claims which pre-dated the legislative amendments have been transitioned to the new arrangements.

- 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.
- Included in the result is a dividend of \$1.085 million received from the liquidators of the collapsed HIH Group which was the reinsurer on risk at the time of its collapse. Further dividends are anticipated but it must be noted that the dividends received in the winding up of the scheme of arrangement are to be apportioned across the total future costs of the relevant claims. It must also be noted that the dividends to be paid are forecast to be in the vicinity of 35 cents in the dollar which exposes the Fund to a significant future liability.
- Amendments were also made to the WorkCover legislation as it applies to the requirement for NSW Thoroughbred Industry employers to maintain policies of workers compensation insurance. As from 1 July 2013 all industry employers are required to hold a policy as a result of the removal of wages threshold that was introduced in 2008. This has allowed the Fund's premium burden to be distributed more equitably across all industry employers and has also resulted in revenue from workers compensation related activity fees.

The Fund's sound financial performance during 2013/14 allows for the following:

- A reduction in the basic tariff premium rates for clubs and trainers;
- Provision for future claims liability;
- Provision for the increased exposure to claims costs arising from the HIH liquidation;
- Offset against historical accumulated Fund losses.

2013/14 Actuarial Assessment

The actuarial central estimate of Racing NSW's outstanding workers compensation claims liability as

INSURANCE

SUMMARY OF ACTUARIAL ESTIMATE OF OUTSTANDING CLAIMS LIABILITIES

	Estimate of Liability as at 30 June 2014 (\$m)	Projected Estimate of Liability as at 30 June 2014 (2013 Valuation) (\$m)	Estimate of Liability as at 30 June 2013 (\$m)	Projected Estimate of Liability as at 30 June 2015 (2014 Valuation) (\$m)
Net Central Estimate ¹	33.3	35.8	33.7	34.5
Risk Margin	6.7	7.2	6.7	6.9
Outstanding Claims Provision ²	40.0	43.0	40.4	41.4

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

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

Note: Amounts referred to have been rounded

at 30 June 2014 is \$33.3 million (net of reinsurance recoveries and including an allowance for claims handling expenses).

The estimate of the outstanding claims liability includes an allowance for future inflation of claims payments (at 4.0% p.a. – up 0.5% from 2013) and is discounted (at 4.6% p.a. – increased by 0.4% from 2013) to allow for future investment income earned between the valuation date and expected payment date.

The net provision for outstanding claims liability inclusive of 20% prudential margin as at 30 June 2014 is \$40 million. This represents a decrease of \$0.4 million from the 2013 provision of \$40.4 million. The actuarial provision of outstanding claims liability at 30 June 2014 was \$3 million lower than the projected estimate of \$43 million from the 2013 actuarial valuation.

The Fund's net liability to 30 June 2015 is projected to increase to \$41.4 million which is an increase of \$1.4 million on the net valuation at 30 June 2014.

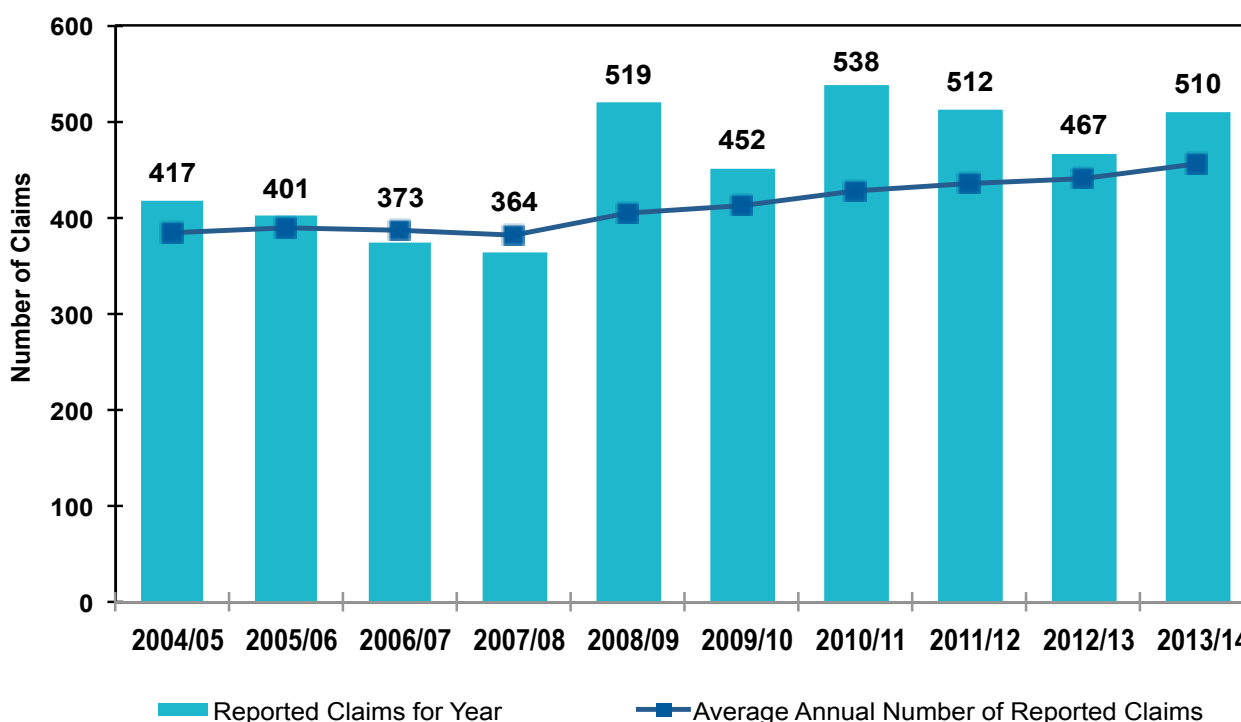
Claims Incidence

There were 510 workers compensation claims received during 2013/14 which represented a 9.2% increase on the 467 claims received during 2012/13. The claims incidence was effectively identical to that of the 2011/12 year and 2% higher than the average claims incidence of 500 claims across the current and five preceding claim years.

The size of the open claims portfolio reduced to 270 claims as at 30 June 2014. This is a reduction of 10.3% on the 301 claims that were open at 30 June 2013. 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 and other complex claims.

It is pleasing that the Fund has achieved an operating surplus, a reduction in the current and forecast claims liability and extended some premium relief despite the increased claims incidence.

INCURRED CLAIMS BY FINANCIAL YEAR



INSURANCE

Profile of Claim Types

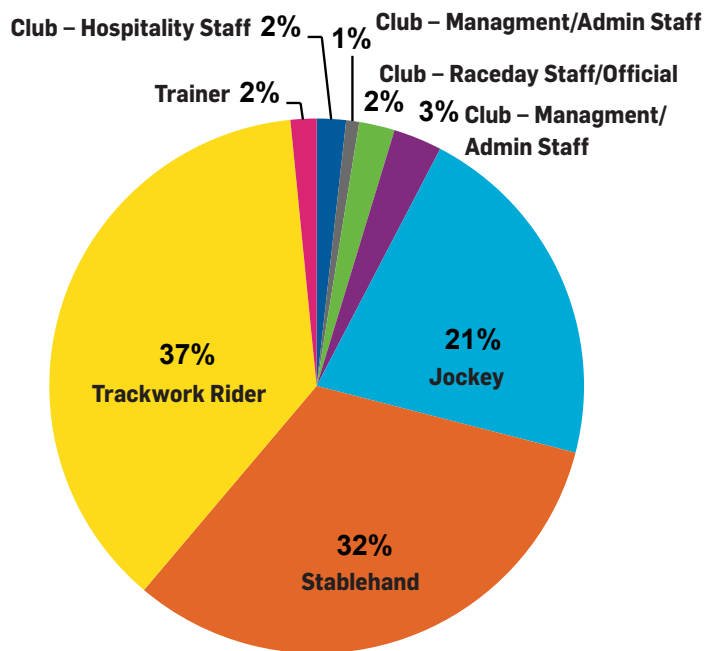
Racing NSW is committed to identifying injury trends and formulating prevention strategies specific to the thoroughbred racing industry to ensure the welfare and safety of participants. Analysis of claims data by injury

type, claimant characteristics and body part 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 2013/14:

2013/14 CLAIMS BY MECHANISM OF INJURY		
Falls from a horse (or other height)	197	38.63%
Being struck by a horse	128	25.10%
Muscular stress while lifting, carrying or handling	58	11.37%
Being trapped between stationary and moving objects	38	7.45%
Falls on the same level (slips and falls)	25	4.90%
Hitting stationary objects	18	3.53%
Being bitten by a horse	11	2.16%
Muscular stress with no objects being handled	10	1.96%
Contact with machinery or moving objects	6	1.18%
Being hit by falling objects	4	0.78%
Work related pressure or alleged harassment	3	0.59%
Being hit by a person accidentally	3	0.59%
Rubbing and chafing	2	0.39%
Prolonged noise exposure	2	0.39%
Insect and spider bites and stings	2	0.39%
Contact with hot objects or electricity	2	0.39%
Assault while at work	1	0.20%
TOTAL	510	100.00%

2013/14 CLAIMS BY INJURY TYPE		
Sprain, Strain or Soft Tissue Injury	161	31.57%
Trauma to muscles and tendons	112	21.96%
Contusion, bruising and superficial crushing	72	14.12%
General Fractures	64	12.55%
Laceration or open wound	25	4.90%
Trauma to joints and ligaments	18	3.53%
Fractured skull and facial bones	13	2.55%
Dislocation	12	2.35%
Superficial injury	10	1.96%
Fractured vertebrae	6	1.18%
Burns	3	0.59%
Deafness	2	0.39%
Psychological Injury	2	0.39%
Hernia	2	0.39%
Brain injury	1	0.20%
Bursitis	1	0.20%
Carpal tunnel syndrome	1	0.20%
Electrocution	1	0.20%
Foreign body in eye	1	0.20%
Internal injury of chest, abdomen or pelvis	1	0.20%
Multiple injuries	1	0.20%
Poisoning and toxic effects of substances	1	0.20%
Heart/Lung/Other internal chest organs	1	0.21%
Psychological system	1	0.21%
TOTAL	510	100.00%

2013/14 CLAIMS BY BODY PART		
Back	65	12.75%
Hand/Fingers	54	10.59%
Shoulder	49	9.61%
Head	47	9.22%
Foot/Toes	42	8.24%
Leg	41	8.04%
Knee	32	6.27%
Ribs	29	5.69%
Wrist	23	4.51%
Ankle	21	4.12%
Arm	16	3.14%
Neck	14	2.75%
Face/Nose	12	2.35%
Mouth/Tooth	10	1.96%
Elbow	10	1.96%
Hip	10	1.96%
Abdomen	10	1.96%
Eye	6	1.18%
Pelvic Bones, Muscles and Tendons	5	0.98%
Chest/Trunk	4	0.78%
Ear	3	0.59%
Internal Organs	3	0.59%
Psychological	3	0.59%
Brain	1	0.20%
TOTAL	510	100.00%



The profile of the 2013/14 claims portfolio is similar to that of previous years insofar as:

- the highest incidence of injuries arises out of trackwork riding, including trainers riding their own trackwork (38.82% of injuries);
- the most common mechanisms of injury are falls from horses (38.63%) and being struck in some manner by a horse (25.10%)
- injuries most commonly sustained are sprains, strains and soft tissue injuries (31.57% of all injuries).

Work, Health and Safety

As a licensed specialised insurer Racing NSW must meet strict compliance standards set by the WorkCover Authority of NSW in relation to work, health and safety. Specifically, Racing NSW must maintain a Work Health and Safety Loss Management Program which complies with WorkCover's requirements. Compliance is the subject of formal audit by the Regulator.

Racing NSW underwent audit in November 2013 and was certified by WorkCover as satisfying the compliance requirements.

The certified level of compliance was such that WorkCover placed Racing NSW on the maximum three-year audit cycle which maintained the standard set at the previous audit in 2010.

General Insurance and Public Liability

In 2013/14 Racing NSW again negotiated annual placement of public liability, property and other business insurance on behalf of Thoroughbred racing clubs registered in NSW, the Canberra Racing Club and industry bodies such as the Australian Racing Board.

The Racing NSW Insurance Program:-

- obtains group cost benefits for insured participants;
- secures industry-specific coverage for race clubs;

- provides coverage for race clubs which satisfies the Local Rules of Racing and requirements for the use of Crown Land by race clubs; and
- ensures the safety of racing patrons.

Racing NSW was able to achieve stability in premiums in 2013/14, including a small reduction in total costs for Industrial Special Risks (Property) and Public and Products (General) Liability. The claims history on Property, General Liability and Motor Vehicle policies improved during the year, however, the Motor Vehicle premium was still inflated as a result of prior period claims.

In June 2014, Racing NSW conducted a competitive tender process for the appointment of insurance brokers and awarded this role to Gow-Gates for the 2014/15 renewal period.

As part of this process, Racing NSW made significant premium and brokerage fee savings and also put in place a number of improvements to the insurance program, including:

- Increased scope of cover and limits of liability;
- Development of web-based club portal to access policy wordings, lodge claims and complete renewal questionnaires;
- Development of mobile risk management app for race clubs;
- Increase in information provided to race clubs as part of annual insurance package;
- Regional insurance education sessions in conjunction with Gow-Gates.





Ariel Paez
General Manager –
Information Technology (IT)

Primary Role of Racing NSW Information Technology (Racing NSW IT)

- Provide support to internal and external Racing NSW end users;
- Oversee the integrity and security of Racing NSW information systems;
- System development and maintenance; and
- Project coordination and implementation.

Objectives Achieved

- Backup and recovery technology has been revised;
- Multifunction devices refreshed across all departments;
- Archiving to digital format has surpassed 7 million pages;
- Paper-based forms converted to online digital versions;
- Cloud-based file transfer of large media files for remote users; and
- Virtualised payroll system.

Single National System

Racing NSW has been working in conjunction with Racing Information Services Australia to develop and deploy the Single National System (SNS) for New South Wales.

The SNS will create a unique system for the industry to consolidate many of its core technology platforms into one system. The SNS will eliminate duplication of infrastructure and procedures across all States and Territory in Australia.

The SNS will not only involve advanced system architecture and technology, but also incorporate the national business processes to improve our industry and participants. Business processes include Licensing, Stewards, Veterinary, Stakes Payment and Bookmakers.

Further refinements and technology upgrades are implemented to completed modules that are in production to keep the SNS current and ready for release in the near future as a whole system.

Website Enhancements

Racing NSW website underwent enhancements to make the site more responsive and user friendly to participants needs. During 2013/14, the core functions of the website were analysed to ascertain where enhancements were needed.

Enhancements include:

- Online Forms
- Race Diary
- Navigation Menu
- Stable Hand Online Portal
- New Race Books
- Printer Friendly documents
- Forms
- Horse Pedigree
- Search Function

Updated Horse, Trainer and Jockey information via hyperlink enhancements

By clicking on the Horse, Trainer or Jockeys name, additional information is available.

Additional enhancements are currently in test phase and will be deployed once testing and approval has been completed.

Colour	Finish No.	Horse	Trainer	Jockey	Marg(L)	Bar	Wgt(kg)	Pen(kg)	Time	SP	Stable
	1	SNIPER FIRE	BOBS Chris Waller	Jim Cassidy		1	56		N/A	\$3.40	High Chaparral / Strategic Answer
	2	BRAZEN MOSS	BOBS Gerald Ryan	Nash Rawiller	0.5	2	56		N/A	\$2.15F	Moksmen / Husaynna
	6	JOADJA	BOBS Grahame Begg	Jason Collett	1.5	3	54		N/A	\$10	Charge Forward / Okaylah
	3	TOTHECOASTANDBACK	BOBS Brad Witt	Brodie Loy (a3/53kg)	5	6	56 (cal 53)		N/A	\$51	Murtajil / Arabian Sea
	5	MUMBAI ROCK	BOBS Gai Waterhouse	Brenton Abdulla	5.7	5	54		N/A	\$12	Fastnet Rock / Mani Bhavan
	4	EXALTED WARRIOR (NZ)	Gai Waterhouse	Adam Hyacinthus	10.1	4	56		N/A	\$4.80	O'Reilly / Brianna

NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
1	Queen Elizabeth Stakes*	2000	4,000,000	IT'S A DUNDEEL	Murray Baker
1	Golden Slipper Stakes	1200	3,500,000	MOSSFUN	M, W & J Hawkes
1	Doncaster Mile*	1600	3,000,000	SACRED FALLS	Chris Waller
1	TJ Smith Stakes*	1200	2,500,000	LANKAN RUPEE	Mick Price
1	ATC Australian Derby*	2400	2,000,000	CRITERION	David Payne
1	The BMW	2400	1,500,000	SILENT ACHIEVER	Roger James
1	ATC Oaks*	2400	1,000,000	RISING ROMANCE	Donna Logan
1	ATC Sires' Produce Stakes*	1400	1,000,000	PEGGY JEAN	Gerald Ryan
1	George Ryder Stakes	1500	1,000,000	GORDON LORD BYRON	Tom Hogan
1	Golden Rose Stakes	1400	1,000,000	ZOUSTAR	Chris Waller
1	Queen Of The Turf Stakes*	1600	1,000,000	DIAMOND DRILLE	Gai Waterhouse
1	Sydney Cup*	3200	1,000,000	THE OFFER	Gai Waterhouse
1	Coolmore Classic	1500	600,000	STEPS IN TIME	Joseph Pride
1	Randwick Guineas	1600	600,000	DISSIDENT	Peter Moody
1	Canterbury Stakes	1400	500,000	APPEARANCE	Guy Walter
1	Chipping Norton Stakes	1600	500,000	BOBAN	Chris Waller
1	Epsom Hcp	1600	500,000	BOBAN	Chris Waller
1	Ranvet Stakes	2000	500,000	SILENT ACHIEVER	Roger James
1	Rosehill Guineas	2000	500,000	CRITERION	David Payne
1	All Aged Stakes	1400	400,000	HANA'S GOAL	Kazuhiro Kato
1	Champagne Stakes	1600	400,000	GO INDY GO	L MacDonald & A Gluyas
1	Flight Stakes	1600	400,000	GUELPH	Peter Snowden
1	Spring Champion Stakes	2000	400,000	COMPLACENT	Peter Snowden
1	The Galaxy	1100	400,000	TIGER TEES	Joe Pride
1	The Metropolitan	2400	400,000	SEVILLE	Robert Hickmott
1	Vinery Stud Stakes	2000	400,000	LUCIA VALENTINA	Kris Lees
1	George Main Stakes	1600	350,000	STREAMA	Guy Walter
2	Royal Sovereign Stakes*	1200	500,000	SIDESTEP	Peter Snowden
2	Challenge Stakes	1000	400,000	VILLA VERDE	Anthony Cummings
2	Chairman's Handicap	2600	300,000	THE OFFER	Gai Waterhouse
2	Reisling Stakes	1200	300,000	EARTHQUAKE	Peter Snowden
2	Sapphire Stakes	1200	300,000	COSMIC ENDEAVOUR	Gai Waterhouse
2	Todman Stakes	1200	300,000	GHIBELLINES	Peter Snowden
2	Apollo Stakes	1400	250,000	APPEARANCE	Guy Walter
2	Silver Slipper Stakes	1100	250,000	MOSSFUN	M, W & J Hawkes
2	Stan Fox Stakes	1500	250,000	EUROZONE	B & J Cummings
2	Expressway Stakes	1200	200,000	APPEARANCE	Guy Walter
2	Hill Stakes	2000	200,000	MORIARTY	Chris Waller
2	Hobartville Stakes	1400	200,000	DISSIDENT	Peter Moody
2	Premiere Stakes	1200	200,000	ARINOSA	Chris Waller
2	The Shorts	1100	200,000	SESSIONS	Peter Snowden
2	Theo Marks Stakes	1300	200,000	RIVA DE LAGO	Chris Waller
2	Ajax Stakes	1500	175,000	MESSENE	M, W & J Hawkes

NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
2	Breeders' Classic	1200	175,000	CATKINS	Chris Waller
2	Chelmsford Stakes	1600	175,000	HAWKSPUR	Chris Waller
2	Emancipation Stakes	1500	175,000	CATKINS	Chris Waller
2	Furious Stakes	1200	175,000	BOUND FOR EARTH	John O'Shea
2	Light Fingers Stakes	1200	175,000	SWEET IDEA	Gai Waterhouse
2	Magic Night Stakes	1200	175,000	BRING ME THE MAID	Peter Moody
2	Millie Fox Qlty Stakes	1300	175,000	RED TRACER	Chris Waller
2	Pago Pago Stakes	1200	175,000	TIME FOR WAR	Gerald Ryan
2	Phar Lap Stakes	1500	175,000	TRAITOR	M, W & J Hawkes
2	Roman Consul Stakes	1200	175,000	ZOUSTAR	Chris Waller
2	Shannon Stakes	1500	175,000	RAIN DRUM	Gai Waterhouse
2	Silver Shadow Stakes	1200	175,000	THUMP	John P Thompson
2	Skyline Stakes	1200	175,000	VALENTIA	Gai Waterhouse
2	Surround Stakes	1400	175,000	THUMP	Kris Lees
2	Sweet Embrace Stakes	1200	175,000	BELIEVE YOURSELF	Gerald Ryan
2	Tea Rose Stakes	1400	175,000	GUELPH	Peter Snowden
2	Tulloch Stakes	2000	175,000	GALLATIN	Peter Snowden
2	Villiers Stakes	1600	175,000	NINTH LEGION	M, W & J Hawkes
2	Warwick Stakes	1400	175,000	VEYRON	Linda Laing
3	Royal Randwick Stakes*	1200	500,000	ELOPING	P Morgan & C Widdison
3	Research Stakes	1400	250,000	SHARNEE ROSE	Kris Lees
3	Adrian Knox Qlty Stakes	2000	200,000	ARABIAN GOLD	David Vandyke
3	Carbine Club Stakes	1600	200,000	GYPSY DIAMOND	John O'Shea
3	Dark Jewel Classic	1400	200,000	SEASIDE	John O'Shea
3	Gloaming Stakes	1800	200,000	COMPLACENT	Peter Snowden
3	Keith F Nolan Classic	1600	200,000	ZANBAGH	Guy Walter
3	Kindergarten Stakes	1100	200,000	HALLOWED CROWN	B & J Cummings
3	Newcastle Cup	2300	200,000	WINNING GLORY	David Payne
3	PJ Bell Stakes	1200	200,000	POLITENESS	Robert Smerdon
3	Spring Stakes	1600	175,000	SAVVY NATURE	John O'Shea
3	Aspiration Quality	1600	150,000	DIAMOND DRILLE	Gai Waterhouse
3	Birthday Card Stakes	1200	150,000	AVOID LIGHTNING	Les Bridge
3	Cameron Hcp	1500	150,000	TOYDINI	Guy Walter
3	Darley Crown	1300	150,000	AEROBATICS	Peter Snowden
3	Doncaster Prelude	1500	150,000	WEARY	Chris Waller
3	Epona Stakes	1900	150,000	INTIMATE MOMENT	Ron Quinton
3	Frank Packer Plate	2000	150,000	ARABIAN GOLD	David Vandyke
3	Hall Mark Stakes	1200	150,000	HOT SNITZEL	Gerald Ryan
3	Hawkesbury Gold Cup	1600	150,000	COUP AY TEE	Chris Waller
3	Hawkesbury Gold Cup	1600	150,000	LEEBAZ	M, W & J Hawkes
3	Hawkesbury Guineas	1400	150,000	CHAUTAUQUA	M, W & J Hawkes
3	James H B Carr Stakes	1400	150,000	ESTONIAN PRINCESS	Scott Aspery
3	Japan Racing Assoc Plate	2000	150,000	SPILLWAY	David Hayes

NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
3	Liverpool City Cup	1300	150,000	TERRAVISTA	Joseph Pride
3	Maurice McCarten Stakes	1100	150,000	KENCELLA	John O'Shea
3	N E Manion Quality Cup	2400	150,000	THE OFFER	Gai Waterhouse
3	Neville Sellwood Stakes	2000	150,000	JUNOOB	Chris Waller
3	Sebring Stakes	1200	150,000	FLAMBERGE	Peter Moody
3	Sky High Stakes	1900	150,000	ENTIRELY PLATINUM	M, W & J Hawkes
3	Southern Cross Stakes	1200	150,000	TERRAVISTA	Joseph Pride
3	T L Baillieu Handicap	1400	150,000	BACHMAN	Gerald Ryan
3	Triscay Stakes	1200	150,000	LILLIBURLERO	David Payne
3	Wenona Girl Handicap	1200	150,000	A TIME FOR JULIA	Peter Moody
3	Widden Stakes	1100	150,000	MOSSFUN	M, W & J Hawkes
3	Wiggle Stakes	1400	150,000	CATKINS	Chris Waller
3	Angst Stakes	1600	125,000	SHARNEE ROSE	Kris Lees
3	Belle Of The Turf Stakes	1600	125,000	MYAMIRA	Rodney Northam
3	Bill Ritchie Handicap	1400	125,000	BOBAN	Chris Waller
3	Colin Stephen Quality	2400	125,000	JULIENAS	Gai Waterhouse
3	Concorde Stakes	1000	125,000	DECISION TIME	Clarry Connors
3	Craven Plate	2000	125,000	HONORIUS	David Payne
3	Kingston Town Stakes	2000	125,000	PRINCE CHERI	David Vandyke
3	Ming Dynasty Quality Hcp	1400	125,000	AUSSIES LOVE SPORT	Gai Waterhouse
3	Missile Stakes	1200	125,000	RAIN AFFAIR	Joseph Pride
3	Newcastle Newmarket Hcp	1400	125,000	MECIR	M, W & J Hawkes
3	San Domenico Stakes	1100	125,000	VA PENSIERO	Jason Coyle
3	Sheraco Stakes	1200	125,000	DRIEFONTEIN	Gai Waterhouse
3	Show County Quality Hcp	1200	125,000	REBEL DANE	Gary Portelli
3	Summer Cup	2000	125,000	I'M IMPOSING	Chris Waller
3	The Nivison	1200	125,000	DIAMOND EARTH	Anthony Cummings
3	The Run To The Rose	1200	125,000	VA PENSIERO	Jason Coyle
3	Tibbie Stakes	1400	125,000	VAQUERA	Gai Waterhouse
3	Toy Show F-&-M Qlty Hcp	1300	125,000	HIDDEN KISSES	Chris Waller
3	Tramway Hcp	1400	125,000	MALAVIO	Steve Englebrecht
3	Up And Coming Stakes	1300	125,000	WAR	Gai Waterhouse
LR	Gosford Guineas	1200	250,000	IN CAHOOTS	Phillip Atkins
LR	Scone Cup	1600	200,000	CAMEO	John O'Shea
LR	Albury Cup	2000	170,000	CANNY BALLAD	Guy Walter
LR	Fernhill Handicap	1600	150,000	VEUVELICIOUS	Brent Stanley
LR	Grafton Cup	2350	150,000	QUEENSTOWN	Gai Waterhouse
LR	South Pacific Classic	1400	150,000	BEAUTY'S BEAST	David Greene
LR	Wyong Gold Cup	2100	150,000	WAZN	Chris Waller
LR	Denise's Joy Stakes	1100	140,000	ATMOSPHERICAL	David Pfeiffer
LR	Luskin Star Stakes	1300	140,000	MIGHTY LUCKY	Fred Cowell
LR	Ortensia Stakes	1100	140,000	TESTARHYTHM	Darren Smith
LR	Wagga Wagga Gold Cup	2000	140,000	TRADE COMMISSIONER	Chris Waller

NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
LR	Woodlands Stakes	1100	140,000	SHIGERU SENDAN	Les Bridge
LR	Ramornie Handicap	1200	130,000	BIG MONEY	Rodney Northam
LR	Canonbury Stakes	1100	125,000	FIGHTING SUN	Gai Waterhouse
LR	Darby Munro Stakes	1200	125,000	SIDESTEP	Peter Snowden
LR	Eskimo Prince Stakes	1200	125,000	EL ROCA	T Busuttin & N Young
LR	Fireball Stakes	1100	125,000	SHAMALIA	B & J Cummings
LR	Gosford Gold Cup	2100	125,000	MIDSUMMER SUN	Sam Kavanagh
LR	Lonhro Plate	1100	125,000	ALPHA MISS	Gary Nickson
LR	Parramatta Cup	1900	125,000	OPINION	Chris Waller
LR	Randwick City Stakes	2000	125,000	JUNOOB	Chris Waller
LR	Mona Lisa Stakes	1350	120,000	IMPETUOUS	Clarry Conners
LR	ATC Cup	2000	100,000	TRAVOLTA	Gai Waterhouse
LR	Australia Day Cup	2400	100,000	TRAVOLTA	Gai Waterhouse
LR	Breeders' Plate	1000	100,000	LAW	Gai Waterhouse
LR	Brian Crowley Stakes	1200	100,000	BOSS LANE	Ron Quinton
LR	Canterbury Classic	1100	100,000	KNOYDART	Peter Snowden
LR	Carrington Stakes	1100	100,000	DANCES ON STARS	Gerald Ryan
LR	Christmas Cup	2400	100,000	PERMIT	Chris Waller
LR	City Tatt's Club Cup	2400	100,000	KINGDOMS	John O'Shea
LR	City Tatts Lightning Hcp	1100	100,000	FAMOUS SEAMUS	Noel Mayfield-Smith
LR	Civic Stakes	1350	100,000	GENERALIFE	John O'Shea
LR	Dulcify 3YO Quality Hcp	1600	100,000	ROCK HERO	David Payne
LR	Festival Stakes	1500	100,000	WHITE SAGE	John O'Shea
LR	Gimcrack Stakes	1000	100,000	ALPHA MISS	Gary Nickson
LR	Heritage Stakes	1100	100,000	BARBED	Peter Snowden
LR	June Stakes	1100	100,000	AVOID LIGHTNING	Les Bridge
LR	Lord Mayor's Cup	2000	100,000	ZEPHYRON	M, W & J Hawkes
LR	Premier's Cup	1800	100,000	LESS IS MORE	David Vandyke
LR	Razor Sharp Hcp	1200	100,000	AERONAUTICAL	Lionel Cohen
LR	Reginald Allen Qlty Hcp	1400	100,000	CHAMPAGNE CATH	Chris Waller
LR	Skin Fitness Cup	1400	100,000	TROMSO	Chris Waller
LR	Starlight Stakes	1100	100,000	ZARATONE	Bjorn Baker
LR	Takeover Target Stakes	1200	100,000	EMBLEMS	Peter Snowden
LR	Tattersalls Club Cup	2400	100,000	PERMIT	Chris Waller
LR	The Rosebud	1200	100,000	EUROZONE	B & J Cummings
LR	W J McKell Cup	2400	100,000	LA AMISTAD	M, W & J Hawkes
LR	Winter Challenge	1500	100,000	COUP AY TEE	Chris Waller
LR	Winter Cup	2400	100,000	SECESSIO	Chris Waller
LR	Winter Stakes	1400	100,000	GENERALIFE	John O'Shea

*Denotes The Championships Race



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PROFIT/LOSS STATEMENT - GENERAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

	Note	2014 \$	2013 \$
REVENUE			
Revenue from Operating Activities			
Sale of Goods - Publications	5(i)	471,670	491,102
Sale of Services	5(ii)	6,715,176	6,171,891
		7,186,846	6,662,993
Revenue from Non Operating Activities			
Interest - General	5(viii)	1,661,477	2,151,705
		1,661,477	2,151,705
First Charge	5(iv)	7,651,582	7,557,068
RISA Payment	5(xi)	1,120,908	715,340
		17,620,813	17,087,106
EXPENSES			
Horse Rehabilitation	5(xxii)	555,220	438,940
Board	5(xxiii)	591,863	596,584
Analytical	5(xxiv)	180,519	177,135
Finance	5(xxv)	399,219	468,353
Administration and Executive	5(xxvi)	3,972,689	4,330,558
Legal	5(xxvii)	259,720	279,855
Licensing	5(xxviii)	374,953	300,029
Race Fields	5(xxx)	111,788	103,017
Race Results	5(xxxi)	15,458	16,816
Publications	5(xxxii)	410,562	415,338
Laboratory	5(xxxiii)	2,957,355	2,671,195
Handicapping	5(xxiv)	551,759	551,138
Stewards	5(xxxv)	3,581,702	3,388,748
Veterinary	5(xxxvi)	617,933	615,187
Syndicates	5(xxxvii)	131,383	115,085
Stakes Payments	5(xxxviii)	386,055	239,084
Information Technology	5(xxxix)	515,373	560,936
Racing Office	5(xl)	147,736	162,791
Marketing and Promotions	5(xli)	1,073,904	555,023
Outside Broadcast	5(xlvii)	36,892	-
Financing Costs	5(xliv)	36,351	55,090
Australian Racing Board Contributions	5(l)	289,923	269,941
Loss on Disposal of Assets	5(ix)	32,980	10,731
		17,231,337	16,321,574
OPERATING SURPLUS			
		389,476	765,532

RACING NSW PRIZEMONEY AND RACE FIELDS ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

	Note	2014 \$	2013 \$
REVENUE			
Revenue from Operating Activities			
Race Fields Fees	5(v)	68,349,847	59,333,072
Race Fields interest received	5(v)	3,323,617	7,461,949
TAB distribution - prizemoney subsidies	5(vii)	5,659,600	6,363,424
The Championships Grant from NSW Government	5(x)	10,000,000	-
REVENUE		87,333,064	73,158,445
EXPENSES			
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements	5(xxix)	93,757,655	80,849,344
EXPENSES		93,757,655	80,849,344
PRIZEMONEY DEFICIT		(6,424,591)	(7,690,899)

PROFIT/LOSS STATEMENT WORKERS COMPENSATION FUND

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
REVENUE			
Revenue from Operating Activities			
Workers Compensation Premiums & Revenue	5(iii)	11,961,217	11,372,342
		11,961,217	11,372,342
Revenue from Non Operating Activities			
Rent received	13	48,328	17,510
Interest - Workers Compensation Fund	5(vii)	1,178,030	1,451,364
		1,226,358	1,468,874
REVENUE		13,187,575	12,841,216
EXPENSES			
Workers Compensation Payments	5(xliii)	7,401,143	8,869,572
Workers Compensation Administrative & Regulatory	5(xliii)	1,825,663	1,886,321
Finance Costs	5(xliv)	205,867	247,397
Investment Property Expenses	13	102,708	92,561
Investment Property Depreciation Expense	13	136,379	102,529
EXPENSES		9,671,760	11,198,380
Funds before allocation of additional provision for possible future liabilities		3,515,815	1,642,836
Additional provision for possible future liabilities.		(351,558)	31,098
Funds Transferred to Reserves		3,867,373	1,611,738

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

	Note	2014 \$	2013 \$
REVENUE FROM CONTINUING OPERATIONS			
Sale of Goods - Publications	5(i)	471,670	491,102
Sale of Services	5(ii)	7,865,176	6,171,891
Workers Compensation Fund Premiums & Revenues	5(iii)	12,009,545	11,389,852
First Charge	5(iv)	7,651,582	7,557,068
Race Fields interest	5(v)	3,323,617	7,461,949
Race Fields fees	5(v)	68,349,847	59,333,072
Appearance Fee Receipts	5(vi)	1,340,400	1,506,200
TAB distribution - prizemoney subsidies	5(vii)	5,659,600	6,363,424
Interest other parties	5(viii)	2,839,507	3,603,069
The Championships Grant from NSW Government	5(x)	10,000,000	-
OTHER INCOME			
Non-repayable grant	5(xi)	-	642,505
Share of Captive Fund Settlement	5(xii)	-	133,655
TOTAL REVENUE AND OTHER INCOME		119,510,944	104,653,787
EXPENSES			
Maintenance and Race Fields Capital Expenditure	5(xxi)	420,202	-
Horse Rehabilitation	5(xxii)	555,220	438,940
Board	5(xxiii)	591,863	596,584
Analytical	5(xxiv)	180,519	177,135
Finance	5(xxv)	399,219	468,353
Administration and Executive	5(xxvi)	3,972,689	4,330,558
Legal	5(xxvii)	259,720	1,024,559
Licensing	5(xxviii)	374,953	300,029
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreement	5(xxix)	93,757,655	80,849,344
Race Fields	5(xxx)	111,788	103,017
Race Results	5(xxxi)	15,458	16,816
Cost of Goods Sold - Publications	5(xxxii)	410,562	415,338
Laboratory	5(xxxiii)	2,957,355	2,671,195
Handicapping	5(xxxiv)	551,759	551,138
Stewards	5(xxxv)	3,581,702	3,388,748
Veterinary	5(xxxvi)	617,933	615,187
Syndicates	5(xxxvii)	131,383	115,085
Stakes Payments	5(xxxviii)	386,055	239,084
Information Technology	5(xxxix)	515,373	560,936
Racing Office	5(xl)	147,736	162,791
Marketing and Promotions	5(xli)	1,073,904	555,023
The Championships	5(xlii)	1,737,014	-
Outside Broadcast	5(xlvii)	36,892	-
Workers Compensation Fund Expenses	5(xliii)	9,114,333	10,982,081
Financing Costs	5(xliv)	242,218	302,487
Royal Randwick Redevelopment monitoring costs	5(xlv)	26,150	105,750
Australian Racing Board Contributions	5(l)	289,923	269,941
Loss on Disposal of Asset	5(ix)	32,980	10,731
Drawdown on Race Fields Provisions	17(b)	(5,338,545)	(6,179,404)
TOTAL EXPENSES		117,154,013	103,071,446
Share of profit of associate (RISA)	10	1,120,908	72,835
PROFIT BEFORE INCOME TAX		3,477,839	1,655,176
INCOME TAX EXPENSE			
PROFIT AFTER INCOME TAX	5(xlviii)	3,477,839	1,655,176
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME		3,477,839	1,655,176

The comparative statement of comprehensive income has been adjusted by Racing NSW to correct prior period errors and should be read in conjunction with the accompany notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

RACING NSW ABN 86 281 604 417

	Note	2014 \$	2013 \$	2012 \$
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	7	41,916,196	86,059,665	164,265,940
Trade and Other Receivables	8	134,438,153	105,022,377	94,948,916
Other Current Assets	9	91,239	84,664	436,094
TOTAL CURRENT ASSETS		176,445,588	191,166,706	259,650,950
NON-CURRENT ASSETS				
Investment accounted for using the equity method	10	5,280,581	4,159,673	4,086,838
Other Non-Current Receivables	14	26,442,614	21,663,709	4,928,844
Property, Plant and Equipment - Buildings	11	4,037,340	4,133,124	4,228,908
Property, Plant and Equipment - Other	12	1,998,947	2,405,448	2,617,751
Investment Property	13	6,580,026	6,716,405	-
TOTAL NON-CURRENT ASSETS		44,339,508	39,078,359	15,862,341
TOTAL ASSETS		220,785,096	230,245,065	275,513,291
LIABILITIES				
CURRENT LIABILITIES				
Trade and Other Payables	15	47,718,937	62,705,049	106,683,718
Breeder Owner Bonus Scheme	16	15,423,493	14,157,440	12,678,483
Employee Provisions	17(a)	1,181,165	959,473	912,951
Race Fields Provisions	17(b)	20,000,000	5,338,545	6,179,404
Workers Compensation Provisions	18	12,894,110	9,570,456	8,078,501
Other Current Liabilities	19	478,973	677,330	674,307
TOTAL CURRENT LIABILITIES		97,696,678	93,408,293	135,207,364
NON-CURRENT LIABILITIES				
Breeder Owner Bonus Scheme	16	4,626,237	4,873,449	4,437,916
Employee Provisions	17(a)	371,684	371,558	307,168
Race Fields Provisions	17(b)	66,486,267	86,486,267	91,824,812
Workers Compensation Provisions	18	40,876,675	37,987,722	38,228,124
Other Non-Current Liabilities	20	251,612	119,672	164,979
TOTAL NON-CURRENT LIABILITIES		112,612,475	129,838,668	134,962,999
TOTAL LIABILITIES		210,309,153	223,246,961	270,170,363
NET ASSETS		10,475,943	6,998,104	5,342,928
EQUITY				
Reserves	21	10,475,943	6,998,104	5,342,928
Accumulated Surplus	22	-	-	-
TOTAL EQUITY		10,475,943	6,998,104	5,342,928

The comparative statement of financial positions has been adjusted by Racing NSW to correct prior period errors and should be read in conjunction with the accompany notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

	Note	Reserves \$	Accumulated Surplus \$	Total \$
Balance at 30 June 2012 as previously reported		103,347,144	-	103,347,144
Correction of prior period error		(98,004,216)	-	(98,004,216)
Balance at 30 June 2012		5,342,928	-	5,342,928
Net Effect of a Correction of an Error		-	1,655,176	1,655,176
Total Comprehensive Income for the Year		-	1,655,176	1,655,176
Transfer to Reserves	22	1,655,176	(1,655,176)	-
Balance at 1 July 2013		6,998,104	-	6,998,104
Profit for the year		-	3,477,839	3,477,839
Total Comprehensive Income for the Year		-	3,477,839	3,477,839
Transfer to Reserves	22	3,477,839	(3,477,839)	-
Balance at 30 June 2014		10,475,943	-	10,475,943

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 2014

	Note	2014 \$	2013 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		203,383,583	186,495,121
Payments to suppliers and employees		(225,177,349)	(250,822,011)
Interest received		8,403,666	9,975,087
Finance costs		(242,218)	(302,487)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6(b)	(13,632,318)	(54,654,290)
CASH FLOW FROM INVESTING ACTIVITIES			
Short term investment		(33,436,209)	(15,990,125)
Payments for property, plant and equipment		(513,383)	(7,322,667)
Proceeds from sale of plant and equipment		142,136	280,381
NET CASH PROVIDED BY INVESTING ACTIVITIES		(33,807,456)	(23,032,411)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of loans from/(loans to) related parties		3,296,305	(519,574)
NET CASH USED IN FINANCING ACTIVITIES		3,296,305	(519,574)
NET (DECREASE) / INCREASE IN CASH			
Cash at beginning of the year		86,059,665	164,265,940
CASH AT THE END OF THE YEAR	6(a)	41,916,196	86,059,665

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

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 is a not-for-profit entity 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 asset

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 those entities over which Racing NSW is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Racing NSW controls jointly with one or more other investors, and over which the Racing NSW has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Racing NSW has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

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

(f) Investments in Associates (cont.)

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Racing NSW's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Racing NSW's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Racing NSW's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Racing NSW.

Unrealised gains and losses on transactions between the Racing NSW and its associates and joint ventures are eliminated to the extent of the Racing NSW's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(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, where in most cases, the consideration is in the form of cash or cash equivalents. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised using the effective interest rate method applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Please refer to note 5(v) in respect of Race Fields revenue recognition. 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.
- (iii) Estimation of Race Fields fees constructive obligation (Refer Note 4 - Correction of error).

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

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

(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.

(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 2014. 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: RESTATEMENT OF COMPARATIVES

Correction of an error

Race Field fees were first recognised in Racing NSW's Financial Statements in the period ending 30 June 2009 as an asset and corresponding liability that were not able to be distributed to Stakeholders pending the legal challenges of Betfair Aust Pty Limited and Sportsbet Pty Limited in relation to the validity of Race Field fees. Subsequently as a result of the High Court Decision made in Racing NSW's favour on 30 March 2012, Racing NSW recognised all Race Fields fees and associated expenses in the period ending 30 June 2012 as a change in accounting estimate.

Subsequently it was recognised in the current financial year, as a result of past communication with Stakeholders in annual reports, strategic plans, information forums and media interviews, that Racing NSW had an constructive obligation to spend the accumulated Race Fields fees of \$98 million on capital expenditure at Race Tracks throughout New South Wales. Following the issuances of the 30 June 2012 and 30 June 2013 Financial statements, Racing NSW made adjustments to the following Statement of Financial Position accounts to reflect prior year errors:

Race Fields Provision

Reserves

In accordance with AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' this adjustment has been made retrospectively. The effect on the Statement of Financial Position, Statement of Comprehensive Income and Statement of Changes in Equity for two prior periods were as follows:

STATEMENT OF COMPREHENSIVE INCOME

		2013		2013		2012	
	Note	\$	\$	\$	\$	\$	\$
		Reported	Adjustment	Restated	Reported	Adjustment	Restated
REVENUE FROM CONTINUING OPERATIONS							
Sale of Goods - Publications		491,102		491,102	537,462		537,462
Sale of Services		6,171,891		6,171,891	5,810,174		5,810,174
Workers Compensation Fund Premiums & Revenues		11,389,852		11,389,852	11,629,380		11,629,380
First Charge		7,557,068		7,557,068	7,786,787		7,786,787
Race Fields interest	4(a)	-	7,461,949	7,461,949	-	13,264,680	13,264,680
Race Fields fees	4(a)	66,795,021	(7,461,949)	59,333,072	222,744,554	(13,264,680)	209,479,874
Prior appearance fees receipts redirected to prizemoney subsidies		6,363,424		6,363,424	6,460,955		6,460,955
Appearance Fee Receipt		1,506,200		1,506,200	-		-
Interest other parties		3,603,069		3,603,069	8,104,482		8,104,482
OTHER INCOME							
(Loss) / Gain on Disposal of Assets		(10,731)		(10,731)	8,240		8,240
Conferences and Industry Functions		-		-	292,219		292,219
Non-repayable grant		642,505		642,505	489,392		489,392
Share of Captive Fund Settlement		133,655		133,655	299,237		299,237
TOTAL REVENUE AND OTHER INCOME		104,643,056		104,643,056	264,162,882		264,162,882

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

NOTE 4: RESTATEMENT OF COMPARATIVES (CONT.)

Correction of an error (cont.)

STATEMENT OF COMPREHENSIVE INCOME (cont.)

		2013		2013		2012		2012	
	Note	\$	\$	\$	\$	\$	\$	\$	\$
		Reported	Adjustment	Restated	Reported	Adjustment	Restated	Reported	Restated
EXPENSES									
Maintenance capital									
Horse Rehabilitation		438,940		438,940	263,611		263,611		263,611
Board		596,584		596,584	543,255		543,255		543,255
Analytical		177,135		177,135	167,484		167,484		167,484
Finance		468,353		468,353	451,687		451,687		451,687
Administration and Executive		4,600,499		4,600,499	4,514,443		4,514,443		4,514,443
Legal		1,024,559		1,024,559	(2,217,039)		(2,217,039)		(2,217,039)
Licensing		300,029		300,029	260,512		260,512		260,512
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements	4(b)	80,849,344		80,849,344	131,951,292	98,004,216	229,955,508		229,955,508
Race Fields		103,017		103,017	151,800		151,800		151,800
Race Results		16,816		16,816	15,337		15,337		15,337
Cost of Goods Sold - Publications		415,338		415,338	376,742		376,742		376,742
Laboratory		2,671,195		2,671,195	2,391,543		2,391,543		2,391,543
Handicapping		551,138		551,138	533,621		533,621		533,621
Stewards		3,388,748		3,388,748	3,193,288		3,193,288		3,193,288
Veterinary		615,187		615,187	590,057		590,057		590,057
Syndicates		115,085		115,085	76,488		76,488		76,488
Stakes Payments		239,084		239,084	286,792		286,792		286,792
Information Technology		560,936		560,936	535,801		535,801		535,801
Racing Office		162,791		162,791	183,873		183,873		183,873
Marketing & Promotions		555,023		555,023	491,500		491,500		491,500
The Championships		-		-	24,334		24,334		24,334
Workers Compensation Fund Expenses		10,982,081		10,982,081	11,819,080		11,819,080		11,819,080
Financing Costs		302,487		302,487	293,310		293,310		293,310
Conferences and Industry Functions		-		-	178,327		178,327		178,327
Royal Randwick Redevelopment monitoring costs		105,750		105,750	167,060		167,060		167,060
Royal Randwick Redevelopment grant		-		-	2,634,455		2,634,455		2,634,455
Drawdown on Race Fields Provisions		-	(6,179,404)	(6,179,404)	-		-		-
TOTAL EXPENSES		109,240,119		103,060,715	159,878,653		257,882,870		
Share of profit of associate (RISA)		72,835		72,835	335,755		335,755		335,755
(LOSS) / PROFIT BEFORE INCOME TAX		(4,524,228)		1,655,176	104,619,983		6,615,767		
INCOME TAX EXPENSE		-		-	-		-		-
(LOSS) / PROFIT AFTER INCOME TAX		(4,524,228)		1,655,176	104,619,983		6,615,767		
OTHER COMPREHENSIVE INCOME		-		-	-		-		-
TOTAL COMPREHENSIVE INCOME		(4,524,228)		1,655,176	104,619,983		6,615,767		

4(a) Interest received in relation to Race Fields has been reclassified above to show this separately for ease of reference.

4(b) A constructive obligation has been recognised in regards to the accumulated Race Fields of \$98m on capital expenditure at race tracks in NSW. As the funds are utilised the provision is reduced accordingly. In addition the provision has been split between current and noncurrent based on the anticipated usage of the funds.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

NOTE 4: RESTATEMENT OF COMPARATIVES (CONT.)

Correction of an error (cont.)

STATEMENT OF FINANCIAL POSITION

		2013		2013		2012		2012	
	Note	\$	\$	\$	\$	\$	\$	\$	\$
		Reported	Adjustment	Restated	Reported	Adjustment	Restated	Reported	Restated
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents		86,059,665		86,059,665	164,265,940		164,265,940		164,265,940
Trade and Other Receivables		105,022,377		105,022,377	94,948,916		94,948,916		94,948,916
Other Current Assets		84,664		84,664	436,094		436,094		436,094
TOTAL CURRENT ASSETS		191,166,706		191,166,706	259,650,950		259,650,950		259,650,950
NON-CURRENT ASSETS									
Investment accounted for using the equity method		4,159,673		4,159,673	4,086,838		4,086,838		4,086,838
Other Non-Current Receivables		21,663,709		21,663,709	4,928,844		4,928,844		4,928,844
Property, Plant and Equipment - Buildings		4,133,124		4,133,124	4,228,908		4,228,908		4,228,908
Property, Plant and Equipment - Other		2,405,448		2,405,448	2,617,751		2,617,751		2,617,751
Investment Property		6,716,405		6,716,405	-		-		-
TOTAL NON-CURRENT ASSETS		39,078,359		39,078,359	15,862,341		15,862,341		15,862,341
TOTAL ASSETS		230,245,065		230,245,065	275,513,291		275,513,291		275,513,291
LIABILITIES									
CURRENT LIABILITIES									
Trade and Other Payables		62,705,049		62,705,049	106,683,718		106,683,718		106,683,718
Breeder Owner Bonus Scheme		14,157,440		14,157,440	12,678,483		12,678,483		12,678,483
Employee Provisions		959,473		959,473	912,951		912,951		912,951
Race Fields Provisions	4(b)	-	5,338,545	5,338,545	-	6,179,404	6,179,404		6,179,404
Workers Compensation Provisions		9,570,456		9,570,456	8,078,501		8,078,501		8,078,501
Other Current Liabilities		677,330		677,330	674,307		674,307		674,307
TOTAL CURRENT LIABILITIES		88,069,748	5,338,545	93,408,293	129,027,960	6,179,404	135,207,364		135,207,364
NON-CURRENT LIABILITIES									
Breeder Owner Bonus Scheme		4,873,449		4,873,449	4,437,916		4,437,916		4,437,916
Employee Provisions		371,558		371,558	307,168		307,168		307,168
Race Fields Provisions	4(b)	-	86,486,267	86,486,267	-	91,824,812	91,824,812		91,824,812
Workers Compensation Provisions		37,987,722		37,987,722	38,228,124		38,228,124		38,228,124
Other Non-Current Liabilities		119,672		119,672	164,979		164,979		164,979
TOTAL NON-CURRENT LIABILITIES		43,352,401	86,406,267	129,838,668	43,138,187	91,824,812	134,962,999		134,962,999
TOTAL LIABILITIES		131,422,149	91,824,812	223,246,961	172,166,147	98,004,216	270,170,363		270,170,363
NET ASSETS		98,822,916		6,998,104	103,347,144		5,342,928		5,342,928
EQUITY									
Reserves	4(b)	98,822,916	(91,824,812)	6,998,104	103,347,144	(98,004,216)	5,342,928		5,342,928
Accumulated Surplus		-		-	-		-		-
TOTAL EQUITY		98,822,916	-	6,998,104	103,347,144	-	5,342,928		5,342,928

STATEMENT OF CASH FLOWS

There was no effect on cash flows of the entity as a result of this correction of an error.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

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 - the approved holder to whom the Race Field Information Use Approval is granted by Racing NSW, must pay Racing NSW a fee in respect of the approved period as follows:

- 1) 1% of the approval holder's Under Exempt Threshold Turnover;
- 2) as to the approval holder's over exempt threshold turnover;
 - a) 1.5% in respect of any race held at a Standard Race meeting
 - b) 2.0% in respect of any race held at a Premium Race meeting

Revenue is recognised by Racing NSW when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to Racing NSW.

Race Fields interest income is recognised using the effective interest rate method.

	2014 \$	2013 \$
Total Race Fields fees received	68,349,847	59,333,072
Total Race Fields interest received	3,323,617	7,461,949
Total Race Fields fees & interest received	71,673,464	66,795,021

(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 interest income as follows:

Interest from Cash at Bank	1,024,297	1,200,351
Interest from Loans to Clubs	637,180	949,240
Interest from Cash on Deposit	1,178,030	1,453,478
	<u>2,839,507</u>	<u>3,603,069</u>

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

Interest other parties - general	1,661,477	2,151,705
Interest other parties - Workers Compensation	1,178,030	1,451,364
Interest Race Fields	3,323,617	7,461,949
	<u>6,163,124</u>	<u>11,065,018</u>

(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) The Championships Grant received from NSW Government.

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

(xii) The Captive Fund was a self-insured arrangement that Racing NSW entered into along with the Queensland and Victoria 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.

(xiii) Maintenance and capital includes staff, motor vehicles and travel expenses associated with the management of Race Fields Capital expenditure and other capital expenditure on Race tracks throughout New South Wales.

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

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

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

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

(xviii) 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.

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

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

(xxi) Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements.

(xxii) Race Fields expenditure represents staff and office costs associated with the management of Race Fields information use and collection of fees.

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

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

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

(xxvi) Handicapping expenditure includes staff and office costs.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

NOTE 5: STATEMENT OF COMPREHENSIVE INCOME (CONT.)

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

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

(xxxvii) Syndicates expenditure includes staffing and office costs.

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

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

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

(xli) Marketing costs include staff, consultants and promotional costs.

(xlii) Championship costs including staff, administration, promotion and quarantine costs.

(xliii) 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).

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

(xlv) Royal Randwick Redevelopment monitoring costs represents expenditure for quantity surveyors to review costing's of Royal Randwick redevelopment.

(xlvi) BOBS Extra additional funding represents amounts allocated to fund the BOBS Extra program.

(xlvii) Outside broadcast include staffing, travel costs associated with the set-up of Broadcasting facilities.

(xlviii) (Loss) / profit after Income Tax

(l) Australian Racing Board represents the contribution Racing NSW makes to the ongoing operations of the Australian Racing Board.

The (Loss) / profit has been determined after :

	2014 \$	2013 \$
Finance Costs		
Bank Charges	41,686	64,151
Bank Guarantee	200,532	238,336
Total Finance Costs	242,218	302,487
Depreciation and impairment expense of non-current assets		
- Land and Building Depreciation Expense	95,784	95,784
- Plant and Equipment Depreciation Expense	738,194	776,352
- Investment Property Depreciation Expense	136,379	102,529
Total Depreciation and Impairment Expense	970,357	974,665
Bad and Doubtful Debts		
- Trade Debtors written off / (recovered)	209,574	10,314
Total Bad and Doubtful Debts	209,574	10,314
Rental Expense on Operating Lease	10,704	15,262
Total (Loss)/Gain on disposal of non-current assets:		
- Property, Plant and Equipment	(32,980)	(10,731)
Total (Loss)/Gain on disposal of non-current assets	(32,980)	(10,731)
Remuneration of Auditor		
- audit services	89,000	89,000
- non-audit services		
Total Remuneration of Auditor	89,000	89,000
Employee Benefits Expense (excluding Superannuation)	10,690,287	9,567,426
Defined Contribution Superannuation Expense	782,248	624,921
Defined Benefit Superannuation Expense	118,406	376,420
Defined Benefit Superannuation Movement	-	(202,749)
Insurance Claim Liability Expenses (Refer Note 18):		
Gross Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	6,212,608	1,251,553
Less Gross Increase in Reinsurance Recoveries relating to Insurance Claims Liability as recommended by the Actuary	(6,564,166)	(1,220,455)
Net / (Decrease) Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	(351,558)	31,098

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

	2014 \$	2013 \$
NOTE 6: CASH FLOW INFORMATION		
a) Reconciliation of Cash		
Cash and Cash Equivalents	41,916,196	86,059,665
	41,916,196	86,059,665

As at 30 June 2014, Racing NSW had no credit facilities in place.

b) Reconciliation of Cash Flow from Operating Activities

(Loss) / Profit after Income Tax	3,447,837	1,655,176
Loss / (Gain) on Sale of Assets	32,980	10,731
Depreciation	970,357	974,665
Share of (profit) in associate (RISA)	(1,120,908)	(72,835)
	3,360,266	2,567,737
(Increase)/ Decrease in Trade Debtors	651,488	5,961,404
(Increase)/ Decrease in Prepayments	(6,575)	-
(Increase)/ Decrease in Other Non-Current Receivables	(4,778,905)	(16,734,865)
(Increase)/ Decrease in Trade Creditors and Other Creditors	(14,906,894)	(43,503,834)
(Increase)/ Decrease in Breeder Owner Bonus Scheme	1,018,841	1,914,490
(Increase)/ Decrease in Race Fields Provision	(5,338,548)	(6,179,404)
Increase/ (Decrease) in Workers Compensation Provision	6,212,608	1,251,553
Increase/ (Decrease) in Other Liabilities	(66,417)	(42,283)
Increase/ (Decrease) in Other Provisions	221,820	110,912
	(16,992,584)	(57,222,027)
Cash Flows from operating activities	(13,632,318)	(54,654,290)

NOTE 7: CASH AND CASH EQUIVALENTS

Cash at Bank	20,932,664	49,458,434
Cash at Bank - Redevelopment Grant (Restricted)	20,983,532	747,439
Cash on Deposit - Workers Compensation	-	35,272,181
Cash at Bank - Autumn Racing Carnival (Restricted)	-	581,611
Total Cash and Cash Equivalents	41,916,196	86,059,665

The Cash at Bank bears floating interest rates between 1.75% and 3.0% (2013: 2.25% and 4.55%). Cash at Bank - Redevelopment Grant (Restricted) bears interest rates of between 2.90% and 3.0% (2013: 3.25% and 4.55%). The Cash on Deposit - Workers Compensation are pledged as security for the Commonwealth Bank of Australia Limited ("CBA") to WorkCover NSW (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. Randwick Racecourse Grandstand redevelopment has now been completed and all funds distributed to the Australian Turf Club. 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). 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.

NOTE 8: TRADE AND OTHER RECEIVABLES

Trade Debtors	6,215,287	5,548,364
Provision for Doubtful Debts	(204,831)	(4,287)
Sundry Debtors	4,161,563	7,699,394
Cash on Deposit - Workers' Compensation Insurance (maturity of greater than 90 days at time of investment)	36,240,424	-
Cash on Deposit - Race Fields (maturity of greater than 90 days at time of investment)	73,185,910	50,772,493
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	3,645,005	6,375,262
- Racingcorp Pty Limited	-	-
- Australian Racing Board Limited	(19,416)	619,272
Reinsurance Recoveries Receivable	3,869,511	1,447,070
Amounts receivable - Loans to Clubs	190,000	230,000
Stakes Payment Debtors	7,154,701	7,117,177
Total Receivables	134,438,153	105,022,377

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

2014
\$

2013
\$

NOTE 8: TRADE AND OTHER RECEIVABLES (CONT.)

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 Ballina Jockey Club	150,000	150,000
- Loan to Lismore Turf Club	40,000	80,000
	190,000	230,000

NOTE 9: OTHER CURRENT ASSETS

Prepayments	91,239	84,664
	91,239	84,664

NOTE 10: INVESTMENT IN RACING INFORMATION SERVICES AUSTRALIA PTY LIMITED ("RISA")

Investment in RISA	5,280,581	4,159,673
	5,280,581	4,159,673

Racing NSW has one material joint venture RISA

Name of the Joint Venture	Country of Incorporation & Principal Place of Business	Principal Activity	Proportion of Owner Interests Held by the Group	
Racing Information Services Australia Pty Ltd (RISA)	Australia	Maximising benefits of racing Information	35%	35%

The investment in RISA is accounted for using the equity method in accordance with AASB 128.

Summarised financial information for RISA is set out below:

Current assets (a)	7,161,888	5,623,942
Non-current assets	9,095,664	8,003,536
Total assets	16,257,552	13,627,478
Current liabilities (b)	1,162,217	1,095,871
Non-current liabilities (c)	128,853	99,321
Total liabilities	1,291,070	1,195,192
Revenue	7,766,699	7,768,364
Profit for the year	2,534,196	876,499
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Depreciation and amortisation	489,518	279,727
Interest income	53,889	70,496
Interest expenses	-	-
Tax expenses	-	-

(a) Includes cash and cash equivalents

(b) Includes financial liabilities (excludes trade and other payable provisions)

(c) Includes financial liabilities (excluding trade and other payables and provisions)

Movements in carrying amounts

At beginning of financial year	4,159,673	4,086,838
Adjustment to RISA profit prior year	233,939	-
Share of RISA profit current year	886,969	72,835
At end of financial year	5,280,581	4,159,673
Total	5,280,581	4,159,673

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

	2014 \$	2013 \$
NOTE 11: PROPERTY, PLANT and EQUIPMENT - BUILDINGS		
Land and Buildings - at cost	4,779,320	4,779,320
Less accumulated depreciation	(741,980)	(646,196)
Total Land and Buildings	4,037,340	4,133,124
Movement in carrying amounts:		
Balance at beginning of year	4,133,124	4,228,908
Depreciation expense	(95,784)	(95,784)
Carrying Amount at the end of the year	4,037,340	4,133,124
The Druiitt Street property was purchased on 29 September 2006.		
NOTE 12: PROPERTY, PLANT and EQUIPMENT - OTHER		
Plant and Equipment - at cost	7,800,497	8,460,603
Less accumulated depreciation	5,801,550	6,055,155
Total Plant and Equipment	1,998,947	2,405,448
Movement in Carrying Amounts		
Balance at Beginning of Year	2,405,448	2,617,751
Additions	506,809	855,162
Disposals	(175,117)	(291,113)
Depreciation Expense	(738,193)	(776,352)
Carrying Amount at the end of the year	1,998,947	2,405,448
Plant and equipment above is comprised of the following categories:		
Laboratory Equipment - at cost	4,418,915	4,309,097
Less accumulated depreciation	3,578,909	3,274,660
Total Laboratory Equipment	840,006	1,034,437
Movement in carrying amounts		
Balance at beginning of year	1,034,437	1,088,314
Additions	109,818	242,873
Disposals	-	-
Depreciation expense	(304,249)	(296,750)
Carrying Amount at the end of the year	840,006	1,034,437
Building Fit-out, Furniture and Fittings - at cost	951,352	951,352
Less accumulated depreciation	719,447	626,306
Total Building Fit-out, Furniture and Fittings	231,905	325,046
Movement in carrying amounts		
Balance at beginning of year	325,046	417,702
Additions	-	-
Depreciation expense	(93,141)	(92,656)
Carrying Amount at the end of the year	231,905	325,046
Office and Other Equipment - at cost	1,384,049	2,187,860
Less accumulated depreciation	1,158,220	1,908,285
Total Office and Other Equipment	225,829	279,575
Movement in carrying amounts		
Balance at beginning of year	279,575	378,077
Additions	87,068	87,929
Disposals	-	-
Depreciation expense	(140,814)	(186,431)
Carrying Amount at the end of the year	225,829	279,575
Motor Vehicles - at cost	1,046,181	1,012,294
Less accumulated depreciation	344,974	245,904
Total motor vehicles	701,207	766,390
Movement in carrying amounts		
Balance at beginning of year	766,390	733,658
Additions	309,923	524,360
Disposals	(175,117)	(291,113)
Depreciation expense	(199,989)	(200,515)
Carrying Amount at the end of the year	701,207	766,390

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

	2014 \$	2013 \$
NOTE 13: INVESTMENT PROPERTY (COST MODEL)		
Level 6, 51 Druitt St Sydney NSW 2000 - at cost	575,361	575,361
Less accumulated depreciation	(17,560)	(6,053)
	557,801	569,308
Level 11, 51 Druitt St Sydney NSW 2000 - at cost	6,243,573	6,243,573
Less accumulated depreciation	(221,348)	(96,476)
	6,022,225	6,147,097
Total Investment Property - at cost	6,580,026	6,716,405
Level 6, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	569,308	-
Additions (new acquisitions)	-	575,361
Depreciation expense	(11,507)	(6,053)
Carrying Amount at the end of the year	557,801	569,308
Level 11, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	6,147,097	-
Additions (new acquisitions)	-	6,243,573
Depreciation expense	(124,872)	(96,476)
Carrying Amount at the end of the year	6,022,225	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	9,885,535	5,743,810
Loan to Australian Turf Club (Refer note 8)	16,557,079	15,919,899
	26,442,614	21,663,709

The abovementioned loan by Racing NSW to the Australian Turf Club was subordinated to loans held by Westpac Banking Corporation.

NOTE 15: TRADE AND OTHER PAYABLES

Trade Creditors	1,398,477	1,214,244
Other Creditors and Accruals	5,778,842	20,802,650
Amounts payable to associated entities:		
- Racing NSW Country Limited	-	-
- Racingcorp Pty Limited	(26,644)	27,626
- Jockey's Benefit Scheme Trust	73,433	91,804
Employee Leave	1,083,860	1,041,493
Jockeys Welfare Fund	2,652,867	2,354,305
Stakes Payment Creditors	15,057,039	9,902,151
Redevelopment Fund	20,983,532	25,965,071
Benevolent Fund	717,531	724,094
Autumn Racing Carnival (Restricted)		581,611
Total Creditors and Accruals	47,718,937	62,705,049

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 racecourses, less progress payments made to 30 June 2014.

	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 2014	(152,634,455)	(3,016,468)	(155,650,923)
Plus: Additional Racing NSW grant	2,634,455	-	2,634,455
Balance of Redevelopment liability	-	20,983,532	20,983,532

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 2014

RACING NSW ABN 86 281 604 417

	2014 \$	2013 \$
NOTE 16: BREEDER OWNER BONUS SCHEME		
Current		
Breeder Owner Bonus Scheme	15,423,493	14,157,440
Total Current	15,423,493	14,157,440
Non-Current		
Breeder Owner Bonus Scheme	4,626,237	4,873,449
Total Non-Current	4,626,237	4,873,449
	20,049,730	19,030,889

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(a): EMPLOYEE PROVISIONS

Current		
Employee Benefits	1,181,165	959,473
Total Current	1,181,165	959,473
Non-Current		
Employee Benefits	371,684	371,558
Total Non-Current	371,684	371,558
Total Employee Provisions	1,552,849	1,331,031

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	1,942,989	1,944,929
Net market value of assets held by the fund to meet future benefit payments	1,925,711	1,814,488
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)	17,278	130,441

NOTE 17(b): RACE FIELDS PROVISIONS

Current		
Race Fields Provisions	20,000,000	5,338,545
Total Current	20,000,000	5,338,545
Race Fields Provisions	66,486,267	86,486,267
Total Current	66,486,267	86,486,267
Race Fields Provisions	86,486,267	91,824,812

The Race Fields provision reflects Racing NSW's constructive obligation to send the accumulated Race Fields fees of \$98m on capital expenditure at race tracks throughout New South Wales:

Balance at beginning of the year	91,824,812	98,004,216
Net Provisions utilised during the year	(5,338,545)	(6,179,404)
Balance at end year	86,486,267	91,824,812

NOTE 18: WORKERS COMPENSATION PROVISION

Current		
Provision for Insurance Outstanding Claims	12,894,110	9,570,456
Total Current	12,894,110	9,570,456
Non-Current		
Provision for Insurance Outstanding Claims	40,876,675	37,987,722
Total Non-Current	40,876,675	37,987,722
Total Provisions for Workers Compensation	53,770,786	47,558,178
Workers Compensation Provisions		
Opening Balance of Workers Compensation Provisions	47,558,178	46,306,625
Gross Movement in Workers Compensation Provisions	6,212,608	1,251,553
Closing Balance of Workers Compensation Provisions	53,770,786	47,558,178
The movement in the Workers Compensation Provision is shown at a Gross of any Reinsurance Recoveries.		
Gross Movement in Workers Compensation Provisions	6,212,608	1,251,553
Less Increase in Reinsurance Recoveries	6,564,166	1,220,455
Net Movement in Workers Compensation Provisions	(351,558)	31,098

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

2014
\$

2013
\$

NOTE 18: WORKERS COMPENSATION PROVISION (CONT.)

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 2014. The CBA Bank had issued guarantees amounting to \$40,000,000 as at 30 June 2014 (2013: \$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% (2013: 20%) in respect of the net central estimate of liabilities relating to the specialised insurer's license and a prudential margin of 20% (2012: 20%) 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.

NOTE 19: OTHER CURRENT LIABILITIES

Deferred Income	478,973	677,330
	478,973	677,330

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	251,612	119,672
	251,612	119,672

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	3,223,682	2,102,774
Operating Reserve	731,975	731,975
Industry Distribution Reserve	8,870,510	10,380,952
Workers Compensation Reserve	(2,350,224)	(6,217,597)
Total Reserves	10,475,943	6,998,104

Movement in Reserves

General Reserve

Balance at the beginning of the year	2,102,774	2,029,939
Transfers from/(to) accumulated surplus	1,120,908	72,835
Balance reserve at the end of the year	3,223,682	2,102,774

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	10,380,952	10,410,349
Transfers (to)/from accumulated surplus	(1,510,442)	(29,397)
Balance reserve at the end of the year	8,870,510	10,380,952

Workers Compensation Reserve

Balance at the beginning of the year	(6,217,597)	(7,829,335)
Transfers to accumulated surplus	3,867,373	1,611,738
Balance reserve at the end of the year	(2,350,224)	(6,217,597)

Total Reserves

	10,475,943	6,998,104
--	-------------------	------------------

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	3,477,839	1,655,176
Transfer (to)/from General Reserve	(1,120,908)	(72,835)
Transfer to Operating Reserve	-	-
Transfer to Industry Distribution Reserve	1,510,442	29,397
Transfer (to)/from Workers Compensation Reserve	(3,867,373)	(1,611,738)
Accumulated surplus at end of the financial year	-	-

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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2014
\$

2013
\$

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

60,207

64,916

Payable later than 1 year and not later than 5 years

-

-

60,207

64,916

NOTE 24: CONTINGENT LIABILITIES

As at 30 June, 2014 Racing NSW had subsequently paid out the \$4,408,497 remaining from the \$150,000,000 received under Trackside Agreement with TAB Limited to fund the Redevelopment of Randwick Racecourse 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, \$20,983,532 remained on hand as at 30 June, 2014 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 CBA in favour of WorkCover Authority of NSW amounting to \$40,200,000 (2013: \$40,200,000) at the end of the reporting period, against a facility of \$40,200,000 (2013: \$40,200,000). Unused facilities at the end of the reporting period amount to \$0 (2013: \$0).

Racing NSW has pledged to CBA to maintain a minimum balance of 100% cash cover security for the bank guarantee (\$40,200,000).

The Cash on Deposit - Workers Compensation are pledged as security for the CBA 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 AM	Chief Executive Officer & Board Member
Ray Murrhly	General Manager - Integrity
Ian Mackay	General Manager - Marketing (Until 6 June 2014)
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 (Until 17 April 2014)
Alana Phadke	Legal Counsel (Commenced 19 May 2014)
John Galvin	General Manager - Workers Compensation
Maurice Logue	General Manager - Training

b) Key Management Personnel Compensation

Salary, Bonuses and Fees	3,453,141	3,022,990
Non-Cash Benefits	137,800	125,050
Other Long Term Benefits	24,424	59,487
Superannuation	256,133	229,614
Total	3,871,548	3,437,141

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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NOTE 27: SEGMENT REPORTING

	2014			2013		
	Racing NSW	Insurance	Total	Racing NSW	Insurance	Total
Primary Reporting - Business Segments						
Revenue						
External Sales`	104,628,912	12,009,545	116,638,457	89,650,135	11,389,852	101,039,987
Other Revenue	1,694,457	1,178,030	2,872,487	2,140,974	1,451,364	3,592,338
Share of profit of associate (RISA)	1,120,908	-	1,120,908	72,835	-	72,835
Total Segment Revenue	107,444,277	13,187,575	120,631,852	91,863,944	12,841,216	110,895,295
Expenditure	107,001,098	9,182,558	116,183,656	97,167,878	11,097,576	102,096,781
Depreciation	832,713	137,644	970,357	842,763	131,902	974,665
Total Segment Expenditure	107,833,811	9,320,202	117,154,013	98,010,641	11,229,478	103,071,446
Segment Result	(389,536)	3,867,373	3,477,837	(6,146,697)	1,611,738	1,633,714
Assets						
Segment Assets	158,649,820	56,854,696	215,504,515	176,855,676	49,229,716	226,085,392
Investments in Assets Accounted for using the Equity Method	5,280,581	-	5,280,581	4,159,673	-	4,159,673
Total Assets	163,930,401	56,854,696	220,785,096	181,015,349	49,229,716	230,245,065
Liabilities						
Segment Liabilities	149,725,673	60,583,482	210,309,155	168,684,591	54,562,370	223,246,961
Total Liabilities	149,725,673	60,583,482	210,309,155	168,684,591	54,562,370	223,246,961
Net Assets/(Liabilities)	14,204,728	(3,728,787)	10,475,941	12,330,758	(5,332,654)	6,998,104
Purchase of Non-Current Assets	506,808	-	506,808	855,163	6,818,934	7,674,097
Impairment Losses	-	-	-	-	-	-
Significant Non Cash Expenses other than Depreciation	-	6,212,608	6,212,608	-	1,251,553	1,251,553

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 AM	

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 ("TVN") as representatives of Racing NSW Country Limited and the Provincial Racing Association. Mr Messara subsequently resigned as a Director of TVN on 11 December 2013. Mr R Balding subsequently replaced Mr Messara on 11 December 2013. Mr Balding subsequently resigned as a Director of TVN on 4 September 2014.

(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 Thoroughbred Horse 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	74,703,230	74,319,744
- Australian Racing Board Limited	1,047,412	1,047,412
- Racingcorp Pty Limited	132,641	132,641
- NSW TRB Training Limited	824,223	881,608
- The Jockeys Benefit Scheme Trust	18,624	15
- Thoroughbred Horse Rehabilitation Trust	1,114	33,929

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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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 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.

	2014 \$	2013 \$
Trade Debtors	6,010,456	5,544,077
Other Receivables	38,289,276	38,034,707
Term deposits	109,425,334	75,990,125
Stakes Payment Debtors	7,154,701	7,117,177
Cash at Bank	41,916,196	50,787,484
Cash on Deposit	-	35,272,181
	202,796,962	212,745,751

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

Concentration of Debtors

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

BOBS trade debtors as at 30 June 2014 were \$513,784 (2013: \$687,304). 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, 2014 including Racing NSW Country Limited \$3,645,005 (2013: \$6,375,262) Racingcorp Pty Limited \$26,644 (2013: \$0) and Australian Racing Board Limited \$(19,419) (2013: \$619,272). Additionally a significant portion of Other non-current receivables comprises the loan receivable from the Australian Turf Club Limited being \$16,557,079 (2013: \$15,919,899) (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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

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

b) Credit risk (cont.)

2014 Trade and Other Receivables ageing are as follows:

	Total \$	Current \$	30 days \$	60 Days \$	90 Days \$
Maximum Exposure - Trade Debtors	6,215,287	5,088,982	797,192	10,584	318,529
Maximum Exposure - Stakes Payment Debtors	7,154,701	7,154,701	-	-	-
Maximum Exposure - Other Receivables	38,289,276	38,289,276	-	-	-
Maximum Exposure - Term Deposits	109,426,334	109,426,334	-	-	-
	161,085,598	159,959,293	797,192	10,584	318,529
Amount past due but not considered Impaired	921,474	10,584	797,192	-	113,698
Amount past due considered Impaired	204,831	-	-	-	204,831
	1,126,305	10,584	797,192	-	318,529
Impairment provision	(204,831)	-	-	-	(204,831)

2013 Trade and Other Receivables ageing are as follows:

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)

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.

	2014 \$	2013 \$
Opening Balance	4,287	15,890
Bad Debts written off during year	(290)	(11,893)
Provision for Doubtful Receivables	200,834	290
Closing Balance	204,831	4,287

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
Westpac Bank (A-1+ rated by S&P)	1,398,472	1,372,736
Commonwealth Bank (A-1+ rated by S&P)	123,292,241	64,152,456
National Australia Bank (A-1+ rated by S&P)	26,651,814	58,952,059
Total	151,342,527	162,049,290

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

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

c) Liquidity Risk (cont.)

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 - 2014

	Carrying Amount	Contractual Cash Flows	< 6 Months	6-12 Months	1-4 years
	\$	\$	\$	\$	\$
Trade and Other Payable	10,594,505	10,594,505	10,594,505	-	-
Stakes Payment Creditors	15,057,039	15,057,039	15,057,039	-	-
Breeder Owner Bonus Scheme	20,049,730	20,049,726	3,170,642	12,252,847	4,626,237
Redevelopment Funds	20,983,532	20,983,532	20,983,532	-	-
Total	66,684,806	66,684,802	49,805,718	12,252,847	4,626,237

Maturity Analysis for Financial Liabilities - 2013

Trade and Other Payable	25,796,334	25,796,334	25,796,334	-	-
Stakes Payment Creditors	9,902,151	9,902,151	9,902,151	-	-
Breeder Owner 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	66,838,416	8,982,580	4,873,449

Economic Dependency

Racing NSW received 6.63% (2013: 7.37%) 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 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 an interest rate in line with market rates.	Racing NSW checks interest rates received against market leading interest rates offered by competing financial institutions of a similar credit rating.
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 received against market leading rates offered by competing financial institutions of a similar credit rating.

2014	Effective Weighted Average Interest	Floating Interest Rate	Fixed Interest Maturing < 1 year	Non Interest Bearing	Total
		\$	\$	\$	\$
Financial Assets:					
Cash at Bank	2.860%	41,916,193	-	-	41,916,193
Receivables - Term Deposit	3.840%	-	109,426,334	-	109,426,334
Other - including Loan to ATC	3.970%	16,557,079	-	34,897,354	51,454,433
Total Financial Assets		58,473,272	109,426,334	34,897,354	202,796,962
Financial Liabilities:					
Breeder Owner Bonus Scheme		-	-	20,049,730	20,049,730
Trade and Other Payable		-	-	46,635,077	46,635,077
Total Financial Liabilities measured at amortised cost		-	-	66,684,807	66,684,807

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

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

c) Market Risk (cont.)

Interest Rate 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
Receivables - Term Deposit	4.810%	-	35,272,181	-	35,272,181
Other - including Loan to ATC	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	61,663,556
Total Financial Liabilities measured at amortised cost		-	-	80,694,445	80,694,445

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 2014, the net profit impact for a 100 basis points movement in interest rates would be \$1,678,996 (2013: 1,779,697)

2014	Current Weighted Average Rate	Amount	100 basis points Increase in Interest	100 basis points Decrease in Interest
		\$	\$	\$
Cash at Bank	2.860%	41,916,196	419,162	(419,162)
Receivables - Term Deposits	3.840%	109,426,334	1,094,263	(1,094,263)
Other Receivables - including Loan to ATC	3.970%	16,557,079	165,571	(165,571)
Total		167,899,609	1,678,996	(1,678,996)
2013				
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	1,779,697	(1,779,697)

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 horse racing 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

c) Market Risk (cont.)

Insurance Risk (cont.)

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 General Manager, Workers Compensation is a highly experienced workers compensation professional with qualifications in general insurance. He has held senior workers compensation positions with WorkCover, NSW Police Service and Deloitte Touche Thomatsu. Racing NSW also engages external legal and medical specialists and other independent experts as and when needed in the administration or litigation of claims.

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:

- a) the interest rate used for discounting is the published CBA Reference Rate as at 30 June each year 2014: 9.38% (2013: 9.34%)
- b) payments are made evenly throughout the period.
- c) BOBS has been discounted over 4 years (2013: 4 years) due to the nature of the BOBS agreement.

	Fair Value	2014 Carrying Value	Variance	Fair Value	2013 Carrying Value	Variance
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash at Bank	41,916,196	41,916,196	-	50,787,484	50,787,484	-
Receivables - term deposits	109,426,334	109,426,334	-	35,272,181	35,272,181	-
Other Receivables - including Loan to ATC	51,454,433	51,454,433	-	126,686,086	126,686,086	-
Total Financial Assets	202,796,962	202,796,962	-	212,745,751	212,745,751	-
Financial Liabilities:						
Breeder Owner Bonus Scheme	19,835,277	20,049,730	(214,453)	18,805,909	19,030,889	(224,980)
Trade and Other Payables	46,635,077	46,635,077	-	61,663,556	61,663,556	-
Total Financial Liabilities measured at amortised cost	66,470,354	66,684,807	(214,453)	80,469,465	80,694,445	(224,980)

NOTE 31: INSURANCE ACTIVITIES

	2014 \$	2013 \$
Premium revenue	11,841,383	11,152,284
Reinsurance recoveries and other recoveries revenue	-	124,108
Other Income	6,700,469	1,333,915
	18,541,852	12,610,307
Interest Income	1,178,030	1,451,364
	1,178,030	1,451,364
Underwriting expenses	1,913,116	1,796,308
Direct claims expense	7,049,584	10,121,125
Outwards reinsurance premium expense	357,500	532,500
	9,320,200	12,449,933
Underwriting result for the financial year excluding investments revenue and expense	9,221,651	160,374
Investments		
Investment Property	6,580,026	6,716,405
	6,580,026	6,716,405
Operating Assets		
Bank	36,519,624	35,322,432
Reinsurance recoveries	13,755,046	7,190,880
	50,274,670	42,513,312
Total Assets	56,854,696	49,229,717

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

	2014 \$	2013 \$
NOTE 31: INSURANCE ACTIVITIES (CONT.)		
Liabilities		
Outstanding claims	53,770,786	47,558,178
Unearned Premiums	232,671	287,787
Investment Property costs funded by General Activities	6,580,026	6,716,405
	60,583,483	54,562,370

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

a) Outstanding Claims

Gross undiscounted claim liability	59,921,679	55,564,310
Discount to present value	(26,575,230)	(14,734,015)
Central estimate of the expected present value of future payments for claims incurred	33,346,449	40,830,295
Prudential margin	6,669,290	6,727,883
	40,015,739	47,558,178
Current	9,024,599	9,570,456
Non-current	30,991,140	37,987,722
	40,015,739	47,558,178

The average weighted term to settlement of the outstanding liabilities is 9.6 years (2013: 10.1 years).

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

	2014		2013	
	Next Year	Thereafter	Next Year	Thereafter
Inflation rate	3.50%	3.50%	3.50%	3.50%
Discount Rate	4.60%	4.60%	4.20%	4.20%

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

	2014		2013	
	Current Year Incurred \$	Reassess Prior Years \$	Current Year Incurred \$	Reassess Prior Years \$
Gross undiscounted incurred claims	14,315,681	822,054	14,432,310	(2,157,916)
Undiscounted reinsurance & other recoveries	(147,364)	(7,292,228)	(455,074)	(2,170,826)
Net undiscounted incurred claims	14,168,317	(6,470,174)	13,977,236	(4,328,742)
Discounting of incurred claims	(2,454,131)	2,447,045	(2,884,199)	2,449,200
Discounting recoveries	27,785	(605,388)	105,916	24,196
	11,741,971	(4,628,517)	11,198,953	(1,855,346)
Gross discounted incurred claims	11,861,550	3,269,098	11,548,111	291,284
Discounted reinsurance & other recoveries	(119,579)	(7,897,615)	(349,158)	(2,146,630)
Net discounted incurred claim	11,741,971	(4,628,517)	11,198,953	(1,855,346)

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RACING NSW ABN 86 281 604 417

NOTE 31: INSURANCE ACTIVITIES (CONT.)

- a) the interest rate used for discounting is the published CBA Reference Rate as at 30 June each year 2014: 9.38% (2013: 9.34%)
 b) payments are made evenly throughout the period.

c) Claim Development

	Prior	Accident Year										Total		
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014			
Claims cost estimate	\$	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At the end of accident year	n/a	7,133	8,352	8,154	8,853	13,327	10,768	14,058	12,900	11,168	11,499			
One year later	n/a	7,637	7,640	9,177	10,454	14,600	10,269	13,382	10,839	10,719				
Two years later	n/a	5,962	8,688	9,539	10,586	14,003	9,558	12,415	9,567					
Three years later	n/a	7,239	9,110	9,661	10,793	13,500	9,517	10,588						
Four years later	n/a	8,274	9,271	9,658	11,084	12,233	7,620							
Five years later	n/a	7,824	8,150	8,814	9,904	12,585								
Six years later	n/a	7,293	7,899	8,093	9,944									
Seven years later	n/a	7,042	7,075	8,769										
Eight years later	n/a	6,489	7,169											
Nine years later	n/a	6,162												
Current estimate of claims cost	-	6,162	7,169	8,769	9,944	12,585	7,620	10,588	9,567	10,719	11,499			
Cumulative payments	-	(5,467)	(5,458)	(6,501)	(8,384)	(8,896)	(4,895)	(6,692)	(4,322)	(4,137)	(2,913)			
Undiscounted central estimate	5,189	694	1,711	2,267	1,560	3,690	2,724	3,896	5,245	6,582	8,586	42,145		
Effect of discounting	(1,810)	(236)	(546)	(783)	(369)	(1,623)	(541)	(964)	(1,247)	(1,595)	(1,838)	(11,552)		
Discounted central estimate	3,379	458	1,165	1,485	1,191	2,067	2,184	2,931	3,999	4,987	6,748	30,593		
Claims handling expense	304	41	105	134	107	186	197	264	360	449	607	2,753		
Risk margin	737	100	254	324	260	451	476	639	872	1,087	1,471	6,669		
Present value recognised in the statement of financial position	4,419	600	1,524	1,942	1,557	2,704	2,856	3,834	5,230	6,523	8,826	40,016		

d) Maturity Analysis for Outstanding Claims

	2014					2013				
	All Years	< 1 year	1-2 years	> 5 years	> 5 years	All Years	< 1 year	1-2 years	2-5 years	> 5 years
Workers Compensation Claim Payments - Undiscounted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	42,145,321	7,299,867	5,540,133	10,117,164	19,188,158	42,899,312	6,351,382	4,672,537	9,645,765	22,229,628

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 2014

RACING NSW ABN 86 281 604 417

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, 2014 the following clubs benefited from the program in the current financial year and since the High Court case as follows:

	2014 \$	Total \$
- Australian Turf Club (Kensington Track)	89,227	1,696,737
- Bathurst Thoroughbred Racing	157,738	198,253
- Goulburn & District Racing Club Limited	30,630	106,141
- Hawkesbury Race Club Limited	699,306	4,475,940
- Newcastle Jockey Club	9,960	1,209,960
- Muswellbrook Race Club Limited	380,143	463,188
- Scone Race Club	-	285,737
- Tuncurry Forster Jockey Club	598,855	871,582
- Ballina Jockey Club Limited	15,843	15,843
- Coffs Harbour Racing Club Limited	310,522	310,522
- Murrumbidgee Turf Club	444,304	444,304
- Taree-Wingham Race Club Limited	33,446	33,446
- Gosford Race Club	238,600	238,600
- Port Macquarie Race Club Limited	9,400	9,400
- Racing Orange	23,663	23,663
	<hr/>	<hr/>
	3,041,637	10,383,316
- Quantity Surveyor & monitoring costs incurred by Racing NSW	-	16,400
	<hr/>	<hr/>
	3,041,637	10,399,716

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, 2014 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.

NOTE 34: 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.

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 2014 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 V'landys AM
Chief Executive

Dated at Sydney this 21 October 2014



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

We have audited pages 51 to 77 of the accompanying financial report of Racing NSW, which comprises the statement of financial position as at 30 June 2014, 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 Australian 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 Entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

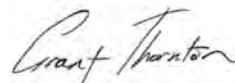
Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

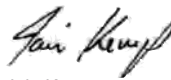
Auditor's Opinion

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 2014 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



Iain Kemp
Partner - Audit & Assurance
Sydney, 21 October 2014

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THE CHAMPIONSHIPS DAY 1 - 12 APRIL 2014 WINNERS



The Star Doncaster Mile (GR1)
The Winner: Sacred Falls (NZ)
Jockey: Zac Purton Trainer: Chris Waller



Darley TJ Smith Stakes (GR1)
The Winner: Lankan Rupee
Jockey: Craig Newitt Trainer: Mick Price



BMW Australian Derby (GR1)
The Winner: Criterion (NZ)
Jockey: Hugh Bowman Trainer: David Payne



Inglis Sires' (GR1)
The Winner: Peggy Jean
Jockey: Nash Rawiller Trainer: Gerald Ryan

THE CHAMPIONSHIPS DAY 2 - 19 APRIL 2014 WINNERS



Schweppes Sydney Cup (GR1)

The Winner: The Offer (IRE)

Jockey: Tommy Berry Trainer: Gai Waterhouse

Seven News Australian Oaks (GR1)

The Winner: Rising Romance (NZ)

Jockey: James McDonald Trainer: Donna Logan



Longines Queen Elizabeth Stakes (GR1)

The Winner: It's a Dundee! (NZ)

Jockey: James McDonald Trainer: Murray Baker



Cellarbrations Queen of the Turf Stakes (GR1)

The Winner: Diamond Drille

Jockey: Tommy Berry Trainer: Gai Waterhouse

THE CHAMPIONSHIPS DAY 2 – 19 APRIL 2014 WINNERS

Girvan Waugh Royal Sovereign Stakes (GR2)

The Winner: Sidestep
Jockey: Kerrin McEvoy
Trainer: Peter Snowden



Arrowfield Royal Randwick Stakes (GR3)

The Winner: Eloping
Jockey: Stephen Baster
Trainers: Peter Morgan & Craig Widdison





A jubilant Craig Newitt takes out the 2014 Wagga Gold Cup aboard Trade Commissioner for trainer Chris Waller who landed the quinella with runner-up, Beyond Thankful (Jason Collett)



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