



ANNUAL REPORT 2015





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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Front cover: Sydney's champions for the 2014/15 racing season – First Seal, Hugh Bowman, Winona Costin and Chris Waller

CURRENT MEMBERS OF THE BOARD



J M Messara AM (John)
CHAIRMAN
Appointed 19 December 2011
Attended 9 Meetings



Ms N Sparks (Naseema)
DEPUTY CHAIRMAN
Appointed 19 December 2011
Attended 9 Meetings



R Balding AO (Russell)
Appointed 19 December 2011
Attended 8 Meetings



K M Brown AM (Ken)
Appointed 19 December 2011
Attended 9 Meetings



The Hon K P Greene (Kevin)
Appointed 19 December 2011
Attended 9 Meetings



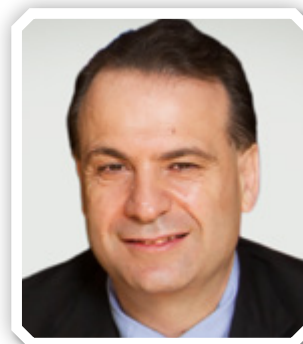
A G Hodgson AM (Tony)
Appointed 19 December 2011
Attended 9 Meetings



A F Brown (Alan)
Appointed 19 December 2011
Attended 5 Meetings



Ms C Molyneux-Richards (Carole)
Appointed 19 December 2014
Attended 4 Meetings



P N V'landys AM (Peter)
RACING NSW CHIEF EXECUTIVE
Appointed 23 February 2004
Attended 9 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 ATC 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
Deputy Premier, Minister for Justice and Police,
Minister for the Arts & Minister for Racing
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Minister

In accordance with Section 29 of the Thoroughbred Racing Act 1996, I am pleased to submit to you the 19th Annual Report of Racing NSW covering the period 1 July 2014 to 30 June 2015.

Board meetings were held on nine occasions throughout this period and I again acknowledge the contributions and support of my fellow Board members.

During the year former Board member and Chairman, Alan Brown retired, his term of office having expired, and I thank Alan for his contributions to the industry over the years, firstly as a Director and Chairman of Sydney Turf Club and then as a Board member of Racing NSW.

In addition, I congratulate Ms Carole Molyneux-Richards on her appointment to the Board and I am confident that her extensive commercial experience will complement the overall skills set of existing Board members.

During the year The Championships was conducted for the second time and I again thank you and your Government for the generous grant of \$10 million which enabled the successful holding of the event. Importantly, this year's program also included a special series of races at several regional racecourses for Provincial and Country-trained horses. This initiative proved to be a great adjunct to The Championships and was well received by participants and patrons throughout Country areas of New South Wales.

No doubt, the most significant issue affecting the industry was your most welcome announcement that the Government had agreed to reduce wagering tax rates and bring them into line with comparable rates in Victoria. The additional revenue which will flow from this proposal will ensure the long term viability of the NSW Thoroughbred Racing Industry and will enable Racing NSW to fully implement the objectives outlined in its recently released Strategic Plan.

I am well aware of your personal efforts in bringing about this much appreciated outcome and on behalf

of the Board and the whole of the NSW Thoroughbred Racing Industry, I thank you for your on-going support.

Apart from managing the economic and strategic development of the NSW Thoroughbred Racing Industry, the Board continued to place maximum importance on maintaining the overall integrity of the industry and has continued to develop initiatives aimed at enhancing its integrity functions.

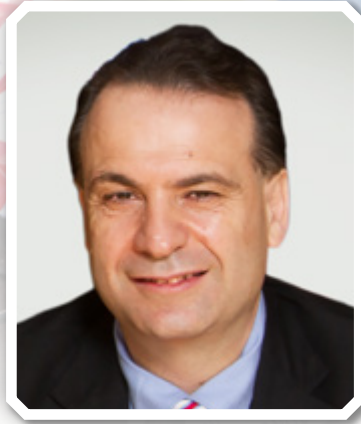
As required under the Thoroughbred Racing Act 1996, the Board, the Chief Executive and I held regular meetings with the Racing Industry Consultation Group (RICG) and sought advice and comment from that body on all major issues under consideration by the Board.

On behalf of the Board I again 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 initiative, drive and determination have continued to serve the industry well and he has been ably supported by a professional and conscientious senior executive team.

Finally, I would like to thank you and your personal staff, as well as your Departmental Officers for your assistance and support during the year.

A handwritten signature in black ink, appearing to be 'J Messara', written in a cursive style. The signature is positioned to the right of the main text block.

Yours Sincerely
John Messara AM
Chairman



Peter V'landys AM
Chief Executive

2014/15 will be remembered as the year in which the NSW Thoroughbred Racing Industry finally persuaded the NSW Government to reduce its share of revenue derived from punters' bets on the NSW TAB, and provide that share to the NSW racing industry. The NSW Government announced it will over a five year period gradually reduce its take of TAB gross wagering revenue to the same level as that taken by the Victorian Government.

In last year's Annual Report I highlighted the funding disparity between the NSW and Victorian Thoroughbred Racing Industries. This has meant the three codes of racing in Victoria receive \$100 million more each year compared to their NSW counterparts.

With the above decision by the NSW Government, the NSW Thoroughbred Racing Industry can look forward to a new era of prosperity and on-going viability. It will allow Racing NSW to implement all of the initiatives and strategies outlined in the Strategic Plan in the next five years.

The year also saw the second running of The Championships and, despite the inclement weather which caused the transfer of Day 1 from Easter Saturday to Easter Monday, it again proved to be highly successful and built on the success of the inaugural event in 2014. The future of the event has now been secured following the above NSW Government announcement.

In addition to these major achievements, Racing NSW was also able to enhance a number of other programs and initiatives which will be beneficial to the industry and its participants.

Complete details of the operations of Racing NSW are outlined later in the report. However, I have identified and expanded upon the major issues below.

Operational Costs and Administrative Charge

Racing NSW reported an operating surplus of \$1.71 million and a surplus of \$19.17 million when adding back accrued Race Fields fees received. The first charge to the NSW Thoroughbred Racing Industry against the TAB distribution was \$8.46 million. This is still significantly below the first charge in 2003 which was \$11.12 million. In today's dollars the 2003 charge would be \$15.11 million, which is almost double the 2015 first charge. Accordingly, Racing NSW continues to operate extremely efficiently.

The Racing NSW Workers Compensation Fund

recorded a surplus of \$4.8 million which has been applied to extinguishing the previously accrued deficits. At its most recent peak in 2011, the Racing NSW Workers Compensation Fund had accumulated deficits of \$9.2 million which have now been extinguished. Premiums, payable by trainers and race clubs which are already significantly below commercial competitors have been reduced further in the 2015/16 financial year and are expected to be further reduced as a result of the increased financial strength and stability of the Racing NSW Workers Compensation Fund.

The total amount allowed for future liabilities is \$38.6 million (gross including reinsurance recoveries). This includes the additional 20% prudential risk margin as a buffer to ensure the Fund has sufficient funds to pay its possible future liabilities.

Workers Compensation Division

During 2014/15 the Racing NSW Workers Compensation Fund received 580 new claims. This is an increase of 13.7% in the incidence of new claims compared to that during 2013/14. Notwithstanding the increase in new claims, the size of the open claims portfolio at 30 June 2015 reduced by 5.9% to 254 claims from the 270 claims open at 30 June 2014.

The Fund experienced an operational cash surplus of \$4.8 million for the year ending 30 June 2015. 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. Also impacting favourably were increased third party and reinsurance recoveries and lower than expected claims payments.

Actuarial assessment at 30 June 2014 forecast the net liability of the Fund at 30 June 2015 (including an additional 20% prudential risk margin) to be \$41.4 million. In an excellent outcome, the assessed net liability of the fund at 30 June 2015 has been reduced to \$38.6 million which represents a reduction of \$2.8 million (6.7%) on the forecasted net liability and a reduction of \$1.4 million (3.5%) on the actual valuation for 2013/14.

The sound performance of the Fund during 2014/15 resulted in further reductions in workers compensation premium rates for trainers and clubs. The Fund's operating surplus during 2014/15 extinguished accumulated Fund losses which peaked at \$9.2 million in 2010/11.

The Fund has for the first time moved to surplus which at 30 June 2015 is \$2.5 million. This will allow consideration to be given to further reductions in workers compensation costs for clubs and trainers.

Parity with Victoria

Throughout the year we continued to vigorously pursue the case with the NSW Government for the introduction of parity with the Victorian Racing Industry in respect of the sharing of TAB gross wagering revenue between the NSW Government and the racing industry.

Initially, in response to our representations, the NSW Government provided a further grant of \$10 million to enable Racing NSW to conduct the 2015 series of The Championships, whilst the parity matter was being considered.

Subsequently, the Deputy Premier and Minister for Racing, the Hon Troy Grant MP announced that the NSW Government had resolved to reduce its share of TAB gross wagering revenue to bring it in line with the share taken by the Victorian Government.

He further announced that the new arrangements would be phased in over a 5 year period and that the rebate to the industry would commence at \$7.2 million on 1 January 2016 and increase annually until full parity was achieved. The Deputy Premier also indicated that it was not the NSW Government's intention to reduce its share of TAB gross wagering revenue by way of legislation. Rather, he stated that the NSW Government would continue to collect tax at the existing rates and then rebate the industry the appropriate amount from general revenue. Further, in the NSW Government announcement, although in the forward estimates, the matter would be considered annually in the budget process.

The 2015/16 NSW State Budget Papers also reflected this position.

Racing NSW was concerned that without the funding guarantees that come from legislation, it would be commercially irresponsible for it to enter into any of the future financial commitments outlined in its Strategic Plan. Therefore, under these conditions Racing NSW would have been unable to properly manage the NSW Thoroughbred Racing Industry in accordance with its statutory obligations as it could not enter into any new initiatives which require funding in order to invigorate the industry and keep it viable.

Racing NSW was also concerned that under the proposed structure, the funding would become a year-by-year proposition subject to the economic circumstances and political vagaries which may exist from time to time. In addition, the arrangements would only commit the funding for a five year period, with no guarantee that it would continue thereafter. This could have had catastrophic consequences to the future viability of the NSW Thoroughbred Racing Industry and in particular its 50,000 plus participants.

Following these announcements Racing NSW continued to liaise with the Deputy Premier and his staff highlighting that the arrangements should be implemented by way of legislative action thereby giving the industry certainty over its finances. In addition Racing NSW argued that the new

arrangements brought forward by 6 months therefore providing the industry with \$17.6 million in the 12 months commencing 1 July 2015.

Following Racing NSW's submissions, the Deputy Premier announced that the new sharing arrangement relating to TAB gross wagering revenue would be implemented by way of legislation which would be introduced later in the year.

Changes to the sharing arrangements and flow of revenue to the NSW Thoroughbred Racing Industry occurring from these reductions are summarised below.

TOTALIZATOR BETTING

State	PRESENT SHARING ARRANGEMENT		FOLLOWING FINAL IMPLEMENTATION IN 2020		
	Racing Industry Share Per \$100 Bet	State Govt. Per \$100 Bet	Racing Industry Share Per \$100 Bet	State Govt. Per \$100 Bet	GST Per \$100 Bet
NSW	\$4.70	\$3.22	\$6.64	\$1.28	\$1.52
Victoria	\$7.90	\$1.28	\$7.90	\$1.28	\$1.52
Queensland	\$7.25	\$0.82	\$7.25	\$0.82	\$1.52

FIXED ODDS BETTING

State	PRESENT TAX RATES		FOLLOWING FINAL IMPLEMENTATION IN 2020		
	Racing Industry Share Per \$100 Bet	State Govt. Per \$100 Bet	Racing Industry Share Per \$100 Bet	State Govt. Per \$100 Bet	GST Per \$100 Bet
NSW	\$4.00	\$1.56	\$4.93	\$0.63	\$1.52
Victoria	\$7.04	\$0.63	\$7.04	\$0.63	\$1.52
Queensland	\$6.17	\$0.13	\$6.17	\$0.13	\$1.52

The benefit of the new sharing arrangement will flow directly to the NSW racing industry, enabling Racing NSW to implement its Strategic Plan over the next five years.

Race Fields Legislation

The Race Fields scheme is a critical source of funding for the NSW Thoroughbred Racing Industry. During the year 312 Wagering Operators were granted approvals to provide wagering services on NSW Thoroughbred Race Fields and \$66,184,776 was collected from this source.

Furthermore, it is important that the structure and function of the Race Fields scheme is continually reviewed to ensure that it is performing to its optimum level. Previous amendments to the Race Fields scheme include the amendment to the Racing Administration Regulation 2012 (NSW) to permit a 2% turnover fee in respect of race meetings with at least one race carrying \$150,000 or more in prizemoney (premium race meetings).

A further initiative was to amend the \$5 million threshold so that a fee of 1% is paid on the first \$5 million of turnover whereas previously no fee was paid on the

first \$5 million of turnover. The monies raised from this amendment went directly to race clubs.

Following a further review of the scheme, the Regulation was amended during the year to facilitate Racing NSW imposing differential fees on Wagering Operators utilizing NSW Thoroughbred Race Fields for their operations so as to allow a higher fee on derivative based bet types and to increase the existing caps on non-derivative betting (totalizators, fixed odds and betting exchanges) on premium race meetings.

As a result of these amendments the following new fee structure was introduced from 1 August 2015.

- Derivative totalizator bets on standard race meetings – 2.5%;
- Derivative totalizator bets on premium race meetings – 3%; and
- All other bet types on premium race meetings – 2.5%.

Minimum Bet Requirements Introduced

As foreshadowed in the 2013/14 Annual Report, following complaints from punters that certain Wagering Operators were either refusing to accept bets from winning punters or significantly reducing their bets, Racing NSW developed and implemented a scheme under which Wagering Operators are required to lay the odds displayed for fixed odds bets to prescribed minimum limits. The limits were developed following consultations with Wagering Operators and a cross section of punters and there has been broad compliance with the minimum bet conditions since they became effective on 1 September 2014.

The focus of Racing NSW was to ensure 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. Largely due to the consultation process broad compliance with the aims of the scheme was evident. Since their implementation, Racing NSW has monitored the conditions to ensure that they are fair and practical for all parties, whether they are Wagering Operators, professional punters or recreational punters. Accordingly, Racing NSW has introduced amendments to achieve the right balance for all parties. The changes clarify some matters and also address some specific issues, including reinforcing the requirement that individual wagering operators bet all punters the same price via one set of publically displayed odds. Racing NSW will continue to monitor the conditions and take such actions that are necessary to achieve the right balance.

Pleasingly, the minimum bet conditions have now been in place for over 12 months with overwhelming compliance.

Strategic Plan

Following extensive consultation with all sections of the NSW Thoroughbred Racing Industry, Racing NSW released its new Strategic Plan for the Industry in October 2014.

As outlined in the Plan, increased funding from a more equitable share of TAB gross wagering revenue and other strategies designed to increase revenue will be utilised to deliver the following key measures:

- Further developing The Championships and a world class Sydney Autumn Racing Carnival into an internationally attractive event;
- Further increasing minimum prizemoney levels throughout New South Wales;
- Increasing feature race prizemoney at all levels throughout the season;
- Reducing costs to owners;
- Developing showcase race meetings in country NSW;
- Developing an integrated industry marketing and branding strategy;
- Improving workplace health and safety across the industry;
- Broadening the base of capital expenditure for racing, training and customer facilities;
- Further boosting the investment in integrity, investigation and surveillance to strengthen public confidence in racing;
- Improving the viability of race clubs, and
- Investing in the future workforce of the industry.

Prizemoney>Returns to Owners

Racing NSW continued to develop and implement policies aimed at maximising returns to racehorse owners. Despite the huge financial disadvantage the NSW Thoroughbred Racing Industry had during the year when compared to its Victorian counterpart (where it receives \$100 million per annum more in funding), the NSW industry continued to perform strongly in delivering prizemoney and returns to owners and fared extremely favourably compared to Victoria.

Returns to owners during the year totalled \$188.3 million and were made up of the following:

Item	2014/15
Prizemoney and BOBS	\$173,037,111
Other payments on behalf of owners (i.e. jockeys riding fees, etc.)	\$ 15,304,149
Total	\$188,341,260

This is an extraordinary performance as it is on par with total prizemoney paid in Victoria even though Victoria receives \$100 million per annum more in funding than NSW.

As highlighted previously, NSW owners as a group absorb net annual losses of \$200 million. However, this situation continues to improve as a result of the prizemoney increases which will flow from the added revenue the industry will now receive from a more equitable share of TAB gross wagering revenue.

BOBS

Racing NSW incentive scheme, BOBS (Breeder Owner Bonus Scheme), has been extremely successful since its inception in 2003. The scheme has paid out more than \$96 million which now includes the additional benefits of BOBS Extra and BOBS Double Up.

BOBS goes from strength to strength and last season a record 1,333 BOBS bonuses were won with \$10.66 million in cash and BOBS Double Up vouchers redeemed. Racing

NSW has invested almost \$20 million in the breeding and ownership of Thoroughbred horses since the introduction of the Double Up program.

This year over 134 stallions will participate in the BOBS Stallions scheme and the new BOBS Mare Bonus Scheme payments commenced in January 2014, along with the option to use Double Up vouchers to pay service fees for participating NSW-based stallions in the 2015 breeding season.

Along with the significant prizemoney increases through all levels in NSW, the BOBS program helps make horse ownership more affordable and rewarding through supporting BOBS nominated stallions.

The Championships

The year saw the second running of The Championships.

As was the case in 2014, The Championships were only possible with the benefit of \$10 million in funding which was again secured from the NSW Government. Despite the severe impact of the postponement of Day 1 the event met or exceeded most of Racing NSW's forecasts.

The international participation at The Championships increased from two to six starters including a strong contingent of four runners from Japan. This was partly attributable to the deployment of Canterbury Racecourse as a quarantine centre (see below).

Most pleasingly in the key areas of international recognition, both international visitation and international wagering recorded strong growth over the figures recorded in 2014.

Country and Provincial Championships

An important highlight of The Championships in 2015 was the conception and implementation of the inaugural Country Championships and Provincial Championships Series. The two series boosted turnover from all operators on their meetings by 20% compared to 2014. The Country Championships performed particularly well with wagering turnover growth of 44% on the NSW TAB with the series embraced throughout NSW. Attendances increased by 17% on meetings in the Provincial Championships Series and leapt by more than 250% on meetings in the Country Championships Series.

Both the Country and Provincial Championships captured strong interest from local media, boosted by the use of Channel 7 television personalities secured by Racing NSW. Both series won considerable support and acclaim from within the Country and Provincial sectors.

New Quarantine Centre

To ensure the success of The Championships in attracting overseas runners Racing NSW believed that it was essential that a quarantine centre be developed in or near Sydney. This would overcome difficulties involved with horses having to be quarantined in Werribee, Victoria as was the case last year.

A significant number of possible locations for the establishment of a quarantine station were investigated but proved to be unacceptable for various reasons.

Accordingly, a decision was taken to utilize Canterbury Racecourse for this purpose from late February through to the period following The Championships. The use of Canterbury as a quarantine centre was only possible after the satisfaction of rigorous requirements of the Federal Department of Primary Industry through the Australian Quarantine and Inspection Service.

The Canterbury Park Quarantine Centre was successfully developed from conception to completion and certification in a little over 16 weeks (November 2014 – February 2015), a process the Department of Agriculture advised would normally take in the order of twelve months. The works were necessarily procured using Construction Management which required decisive leadership and guidance by the appointed Racing NSW and ATC staff. Accordingly, a design team was quickly established, priorities were identified, long lead-time items were (initially) designed and ordered/fabricated, with all civil and building works, services and fitout expedited. Complex services design including security and veterinary surgery facilities involved the importation of specialist equipment to extremely tight timeframes were also features of the project.

In addition, the conversion of Canterbury to a quarantine centre was undertaken cost-effectively with much of the additional infrastructure able to be redeployed elsewhere in the future if needed.

I particularly wish to thank Andrew Small from Racing NSW, Graeme Ferris from the ATC, Ross Kendall, Consultant, and Peter McGauran from Racing Australia for their extraordinary efforts.

TVN/New Commercial Arrangements with TAB/Sky

On Christmas Eve 2014, the TVN Parties agreed to the disaggregation of rights from TVN. Racing NSW immediately set about negotiating the terms of the separation from TVN and the aggregation of NSW Media Rights into SKY. We focused on securing the best possible terms for NSW racing, both in respect of the separation from TVN and the aggregation into SKY.

The exit from TVN was seamless, both in terms of transition of vision from 15 May 2015 and the financial impact upon the NSW Racing Industry and, in particular, the ATC as 50% shareholder.

The agreements with SKY are far more beneficial for the NSW Thoroughbred Racing Industry in all key areas, including in respect of the rights fees to be received, additional payment for digital rights, the quality of coverage (particularly on SKY Thoroughbred Central) and Racing NSW's management input into SKY Thoroughbred Central.

Regulation of Veterinarians

The regulation of veterinarians practicing in the NSW Thoroughbred Racing Industry is essential to ensuring the integrity of racing. Racing NSW's efforts to require such veterinarians to be regulated had always been met with resistance from veterinarians generally and their representative body, the Equine Veterinarians Association (EVA).

Accordingly, Racing NSW consulted with the EVA to

clarify the rules and protocols that will apply to veterinarians working in the NSW Thoroughbred Racing Industry. This included the implementation of a Policy Statement complementing the commencement of Local Rule 82C and Local Rule 82D in respect of the regulation of veterinarians.

The regime commenced on 1 September 2015 in the Metropolitan area and has been accepted by veterinarians. The Racing NSW Investigation and Surveillance Unit have been auditing the Metropolitan stables and veterinarians and trainers are complying with the regime. It will extend to Provincial and Country areas from 1 December 2015.

New TAFE Agreement

During the year, Racing NSW successfully negotiated a new 3 year partnership agreement with TAFE NSW – Western Sydney Institute for the delivery and assessment of industry training.

The previous 5 year partnership agreement expired 10 March 2015.

The training programs which will continue to be delivered include certificate qualifications and/or diplomas for stablehands, advanced stablehands, trackriders, jockeys, racehorse trainers, Stewards, track maintenance and racing administration. A number of racing related short courses and animal care and welfare courses are also provided on an as needs basis.

New Form Guide Arrangements

After lengthy and robust negotiations, Racing NSW was able to finalize the Form Guide Contract renewals with News Ltd and Fairfax with each new contract providing major gains for the NSW Thoroughbred Racing Industry.

The main objectives of the new arrangements were to drive promotion and increase wagering on NSW Thoroughbred racing events and these objectives have been attained.

Capital Development Program

In 2014/15, Racing NSW has continued to work with a number of clubs to implement capital upgrade works to improve racecourse and training facilities throughout the State.

Over the past year a number of key works have been undertaken. Works have been finalised on the establishment of an inside racing surface at the Newcastle track at a cost of \$3.2 million. The track is presently being allowed to bed down prior to being in use following the Newcastle Cup Carnival. A further \$7 million in works will then commence on the Newcastle course proper. Work has also been completed an upgrade of the sand training track at Port Macquarie Race Club at a cost of \$400,000. A further \$3.1 million of works has commenced on the course proper.

Following the upgrade of Bathurst Thoroughbred Racing's irrigation system, utility connections including sewer, water and electricity were undertaken at that venue at a value of almost \$350,000. At Coffs Harbour racecourse, conversion of the damaged fast work track to a new sand track was completed at a cost of \$620,000, with the track having been in use for several months.

Following extensive drainage works, an upgrade of Murrumbidgee Turf Club's railings and crowd barriers at Wagga Wagga in the amount of \$120,000 was completed and operational for the Cup meeting in May.

There are several other capital works projects that commenced in 2014/15 and are currently under construction. At Coffs Harbour, an upgrade of the course proper's drainage will make the racecourse more resilient to wet weather. At Wyong racecourse the installation of an equine pool is close to completion and is due for completion by early October. An upgrade of the irrigation system at Wyong racecourse has also been commenced. Upgrade of the fast work training track at Tamworth Jockey Club commenced and following its completion, refurbishment of the course proper will be undertaken. Work has also commenced on reconstruction of the course proper and chutes to an 'all weather' surface at Port Macquarie Race Club.

Upgrade works that are due to commence construction include the relocation of the sand track at Racing Orange in September; construction of a new 1000 metre chute and realignment of cambers and turns on the course proper at Tamworth Jockey Club in September; and the full refurbishment of the course proper at Newcastle Jockey Club to an 'all weather' surface in October.

All other outstanding capital works are currently being designed, costed and seeking the required DA approvals by the clubs before going to tender.

Integrity

One of the principal functions of Racing NSW is to ensure the integrity of the NSW Thoroughbred Racing Industry in the interests of punters and participants.

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

More than 16,000 animal and human samples were tested for Racing NSW Stewards during 2014/15 to detect the presence of prohibited substances. ARFL uses high resolution-accurate mass spectrometry instrumentation purchased with proceeds from the Race Fields victory in 2012 to continually develop new strategies for dealing with the threat of new drugs that have the potential to alter the performance of racehorses and riders. A number of novel findings were reported as a result, including a world first detection.

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. The quality of ARFL research is reflected by publication in international peer-reviewed journals and conference proceedings.

Equine Biological Passport

A new research focus in 2014/15 has been the establishment of the analytical component for the Racing NSW Equine Biological Passport (EBP) which was implemented for the 2015 Sydney Autumn Carnival and

The Championships. Traditionally, authorities have reacted to the use of prohibited substances following knowledge of their use. With the Equine Biological Passport, the industry can be proactive in identifying those who are engaging in doping practices, without the industry necessarily knowing the specific substance used by those persons, by monitoring the genes of racehorses to identify changes throughout their careers. This whole-of-organisation initiative involving our Scientists, Stewards, Investigators and Veterinarians will ensure all the available information concerning prohibited practices is reviewed in real-time to uphold integrity. It is envisaged that up to 100 biomarkers may be included in the EBP by 2020 to provide comprehensive information about an individual thoroughbred's biological system.

Further proceeds from Race Fields funding has enabled the purchase of three new sophisticated mass spectrometers valued at \$1.5 million, with one instrument capable of detecting 8,900 drugs in a single analysis. It was only a few years ago when no more than six drugs could be detected in a single analysis. This equipment will be used to rescreen long term stored frozen swab samples in accordance with the current stipulated policy. They will make an impressive complement to the existing fleet of instruments relocated from the Randwick laboratory site.

New Laboratory Premises

During 2015, Racing NSW undertook to move the Australian Racing Forensic Laboratory from its current Randwick premises into a purpose built fitout in the same building as Racing NSW's head office at 51 Druiitt Street Sydney. This move was a further investment in the integrity functions of 'ARFL' and has significant benefits to the NSW Thoroughbred Racing Industry, including:

- New State of the Art forensic laboratory;
- Increased security measures, including finger print scanners, alarm and CCTV systems;
- Increased storage space for frozen and refrigerated samples;
- Capacity for future growth in volume or scope of testing; and
- Streamlined open plan working environment.

Horse Tracking System

Racing NSW has commenced works on the installation of a state of the art horse tracking system at 20 NSW race tracks.

This is in addition to the works undertaken by Racing NSW and the ATC in the installation of the system at Randwick and Rosehill.

The proposed system is based on radio frequency transmission from a credit card sized transmitter located in the saddle cloth. This transmitter sends radio signals to base stations located around the course which send the signal back to the control room.

Data is captured 1,000x/second around the racecourse, including:

- Position of each horse which is used to show the accurate position at all times on the TV broadcast of the race;
- Speed, average speed, top speeds and acceleration;

- Sectional timing;
- Position in running; and
- Distances covered.

For example you will be able to procure the time an individual horse ran for the first 200 metres, the last 100 metres or any other distance in the race. You will also be able to procure the horse's top speed and acceleration rate. Also of importance is it will enable the accurate measurement of the distance the horse travelled. For example in a 1600 metre race a horse may in fact have run 1620 metres, if caught wide on the track.

The above information is available for every horse, for every 100th of a second, for every centimetre of the course and represents an unrivalled accuracy of information.

Vale – Bart Cummings AM and Bill Rutledge AM

Very sadly this year racing lost one of its champions and an icon in Bart Cummings AM. Not only a legend in racing, but a national treasure. Bart's charisma and achievements are legendary and his skills will never be replicated.

Also at the time of writing this report, we learnt of the passing of Bill Rutledge AM. Bill, a former Chairman of Racing NSW, who was as passionate and conscientious administrator as you will ever come across.

Acknowledgements

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

I also thank Board members for their support particularly the Chairman, John Messara AM whose leadership and guidance has been invaluable during the year especially in respect of Racing NSW's pursuit of a more equitable share from the NSW Government of TAB gross wagering revenue. The industry is very fortunate to have a leader of John's calibre. In thanking Board members, I must make particular reference to former Chairman Alan Brown whose term of office expired during the year. Alan's immense contribution and support during his term was very much appreciated.

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

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

During the 2014/15 year, NSW conducted 621 Thoroughbred TAB race meetings. Although this figure was slightly below the total for the previous year which was a record number, it was similar to the number of TAB meetings held in 2012/13 and surpassed those of previous years.

As such the NSW Thoroughbred Racing Industry continues to be the largest and most expansive of any Australian State.

Although Racing NSW sought to reschedule race meetings lost to wet weather, periods of especially wet weather at various locations throughout the State disrupted the racing schedule at various times. Most notable among these was the postponement of Day 1 of The Championships to Monday, 6 April 2015.

In some instances, race meetings were lost to subsequent rain, after having been postponed or replaced. Nonetheless, many meetings were saved by Racing NSW being active in transferring meetings across venues in advance or staging postponed meetings to the benefit of participants.

Meetings were rescheduled or transferred at various venues including Warwick Farm (twice), Dubbo, Nowra, Kempsey, Armidale and Wagga Wagga.

Racing NSW's program of capital works will ensure that venues are better placed to withstand extremely wet or dry weather conditions into the future.

NSW RACE MEETINGS HELD

SECTOR	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Metropolitan	121	123	126	120	124	117	114
Provincial	122	121	122	120	118	134	130
Country TAB	291	293	279	291	315	328	312
Country Saturday TAB	25	38	68	70	65	61	65
Country Non-TAB	154	150	107	109	110	108	100
Picnic	30	27	27	31	28	29	27
TOTAL	743	752	729	741	760	777	748

There were also a number of partial losses of race meetings during the year.

Although the Hawkesbury Cup stand-alone Saturday meeting was abandoned following the first race, the three Stakes races from the program were able to be re-programmed to either the following Saturday at Rosehill Gardens or on the Club's long weekend meeting in June 2015.

NSW RACES RUN

SECTOR	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Metropolitan	936	934	951	917	931	890	863
Provincial	955	958	959	934	919	1,037	1,010
Country TAB	2,274	2,285	2,137	2,228	2,391	2,468	2,360
Country Saturday TAB	197	265	427	443	416	393	416
Country Non-TAB	816	784	575	590	596	584	533
Picnic	173	155	154	174	161	165	159
TOTAL	5,351	5,381	5,203	5,286	5,414	5,537	5,341

Total NSW race starters fell markedly in the 2014/15 year. This is partly attributable to wet weather intervening and a lesser number of races being run.

However, a further key factor is a decline in the number of horses in work throughout NSW and also in the combined Metropolitan and Provincial area.

Diminishing foal crops in recent years have been a factor impacting the total number of horses in work. The increase in horses exported to Asia for racing, especially Hong Kong, also impacts the number of starters, especially for Metropolitan racing.

NSW RACE STARTERS

SECTOR	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Metropolitan	9,242	9,280	9,162	8,954	8,925	8,731	8,125
Provincial	9,766	9,803	9,418	9,140	9,124	10,074	9,338
Country TAB	25,132	25,951	23,628	24,787	26,016	26,662	25,266
Country Saturday TAB	2,089	2,916	4,468	4,601	4,317	4,171	4,296
Country Non-TAB	6,633	6,869	4,920	4,942	4,926	4,754	4,356
Picnic	1,084	1,007	948	1,082	994	1,054	993
TOTAL	53,946	55,826	52,544	53,506	54,302	55,446	52,374

The reducing size of the NSW horse population compared to the previous year also negatively impacted field sizes, especially for Metropolitan and Provincial races.

NSW AVERAGE FIELD SIZES

SECTOR	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Metropolitan	10.01	9.94	9.63	9.76	9.59	9.81	9.41
Provincial	10.23	10.23	9.82	9.79	9.93	9.71	9.25
Country TAB	11.05	11.36	11.06	11.13	10.88	10.80	10.71
Country Saturday TAB	10.60	11.00	10.46	10.39	10.38	10.61	10.33
Country Non-TAB	8.13	8.76	8.56	8.38	8.27	8.14	8.17
Picnic	6.27	6.50	6.16	6.22	6.17	6.39	6.25
TOTAL	10.08	10.37	10.10	10.12	10.03	10.01	9.81

Racing NSW developed a series of measures to address declining field sizes during the past year which were subject to consultation with the industry.

Following this consultation period and taking into account feedback, Racing NSW has announced the introduction of handicapping and programming changes effective from October 2015.

These include increases to the benchmark level of races to 61kg, greater weight dispensation for Country-trained and performed horses contesting Metropolitan races and the introduction of entry level Metropolitan races for Country-trained horses.

Racing Highlights

The second staging of The Championships was again a highlight of racing in NSW despite the disruption to Day 1 caused by wet weather.

This year The Championships and Autumn Carnival attracted six runners from the Northern Hemisphere with Japanese miler, Real Impact winning the George Ryder Stakes before a gallant second in the Doncaster Mile.

Criterion became the first horse to take out two of The Championships races brilliantly winning the Queen Elizabeth Stakes to follow his win in the Australian Derby last season.

The inaugural Country and Provincial Championships were another highlight of the past season. The respective series and finals at Royal Randwick produced outstanding racing, with Artlee producing a dominant win in the Country Championship Final.

NSW-trained horses were again prominent in feature races throughout Australia, highlighting the strength of NSW racing during the season.

During the 2014/15 season NSW-trained horses won 36, or half of the 72 Group 1 races run in Australia, up from 33 the previous season.

Chris Waller stamped another wonderful season as Sydney's leading trainer with no less than 14 Group 1 winners.

Gai Waterhouse was the next most successful NSW trainer with seven Group 1 wins, ahead of Peter and Paul Snowden with five Group 1 victories. Seven other NSW-based trainers tasted success in Group 1 races.

Three horses from NSW stables each recorded two Group 1 wins during the year. Brazen Beau recorded two wins for Chris Waller before a narrow defeat at Royal Ascot (UK).

Contributer for John O'Shea and Godolphin was a star of the Sydney autumn also recording two wins before being scratched on the eve of the Queen Elizabeth Stakes during The Championships. Both Hallowed Crown, for James and Bart Cummings, and Pride of Dubai recorded two wins in Group 1 races.

NSW-trained horses were also prominent in the ANZ Classifications with category winners being Vancouver (Champion 2yo and male), English (2yo filly), Earthquake (3yo sprinting filly), Hallowed Crown and Kermadec (joint Champion 3yo miler), First Seal (3yo miler filly), Gust of Wind (joint 3yo staying filly), Terravista (joint older sprinter), Sweet Idea (older sprinting mare), Royal Descent (older miler mare) and Lucia Valentina (older intermediate mare).

Hugh Bowman won the Metropolitan Jockeys' Premiership for the third time ahead of Blake Shinn and James McDonald. Blake Shinn was the leading rider across NSW with 133 winners.

Winona Costin was again the most successful apprentice in NSW and was also the leading Metropolitan apprentice for the first time.

Chris Waller won his fifth Metropolitan Trainers' title and was again the most successful trainer state-wide. Mr Waller was also awarded the prestigious Bart Cummings Medal for a record fifth successive year.

Industry Support

During the past year, one of the most significant achievements was the establishment of a new Quarantine Approved Premises ("QAP") at Canterbury Racecourse, to more easily enable overseas horses to participate in the Sydney Autumn Racing Carnival and contest The Championships during April 2015.

Successful commissioning of the QAP involved a substantial upgrade of the existing Quarantine Centre in order to meet new Department of Agriculture criteria.

The project was successfully developed from conception to completion and certification in a little over 16 weeks (November 2014/February 2015), a process the Department advised would normally take in the order of twelve (12) months.

The works were necessarily procured using Construction Management – a design team was quickly established, priorities were identified, long lead-time items were (initially) designed & ordered/fabricated, with all civil and building works, services and fit-out expedited.

Complex services design including security and a new equine surgery involving importation of specialist equipment to extremely tight timeframes were also features of the project.

New/improved amenities for quarantine and security staff, horses and handlers, plus veterinarians were also delivered.

Completion of this project within the short timeframe available necessitated the project team working seven days per week during February, in advance of the arrival

of four Japanese horses on the evening of 26 February 2015.

At the conclusion of the Quarantine period, feedback from users revealed a high degree of satisfaction with the new QAP. The facility will become an important asset in attracting overseas horses to The Championships on an ongoing basis.

Racing NSW has continued with racing and training infrastructure improvements under the Race Fields Legislation capital works program. Works have expanded and spread to a larger number of venues during the year.

In the past 12 months completed projects have included the new inside racing surface at Newcastle Racecourse, upgrades to sand training tracks at Port Macquarie and Coffs Harbour, upgrade of irrigation system and utility connections including sewer, water and electricity at Bathurst, land acquisition at Goulburn and upgrade of railings and crowd barriers at Wagga Wagga.

Other capital works commenced include an upgrade of the course proper drainage at Coffs Harbour, installation of an equine pool and sand track at Wyong, a fast work track at Tamworth and course proper reconstruction at Port Macquarie.

Racing NSW has also progressed a series of further projects, commencing from the new reporting year at Newcastle, Kembla Grange, Orange, Goulburn and Tamworth Racecourses.

Other projects being progressed include preparatory works to facilitate the trial of a Horse Tracking System which will revolutionise the way "in-going" racing information is presented to viewers.

Through a sophisticated system of transponders (carried in saddlecloths), base stations & Wi-Fi transmitters positioned around the racecourse, it will be possible to provide real-time data on each horse's position as well as detailed post-race analysis of each runner's performance such as sectional times and distance travelled.

In terms of Work Health & Safety (WHS), Racing NSW

has now rolled-out the Online WHS Management System to all NSW Provincial and Country Race Clubs.

The system is being refined to take account of the four racecourses run by the ATC plus a scaled-down "kit" based version of the system for all Country Non-TAB Community and Picnic race clubs, taking account of their reduced scale of operations and limited (usually voluntary) staffing and resources.

There exists a need to provide regular ongoing training as a refresher to existing Club Managers, plus introductory training to new entrants to the industry.

Accordingly, a series of Regional Training Seminars will be conducted by Racing NSW throughout the State during late 2015 to ensure that all clubs are familiar with the operation of their respective WHS Management System.

Racing NSW continues its program of improving their track maintenance practices. The employment of a skilled and dedicated Racecourse Maintenance Manager provides the opportunity to offer educational seminars and mentoring of Track Managers and Race Club Managers throughout Country NSW.

Racing NSW supports clubs by writing track maintenance programs for course proper and training facilities.

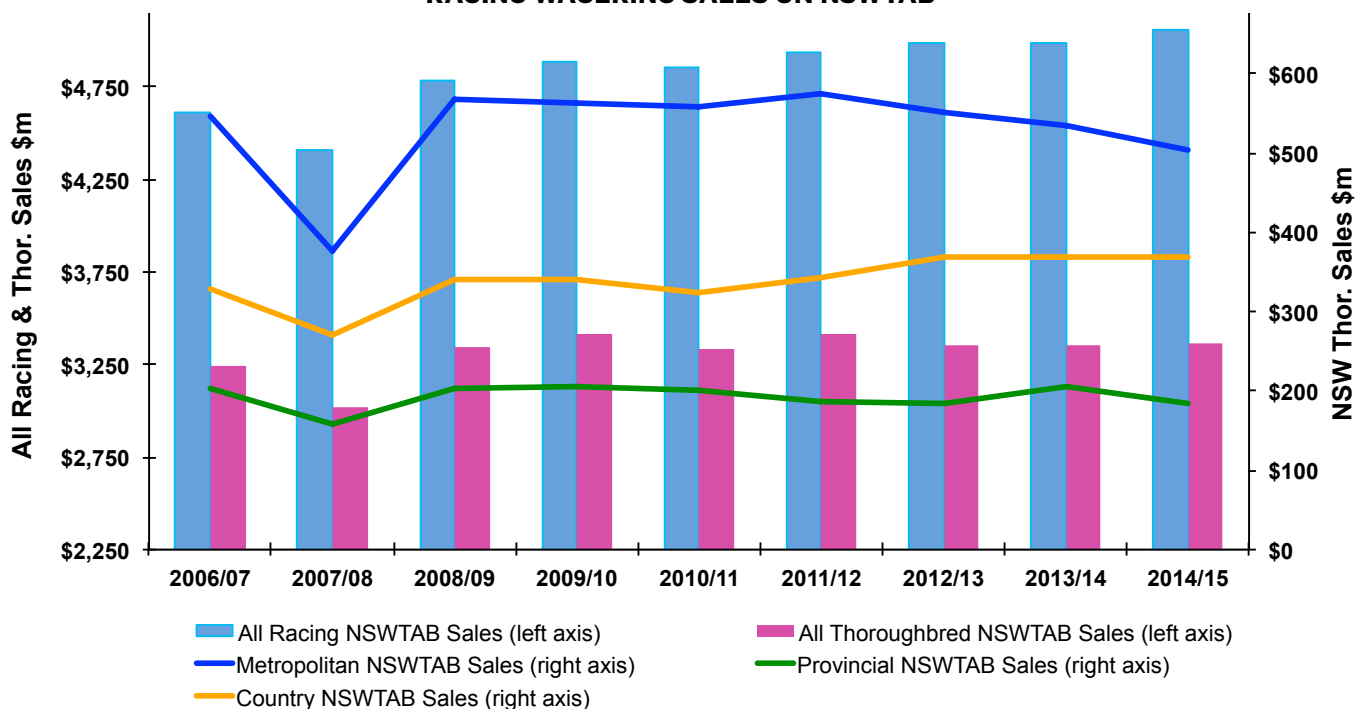
These provide cost-effective plans to provide for more robust racing and training surfaces meeting minimum standards. Racing NSW also provides support to clubs by liaising with them on equine training schedules and regulations.

Wagering on Racing

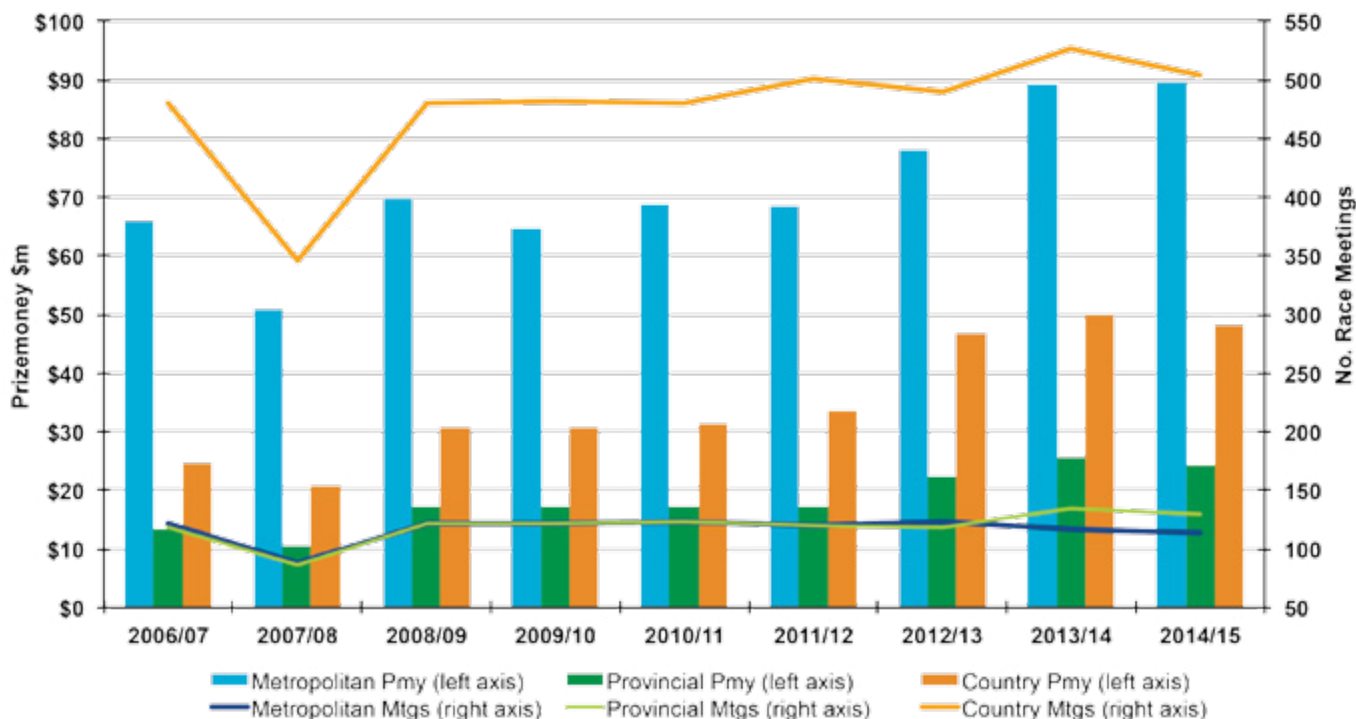
Wagering on NSW Thoroughbred racing continued to grow, but at a steadier pace during the 2014/15 financial year.

Wagering through the NSW TAB remains the dominant source of funding of the NSW racing industry, with a sound result for the industry from TAB wagering. Fixed odds wagering continues to increase as a proportion of total TAB racing wagering turnover.

RACING WAGERING SALES ON NSW TAB



NSW PRIZEMONEY AND RACE MEETINGS



Turnover with interstate Wagering Operators on NSW Thoroughbred racing grew during the year, but at lower rates than the preceding year.

The chart (left) 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

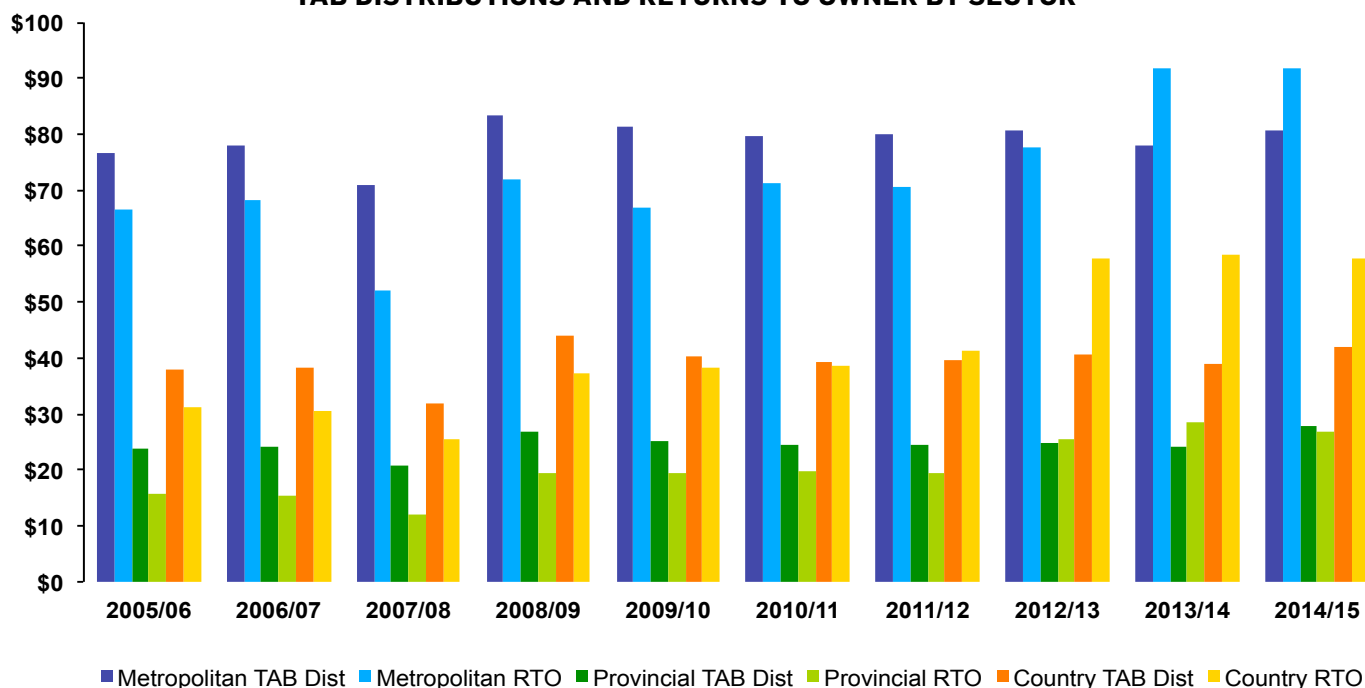
TAB distributions to NSW race clubs in 2014/15 increased to \$150.4 million, the strongest result for a number of years.

Total prizemoney and returns to owners in NSW was slightly lower in 2014/15 on the back of fewer race meetings staged.

The total prizemoney of \$162.4 million while slightly lower than 2013/14, remains well above those of previous years, driven by The Championships and increases in midweek Metropolitan prizemoney. Total returns to owners in 2014/15 including BOBS and appearance fees were \$188.3 million.

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;
- Chairman, NSW Jockeys' Governance Advisory Committee;
- Alternate Member, NSW Animal Care and Ethics Committee;
- Alternate Director, Australian Racing Board;
- Member, AREA/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; and
- Swab sample quality transport and storage auditing.

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

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

Introduction of Minimum Bet Limits

Racing NSW, in consultation with the NSW Government, introduced a requirement that Wagering Operators be obliged to accept legitimate bets from all punters on NSW events, to a certain amount.

The Minimum Bet Requirement was initiated after it was established a number of Wagering Operators were refusing bets from punters, sometimes based on the winning record of the punter. This practice was seen as an unfair regime when compared particularly to the racetrack environment, where bookmakers are obliged to accept bets to a minimum amount from all punters, including successful punters, or face sanction from the Stewards.

The requirement was introduced under the Race Fields program, with changes made to the Standard Conditions under which Licensed Wagering Operators receive approval to use NSW Race Field Information. The NSW Government also amended the Race Fields Regulations, to ensure compliance from operators.

Prior to re-drafting the Standard Conditions, an extensive consultation process was undertaken with all Licensed Wagering Operators and a number of punters.

Discussion meetings in person or by teleconference were held with all TABs, the Australian Bookmakers Association, Punters, Betting Exchanges, all Corporate Bookmakers and their representative body – the Australian Wagering Council.

Feedback was recorded during the meetings and follow up written submissions invited and received. Further submissions were called for by web notice to which a number of additional punters and bookmakers responded.

The outcome of the consultation process was the drafting of a number of changes to the original Racing NSW proposed conditions, including revision of the limits proposed and solutions to some practical issues. Each was returned to the Board for their review.

The revised conditions were subsequently announced, with minimum bets of \$2,000 per horse per punter on Metropolitan races, and \$1,000 on other NSW races.

The consultation resulted in, for the most part, compliance with the minimum bet conditions since they became effective on 1 September 2014.

Integrity concerns including ensuring the legitimacy of bets by punters and the acceptance by Wagering Operators

of the scheme have been subsequently enforced. However, some punters were still being refused bets or were having their odds shortened by a small number of Wagering Operators.

A review was conducted in early 2015. Feedback from punters and Wagering Operators was considered, and a review of the difficulties and complaints received to date was conducted.

As a result, several amendments to the conditions were announced in May 2015 to further enhance Racing NSW policy that all punters should be able to place a legitimate bet and not be discriminated against by having their accounts closed or bets refused simply because they are successful.

ASIC Review of the Class Order for Syndications

Racing Australia received notice from ASIC that it is commencing a review into whether the Horse Syndication Class Order should continue beyond 1 October 2016 and, if so, under what conditions. ASIC advised that this was an open opportunity to provide any commentary on the class order.

Class order CO 02/319 provides conditional relief from the full requirements of the Corporations Act when selling shares in horses; provided the maximum number of participants is 20 and the total value of the scheme does not exceed \$250,000.

A co-regulation system operates, whereby these smaller scale Managed Investment Schemes ("MIS") are managed by each PRA in their role as lead regulators appointed by ASIC.

Sellers need to hold an ASIC Australian Financial Services Licence and be approved by the State PRA as an Approved Promoter (Syndicator).

Racing NSW and the other Principal Racing Authorities participated in a joint submission by Racing Australia to ASIC. In essence, the request was that the substance of the relief under Class Order CO 02/319 should be continued beyond 1 October 2016 and some amendments be included to expand the allowances currently granted.

Benchmark Programming and Handicapping Review

In December 2014, NSW Trainers Association ("NSWTA") representatives and trainers were invited to a consultation process with Racing NSW to review and discuss progress and possible adjustments to the Benchmark Programming and Handicapping System in NSW.

A range of subjects were canvassed, including programming and its effect on field sizes, benchmark handicapping in each of the Country, Provincial and Metropolitan sectors and the handicapping challenges with the migration of horses between the regions.

General programming and handicapping issues were also reviewed and changes proposed.

All participants could not agree on some of the points, but such is the nature of the trainers that operate from differing sectors, their approach to training or their level of business varies. Also, some of the NSWTA Associate Directors are

punters and/or owners.

After discussion and debate a group of forward outcomes were agreed and forwarded to the Racing NSW Board for review. From that review, a proposal working paper was referred to Racing Industry Consultation Group ("RICG") for wider industry consultation.

The Racing NSW Board then received the RICG comments on the proposal, made some adjustments and announced a number of improvements to the system aimed at boosting field sizes, expanding opportunities for trainers and providing more horses a competitive weight in handicap races.

The changes, to take effect 1 October 2015, are:

1) Spread of Weights – Benchmark and Open Handicap Weight Scale

- ♦ For benchmark races in NSW, increase the benchmark weight and minimum topweight from 59kg to 61kg and increase the minimum topweight to 60kg at acceptance time;
- ♦ For all other non-Group races, except two-year-old, maiden and class 1-3 races, increase the minimum topweight to 61kg at the time of weights release, 61kg for benchmark races and increase the minimum topweight to 60kg at acceptance time.

2) Country Participation in Metropolitan Racing

- ♦ The handicapping panel has the discretion to weight Country-trained and performed horses up to 6kg below the equivalent of their benchmark level weight.

1) Handicapping and Changes to Benchmarks

- ♦ The handicapping panel to be allowed discretion of 1kg in weight against a horse's benchmark level where a horse has nominated at a distance the handicapper believes the horse has previously shown itself to be less effective;
- ♦ The handicapping panel to take more account of whether they believe that a horse has demonstrated improvement in their performance, when determining whether to increase its benchmark;
- ♦ The handicapping panel to take more account of whether they believe that a horse's performances indicates that it is having difficulty in running to its benchmark level, and be more aggressive in determining whether to decrease its benchmark;
- ♦ That provincial Class 1 and Class 2 races be weighted such that the 59kg weight is the equivalent of a Benchmark 62 (currently 65) and a Benchmark 66 (from 69) respectively; and
- ♦ That handicapper's increase the weight of Metropolitan-trained and/or performed horses against their benchmark level when contesting country races.

4) Metropolitan and Provincial Programming Changes

- ♦ Amend the levels of Metropolitan benchmark races to the following: BM93, BM85, BM78, BM72, BM67, in addition to open handicaps;
- ♦ Discontinue programming races restricted by the number of Metropolitan wins; and
- ♦ To assist with more accurate programming, work with Racing Australia to simplify the Stable Return

process to a single screen 'list' system. This will allow trainers to quickly update the status of their horses (in training, spelling, transferred, etc.)

and from 1 December 2015:

5) Highway Races a Boost to Country Participants

The addition of a ninth race to Metropolitan Saturday race programs restricted only to Country-trained horses providing an entry level opportunity to race in Sydney.

Commencing from 17 October 2015, Saturday meetings in Sydney will feature Highway Handicap under the following conditions:

- a. Restricted to bona fide Country-trained and domiciled horses;
- b. Races programmed at Class 2 or 3 level, with a mix of handicap and plate races;
- c. Prizemoney of \$40,000, equivalent to the midweek level;
- d. Run at a variety of distances between 1000m and 1800m inclusive; and
- e. Run at approximately 40 Sydney Saturday meetings.

Apprentice Jockeys – Wage Review

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. This decision included apprentice jockeys and was introduced by Racing NSW in 2013/14 as required.

In 2014/15, a further development regarding apprentice jockeys commenced with application by the Australian Trainers' Association ("ATA") to the Fair Work Commission ("FWC") to insert apprentice rates for jockeys into the Federal Horse and Greyhound Training Award 2010 (the Award that sets wages and conditions for stable staff and track riders).

Racing NSW prepared submissions to the FWC and were joined by other Principal Racing Authorities to consult with the Commission about some practical situations that are unique to jockeys when serving apprenticeships. For example, unlike stablehands they have multiple employers.

An apprentice jockey works for their trainer employer when riding trackwork, strapping and stable duties, but

are engaged to work for the owners of each horse they ride in races or barrier trials.

After several sittings and receiving submissions from all interested parties including the Australian Workers Union, the Full Bench of the FWC handed down their findings on 10 November 2014 (Full Bench – Justice Boulton, Senior Deputy President presiding, Senior Deputy President Harrison and Commissioner Roe).

In summary, the Commission:

- Inserted a definition of an apprentice jockey and a wage rate into the Horse and Greyhound Training Award;
- Confirmed that conditions in the Award apply to apprentice jockeys when performing work for their trainer e. g. an extra raceday allowance is paid if the apprentice is strapping on raceday (in addition to riding); and
- Agreed with Racing NSW/PRA's submission that the new rates apply retrospectively to January 2010.

The decision means the new wage scale now applies nationally across States, replacing all former wage rates for apprentice jockeys that differed from State to State.

Racing NSW next prepared and distributed an information notice to trainers and apprentices implementing the changes. In some cases, the new wages are lower than the previous NSW wages, but Racing NSW included an instruction to trainers that no current apprentice can receive less than their current pay.

For future apprentices, the new rates are topped up by raceday allowances, which Racing NSW had previously factored in to the weekly wage. For example, one raceday allowance per week takes any wages that fall short back above the former NSW rates.

Changes to the Stablehand 1.5% Payments Scheme

Variations to the bonus scheme where 1.5% of stable prizemoney is paid directly to stablehands were announced after submissions to Racing NSW were made by NSWTA supported by RICG.

These included that the maximum pay rate of stablehands to qualify for payments was increased and the scheme expanded to include employees of trainers with lower total annual wages.



The agreed changes were:

- The maximum rate of wages for employees to qualify for the payment has increased to \$30 per hour (was \$28ph) (or annual pay \$58,500 gross; increased from \$55,000);
- Employees of trainers with annual wages under \$7,500 are now eligible for payments – to be made twice yearly; and
- Stablehands must work a minimum of four paid hours per week or 50 paid hours per quarter (provided wages are paid at or greater than the relevant award rate).

The changes were backdated with an effective date of 1 July 2014.

REGULATORY DEPARTMENT REPORTS

LICENSING

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

Criteria regarding an applicant's qualifications apply, depending on the category of licence sought. Gary Rudge is Licensing Supervisor, assisted by Matinde James.

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

The Licensing Committee met on seven occasions during 2014/15. 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. Applicants for licences may also be further interviewed at these meetings.

In 2014/15 the Committee at these meetings:

- Conducted 16 interviews in relation to licence and other applications;
- Considered 37 licence applications that were referred to them by the Licensing Supervisor, of which 19 were approved, 17 refused and 1 deferred;
- Considered 21 other matters that were referred to them including licensee disciplinary matters & proposed amendments to licensing policy and procedures; and
- The Committee also reviewed and agreed with the approval of the following new licences;
 - ♦ 85 Trainer licences;
 - ♦ 1 Trainer partnership;
 - ♦ 19 Jockey licences;
 - ♦ 31 applications to register an Apprentice Jockey;
 - ♦ 32 applications to transfer the indentures of an Apprentice Jockey;
 - ♦ 16 applications from an Apprentice Jockey to extend their indentures;
 - ♦ 10 Rider Agent licences;
 - ♦ 631 Stable employee licences (165 declined/did not proceed due to the applicant not obtaining the required Police Certificate); and

LICENCES WITH THE EXPIRY DATE 30 JUNE 2015 (1/7/2014 TO 30/6/2015)

	Metropolitan		Provincial		Country		Total	
	Total 13/14	Total 14/15	Total 13/14	Total 14/15	Total 13/14	Total 14/15	Total 13/14	Total 14/15
Trainers	105	99	188	180	781	768	1074	1047
Jockeys	84	87	24	24	182	183	290	294
Apprentice Jockeys	20	20	13	11	110	105	143	136
Trial Apprentice	2	4	1	4	12	11	15	19
Appr Riders (Picnic)	-	-	-	-	36	33	36	33
Trial AR (Picnic)	-	-	-	-	2	6	2	6
Bookmakers	46	45	9	9	114	114	169	168
Rider Agents	25	27	5	6	14	15	44	48

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) 148; Apprentices – (76) 66

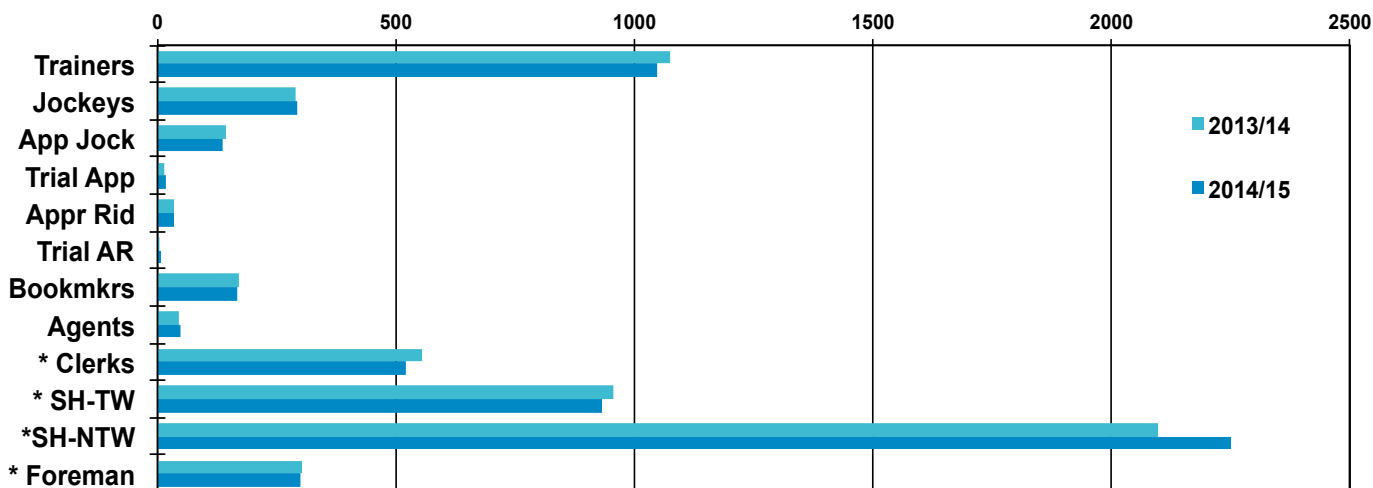
LICENCES WITH THE EXPIRY DATE 31 OCTOBER 2015 (1/11/2014 TO 31/10/2015)

	Metropolitan			Provincial			Country			Total		
	YTD 13/14	Total 14/15	YTD 14/15	Total 13/14	Total 14/15	YTD 14/15	Total 13/14	Total 14/15	YTD 14/15	Total 13/14	Total 14/15	YTD 14/15
Bookmaker Clerks	267	286	261	52	52	48	236	239	213	555	577	522
SH-Trackwork	397	420	374	135	147	139	425	453	419	957	1020	932
SH-Non Trackwork	771	888	851	370	400	367	956	1048	1033	2097	2336	2251
Foreman	113	122	114	50	52	47	139	140	140	302	314	301

NB – All jockeys or apprentices who ride in NSW are required to hold a licence in this State. As such the above statistics include Year to date (YTD) figures as at 31 July. Total figures 13/14 as at 31 October

REGULATORY

TOTAL LICENCES – 2014 VS. 2015



- 70 Bookmaker Clerk's licences (6 declined/did not proceed due to the applicant not obtaining the required Police Certificate).

growth in market share enjoyed by the Corporate Bookmakers, the number of Bookmakers registered this season held up reasonably well when compared to the number registered last year (-0.5%; 169 vs. 168).

Comparison Of Licensing Statistics – 2013/14 Vs. 2014/15

The total number of Trainers licensed compared to last season saw a reduction of 2.5%, from 1074 in 2013/14 to 1047 in 2014/15. This represents a small decline as retiring or resigning trainers are replaced by new applicants.

Jockeys numbers have been reasonably static (+0.7% – 147 vs. 148).

Apprentice Jockeys indentured in NSW decreased by 13% and whilst that would appear to be an alarming statistic for the following reasons, it is not considered that this can be seen as trend:

- it follows from an increase of 8% last season (70 vs. 76);
- numbers have varied in both directions over the past five seasons but have fallen within the 66-76 range; and
- the number of apprentices riding in trials to obtain permission to ride in races increased from last season (15 vs. 19).

Following a steady decline in numbers over the past few years which was no doubt accelerated by the continued

REGISTRATION

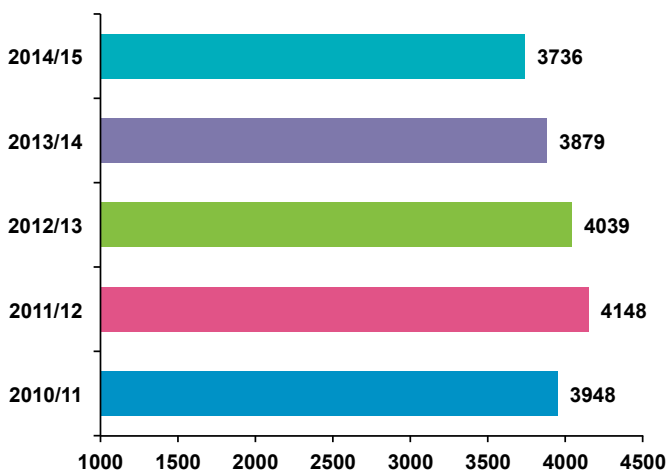
Racing NSW acts as Deputy Registrar for NSW registration functions, which include Transfers of Ownership, Leases, Syndicates and Registration of Racing Colours (silks).

Racing Australia manages the Registrar of Racehorses which processes all new horse registrations nationally. Racing NSW is a stakeholder in Racing Australia.

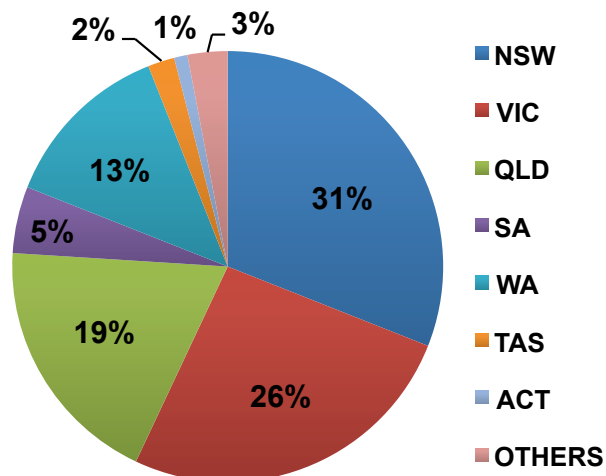
Horse Registration – NSW

At the end of the 2014/15 financial year the Registrar of Racehorses (ROR) had registered 11,883 new horses, of which 3,736 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



Transfers/Leases/Syndicates – NSW

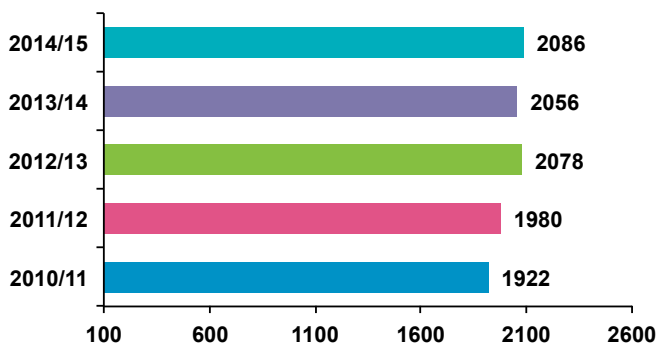
The Regulatory Department recorded 2086 Transfers of Ownership for the 2014/15 financial year, an increase of 3% from the previous season.

1027 Lease Agreements were recorded – whilst this represents a significant increase of 19% when compared to the previous season, this figure is exaggerated due to the number of leases that were processed from Godolphin following their decision to change from the Darley brand.

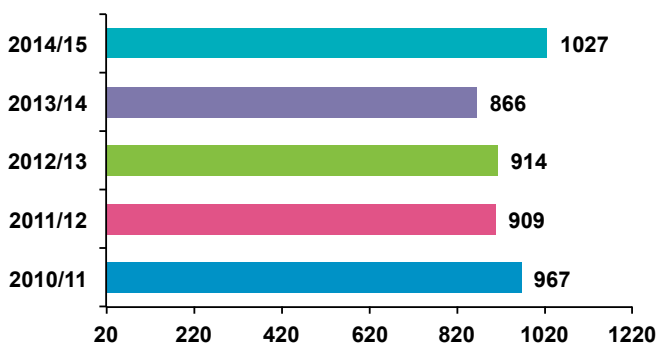
NSW registered 221 Syndicates during the 2014/15 season. This is reasonably consistent with the amount processed per season since the number of individuals permitted to register in the ownership of a racehorse was increased from 10 to 20 (2011/12).

Of NSW registered Syndicates this season, 83% of those were 'ordinary' Syndicates made up of a group of up to 20 persons. The remaining 17% of Syndicate registrations comprise Company, Firm or Stud Syndicates

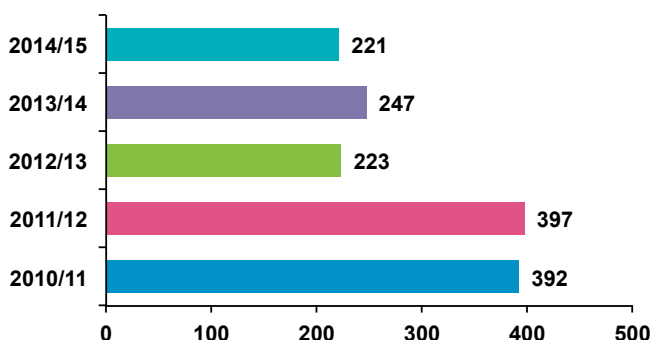
NSW TRANSFERS



NSW LEASES



NSW SYNDICATES

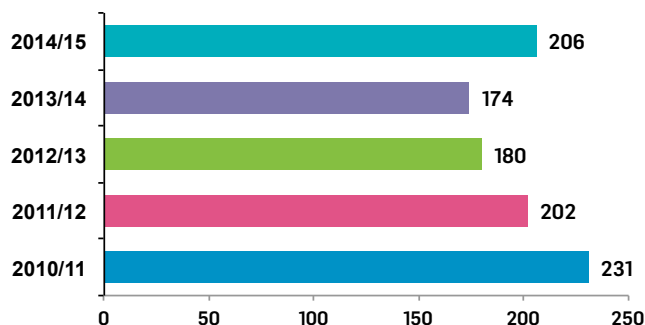


Racing Colours – NSW

Racing NSW registered 206 new sets of jockey silks during the 2014/15 financial year. There are a total of 3373 sets of colours currently registered in NSW.

Each Principal Racing Authority now registers colours in the Single National System (SNS), a national database developed by Racing Australia.

NSW COLOURS – NEW APPLICATIONS



INDUSTRY TRAINING

The Industry Training Department is responsible for coordinating the delivery of training to new and existing industry licensees.

Karlie Triffitt is Training Manager with Dan Power, Mal Fitzgerald and Jamie Whitney operating as Workplace Trainers and Assessors (full-time) and Melina Remacle and Michael Donoghue (part-time). Phillip O'Brien is eLearning, Web and Digital Media Officer, and Casual Apprentice Jockey Mentors are Ron Quinton, Malcolm Johnston, Pat Webster and Rodney Quinn.

The Department is funded by TAFE NSW-Western Sydney Institute under a partnership agreement with Racing NSW – named the Australian Racing and Equine Academy. In return, TAFE receives Government incentive funding for each trainee engaged in training, as do their employers (licensed trainers).

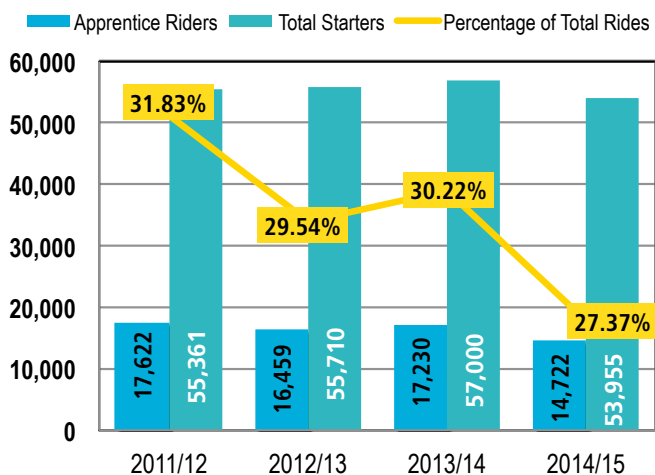
Both on-the-job and off-the-job training forms an integral part of a participant's future qualifications. In particular, focus applies to new riders and future apprentice jockeys.

The objectives of the Industry Training Department include:-

- Assist the Department of Education to develop training packages to cover all vocations within the racing industry;
- Assisting people entering the racing industry to find their most suitable career path;
- Ensuring participants are informed about the National Racing Industry Training Package;
- Providing equitable training throughout the Country, Povolncial and Metropolitan areas;
- Developing an Indigenous employment strategy for the racing industry;
- Gain State and Federal funding to assist with the delivery of training for the racing industry; and
- Managing the Rising Star apprentice race series.

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), several pony club camps, as well as some high schools.



Included in the careers market drive was presence via a stall at the Sydney Royal Easter Show held at Sydney Olympic Park in March and April 2015.

Rising Star Series

The 16th consecutive staging of the Rising Star Series was held between August and July with 25 competitive heats held. Claire Nutman won the series for the first time and is only the second female rider to take out the series.

APPRENTICE WINNING RIDES

	10/11	11/12	12/13	13/14	14/15
Total Winning Rides	2104	1624	1398	1523	1318

Apprentice Rides

The overall apprentice ride summary for the 2011/12, 2012/13, 2013/14 seasons in comparable with that of the 2014/15 season. This table includes Metropolitan, Provincial and Country statistics.

APPRENTICE JOCKEY NUMBERS

	10/11	11/12	12/13	13/14	14/15
Total Races	73	74	72	76	66
Total Winning Rides	10	13	23	15	19

Other Student Numbers

This year through the Australian Racing and Equine Academy, we continued delivering training and assessment

services to all facets of the racing industry. We have expanded our online learning resources and have increased our diverse range of delivery methods for all of our courses.

Enrolments have been slow in the first half of 2015 due to government reforms and the implementation of the smart and skilled scheme by the Federal Government – a new program that has repositioned the amount of Government Funding available for training. The latter half of 2015 is showing positive signs of recovery and numbers are increasing on a day-to-day basis.

ENROLMENT FIGURES

	10/11	11/12	12/13	13/14	14/15
Cert II Stablehand	190	61	13	43	27
Cert III Advanced Stablehand	34	31	101	83	105
Cert III Trackrider	33	20	77	78	80
CIV Jockey				63	55
Cert IV Racehorse Trainer	29	15	63	97	125
Cert II Racing Administration	2	1	0	8	0
Cert III Racing Administration	2	4	3	11	3
Cert CIV Racing Administration	No Stats	No Stats	No Stats	No Stats	7
Cert III Racing Steward	3	1	2	4	3
Cert CIV Racing Steward	No Stats	No Stats	No Stats	No Stats	4
Cert II Racing Track Maintenance	2	0	0	1	0
Cert III Track Maintenance	2	7	8	21	17
Cert III Farriery	13	1	35	37	NA
Barrier Attendant Skill Set	0	0	268	129	67
Approved Rider Skill Set	No Stats	No Stats	No Stats	No Stats	7

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 Thoroughbred race to be held at a NSW Thoroughbred race meeting, or that has been scratched or withdrawn from a Thoroughbred race meeting.

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

The Act also provides that Racing NSW may impose conditions on Approval Holders who use NSW Thoroughbred Race Fields information. 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; and
- 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 2014/15 period the total number of Australian Wagering Operators who had been approved to use NSW Thoroughbred Race Fields information was 309.

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.

The Department is responsible for the administration of the Race Fields area including initial assessments and recommendations to the GM-Regulatory regarding applications, the applicable fee for Wagering Operators, audit and financial reporting.

Collection of venue-by-venue turnover figures is arranged for critical assessment by the Analytical Department of Racing NSW.

HANDICAPPING

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

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

The panel consists of Handicapping Manager and Senior Handicapper, Damien Hay; Senior Handicappers Ben Dunn and Shane Cuthbert; Handicapper, Daniel Stephenson; Handicapper/Racing Assistant, Nick Chalmers and Cadet Handicapper/Racing Assistant, Christopher Court.

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 5,481 races held across the 824 race meetings which were conducted in the 2014/15 racing season.

Weights were released for the 100,728 nominations at these meetings with each of the 53,722 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 2014/15 racing season: The Doncaster Mile, Sydney Cup, Epsom Handicap and The Metropolitan.

Epsom Handicap – Spring carnival

The 2014 Epsom Handicap run at Royal Randwick over 1600m received 85 entries with 24 horses weighted above the limit weight of 52.0kg with a topweight of 59.0kg given to Sacred Falls (NZ), achieving a 7.0kg weight spread.

The Metropolitan Handicap – Spring carnival

The Metropolitan of 2014, a 2400m staying test, received 87 entries with 25 horses weighted above the limit weight of 52.0kg with a topweight of 58.0kg given to Sea Moon (GB) achieving a 6.0kg weight spread.

Doncaster Mile – Autumn carnival

The Doncaster Mile of 2015 received 137 entries with 51 horses weighted above the limit weight of 50.0kg with a topweight of 58.0kg given to Sacred Falls (NZ), achieving a 8.0kg weight spread.

Sydney Cup – Autumn carnival

The 2015 Sydney Cup over the time-honoured stayers' distance of 3200m received 91 entries with 13 horses weighted above the limit weight of 52.0kg with a topweight of 58.0kg given to Protectionist (Ger), achieving a 6.0kg weight spread.

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.

DEPARTMENT UPDATE FOR 2014/15

Communications

Two innovations for improved communication have proven very effective.

Twitter: The Racing NSW Handicapping Twitter account @RNSWHandicapper was opened on 5 April 2013. As at the 31 July 2015, Handicappers published 530 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.

ACC: The Australian 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.

The Committee met on one occasion throughout the 2014/15 racing season, at the end of the racing season, at the offices of Racing NSW in July 2015. The committee also communicates fortnightly by teleconference throughout the year.

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

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

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 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 2014/15 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 138 approved promotions in the 2014/15 period, an increase of eight from 2013/14.

NUMBER OF HORSES SYNDICATED BRACKETED ON PRICE PER 10% SHARE

Price Range – 10% Share	14/15	13/14	12/13	11/12	10/11	09/10
<\$10,000	33	52	49	39	43	44
\$10,000 to \$29,999	105	78	68	65	54	46

NUMBER OF HORSES SYNDICATED BASED ON KNOCK DOWN PRICE OF HORSE AT YEARLING SALE (or valuation if private)

Price Range – Horse	14/15	13/14	12/13	11/12	10/11	09/10
<\$10,000	2	2	2	2	0	3
\$10,000 to \$29,999	7	17	8	7	3	11
\$30,000 to \$59,000	21	27	32	26	26	23
\$60,000 to \$99,000	46	35	38	30	39	28
\$100,000 +	62	49	37	39	29	25

A significant increase in the number of horses sold for over \$100,000 for the purpose of syndication and the number of shares sold for over \$10,000 per 10% share indicates the confidence of Registered Promoters to syndicate horses in the higher price range.



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;
- Investigating the use of illegal substances; and
- Arbitrating on betting disputes.

Personnel Changes

Katie Atherton completed a traineeship and was appointed to the CDRA/WRA panel based in Dubbo.

Stipendiary Steward Josh Adams was appointed to TRSA panel in South Australia and following his departure, Jack Penfold, originally from the Hunter and North West region, returned as Deputy Chairman of Stewards following the completion of his traineeship on the Metropolitan Panel.

Jason Schultz, formerly from the Newcastle region with a strong background in the industry, joined the panel as a trainee, whilst Caleb Lock, trainee Steward, took up the role of Racing Manager for a Metropolitan trainer.

This continues the training process that has resulted in numerous appointments of former Racing NSW Stewards in senior positions nationally and overseas.

Stewards Inquiries

During the 2014/15 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 – 304 suspensions of licence;
- AR137(b): Failure to ride horse out to finish – two suspensions of licence;
- AR137A(5): Whip related offences – seven suspensions of licence, a pleasing reduction from 31 suspensions three

years ago;

- AR145: Weighing in overweight – 7 suspensions of licence;
- AR135(b): Failure to take all reasonable and permissible measures to win or obtain the best possible placing – three suspensions of licence; and
- AR143(b): Weighing in light – one suspension of licence.

In August, the Racing Appeals Tribunal dismissed the appeal of a licensed trainer disqualified for the breaches of two Australian Racing Rules, relating to raceday medication and a positive swab.

An appeal by a trainer found guilty of having in his possession apparatuses that were capable of affecting the performance of a horse, was also dismissed with the two-year disqualification confirmed.

The Stewards also presided over a number of conduct-related inquiries relative to harassment in the workplace, improper behaviour and improper conduct.

Inquiries were also conducted into incidents arising from the use of social media. The Stewards continue to warn the industry of the ramifications associated with postings on social media, which become public and can lead to breaches of the conduct related Rules of Racing.

Inquiries into betting by officials in the course of their duties resulted in disqualifications of up to 18 months being imposed for these offences.

An inquiry into a leading syndicator registering domain names in the name of other racing entities resulted in fines of \$20,000 being imposed, confirmed at both levels of appeal to the Racing NSW Appeal Panel and the Racing Appeals Tribunal.

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. The unit has been integral into the inquiries involving positive swabs to cobalt, commencing with positive findings of cobalt in 21 samples in horses of a Newcastle trainer resulting in a 15-year disqualification arising from 62 charges being laid.

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.

This has extended to increased Country surveillance, including the major country cup carnivals and Scone stand-alone Saturday meeting.

The Stewards have issued warnings for increased penalties to trainers for failure to comply with the rules relative to the keeping of proper treatment records.

In conjunction with the Australian Racing Forensic Laboratory (ARFL), several 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 has also been central to the investigation and subsequent inquiries commenced into the finding of cobalt in the stables of a Rosehill Gardens trainer, which resulted in a number of samples being taken from horses in the stable. Multiple charges were issued against several parties.

This year's sampling figures are very similar to the 2013/14 figures, with ratios of sampling to starters relatively the same.

A total of 15,005 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 three 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. Almost 400 out of competition tests were taken over the course of the autumn and spring carnivals.

In total, seven positive swab cases were dealt with by Stewards, some of these involving multiple samples. These resulted in penalties to trainers of suspension and disqualification (up to 15 years) and fines (up to \$30,000), in the case of Group One winner Junoob being disqualified from the ATC The Metropolitan in October.

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

This involved urine sampling of 388 licensed persons for a range of banned substances, with 19 offences detected and penalties of suspension or disqualification of license 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 two years, indicating an improvement in adherence to the rules.

Conferences and Tribunals

Chairman of Stewards, Ray Murrhiy, along with deputies Greg Rudolph and Marc Van Gestel, represented Racing NSW at the National Chairman of Stewards Committee Conference held in Sydney in September.

Mr Murrhiy also represented Racing NSW at the NCOS Conference in Brisbane in May as part of the Australian Racing Conference. He also represented the National Stewards at Racing Australia and at Integrity and Welfare Executive Committee level.

In addition, Mr Murrhiy was chosen to officiate as Chief Steward at the inaugural race meeting conducted by China Horse Club in Shanghai, China, in October. Mr Murrhiy also served on the Sports Disputes Panel.

Racing NSW Stewards continue to host visiting Stewards from other jurisdictions nationally and internationally and in October, Senior Steward Ray Livingstone travelled to New Zealand to assist in the training and development of Stewards of the NZ Racing Integrity Unit.

New Developments

In 2015 Racing NSW Stewards enhanced their out of competition testing program by commencing work on the Equine Biological Passport (EBP) which monitors the physiology of horse at certain points to determine if any changes are due to the use of prohibited substances or other unnatural and illegal means.

In addition to the EBP, new tactical strategies were introduced during the autumn of 2015 to coincide with The Championships.

The program, overseen by Deputy Chairman of Stewards-Operations Marc Van Gestel, now has a large number of samples analysed by the ARFL and stored for future reference and analysis.

Racing NSW Stewards and Veterinarians participated in the commencement of anabolic testing at yearling sales, with tests being conducted at sales in January and at the Australian Easter Yearling sale at Newmarket. No breaches of the rules were detected.

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
- Racing Australia, including Keeper of the Stud Book
- NSW Trainers and Jockeys' Associations
- 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
- Australian Jockeys' Association
- National Crime Commission
- Casino and Racing Investigation Unit.



Dr Craig Suann

BVsc, Dip VSC, Dip LAS, MACVSc

Senior Official Veterinarian – assisted by Dr Tania Selig

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 with technical and quarantine matters relating to the participation of international horses during The Championships 2015. Dr Tania Selig was appointed Chief Quarantine Approved Premises (QAP) Veterinarian for the Canterbury Park Quarantine Facility, playing a vital role in the development of the facility as well as being responsible for quarantine supervision and animal health surveillance during the quarantine period, working closely with Quarantine Manager, Ross Kendell and Australian Department of Agriculture officials;
- Collaborated with the ARFL and the Stewards in the management of routine and strategic drug control issues, including the development of the equine biological passport and the tactical out of competition testing program in the lead-up to the The Championships;
- Participated in and coordinated other veterinarians for

the out of competition and tactical testing program for horses in racing stables, and the testing for anabolic steroids at the Inglis Australian Easter Yearling Sale, including sampling of horses selected by the Stewards;

- 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;
- 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;
- Formulated policy documents for training track emergency procedures, procedures for dealing with raceday equine emergencies and re-instatement requirements for horses that have suffered major orthopaedic injuries;
- Continued the ongoing approval process for new veterinarians applying to officiate at race meetings, including those attending non-TAB meetings, and updated 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;
- Collaborated with ARFL's Science Manager, Dr Adam Cawley in the realisation of the Racing Australia funded, multi-centre "Gene Doping" project;
- Coordinated ongoing surveillance of Hendra virus incidents, including:
 - ♦ Posting updated information on the Hendra virus section on the Racing NSW website such as biosecurity guidelines for industry participants, updates from the NSW Department of Primary Industries (DPI), frequently asked questions and fact sheets,
 - ♦ Monitoring the roll-out of the Hendra vaccine for horses released under a "Minor Use Permit", and liaising with trainers and veterinarians on the north coast regarding vaccination matters.

Racing Australia's Veterinary and Analysts Committee (VAC)

- As Chairman of Racing Australia's Veterinary and Analysts Committee (VAC), Dr Suann convened a meeting of the Committee in Melbourne on 18 and 19 August 2014 where the following matters were considered:
 - ♦ Testing for therapeutic substances, including a review of new screening limits for therapeutic substances,
 - ♦ Equine welfare matters, including the adoption of a compulsory retirement age for older horses, rehabilitation programs for retired racehorses,
 - ♦ Research to assess the physiological impact of the use of the whip,
 - ♦ Unusual testosterone concentrations in raceday urine samples,
 - ♦ The regulation of the abuse of cobalt, including the formulation of a threshold level,
 - ♦ National racing laboratory research and development,
 - ♦ 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,
 - ♦ Hendra virus and Hendra vaccination,
 - ♦ Modifying AR.80E (medications in racing stables rule),
 - ♦ A proposal to ban all injections within one clear day before competition.
- Dr Suann also facilitated VAC's out-of-session review of the following matters:
 - ♦ Modification of existing Australian Rules of Racing and development of new rules relating to the regulation of prohibited substances,
 - ♦ The drafting of industry notices advising of the implications regarding these rule adjustments,
 - ♦ Regulation of the use of anabolic steroids, including revised conditions of sale for auction companies to facilitate testing for anabolic steroids at sales, and
 - ♦ The incorporation of the new international thresholds and screening limits for the purposes of the Australian Rules of Racing.

International Federation of Horseracing Authorities (IFHA)

- As one of two international veterinary members on the International Federation of Horseracing Authorities (IFHA) Advisory Council on Equine Prohibited Substances and Prohibited Practices and the IFHA Welfare Committee, Dr Suann represented Racing Australia and Racing NSW at meetings of both committees during the 20th International Conference of Racing Analysts and Veterinarians (ICRAV) held in Mauritius in September 2014. Matters considered included:
 - ♦ Updates to the IFHA list of harmonised International Screening Limits for a range of therapeutic medications commonly used in horses,
 - ♦ Wholesale revision of Article 6 (Biological Integrity

of the Horse) of the IFHA International Agreement to also include prohibited practices in racing and gene doping,

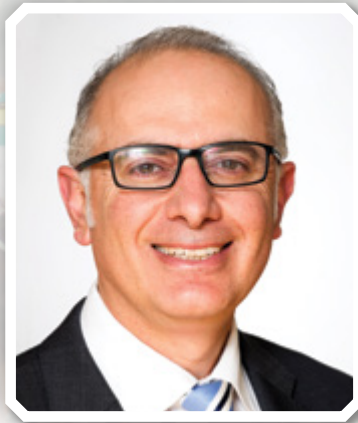
- ♦ International harmonisation of and best practice for testing for anabolic steroids,
- ♦ Research into the development of urine and blood threshold levels for cobalt,
- ♦ A blood plasma threshold for testosterone,
- ♦ "Residue limits" for environmental and feed contaminants.
- ♦ The 20th ICRAV covered a comprehensive range of veterinary and analytical topics, including:
 - ♦ Injuries – management, prevention, reporting;
 - ♦ Equine welfare issues;
 - ♦ Research into the effects of the use of whips;
 - ♦ Pre-race veterinary inspections;
 - ♦ Exertional heat illness;
 - ♦ New drug detection methods and instruments;
 - ♦ Gene therapies and gene doping;
 - ♦ Cobalt;
 - ♦ Detection of new drugs, including for peptide hormones, designer steroids, snake venoms, dermorphin, GABA, SARMS and SERMS, AICAR, ITPP, relaxin;
- Detection of natural substances and hormones, including the NSW and UK experience with testosterone in geldings;
- TCO2 testing;
- The detection of AICAR, including a threshold level; and
- The ongoing assistance and commitment of veterinary colleagues providing official veterinary services at racetracks around NSW is gratefully acknowledged.

Racing NSW Animal Care and Ethics Committee (ACEC)

The Racing NSW Animal Care and Ethics Committee (ACEC) was established in compliance with 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 three research proposals during the reporting period. Included in these proposals was one that facilitated ongoing drug administration trials that would assist the laboratory in improving its drug testing capabilities.



John Keledjian
General Manager - ARFL

Function and Accreditation

The primary role of the 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 2014 TO 30 JUNE 2015

	Total urine	Total Blood	TCO2 tests	OC tests	Prohibited Substances Detected
Metro T'breds NSW	1737	4856	2996	-	6 (1)*
Provincial T'breds NSW	1414	1570	1170	-	2
Country T'breds NSW	3575	1601	761	-	9 (1)*
Other clients	8742	4255	2599	-	84
TOTAL	15468	12282	7526	-	101
Out of Competition T'breds				388	0
Out of Competition Others	-	-	-	100	0
TOTAL				488	0

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

Human urine samples collected from jockeys, trackriders and stablehands are also tested for banned substances in accordance with AR81B.

Horse handlers were tested this year in accordance with AR81BB. Approximately 8.2% of these samples were found to contain banned substances.

This year the ARFL reported a first time detection of a synthetic cannabinoid metabolite in two samples (Table 2).

TABLE 2 – HUMAN SAMPLES STATISTICS 1 JULY 2014 TO 30 JUNE 2015

Human Samples	Urine	Banned Substances Detected
Metropolitan NSW	93	13
Provincial NSW	66	3
Country NSW	264	22
Other Racing NSW	30	1
Other clients	56	3
TOTAL	509	42

ARFL also performs referee counter analyses to confirm the findings of other Australian and International racing laboratories. From 1 July 2014 to 30 June 2015 this totalled 49 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.

The quality of ARFL research is reflected by publication in international peer-reviewed journals and conference proceedings. The ARFL research portfolio currently has seven major collaborations with six different institutions.

Racing NSW Equine Biological Passport (EBP)

A new research focus in 2014/15 has been the establishment of the analytical component for the Racing NSW Equine Biological Passport (EBP).

There are five scientific platforms underpinning this, namely; haematology, genetics-transcriptomics, proteomics, metabolomics and steroidomics that provide comprehensive information about the biological system in real time.

The data generated is evaluated using appropriate modelling to update each individual Thoroughbred's passport information. It is envisaged that up to 100 biomarkers may be included in the EBP by 2020.

Testing for the EBP was implemented for the 2015 Sydney Autumn Carnival and The Championships with 366 blood and 34 urine samples analysed. In addition at the request of Racing NSW Stewards, 109 samples have been frozen at -80 degrees Celsius for re-testing at a later stage when additional biomarkers are included in the EBP.

At the request of the Racing NSW Chairman and the Chief Executive, tactical testing was initiated to complement the EBP during the Autumn Carnival and The Championships to compare analytical profiles for samples collected at the time of acceptance and raceday.

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

ARFL was responsible for the world-first report of a selective androgen receptor modulator (SARM) in an equine blood sample received from Darwin Turf Club.

The presence of andarine (S-4) was confirmed at levels less than 1 ng/mL using the sophisticated High Resolution Accurate Mass Spectrometry instrumentation purchased by Racing NSW in 2012.

SARM's are a new class of drug that, while structurally distinct from anabolic steroids, mimic the pharmacological effects of testosterone and therefore pose a threat to integrity in sport.

The significance of the SARM finding was acknowledged by delegates attending the International Conference of Racing Analysts and Veterinarians (ICRAV) held during September 2014 in Mauritius.

Dr Adam Cawley (Science Manger) and Stacey Richards (Senior Scientist-Research) represented ARFL at this premier forum for racing science.

ARFL and Racing NSW contributed to, and were joint authors for, an impressive seven scientific presentations during the analyst sessions, demonstrating the high level of R&D activity undertaken in recent years.

The scope of testing conducted on blood samples at the ARFL was increased this year to accommodate the rules banning the use of anabolic steroids (AR178H). An additional 273 samples were analysed for the presence of anabolic steroids for both Racing NSW and external clients.

At the request of Racing NSW Stewards, equine urine samples were analysed by the National Measurement Institute to detect the presence of cobalt in accordance with AR178C(1)(I) against the threshold level of 200 micrograms per litre in urine.

Additional Clients

ARFL's major external clients during the July 2014-June 2015 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.

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 back in 2003.

BOBS continues to get stronger each year, having paid out 1333 bonuses for the 2013/14 season; totalling \$10.66 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.

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

- Racing NSW has paid out more than \$96 million in bonus prizemoney since BOBS began 12 years ago;
- Of the BOBS bonuses won, two-year-old horses won 178 (15%) and three-year-old horses accounted for 1000 (85%) wins;
- In 2013/14, BOBS Extra bonuses were won on 211 occasions with a total of in excess of \$4.5 million having been distributed through BOBS Extra;
- 8 of the 11 leading sires by value of bonuses are Australian-bred; and
- Since the Double-Up option was introduced in January 2005, more than \$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	74	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	151	175	150
Total	1131	1227	1333

BOBS EXTRA BONUSES WON BY NUMBER PER MONTH

	2011/12	2012/13	2013/14
August	15	15	23
September	18	20	25
October	14	14	21
November	13	21	20
December	25	21	14
January	13	16	16
February	14	13	22
March	9	14	15
April	13	11	13
May	10	6	15
June	10	6	13
July	10	9	14
Total	164	166	211

SEASON 2014/15 – BOBS BONUS WINNERS SIRES BY VALUE

Stallion	Standing at	Total Bonuses	Wins
Not A Single Doubt	Arrowfield Stud	45	\$360,000
Snitzel	Arrowfield Stud	45	\$331,250
I Am Invincible	Yarraman Park Stud	46	\$330,000
High Chaparral (Ire)	Deceased	31	\$240,000
Lonhro	Darley Stud	28	\$240,000
Choisir	Coolmore Stud	38	\$237,500
Northern Meteor	Deceased	32	\$230,000
Street Cry (Ire)	Darley Stud	27	\$210,000
Medaglia D'Oro (USA)	Darley Stud	26	\$195,000
Duporth	Kitchwin Hills Stud	28	\$185,000
Fastnet Rock	Coolmore Stud	23	\$180,000
Exceed And Excel	Darley Stud	16	\$180,000

BREEDER OWNER BONUS SCHEME (BOBS)

SEASON 2014/15 – BOBS EXTRA BONUS WINNERS SIRES BY VALUE

Stallion	Standing at	Total Bonuses	Wins
Teofilo (Ire)	Darley Stud	7	\$105,000
Casino Prince	Vinery Stud	13	\$81,250
Dylan Thomas (Ire)	Coolmore Stud	13	\$70,000
More Than Ready (USA)	Vinery Stud	6	\$60,000
Al Maher	Emirates Park Stud	5	\$60,000
Universal Prince	Baerami Thoroughbreds	4	\$46,250
Southern Image (USA)	Widden Stud	9	\$43,750

SEASON 2014/15 – BOBS BONUS WINNING HORSES BY VALUE

Horse	Sire	Trainer	Bonuses	Wins
Eisenhower	All American	Gai Waterhouse	4	\$55,000
Loved Up	Nicconi	Brett Cavanough	3	\$50,000
Tree Of Jesse	Street Cry (Ire)	Bart & James Cummings	3	\$50,000
Skyline Blush	Northern Meteor	Anthony Cummings	4	\$45,000
High Midnight	High Chaparral (Ire)	Bart & James Cummings	3	\$45,000
Kaepernick	Fastnet Rock	Michael, Wayne & John Hawkes	3	\$45,000
Marple Miss	Not A Single Doubt	Kris Lees	3	\$45,000
Surfin' Safari	Starspangledbanner	Paul Perry	4	\$40,000
Allegria	Medaglia D'Oro (USA)	John O'Shea	3	\$40,000
Sure And Fast	Not A Single Doubt	Bede Murray	2	\$40,000

SEASON 2014/15 – BOBS EXTRA BONUS WINNING HORSES BY VALUE

Horse	Sire	Trainer	Bonuses	Wins
Centre Pivot	More Than Ready (USA)	Sam Kavanagh	2	\$40,000
Malice	Teofilo (Ire)	John O'Shea	2	\$40,000
World Wide	Universal Prince	Bede Murray	2	\$40,000
Another Charger	Eavesdropper (USA)	Tas Morton	4	\$30,000
Cleansing Ale	Encosta De Lago	Michael, Wayne & John Hawkes	2	\$30,000
Terai	Teofilo (Ire)	John O'Shea	2	\$30,000
Majestic Beast	Southern Image (USA)	Kerry Parker	3	\$25,000
Surfin' Safari	Starspangledbanner	Paul Perry	4	\$40,000
Allegria	Medaglia D'Oro (USA)	John O'Shea	3	\$40,000
Sure And Fast	Not A Single Doubt	Bede Murray	2	\$40,000

SEASON 2014/15 – LEADING BOBS WINNING TRAINER

Trainer	Location	Bonuses	Value
John O'Shea	Randwick	73	\$660,000
Chris Waller	Rosehill	56	\$545,000
Gai Waterhouse	Randwick	60	\$505,000
Kris Lees	Newcastle	49	\$380,000
Gerald Ryan	Rosehill	38	\$295,000
Paul Perry	Newcastle	37	\$225,000
Bart & James Cummings	Randwick	21	\$200,000
Michael, Wayne & John Hawkes	Rosehill	19	\$185,000
Jason Coyle	Warwick Farm	25	\$170,000
Joseph Pride	Warwick Farm	24	\$160,000
Rodney Northam	Scone	22	\$160,000

SEASON 2014/15 – LEADING BOBS EXTRA WINNING TRAINER

Trainer	Location	Bonuses	Value
John O'Shea	Randwick	8	\$115,000
Kerry Parker	Kembla Grange	8	\$50,000
Sam Kavanagh	Rosehill	2	\$40,000
Bede Murray	Conjola	2	\$40,000
Connie Greig	Windsor	7	\$35,000
Tas Morton	Port Macquarie	5	\$35,000
Ruth Cooper	Moonbi	7	\$31,250

APPEALS

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

Appeal Panel Members

Mr Ross Clugston (Principal Member)	
Mr Richard Beasley SC	Mr David Campbell SC
Mr Thomas Carlton	Mr Cliff Clare
Mr Tim Hale SC	Mr John Fletcher
Mr Kevin Langby	Mr David McKee

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 19 occasions during 2014/15 and Mr Ross Clugston chaired the Panel on 16 occasions, Mr Tim Hale SC on two and Mr Richard Beasley SC on the other occasion.

Within those 19 sittings there were 77 charges Appealed. The Appeal on a further 15 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	14	63	19	15	1	92
Racing Association	-	-	-	-	-	-

Summary of Charges Applicable to Appeal Cases Lodged

RULE	DESCRIPTION	AMOUNT
AR39	No person shall act in an official capacity as Steward, Veterinary Surgeon, Handicapper, Judge, Starter, Clerk of the Course, Clerk of the Scales, Farrier, Barrier Attendant or Timekeeper, or as Assistants or Deputies of any of the above in respect of any race in the result of which he has a pecuniary interest.	3
AR81A(1)(a)	Any rider commits an offence and may be penalised if — a sample taken from him is found upon analysis to contain a substance banned by AR 81B.	3
AR81A(1)(b)	Any rider commits an offence and may be penalised if — he refuses or fails to deliver a sample as directed by the Stewards, or tampers with, adulterates, alters, substitutes or in any way hinders the collection of such sample or attempts to do any of those things.	1
AR135(b)	The rider of every horse shall take all reasonable and permissible measures throughout the race to ensure that his horse is given full opportunity to win or to obtain the best possible place in the field.	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.	17
AR137(d)	Any rider may be penalised if, in the opinion of the Stewards, he excessively slows, reduces or checks the speed of his horse thereby causing interference, directly or indirectly, to any other horse in the race.	1
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.	4

APPEALS

RULE	DESCRIPTION	AMOUNT
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(gg)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalise any person who makes any false or misleading statement or declaration in respect of any matter in connection with the administration or control of racing.	1
AR175(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.	20
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.	5
AR175(y)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalise any person who in their opinion is guilty of sexual harassment of a person employed, engaged or participating in the racing industry.	1
AR175A	Any person bound by these Rules who either within a racecourse or elsewhere in the opinion of the Committee of any Club or the Stewards has been guilty of conduct prejudicial to the image, or interests, or welfare of racing may be penalised.	3
AR177B(1)(a)	When a sample taken at any time from a horse being trained by a licensed person has detected in it any prohibited substance specified in sub-rule (2) the trainer and any other person who was in charge of such horse at the relevant time may be penalised unless he satisfies the Stewards that he had taken all proper precautions to prevent the administration of such prohibited substance.	1
AR177B(6)	Any person who, in the opinion of the Stewards, administers, attempts to administer, causes to be administered or is a party to the administration of, any prohibited substance specified in sub-rule (2) to a horse being trained by a licensed trainer must be penalised in accordance with AR196(5).	1
AR178	Subject to AR 178G, when any horse that has been brought to a racecourse for the purpose of engaging in a race and a prohibited substance is detected in any sample taken from it prior to or following its running in any race, the trainer and any other person who was in charge of such horse at any relevant time may be penalised.	25
TOTAL		92

REPRESENTATION TABLE

	Dismissed	Upheld
Represented by Solicitor/Master	59	9
Represented Self	4	5
Total	63	14

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 four Appeals lodged to the Racing Appeals Tribunal during 2014/15 which comprised eight charges:

Presided Over By	Dismissed	Upheld	Withdrawn
Mr D Armati	6	1	-
Mr I McRae	1	-	-
Total	7	1	-



Maurice Logue
General Manager – Jockey
Safety & Welfare

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 jockey's 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 fall, Racing NSW has created the position of Jockey Safety Officer. Former top jockey Maurice Logue has been appointed to this important role.

In the event of a race accident, Maurice is immediately advised of any injuries by the relevant 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

	2012/13	2013/14	2014/15
August	2	10	8
September	3	10	10
October	7	11	10
November	7	17	10
December	11	9	7
January	7	13	11
February	9	9	5
March	7	6	4

	2012/13	2013/14	2014/15
April	8	5	5
May	6	7	9
June	4	7	10
July	10	9	4
Total	81	113	93

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 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

	2012/13	2013/14	2014/15
August	0	0	0
September	0	1	0
October	1	0	1
November	0	0	1
December	1	0	0
January	0	1	0
February	1	1	1
March	0	1	0
April	0	1	0
May	1	1	1
June	1	1	0
July	1	1	0
Total	6	8	4

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 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.

Maurice Logue (Racing NSW Jockey Welfare Officer) acts as Secretary of the Trust. The Trust is overseen by a distinguished Board of Trustees who devotes their time on a voluntary basis.

The following Trustees were in office during the 2015 Financial Year:

- Mr Robert Ward, AM, *Current Chairman*
- Mr Keith Bulloch, *Current Trustee*
- Mr Ian Craig, OAM, *Current Trustee*
- Ms Kylie-Jane Menzies, *Current Trustee*
- Mr John Muir, *Current Trustee*
- Mr Mark Newnham, *Current Trustee*

During 2014/15, \$45,346 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 2014/15, \$81,522 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 2012, the Jockeys Assistance Program has provided NSW and ACT jockeys, apprentices and their families with free 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, 26 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.

\$19,998 in total was distributed from the JBS Discretionary Fund during the 2014/15 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 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, Child Care, Fitness and Racehorse Trainer.

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

2015 witnessed the second year of The Championships – termed the Grand Finals of Australian racing – held at Royal Randwick on 6 and 11 April, and featuring 12 'Championship' races across age and distance stages.

Inaugurated in 2014, this year's event was again supported by the NSW Government which generously provided \$10 million to fund additional prizemoney which totalled \$19.6 million.

The 12 The Championships races featured eight Group One races and the newly launched finals of The Country & Provincial Championships.

The build-up to The Championships involved the successful refurbishment of Canterbury Park Racecourse as an approved international quarantine facility, an important achievement that will help to attract and accommodate International contenders from overseas in the future. This year's contenders arrived from Hong Kong, Japan and the UK.

The partnership between Racing NSW and Australian Turf Club for The Championships was strengthened by the development of a marketing sub-committee that worked on joint initiatives to promote and enhance the event.

Strategies and achievements for 2015 included:

- The launch of The Country & Provincial Championships;
- The appointment of Francesca Cumani as The Championships Ambassador;
- Recruitment of a dedicated GM Marketing, and The Championships Coordinator;
- The publishing of a 2015 brochure that was distributed internationally and domestically;
- The appointment of new creative and media partners to establish a marketing campaign independent of the Golden Slipper campaign;
- Refurbishment of Canterbury Racecourse as an approved International Quarantine facility;
- The launch at Cerrone of a new design for The Championships trophies and introduction of a Country & Provincial Series trophy; and
- The procurement of marketing assets to include teardrop banners, saddle cloths, strapper's bibs, floral garlands, corflute signage and uniform items to enhance all The Championships events.

The Championships 2015 featured some of the best racing that Sydney has witnessed in the autumn. Unfortunately, inclement weather on the scheduled Day 1 (Saturday 4 April) resulted in a postponement to Monday 6

April and this, together with the Easter weekend, did have a negative impact on attendance and wagering from last year.

The Country & Provincial Championships

A new and exciting development for this year was the launch of The Country & Provincial Championships.

A series of eight Country and five Provincial qualifying races, each worth \$100,000, were held in March-April 2015 with the qualifying horses competing for a final \$300,000 race in Sydney.

2015 COUNTRY CHAMPIONSHIPS

DATE	VENUE	DISTANCE	REGION
Sun 1 March	Bathurst	1400m	Central Districts
Fri 6 March	Port Macquarie	1200m	Mid North Coast
Thur 12 March	Tamworth	1400m	Hunter & North West
Sun 15 March	Wagga Wagga	1400m	Southern Districts
Fri 20 March	Grafton	1400m	Northern Rivers
Fri 20 March	Goulburn	1400m	South-East
Sun 22 March	Dubbo	140mm	Western
Sun 29 March	Muswellbrook	1400m	Wild Card
Mon 6 April*	ROYAL RANDWICK	1400m	FINAL

*Postponed from Saturday 4 April

2015 PROVINCIAL CHAMPIONSHIPS

DATE	VENUE	DISTANCE
Thur 5 March	Wyong	1350m
Fri 13 March	Kembla Grange	1400m
Wed 18 March	Newcastle	1400m
Thur 26 March	Hawkesbury	1400m
Thur 2 April	Gosford	1200m
Sat 11 April	ROYAL RANDWICK	FINAL

Racing NSW worked in close partnership with each of the clubs involved, and provided a dedicated and supervised budget for advertising, entertainment, and for the introduction of a 'gourmet' barbecue at each venue, offering complimentary food to all racegoers.

The Country & Provincial qualifiers were supported by initiatives from Tabcorp and Channel 7.

Guest talent attended each meeting and Racing NSW offered a 'win a trip to Sydney' at each raceday.

Interest in the series was enormous. It proved extremely successful and generated strong increases in attendance and wagering throughout.

2015 COUNTRY & PROVINCIAL CHAMPIONSHIPS

	2014*	2015	% Increase
Country Championships Attendance	2,579	9,188	+356%
Provincial Championships Attendance	5,157	5,967	+116%
Country & Provincial Wagering	\$63,063,391	\$75,464,975	+20%

* Regular racedays prior to Country & Provincial Championships.

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, which rehabilitates retired racehorses and inmates alike.

Through sponsorship, donations and merchandise sale, the TRT raised nearly \$46,000 in 2014/15.

There were over 40 former racehorses rehomed through the program this year, and since its inception in late 2011, the TRT has helped rehome over 175 retrained Thoroughbreds.

Weekly Communications – Front Runner, Media Update & Owners Email

The weekly e-Newsletter Front Runner is sent to over 13,000 subscribers each week with a mix of stories, tips, prizes and insights into the industry.

Open rates of the newsletter have continued to remain

strong in 2015 as we have focused on providing more interesting information delivered in a timely manner. The prizes offered through the newsletter also continue to prove very popular with readers.

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

The owners email service was upgraded after its introduction in 2014, with the owners of all horses running in NSW receiving an automated results email after the running of each race, linking to a race replay.

The Nominations email sent prior to each race meeting is now also automated and continues to provide owners with all the information they need when they have a runner in NSW.

Form

As well as the recent development of better online form available through the Racing NSW website, the marketing team also works in partnership with the print form guide providers, such as 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 through daily papers, and in their digital versions, along with freely available print and online form guides for racing in NSW.

Website and Digital Enhancements

The marketing team has worked closely with the IT Department to assist with the development and launch of several major enhancements.

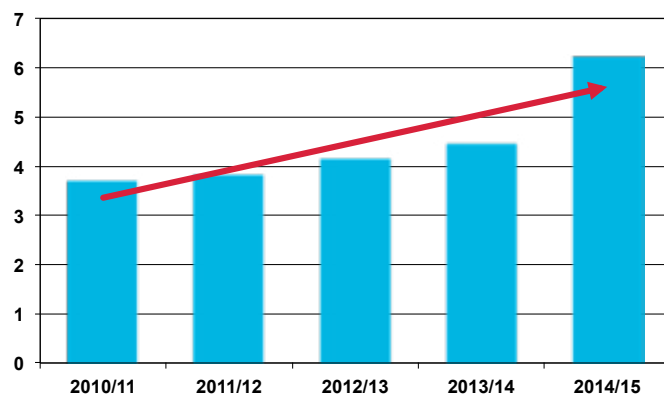
These improvements have included the introduction of video form and race replays on all NSW TAB race meetings, the inclusion of live racing integrated on the homepage of racingnsw.com.au, and the re-launch of the



Racing NSW App and mobile website.

These enhancements now help to provide comprehensive information on NSW Thoroughbred racing across a variety of digital platforms in a user-friendly intuitive format.

TOTAL WEBSITE VISITS (IN MILLIONS)



TAB Saddle Up Sundays

The TAB Saddle Up Sundays program has now been running for five years. Sponsored by TAB, the objective of this monthly series of Country race meetings is to engage the local community, support and encourage marketing activations and new initiatives, and to increase both attendance and wagering.

In 2014/15, 11 Clubs were selected to host a TAB Saddle Up Sundays meeting:

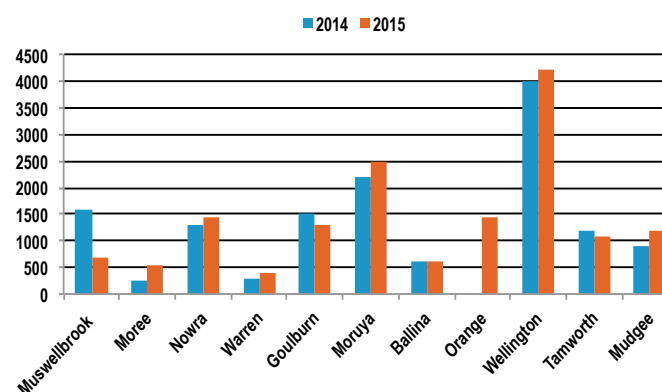
DATE	HOST CLUB	FEATURE RACE
10/08/2014	Muswellbrook Race Club	Bengalla Cup
7/09/2014	Moree Race Club	Moree Cup
19/10/2014	Shoalhaven City Turf Club	Mollymook Cup
23/10/2014	Goulburn & District Racing Club	Goulburn Cup
21/12/2014	Moruya Jockey Club	Community Christmas Cup
18/01/2015	Ballina Jockey Club	Irish Nielsen Memorial
15/02/2015	Orange & District Picnic Race Club	Family Fun Day
29/03/2015	Wellington Race Club	Wellington Boot
26/04/2015	Tamworth Jockey Club	Tamworth Cup
30/05/2015	Mudgee Race Club	Gooree Cup
28/06/2015	Coonamble Turf Club	MEETING CANCELLED

The attendance figures for the 2014/15 TAB Saddle Up Sundays series as a whole showed an increase in attendance of 15.32%.

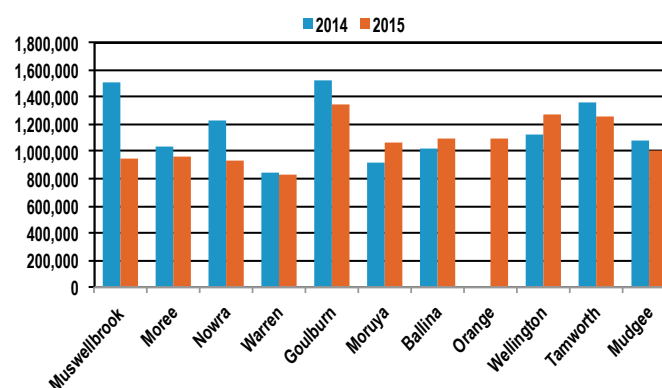
The wagering figures for the 2014/15 TAB Saddle Up Sundays series as a whole showed an increase in wagering of 11.50%.

This included figures for Orange who had not previously hosted a comparative meeting.

GRAPH 1. TAB SADDLE UP SUNDAYS 2014/15 ATTENDANCE



GRAPH 2. TAB SADDLE UP SUNDAYS 2014/15 WAGERING TURNOVER



Applications of interest to host a 2015/16 Saddle Up Sundays meeting were received from a total of 19 clubs. This was a decrease on applications received previously.

Subject to confirmation, meetings will be hosted for the first time by Taree-Wingham Race Club and Albury Racing Club.

Media, Public Relations and Websites

The Media and PR 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 in Racing NSW Magazine.

The award will forever honour the late Mr Bart

Cummings AM, one of Australia's greatest ever racehorse trainers, who passed away in late August 2015, aged 87.

Final standings – 2014/15 Bart Cummings Medal

Chris Waller	88
James McDonald	62
Blake Shinn	56
Gai Waterhouse	52
Winona Costin	50
Hugh Bowman	46
Tommy Berry	38
John O'Shea	26
Sam Clipperton	25
Tim Clark	24
Brenton Avdulla	19
Kris Lees	19

Racing NSW also provides other awards such as the TJ Smith award (top Sydney trainer – Chris Waller), George Moore award (leading Sydney jockey – Hugh Bowman) and Theo Green award (top apprentice – Winona Costin).

Another popular award now into its fifth year is the Sydney Strapper of the Year award which was won by Vicki Scezsodi from the Bjorn Baker stable.

The final two awards given out by Racing NSW at the annual 'Racing's Night of Champions' is the BOBS Horse of the Year (Eisenhower) and the NSW Racing Writers' Personality of the Year.

This year jockey Blake Shinn was honoured, having received a commanding number of votes from racing writers to take out the award with the media stating: "Blake has been extremely obliging to interview requests and is always willing to promote the racing industry."

Social Media – Twitter

Racing NSW maintains a strong presence on Twitter with more than 8,400 followers. Since the introduction of the service more than 11,000 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 and also Racing NSW Magazine which has more than 500 followers @RacingNSWMagaz

Racing NSW Stewards also regularly post news and updates on their Twitter account with over 1,560 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 1,150 followers. You can find the Handicappers via – @RNSWHandicappers

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.

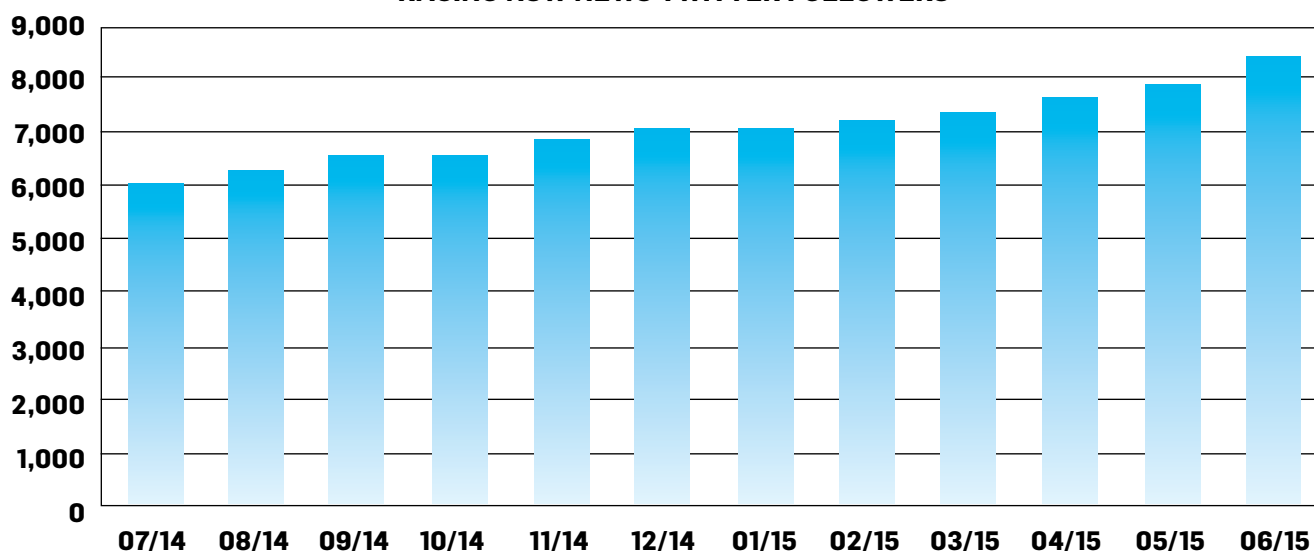
The group has been established as a unique addition to the industry, successfully hosting events such as racedays, bloodstock sales and stud tours, punting previews, fashion and millinery parades and various social gatherings.

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 1563 tweets for 1658 followers and 2473 likes on Facebook.

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 industry participants 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.

2014/15 Financial Performance

The Fund experienced an operating cash surplus of \$4.8 million for 2014/15 which is largely attributable to the following factors:

- Reduction in open claims. The size of the open claims portfolio reduced to 254 claims as at 30 June 2015. This is a reduction of 5.9% on the 270 claims that were open at 30 June 2014 and a 15.6% reduction on the 301 open claims at 30 June 2013;
- Continuing improvements in return to work outcomes. This has resulted in the earlier finalisation of claims and the consequent containment of claims costs. 65% of all claims received during 2014/15 have been resolved. The first year claim finalisation rate has risen significantly in recent years (from 40% in 2010) and is limiting the Fund's exposure to increased claims costs as claims develop over time;
- Amendments to NSW workers compensation legislation during 2012/13. These amendments focused on encouraging and assisting injured workers to make an early, safe and durable return to work. The

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 surplus is a dividend of \$1.37 million received from the liquidators of the collapsed HIH Group. In the years leading up to its collapse HIH was the workers compensation reinsurer for Racing NSW. 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 35c in the dollar which exposes the Fund to a significant future liability; and

- Amendments were 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 have been required to hold a policy following the removal of a wages threshold that had applied since 2008. The amendment has allowed the Fund's premium burden to be distributed more equitably across all industry employers and has also resulted in an increase in revenue from workers compensation related activity fees which are now spread across a broader base of stakeholders.

The Fund's sound financial performance during 2014/15 allows for the following:

- Further reductions 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; and
- Offset against historical accumulated Fund losses.

The Fund's accumulated cash operating losses peaked at \$9.2 million at the end of the 2010/11 financial year. This deficit has been eroded by subsequent operating surpluses with this year's financial performance

SUMMARY OF ACTUARIAL ESTIMATE OF OUTSTANDING CLAIMS LIABILITIES

	Estimate of Liability as at 30 June 2015 (\$m)	Projected Estimate of Liability as at 30 June 2014 (2013 Valuation) (\$m)	Estimate of Liability as at 30 June 2014 (\$m)	Projected Estimate of Liability to 30 June 2016 (2014 Valuation) (\$m)
Net Central Estimate ¹	32.2	34.5	33.3	33.5
Risk Margin	6.4	6.9	6.7	6.7
Outstanding Claims Provision ²	38.6	41.4	40.0	40.2

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

extinguishing the deficit and delivering for the first time an overall surplus which at 30 June 2015 was \$2.5 million.

2014/15 Actuarial Assessment

The actuarial central estimate of Racing NSW's outstanding workers compensation claims liability as at 30 June 2015 is \$32.2 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 3.25% p.a. (down from 4.0% in 2014) and is discounted at 3.2% p.a. (a reduction of 1.4% from 2014) to allow for future investment income earned between the valuation date and expected payment date.

The reduction in the discount rate implies reduced investment earnings and increases the assessed liability. This has been offset to some extent by the reduced inflation rate which contains the assessment of future claims costs.

A 13.7% increase in the new claims incidence for 2014/15 (compared to 2013/14) had an adverse impact

on the actuarial valuation. However, this increase in projected liability was overwhelmed by the following favorable outcomes:

- 8% decrease in the average claims cost;
- 5.9% decrease in the open claims portfolio;
- Increase in reinsurance and third party recoveries; and
- Lower than projected claims payments.

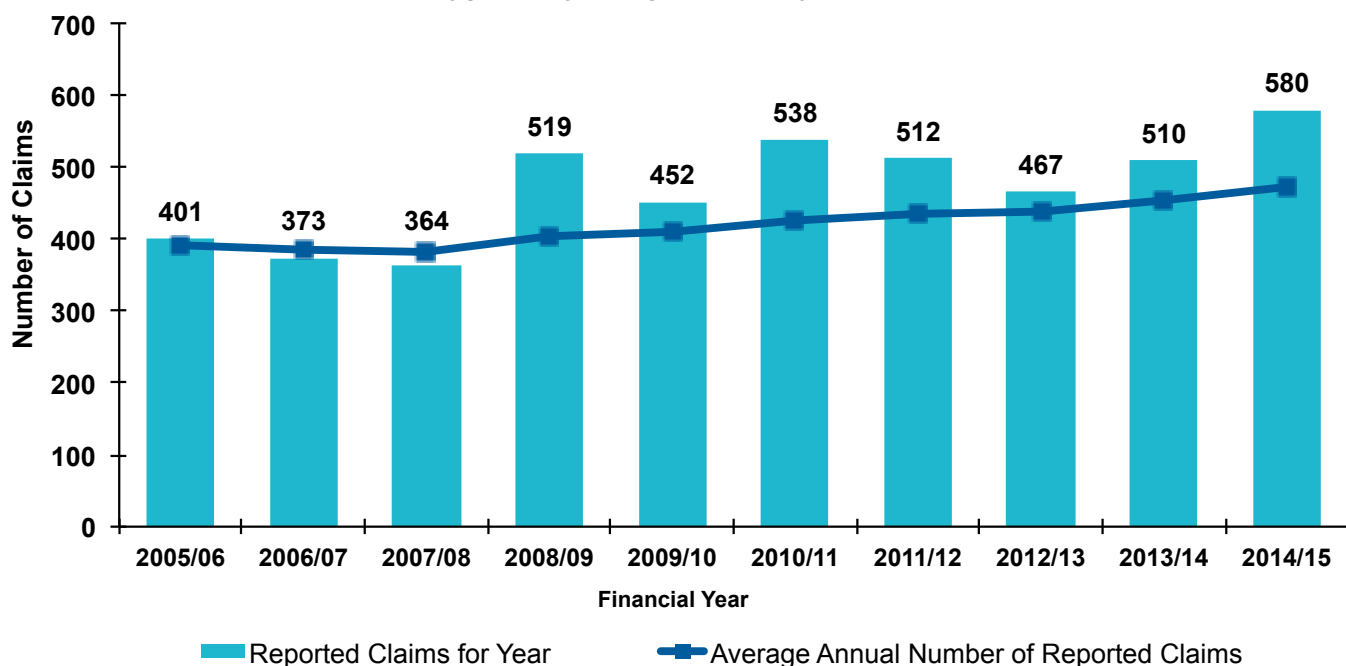
The net provision for outstanding claims liability inclusive of 20% prudential margin as at 30 June 2015 is \$38.6 million. This represents a decrease of \$1.4 million from the 2014 provision of \$40 million. The actuarial provision of outstanding claims liability at 30 June 2015 is \$2.8 million lower than the projected estimate of \$41.4 million from the 2014 actuarial valuation.

The Fund's net liability to 30 June 2016 is projected to increase to \$40.2 million which represents an increase of \$1.6 million on the valuation at 30 June 2015.

Claims Incidence

There were 580 workers compensation claims received during 2014/15 which represented a 13.7% increase on the 510 claims received during 2013/14.

INCURRED CLAIMS BY FINANCIAL YEAR



INSURANCE

The claims incidence during 2014/15 was 11.3% higher than the average claims incidence of 521 claims across the last five claim years.

The size of the open claims portfolio reduced to 254 claims as at 30 June 2015. This is a reduction of 5.9% on the 270 claims that were open at 30 June 2014.

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

Claim Profiles

Racing NSW is committed to identifying injury trends and formulating prevention strategies specific to the NSW 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 an important insight into the nature of workers compensation claims lodged in 2014/15.

2014/15 CLAIMS BY MECHANISM OF INJURY

Falls from a horse (or other height)	221	38.10%
Being struck by a horse	188	32.41%
Muscular stress while lifting, carrying or handling	56	9.66%
Being trapped between stationary and moving objects	32	5.52%
Hitting stationary objects	16	2.76%
Contact with machinery or moving objects	16	2.76%
Falls on the same level (slips and falls)	12	2.07%
Being hit by falling objects	11	1.90%
Rubbing and chafing	7	1.21%
Assault while at work	4	0.69%
Being bitten by a horse	4	0.69%
Muscular stress with no objects being handled	3	0.52%
Prolonged noise exposure	2	0.34%
Exposure to chemicals or poison	2	0.34%
Being hit by a person accidentally	1	0.17%
Insect and spider bites and stings	1	0.17%
Exposure to mechanical vibration	1	0.17%
Other or unspecified mechanisms of injury	3	0.52%
TOTAL	580	100.00%

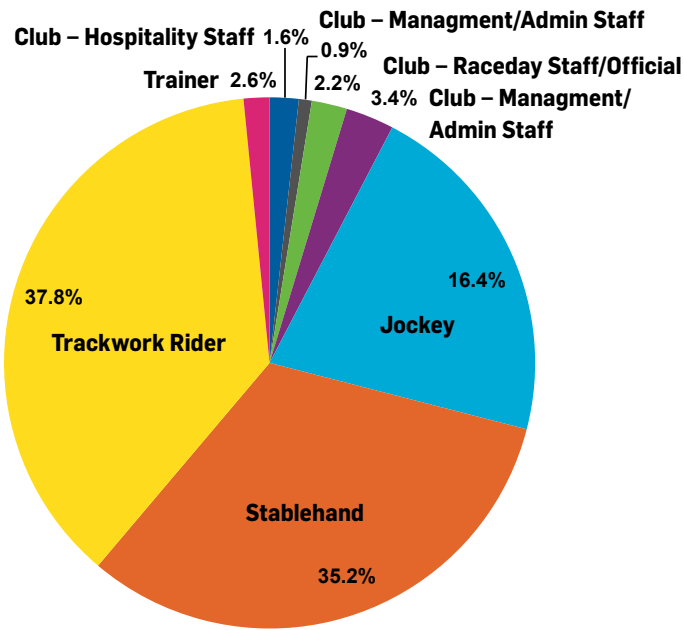
2014/15 CLAIMS BY INJURY TYPE

Sprain, Strain or Soft Tissue Injury	187	32.24%
General Fractures	91	15.69%
Contusion, bruising and superficial crushing	88	15.17%
Trauma to muscles and tendons	62	10.69%
Trauma to joints and ligaments	36	6.21%
Laceration or open wound	29	5.00%
Fractured skull and facial bones	17	2.93%
Brain (including concussion)	17	2.93%
Multiple injuries	13	2.24%
Dislocation	8	1.38%
Superficial injury	7	1.21%
Fractured vertebrae	7	1.21%
Foreign body in eye	8	1.41%
Internal injury of chest, abdomen or pelvis	3	0.52%
Burns (Friction)	2	0.34%
Deafness	2	0.34%
Psychological Injury	2	0.34%
Poisoning and toxic effects of substances	2	0.34%
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	580	100.00%

2014/15 CLAIMS BY BODY PART

Back	73	12.59%
Leg	64	11.03%
Shoulder	53	9.14%
Hand/Fingers	49	8.45%
Knee	44	7.59%
Foot/Toes	43	7.41%
Neck	30	5.17%
Face/Nose	29	5.00%
Head (simple frank injury)	27	4.66%
Ankle	25	4.31%
Wrist	19	3.28%
Ribs	15	2.59%
Specified multiple locations	15	2.59%
Head with concussion	14	2.41%
Chest/Trunk	12	2.07%
Arm	12	2.07%
Mouth/Tooth	12	2.07%
Elbow	11	1.90%
Eye	9	1.55%
Hip	7	1.21%
Pelvic Bones, Muscles and Tendons	4	0.69%
Brain	3	0.52%
Abdomen	3	0.52%
Ear	3	0.52%
Internal Organs	2	0.34%
Psychological	2	0.34%
TOTAL	580	100.00%

2014/15 CLAIMS BY OCCUPATION OF INJURED WORKER



The profile of the 2014/15 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 (40.4% of injuries);
- the most common mechanisms of injury are falls from horses (38.1%) and being struck in some manner by a horse (32.4%); and
- injuries most commonly sustained are sprains, strains and soft tissue injuries (32.2% 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 3 year audit cycle. The Work Health and Safety Loss Management Program will be subject to further formal WorkCover audit in late 2016.

General Insurance and Public Liability

In 2014/15 Racing NSW again negotiated annual placement of public liability, property and other business insurance on behalf of Thoroughbred race clubs registered in NSW and also the Canberra Racing Club. 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.

As part of the competitive tender process for insurance brokers in May 2014, there were significant premium savings achieved for the 2014/15 year, as well as improvements in key policy terms and excess levels.

Furthermore, in conjunction with insurance brokers Gow-Gates, Racing NSW has continued to provide timely and professional claims and policy management services to race clubs throughout 2014/15.

2014/15 included a number of significant weather related property damage claims, however, all other policies had positive years in terms of claims made which continues to keep downward pressure on premiums.

2014/15 again included no claims being made against the Public and Products Liability policy, which was a reflection of the efforts made by Racing NSW and the race clubs to maintain a safe environment on-course at all times.



NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
1	GOLDEN ROSE STAKES	1400	1,000,000	HALLOWED CROWN	B & J CUMMINGS
1	GEORGE MAIN STAKES	1600	350,000	SACRED FALLS	CHRIS WALLER
1	EPSOM HCP	1600	500,000	HE'S YOUR MAN	CHRIS WALLER
1	THE METROPOLITAN	2400	400,000	OPINION	CHRIS WALLER
1	FLIGHT STAKES	1600	400,000	FIRST SEAL	JOHN P THOMPSON
1	SPRING CHAMPION STAKES	2000	400,000	HAMPTON COURT	GAI WATERHOUSE
1	CHIPPING NORTON STAKES	1600	500,000	CONTRIBUTER	JOHN O'SHEA
1	RANDWICK GUINEAS	1600	600,000	HALLOWED CROWN	B & J CUMMINGS
1	CANTERBURY STAKES	1300	500,000	COSMIC ENDEAVOUR	GAI WATERHOUSE
1	COOLMORE CLASSIC	1500	600,000	PLUCKY BELLE	PETER MOODY
1	GOLDEN SLIPPER STAKES	1200	3,500,000	VANCOUVER	GAI WATERHOUSE
1	GEORGE RYDER STAKES	1500	1,000,000	REAL IMPACT (JPN)	NORIYUKI HORI
1	RANVET STAKES	2000	500,000	CONTRIBUTER	JOHN O'SHEA
1	ROSEHILL GUINEAS	2000	500,000	VOLKSTOK'N'BARRELL	DONNA LOGAN
1	THE GALAXY	1100	400,000	SWEET IDEA	GAI WATERHOUSE
1	THE BMW	2400	1,500,000	HARTNELL	JOHN O'SHEA
1	VINERY STUD STAKES	2000	400,000	FENWAY	L & S HOPE
1	DONCASTER MILE*	1600	3,000,000	KERMADEC (NZ)	CHRIS WALLER
1	T J SMITH STAKES*	1200	2,500,000	CHAUTAUQUA	M, W & J HAWKES
1	ATC AUSTRALIAN DERBY*	2400	2,000,000	MONGOLIAN KHAN	MURRAY BAKER
1	ATC SIRES PRODUCE STAKES*	1400	1,000,000	PRIDE OF DUBAI	P & P SNOWDEN
1	QUEEN ELIZABETH STAKES*	2000	4,000,000	CRITERION (NZ)	D HAYES & T DABERNIG
1	ATC OAKS*	2400	1,000,000	GUST OF WIND (NZ)	JOHN SARGENT
1	SYDNEY CUP*	3200	1,600,000	GRAND MARSHAL (GB)	CHRIS WALLER
1	QUEEN OF THE TURF STAKES*	1600	1,000,000	AMANPOUR	GAI WATERHOUSE
1	CHAMPAGNE STAKES	1600	400,000	PASADENA GIRL (NZ)	PETER MOODY
1	ALL AGED STAKES	1400	400,000	DISSIDENT	PETER MOODY
2	MISSILE STAKES	1200	175,000	SWEET IDEA	GAI WATERHOUSE
2	WARWICK STAKES	1400	175,000	TIGER TEES	JOSEPH PRIDE
2	SILVER SHADOW STAKES	1200	175,000	BRING ME THE MAID	PETER MOODY
2	CHELMSFORD STAKES	1600	175,000	HAWKSPUR	CHRIS WALLER
2	FURIOUS STAKES	1200	175,000	WINX	CHRIS WALLER
2	TRAMWAY HCP	1400	175,000	LUCIA VALENTINA	KRIS LEES
2	THEO MARKS STAKES	1400	200,000	CLUSTER	P & P SNOWDEN
2	HILL STAKES	2000	200,000	JUNOOB	CHRIS WALLER
2	THE SHORTS	1100	200,000	TERRAVISTA	JOSEPH PRIDE
2	TEA ROSE STAKES	1400	175,000	FIRST SEAL	JOHN P THOMPSON
2	STAN FOX STAKES	1500	200,000	SHOOTING TO WIN	P & P SNOWDEN
2	SHANNON STAKES	1500	175,000	ROCK STURDY	JOSEPH PRIDE
2	PREMIERE STAKES	1200	200,000	FAMOUS SEAMUS	NOEL MAYFIELD-SMITH
2	ROMAN CONSUL STAKES	1200	175,000	BRAZEN BEAU	CHRIS WALLER
2	VILLIERS STAKES	1600	175,000	RUDY	HELEN PAGE

NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
2	EXPRESSWAY STAKES	1200	200,000	WEARY	CHRIS WALLER
2	BREEDERS' CLASSIC	1200	175,000	CATKINS	CHRIS WALLER
2	APOLLO STAKES	1400	250,000	CONTRIBUTER	JOHN O'SHEA
2	LIGHT FINGERS STAKES	1200	175,000	ADRIFT	GAI WATERHOUSE
2	SILVER SLIPPER STAKES	1100	250,000	HEADWATER	M, W & J HAWKES
2	HOBARTVILLE STAKES	1400	200,000	HALLOWED CROWN	B & J CUMMINGS
2	MILLIE FOX STAKES	1300	175,000	CATKINS	CHRIS WALLER
2	SURROUND STAKES	1400	175,000	FIRST SEAL	JOHN P THOMPSON
2	SKYLINE STAKES	1200	175,000	EXOSPHERE	JOHN O'SHEA
2	SWEET EMBRACE STAKES	1200	175,000	ALWAYS ALLISON	CHRIS WALLER
2	CHALLENGE STAKES	1000	400,000	MIRACLES OF LIFE	P & P SNOWDEN
2	REISLING STAKES	1200	300,000	ENGLISH	GAI WATERHOUSE
2	TODMAN STAKES	1200	300,000	VANCOUVER	GAI WATERHOUSE
2	PHAR LAP STAKES	1500	175,000	WINX	CHRIS WALLER
2	AJAX STAKES	1500	175,000	BURBERO	BJORN BAKER
2	MAGIC NIGHT STAKES	1200	175,000	SPEAK FONDLY	GAI WATERHOUSE
2	PAGO PAGO STAKES	1200	175,000	TARQUIN	JOHN O'SHEA
2	TULLOCH STAKES	2000	175,000	HAURAKI	JOHN O'SHEA
2	EMANCIPATION STAKES	1500	175,000	CATKINS	CHRIS WALLER
2	CHAIRMAN'S HANDICAP	2600	300,000	TREMEC (NZ)	JOHN P THOMPSON
2	ARROWFIELD 3YO SPRINT*	1200	500,000	DELECTATION	CHRIS WALLER
2	SAPPHIRE STAKES	1200	300,000	AVOID LIGHTNING	LES BRIDGE
3	SAN DOMENICO STAKES	1100	125,000	NOSTRADAMUS	M, W & J HAWKES
3	UP AND COMING STAKES	1300	125,000	SCISSOR KICK	PAUL MESSARA
3	SHOW COUNTY QUALITY HCP	1200	125,000	TERRAVISTA	JOSEPH PRIDE
3	TOY SHOW F-&-M QLTY HCP	1300	125,000	MY SABEEL	KEVIN MOSES
3	THE RUN TO THE ROSE	1200	125,000	HALLOWED CROWN	B & J CUMMINGS
3	CONCORDE STAKES	1000	125,000	WOULDNT IT BE NICE	PAUL PERRY
3	MING DYNASTY QUALITY HCP	1400	125,000	PANZER DIVISION	PAUL MESSARA
3	KINGSTON TOWN STAKES	2000	125,000	HE'S YOUR MAN	CHRIS WALLER
3	SHERACO STAKES	1200	125,000	CATKINS	CHRIS WALLER
3	SPRING STAKES	1600	125,000	SWEYNESSE	JOHN O'SHEA
3	CAMERON HCP	1500	150,000	HOOKED	JOHN P THOMPSON
3	NEWCASTLE CUP	2300	175,000	DISCLAIMER	P & P SNOWDEN
3	TIBBIE STAKES	1400	125,000	FINE BUBBLES	KRIS LEES
3	BILL RITCHIE HANDICAP	1400	125,000	MANAWANUI	RON LEEMON
3	RESEARCH STAKES	1400	300,000	ARABIAN GOLD	DAVID VANDYKE
3	GLOAMING STAKES	1800	200,000	SWEYNESSE	JOHN O'SHEA
3	COLIN STEPHEN QUALITY	2400	125,000	DEANE MARTIN	BRUCE WALLACE
3	CRAVEN PLATE	2000	125,000	MORIARTY	CHRIS WALLER
3	ANGST STAKES	1600	125,000	NEENA ROCK	JOHN SARGENT
3	THE NIVISON	1200	125,000	AVOID LIGHTNING	LES BRIDGE

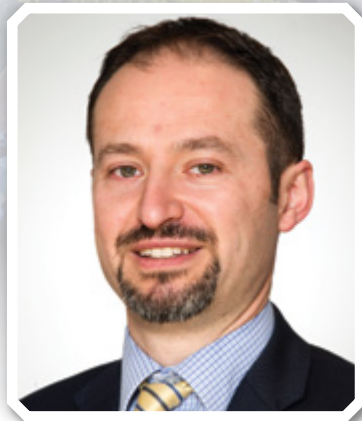
NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
3	SUMMER CUP	2000	125,000	I'M IMPOSING	CHRIS WALLER
3	BELLE OF THE TURF STAKES	1600	125,000	MAMWAAZEL	CHRIS WALLER
3	WIDDEN STAKES	1100	150,000	FIREWORKS	GERALD RYAN
3	CANONBURY STAKES	1100	150,000	VANCOUVER	GAI WATERHOUSE
3	ESKIMO PRINCE STAKES	1200	150,000	SCISSOR KICK	PAUL MESSARA
3	SOUTHERN CROSS STAKES	1200	150,000	HEART TESTA	CHRIS WALLER
3	TRISCAY STAKES	1200	150,000	THUMP	KRIS LEES
3	LIVERPOOL CITY CUP	1300	150,000	IT'S SOMEWHAT	JOHN O'SHEA
3	GUY WALTER STAKES	1400	150,000	DANESIRI	JOHN P THOMPSON
3	ASPIRATION QUALITY	1600	150,000	ADORABEEL	JOSEPH PRIDE
3	WENONA GIRL HANDICAP	1200	150,000	GRIANTE	DAVID BRIDEOAKE
3	KEITH F NOLAN CLASSIC	1600	200,000	SLIGHTLY SWEET	JASON COYLE
3	SKY HIGH STAKES	2000	150,000	HARTNELL	JOHN O'SHEA
3	MAURICE McCARTEN STAKES	1100	150,000	TARGET IN SIGHT	JOSEPH PRIDE
3	NEWCASTLE NEWMARKET HCP	1400	125,000	LASER HAWK	JOSEPH PRIDE
3	BIRTHDAY CARD STAKES	1200	150,000	SHAMALIA	B & J CUMMINGS
3	EPONA STAKES	1900	150,000	SCRATCHY BOTTOM	MICHAEL KENT
3	N E MANION QUALITY CUP	2400	150,000	PERMIT	CHRIS WALLER
3	SEBRING STAKES	1200	150,000	GENERALIFE	JOHN O'SHEA
3	T L BAILLIEU HANDICAP	1400	150,000	TAKEDOWN	GARY MOORE
3	NEVILLE SELLWOOD STAKES	2000	150,000	PORNICHET	GAI WATERHOUSE
3	DONCASTER PRELUDE	1500	150,000	EXCESS KNOWLEDGE	GAI WATERHOUSE
3	ADRIAN KNOX QLT Y STAKES	2000	200,000	CANDELARA	BJORN BAKER
3	CARBINE CLUB STAKES	1600	200,000	HI WORLD	PETER MOODY
3	KINDERGARTEN STAKES	1100	200,000	FURNACES	JOHN O'SHEA
3	P J BELL STAKES	1200	200,000	MISS COVER GIRL	KELLY SCHWEIDA
3	PERCY SYKES STAKES*	1200	500,000	OTTOMAN	JOHN O'SHEA
3	JAPAN RACING ASSOC PLATE	2000	150,000	GYPSY DIAMOND	P & P SNOWDEN
3	FRANK PACKER PLATE	2000	150,000	HI WORLD	PETER MOODY
3	JAMES H B CARR STAKES	1400	150,000	SLIGHTLY SWEET	JASON COYLE
3	HALL MARK STAKES	1200	150,000	OUR BOY MALACHI	M, W & J HAWKES
3	DARLEY CROWN	1300	150,000	SOLICIT	GERALD RYAN
3	HAWKESBURY GUINEAS	1400	150,000	NAJOOM	GAI WATERHOUSE
3	DARK JEWEL CLASSIC	1400	200,000	DIVERTIRE	JOSEPH PRIDE
3	HAWKESBURY GOLD CUP	1600	150,000	SONS OF JOHN	JASON ATTARD
LR	WINTER CHALLENGE	1500	100,000	HE'S YOUR MAN	CHRIS WALLER
LR	THE ROSEBUD	1200	100,000	SCISSOR KICK	PAUL MESSARA
LR	ROWLEY MILE	1600	100,000	MR CHARD	TONY MCEVOY
LR	PREMIER'S CUP	1800	100,000	GREATWOOD	GAI WATERHOUSE
LR	WYONG GOLD CUP	2100	150,000	MULTILATERAL	CHRIS WALLER
LR	MONA LISA STAKES	1350	100,000	BOUZY ROUGE	LUKE GRIFFITH
LR	HERITAGE STAKES	1100	100,000	KURO	JOSEPH PRIDE

NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
LR	REGINALD ALLEN QLTY HCP	1400	100,000	ABDUCTION	JOHN O'SHEA
LR	DULCIFY 3YO QUALITY HCP	1600	100,000	HAMPTON COURT	GAI WATERHOUSE
LR	BREEDERS' PLATE	1000	100,000	VANCOUVER	GAI WATERHOUSE
LR	GIMCRACK STAKES	1000	100,000	CALAVERITE	JOHN O'SHEA
LR	CITY TATT'S CLUB CUP	2400	100,000	MULAQEN	CHRIS WALLER
LR	CITY TATTS LIGHTNING HCP	1100	100,000	DEEP FIELD	M, W & J HAWKES
LR	BRIAN CROWLEY STAKES	1200	100,000	KURO	JOSEPH PRIDE
LR	SKIN FITNESS CUP	1400	100,000	STRAWBERRY BOY	CHRIS WALLER
LR	STARLIGHT STAKES	1100	100,000	OUR BOY MALACHI	M, W & J HAWKES
LR	ATC CUP	2000	100,000	MALICE	JOHN O'SHEA
LR	FESTIVAL STAKES	1500	100,000	I'M IMPOSING	CHRIS WALLER
LR	CHRISTMAS CUP	2400	100,000	SAIGON TEA	CHRIS WALLER
LR	RAZOR SHARP HCP	1200	100,000	OUR BOY MALACHI	M, W & J HAWKES
LR	CANTERBURY CLASSIC	1200	100,000	BARBED	JOHN O'SHEA
LR	TATTERSALLS CLUB CUP	2400	100,000	MULTILATERAL	CHRIS WALLER
LR	GOSFORD GOLD CUP	2100	150,000	MIDSUMMER SUN	SAM KAVANAGH
LR	TAKEOVER TARGET STAKES	1200	100,000	BALL OF MUSCLE	JOSEPH PRIDE
LR	CARRINGTON STAKES	1400	100,000	NINTH LEGION	M, W & J HAWKES
LR	AUSTRALIA DAY CUP	2400	100,000	DANAS BEST	GAI WATERHOUSE
LR	LONHRO PLATE	1100	125,000	HAPTIC	JOHN O'SHEA
LR	PARRAMATTA CUP	1900	125,000	GREATWOOD	GAI WATERHOUSE
LR	FIREBALL STAKES	1100	125,000	NAYELI	GAI WATERHOUSE
LR	RANDWICK CITY STAKES	2000	125,000	PHRASES	BINDI CHEERS
LR	DARBY MUNRO STAKES	1200	125,000	PEEPING	RON QUINTON
LR	ALBURY CUP	2000	170,000	KOURKAM	TONY MCEVOY
LR	GOSFORD GUINEAS	1200	250,000	YGRITTE	GERALD RYAN
LR	SOUTH PACIFIC CLASSIC	1400	150,000	FEDERAL	JOHN O'SHEA
LR	FERNHILL HANDICAP	1600	150,000	THE BARRISTER	JASON WARREN
LR	WAGGA WAGGA GOLD CUP	2000	140,000	LANDLOCKED (NZ)	JOE CLEARY
LR	LORD MAYOR'S CUP	2000	100,000	SILVERBALL	CHRIS WALLER
LR	SCONE CUP	1600	200,000	TALES OF GRIMM	SAM KAVANAGH
LR	LUSKIN STAR STAKES	1300	140,000	ARTLEE	TODD WILLAN
LR	WOODLANDS STAKES	1100	140,000	FLIPPANT	P & P SNOWDEN
LR	DENISE'S JOY STAKES	1100	140,000	IN A WINK	GREG BENNETT
LR	ORTENSIA STAKES	1100	140,000	THAT'S A GOOD IDEA	P & P SNOWDEN
LR	W J MCKELL CUP	2400	100,000	SENSE OF OCCASION	JOSEPH PRIDE
LR	JUNE STAKES	1100	100,000	WOULDNT IT BE NICE	PAUL PERRY
LR	WINTER CUP	2400	100,000	KAPOUR	CIARON MAHER
LR	CIVIC STAKES	1350	100,000	HAUSSMANN	JOHN O'SHEA
LR	RAMORNIE HANDICAP	1200	130,000	ROCK ROYALTY	LIAM BIRCHLEY
LR	GRAFTON CUP	2350	150,000	BONFIRE	GAI WATERHOUSE
LR	WINTER STAKES	1400	100,000	RUGGED CROSS	CHRIS WALLER

*Denotes The Championships race



Ariel Paez
General Manager –
Information Technology (IT)

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

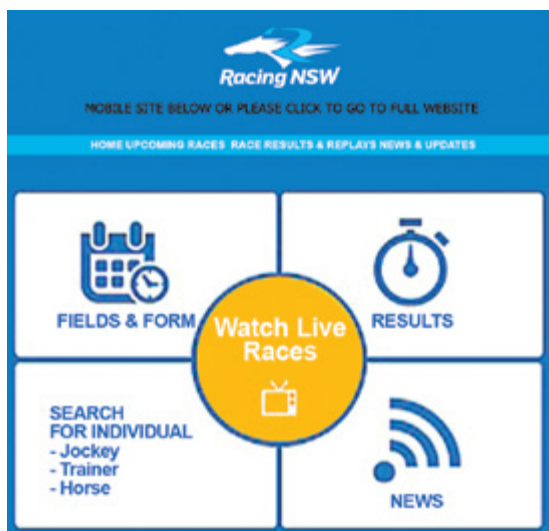
- Provide support to internal and external Racing NSW end users;
- Oversee the integrity and security of Racing NSW information systems;
- System development and maintenance; and
- Project coordination and implementation.

Objectives Achieved

- New app for Android and iOS devices;
- New mobile website;
- Full virtualisation of infrastructure;
- Private cloud based backups and Disaster Recovery; and
- New IP telephony.

New App and Mobile Website

The newly-designed app and mobile website features an uncluttered design as well as including all optimised pages to make it easier, faster to navigate and more user-friendly.



As the back end of the apps is a mobile website, any smart device can navigate to <http://m.racingsnw.com.au> without the need of having the app installed. Live races button is centred in the middle for easy access no matter what screen size your device has.

Website Enhancements

In March 2015, Racing NSW – in partnership with Sky Racing – began the broadcast of live racing via the Racing NSW website on any device: mobile, tablet or computer.

This was in addition to the race and barrier trial replays available on the website.



Racing NSW website had close to 9.2 million sessions over a 12-month period across all areas of the website, apps and mobile site.

This graph demonstrates a desktop computer is the preferred method of accessing the website. Mobile devices to access the website is increasing month after month.

Device Category	Sessions
Desktop	5,311,349
Mobile	2,498,690
Tablet	1,382,398
Total	9,192,437

(RACING INDUSTRY CONSULTATION GROUP)

The Racing Industry Consultation Group has the function of consulting with and making recommendations to Racing NSW on matters concerning horse racing in NSW.

In fulfilling this function RICG has the provision under the Thoroughbred Racing Act to make recommendations in writing and meet with the Chairman, Chief Executive and Board Members of Racing NSW on a regular basis.

This format allows the industry groups represented on RICG to bring forward matters that are specific to their involvement in the industry and similarly Racing NSW has available a "one stop" organisation to consult with the industry.

RICG met on 11 occasions during the year and the Racing NSW Chief Executive as agreed, made himself available for discussions at eight of those meetings.

The Racing NSW Chairman attended the October 2014 meeting of RICG and the RICG Chairman attended the May 2015 meeting of the Racing NSW Board.

Over the year RICG made submissions and recommendations on:

- Mental Health Initiatives
- Strappers' Payments
- Thoroughbred Racing Act Review
- Training Fees Model
- Racing NSW Strategic Plan
- Benchmarking and Handicapping Review
- Racing NSW Drug Policy
- Licensed Persons on Race Club Boards

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

- The Championships

- Jockeys' Superannuation
- Taxation Parity
- Infrastructure Development
- Broadcast Agreements

Under the legislation, the majority of industry groups in NSW are represented on RICG, namely:

- NSW Trainers Association – Steve McMahon, Chairman
- Racing NSW Country – Bob Pavitt, Vice-Chairman
- Australian Turf Club – Darren Pearce
- NSW Jockeys' Association – Paul Innes
- Thoroughbred Breeders NSW – Trevor Lobb
- NSW Racehorse Owners Association – Ray McDowell
- Unions NSW – Russ Collison
- Provincial Racing Association of NSW – James Heddo

In my role as Chairman, I was also appointed to a Selection Panel in 2014 to prepare and provide to the Minister a list of persons recommended for appointment as members of Racing NSW.

I thank each member for the time they assign to RICG matters, as the monthly meetings do require an ongoing commitment from each member.

Collectively, however, the group contains a broad base of industry knowledge and the development of recommendations to Racing NSW reflects that knowledge and understanding.

The access to the Chairman and Members of the Board and Chief Executive of Racing NSW under the operating guidelines is appreciated by RICG members and we look forward to continuing to make a meaningful contribution to the future of the racing industry in NSW.

- Steve McMahon (Chairman)





FINANCIAL STATEMENTS

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PROFIT/LOSS STATEMENT - GENERAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

	Note	2015 \$	2014 \$
REVENUE			
Revenue from Operating Activities			
Sale of Goods - Publications	4(i)	386,661	471,670
Sale of Services	4(ii)	6,765,839	6,715,176
		7,152,500	7,186,846
Revenue from Non Operating Activities			
Interest - General	4(viii)	1,723,120	1,661,477
		1,723,120	1,661,477
First Charge	4(iv)	8,446,657	7,651,582
Racing Australia Payment	4(xi)	1,017,810	1,120,908
		18,340,087	17,620,813
EXPENSES			
Horse Rehabilitation	4(xxii)	376,969	555,220
Board	4(xxiii)	600,096	591,863
Analytical	4(xxiv)	186,930	180,519
Finance	4(xxv)	411,308	399,219
Administration and Executive	4(xxvi)	3,745,568	3,972,689
Legal	4(xxvii)	87,365	259,720
Licensing	4(xxviii)	281,458	374,953
Race Fields	4(xxx)	111,343	111,788
Race Results	4(xxxi)	15,553	15,458
Publications	4(xxxii)	405,017	410,562
Laboratory	4(xxxiii)	2,853,654	2,957,355
Handicapping	4(xxiv)	587,160	551,759
Stewards	4(xxxv)	3,822,406	3,581,702
Veterinary	4(xxxvi)	676,008	617,933
Syndicates	4(xxxvii)	177,438	131,383
Stakes Payments	4(xxxviii)	301,079	386,055
Information Technology	4(xxxix)	559,063	515,373
Racing Office	4(xl)	100,561	147,736
Marketing and promotions	4(xli)	970,883	1,073,904
Outside Broadcast	4(xlvi)	12,525	36,892
Financing Costs	4(xliv)	15,090	36,351
Racing Australia contributions	4(xlix)	304,480	289,923
Loss on Disposal of Assets	4(ix)	25,412	32,980
		16,627,366	17,231,337
OPERATING PROFIT			
		1,712,721	389,476

PRIZEMONEY PROFIT/LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

	Note	2015 \$	2014 \$
REVENUE			
Revenue from Operating Activities			
Race Fields Fees	4(v)	66,184,776	68,349,847
Race Fields interest received	4(v)	2,861,111	3,323,617
TAB distribution - prizemoney subsidies	4(vii)	6,032,995	5,659,600
The Championships Grant from NSW Government	4(x)	10,000,000	10,000,000
REVENUE		85,078,882	87,333,064
EXPENSES			
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements & obligations	4(xxix)	90,407,888	90,716,019
EXPENSES		90,407,888	90,716,019
PRIZEMONEY DEFICIT		(5,329,006)	(3,382,955)
DRAWDOWN ON RACE FIELDS PROVISION		5,329,006	3,382,955

WORKERS COMPENSATION FUND PROFIT/LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
REVENUE			
Revenue from Operating Activities			
Workers Compensation Premiums & Revenue	4(iii)	13,594,085	11,961,217
Revenue from Non Operating Activities			
Rent received	12	49,729	48,328
Interest - Workers Compensation Fund	4(viii)	1,327,107	1,178,030
REVENUE		14,970,921	13,187,575
EXPENSES			
Workers Compensation Payments	4(xliii)	9,423,478	7,401,143
Workers Compensation Administrative, Reinsurance & Regulatory	4(xliii)	1,779,962	1,825,663
Finance Costs	4(xliv)	135,264	205,867
Investment Property Expenses	12	137,825	102,708
Investment Property Depreciation Expense	12	136,378	136,379
EXPENSES		11,612,907	9,671,760
Funds before allocation of additional provision for possible future liabilities		3,358,014	3,515,815
Adjustment to provision for possible future liabilities	17	(1,519,805)	(351,558)
Funds Transferred to Reserves		4,877,819	3,867,373

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

	Note	2015 \$	2014 \$
REVENUE FROM CONTINUING OPERATIONS			
Sale of Goods - Publications	4(i)	386,661	471,670
Sale of Services	4(ii)	7,115,839	7,865,176
Workers Compensation Fund Premiums & Revenues	4(iii)	13,643,814	12,009,545
First Charge	4(iv)	8,446,657	7,651,582
Race Fields Interest	4(v)	2,861,113	3,323,617
Race Fields Fees	4(v)	66,184,776	68,349,847
Appearance Fee Receipts	4(vi)	1,193,200	1,340,400
TAB distribution - Prizemoney Subsidies	4(vii)	6,032,995	5,659,600
Interest other parties	4(viii)	3,050,227	2,839,507
The Championships Grant from NSW Government	4(x)	10,000,000	10,000,000
OTHER INCOME			
Non-repayable grant	4(xi)	34,601	-
TOTAL REVENUE AND OTHER INCOME		118,949,883	119,510,944
EXPENSES			
Management of Race Fields Capital Expenditure	4(xxi)	487,875	420,202
Horse Rehabilitation	4(xxii)	376,969	555,220
Board	4(xxiii)	600,096	591,863
Analytical	4(xxiv)	186,930	180,519
Finance	4(xxv)	411,308	399,219
Administration and Executive	4(xxvi)	3,745,568	3,972,689
Legal	4(xxvii)	87,365	259,720
Licensing	4(xxviii)	281,458	374,953
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements	4(xxix)	97,674,346	93,757,655
Race Fields	4(xxx)	111,343	111,788
Race Result	4(xxxi)	15,553	15,458
Cost of Goods Sold - Publications	4(xxxii)	405,017	410,562
Laboratory	4(xxxiii)	2,853,654	2,957,355
Handicapping	4(xxxiv)	587,160	551,759
Stewards	4(xxxv)	3,822,406	3,581,702
Veterinary	4(xxxvi)	676,008	617,933
Syndicates	4(xxxvii)	177,438	131,383
Stakes Payments	4(xxxviii)	301,079	386,055
Information Technology	4(xxxix)	559,063	515,373
Racing Office	4(xl)	100,561	147,736
Marketing	4(xli)	970,883	1,073,904
The Championships	4(xlii)	2,309,311	1,737,014
Outside Broadcast	4(xlvi)	12,525	36,892
Workers Compensation Fund Expenses	4(xliii)	9,957,837	9,114,333
Financing Cost	4(xliv)	150,354	242,218
Racing Australia Contributions	4(xlix)	304,480	289,923
Redevelopment monitoring costs - Royal Randwick	4(xlv)	-	26,150
Loss on Disposal of Assets	4(ix)	25,412	32,980
Drawdown on Race Fields provision	16(b)	(13,179,870)	(5,338,545)
Write back of Race Fields Provision	16(b)	(13,250,000)	-
TOTAL EXPENSES		100,762,129	117,154,013
Share of profit of associate (Racing Australia "RA")	9	983,209	1,120,908
PROFIT BEFORE INCOME TAX		19,170,963	3,477,839
INCOME TAX EXPENSE		-	-
PROFIT AFTER INCOME TAX		19,170,963	3,477,839
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		19,170,963	3,477,839

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

RACING NSW ABN 86 281 604 417

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	6	39,017,418	41,916,196
Trade and Other Receivables	7	132,305,183	134,457,569
Other Assets	8	53,282	91,239
TOTAL CURRENT ASSETS		171,375,883	176,445,588
NON-CURRENT ASSETS			
Investment Accounted for Using the Equity Method	9	6,263,790	5,280,581
Other Receivables	13	27,032,809	26,442,614
Property, Plant and Equipment - Buildings	10	8,503,160	4,037,340
Property, Plant and Equipment - Other	11	5,650,398	1,998,947
Investment Property	12	1,882,043	6,580,026
TOTAL NON-CURRENT ASSETS		49,332,200	44,339,508
TOTAL ASSETS		220,708,083	220,785,096
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	14	55,164,363	47,738,352
Breeders Owners Bonus Scheme	15	17,671,762	15,423,493
Employee Provisions	16(a)	1,264,237	1,181,165
Race Fields Provisions	16(b)	11,750,000	20,000,000
Workers Compensation Provisions	17	10,779,446	12,894,110
Other Liabilities	18	465,288	478,973
TOTAL CURRENT LIABILITIES		97,095,096	97,716,093
NON-CURRENT LIABILITIES			
Breeders Owners Bonus Scheme	15	4,777,115	4,626,237
Employee Provisions	16(a)	534,437	371,684
Race Fields Provisions	16(b)	48,306,396	66,486,267
Workers Compensation Provisions	17	40,242,387	40,876,675
Other Liabilities	18	105,746	251,612
TOTAL NON-CURRENT LIABILITIES		93,966,081	112,612,475
TOTAL LIABILITIES		191,061,177	210,309,153
NET ASSETS		29,646,906	10,475,943
EQUITY			
Reserves	19	29,646,906	10,475,943
Accumulated Surplus	20	-	-
TOTAL EQUITY		29,646,906	10,475,943

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

	Note	Reserves \$	Accumulated Surplus \$	Total \$
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	19	3,477,839	(3,477,839)	-
Balance at 30 June 2014		10,475,943	-	10,475,943
Profit for the year		-	19,170,963	19,170,963
Total Comprehensive Income for the Year		-	19,170,963	19,170,963
Transfer to Reserves	19	19,170,963	(19,170,963)	-
Balance at 30 June 2015		29,646,906	-	29,646,906

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 2015

	Note	2015 \$	2014 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		202,957,757	203,383,583
Payments to suppliers and employees		(203,889,882)	(225,177,349)
Interest received		7,236,625	8,403,665
Finance costs		(150,354)	(242,218)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	5(b)	6,154,146	(13,632,318)
CASH FLOW FROM INVESTING ACTIVITIES			
Short term investment		(1,370,722)	(33,436,209)
Payments for property, plant and equipment		(4,683,366)	(513,383)
Proceeds from sale of plant and equipment		233,749	142,136
NET CASH USED IN INVESTING ACTIVITIES		(5,820,339)	(33,807,456)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of loans (from)/to related parties		(3,232,585)	3,296,305
NET CASH (USED)/PROVIDED BY FINANCING ACTIVITIES		(3,232,585)	3,296,305
NET (DECREASE) IN CASH			
Cash at beginning of the year		41,916,196	86,059,665
CASH AT THE END OF THE YEAR	5(a)	39,017,418	41,916,196

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 2015

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 that was established by the Thoroughbred Racing Act, 1996 of the NSW State Parliament.

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

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

(b) Accounting Policies

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

(c) Property, Plant and Equipment

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

Plant and equipment

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

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

Depreciation

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

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

Leases: Lease payments for operating leases where substantially all the risks and benefits remain with the lessor are charged as expenses on a straight line basis over the lease term in the period in which they are incurred.

(d) Financial assets

Classification

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

assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

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

(ii) Loans and Receivables: Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. Loans and receivables are included in Trade and Other Receivables (Note 7) 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 28.

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 Breeders 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.

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

(f) Investment 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.

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 4(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) Breeders Owners Bonus Scheme

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

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

(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 Racefields Infrastructure, 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.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

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

(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 29)
- (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) Racefields provision (Refer Note 16(b))

(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 12).

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) New and revised standards effective for these financial statements

Racing NSW has adopted all of the new revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of Racing NSW.

Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

New/revised pronouncement	Impact on the financial statements
AASB 9 Financial Instruments	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	When these amendments are first adopted for the year ending 30 June 2017, there will be no impact on the financial statements.
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	When this Standard is first adopted for the year ending 30 June 2016, there will be no impact on the financial statements.
IFRS 15 – Revenue from Contracts with Customers	When this standard is first adopted for the year ending 30 June 2018, there will be no material impact on the transactions and balances recognised in the financial statements.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

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: 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 29).
- (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 Fields 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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

NOTE 4: STATEMENT OF COMPREHENSIVE INCOME (CONT.)

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.

On 31 July 2015 the NSW Government released details of an amendment to the regulations that govern approvals to use Race Field information.

Commencing 31 July 2015, the Racing Administration Amendment (Race Field Information Fees) Regulation 2015 amended the Racing Administration Regulation 2012 to provide for an increase of fees as follows:

- 1st \$5 million of turnover: a 1% fee on turnover under this amount (or applicable threshold if there are related wagering operators); (no change from 2014/15 fees)

- Standard Race Meetings:

- Above \$5 million (or applicable threshold if there are related wagering operators) for turnover derived from wagers laid at odds other than totalizator odds: remains at 1.5%
- Above \$5 million (or applicable threshold if there are related wagering operators) for turnover derived from wagers laid at totalizator derived odds: 2.5% (increased from 1.5%)

- Premium Race Meetings:

- Above \$5 million (or applicable threshold if there are related wagering operators) for turnover derived from wagers laid at odds other than totalizator odds: 2.5% (increased from 2%)
- Above \$5 million (or applicable threshold if there are related wagering operators) for turnover derived from wagers laid at totalizator derived odds: 3.0% (increased from 2%)

	2015 \$	2014 \$
Total Race Fields fees received	66,184,776	68,349,847
Total Race Fields interest received	2,861,111	3,323,617
Total Race Fields fees & interest received	69,045,887	71,673,464

(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) TAB distribution - prizemoney subsidies is the amount of industry charge that 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	1,126,926	1,024,297
Interest from Loans to Clubs	596,194	637,180
Interest from Cash on Deposit	1,327,107	1,178,030
	3,050,227	2,839,507

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

Interest other parties - general	1,723,120	1,661,477
Interest other parties - Workers' Compensation	1,327,107	1,178,030
Interest Race Fields	2,861,111	3,323,617
	5,911,338	6,163,124

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

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

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

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

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

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

(xxvi) 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.

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

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

(xxix) Payments made to sustain minimum prize money and in respect of obligations arising under various agreements and obligations.

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

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

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

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

(xxxiv) Handicapping expenditure includes staff and office costs.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

NOTE 4: 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 Work Cover legislation. Effective from 1 July 2006 the fund has been managed in-house by Racing NSW. (Refer to Note 29).

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

(xlv) Redevelopment monitoring costs represents expenditure for quantity surveyors to review costings of Royal Randwick and Rosehill Redevelopment.

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

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

(xlvii) Racing Australia represents the contribution Racing NSW makes to the ongoing operations of the Australian Racing Board

The profit has been determined after :

	2015	2014
	\$	\$
Finance Costs		
Bank Charges	19,827	41,686
Bank Guarantee	130,527	200,532
Total Finance Costs	150,354	242,218
Depreciation and impairment expense of non-current assets		
- Land and Building Depreciation Expense	192,372	95,784
- Plant and Equipment Depreciation Expense	772,753	738,194
- Investment Property Depreciation Expense	136,378	136,379
Total Depreciation and Impairment Expense	1,101,503	970,357
Bad and Doubtful Debts		
- Trade Debtors written off / (recovered)	81,435	209,574
Total Bad and Doubtful Debts	81,435	209,574
Rental Expense on Operating Lease	-	10,704
Total (Loss)/Gain on disposal of non-current assets:		
- Property, Plant and Equipment	25,412	32,980
Total (Loss)/Gain on disposal of non-current assets	25,412	32,980
Remuneration of Auditor		
- audit services	92,000	89,000
Total Remuneration of Auditor	92,000	89,000
Employee Benefits Expense (excluding Superannuation)	11,181,520	10,690,287
Defined Contribution Superannuation Expense	688,693	782,248
Defined Benefit Superannuation Expense	334,626	118,406
Insurance Claim Liability Expenses (Refer Note 17):		
Gross (Decrease)/ Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	(2,748,953)	6,212,608
Less Gross (Decrease)/ Increase in Reinsurance Recoveries relating to Insurance Claims Liability as recommended by the Actuary	1,229,148	(6,564,166)
Net (Decrease)/ Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	(1,519,805)	(351,558)

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

	2015 \$	2014 \$
NOTE 5: CASH FLOW INFORMATION		
a) Reconciliation of Cash		
Cash and Cash Equivalent	39,017,418	41,916,196
	39,017,418	41,916,196
As at 30 June 2015, Racing NSW had no credit facilities in place.		
b) Reconciliation of Cash Flow from Operating Activities		
Profit after Income Tax	19,170,963	3,477,839
Loss on Sale of Assets	25,412	32,980
Depreciation	1,101,503	970,357
Share of (profit) in associate (RA)	(983,209)	(1,120,908)
	19,314,669	3,360,268
(Increase)/ Decrease in Trade Debtors	6,729,991	651,488
(Increase)/ Decrease in Prepayments	37,957	(6,575)
(Increase)/ Decrease in Other Non-Current Receivables	(590,195)	(4,778,905)
Increase/ (Decrease) in Trade Creditors and Other Creditors	7,355,126	(14,906,896)
Increase/ (Decrease) in Breeders Owners Bonus Scheme	2,399,147	1,018,841
Increase/ (Decrease) in Race Fields Provision	(26,429,871)	(5,338,548)
Increase/ (Decrease) in Workers Compensation Provision	(2,748,952)	6,212,608
Increase/ (Decrease) in Other Liabilities	(159,551)	(66,417)
Increase/ (Decrease) in Other Provisions	245,825	221,820
	(13,160,523)	(16,992,584)
Cash Flows from operating activities	6,154,146	(13,632,318)

NOTE 6: CASH AND CASH EQUIVALENT

Cash at Bank	18,063,036	20,932,664
Cash at Bank - Redevelopment Grant (Restricted)	20,954,382	20,983,532
Total Cash and Cash Equivalents	39,017,418	41,916,196

The Cash at Bank bears floating interest rates between 2.00% and 2.90% (2014: 1.75% and 3%). Cash at bank - Redevelopment Grant (Restricted) bears interest rates of between 2.00% and 2.90% (2014: 2.90% and 3.00%). The Cash on Deposit - Workers Compensation are pledged as security for the Commonwealth Bank of Australia Limited ("CBA") to Work Cover (Note 17).

Racing NSW received \$24 million from the New South Wales Government solely for the purpose of the Rosehill Gardens Racecourse redevelopment (Refer note 6). 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 racecourse. The accounting treatment has been on a cash basis to reflect when economic benefits and obligations will be received. Refer Note 14.

NOTE 7: TRADE AND OTHER RECEIVABLES

Trade Debtors	6,240,053	6,215,287
Provision for Doubtful Debts	(279,623)	(204,831)
Sundry Debtors	2,314,685	4,161,563
Cash on Deposit - Workers' Compensation Insurance (maturity of greater than 90 days at time of investment)	37,846,732	36,240,424
Cash on Deposit - Race Fields (maturity of greater than 90 days at time of investment)	72,950,324	73,185,910
Amounts receivable from associated entities:		
- Racing NSW Country Limited	6,876,121	3,645,005
Reinsurance Recoveries Receivable	2,646,362	3,869,511
Amounts receivable - Loans to Clubs	220,000	190,000
Stakes Payment Debtors	3,490,529	7,154,701
Total Receivables	132,305,183	134,457,569

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	180,000	150,000
- Loan to Lismore Turf Club	40,000	40,000
	220,000	190,000

NOTE 8: OTHER CURRENT ASSETS

Prepayments	53,282	91,239
	53,282	91,239

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

	2015 \$	2014 \$
NOTE 9: INVESTMENT IN RACING AUSTRALIA PTY LIMITED ("RA")		
Investment in RA	6,263,790	5,280,581
	6,263,790	5,280,581

Racing NSW has one material joint venture

Name of the Joint Venture	Country of Incorporation & Principal Place of Business	Principal Activity	Proportion of Ownership Interests Held by the Group	
Racing Australia Limited	Australia	Maximising benefits of racing Information	35%	35%

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

Summarised financial information for RA is set out below:

Current assets (a)	7,815,175	7,161,888
Non-current assets	27,109,143	9,095,664
Total assets	34,924,318	16,257,552
Current liabilities (b)	5,786,572	1,206,893
Non-current liabilities (c)	11,285,762	15,342
Total liabilities	17,072,334	1,222,235

Revenue	12,658,325	7,744,661
Profit for the year	2,740,334	2,603,031
Depreciation and amortisation	731,538	489,518
Interest income	78,633	53,889

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)

Movement in carrying amounts:

At the beginning of the financial year	5,280,581	4,159,673
Adjustment to RA profit prior year	24,092	233,939
Share of RA profit current year	959,117	886,969
At the end of the year	6,263,790	5,280,581

NOTE 10: PROPERTY, PLANT and EQUIPMENT - BUILDINGS

Land and Buildings - at cost	9,608,724	4,779,320
Less accumulated depreciation	(1,105,564)	(741,980)
Total Land and Buildings	8,503,160	4,037,340
Movement in carrying amounts:		
Balance at beginning of year	4,037,340	4,133,124
Transfers from investment to owner-occupied property	4,658,192	-
Depreciation expense	(192,372)	(95,784)
Carrying Amount at the end of the year	8,503,160	4,037,340

The Druiitt Street property was purchased on 29 September 2006.

NOTE 11: PROPERTY, PLANT and EQUIPMENT - OTHER

Plant and Equipment - at cost	12,013,553	7,800,497
Less accumulated depreciation	(6,363,155)	(5,801,550)
Total Plant and Equipment	5,650,398	1,998,947
Movement in Carrying Amounts		
Balance at Beginning of Year	1,998,947	2,405,448
Additions	4,683,366	506,809
Disposals	(259,161)	(175,117)
Depreciation Expense	(772,754)	(738,193)
Carrying Amount at the end of the year	5,650,398	1,998,947

Plant and equipment above is comprised of the following categories:

Laboratory Equipment - at cost	4,441,158	4,418,915
Less accumulated depreciation	(3,888,197)	(3,578,909)
Total Laboratory Equipment	552,961	840,006

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

	2015 \$	2014 \$
NOTE 11: PROPERTY, PLANT and EQUIPMENT - OTHER (CONT.)		
Laboratory Equipment - at cost (cont.)		
Movement in carrying amounts		
Balance at beginning of year	840,006	1,034,437
Additions	22,243	109,818
Disposals	-	-
Depreciation expense	(309,288)	(304,249)
Carrying Amount at the end of the year	552,961	840,006
Building Fit-out, Furniture and Fittings - at cost		
Less accumulated depreciation	(812,844)	(719,447)
Total Building Fit-out, Furniture and Fittings	1,955,408	231,905
Movement in carrying amounts		
Balance at beginning of year	231,905	325,046
Additions	1,816,900	-
Depreciation expense	(93,397)	(93,141)
Carrying Amount at the end of the year	1,955,408	231,905
Office and Other Equipment - at cost		
Less accumulated depreciation	(1,316,273)	(1,158,220)
Total Office and Other Equipment	362,737	225,829
Movement in carrying amounts		
Balance at beginning of year	225,829	279,575
Additions	296,029	87,068
Disposals	-	-
Depreciation expense	(159,121)	(140,814)
Carrying Amount at the end of the year	362,737	225,829
Motor Vehicles - at cost		
Less accumulated depreciation	(345,841)	(344,974)
Total motor vehicles	1,178,330	701,207
Movement in carrying amounts		
Balance at beginning of year	701,207	766,390
Additions	947,231	309,923
Disposals	(259,161)	(175,117)
Depreciation expense	(210,947)	(199,989)
Carrying Amount at the end of the year	1,178,330	701,207
Capital Works in Progress - at cost		
Less accumulated depreciation	-	-
Total WIP	1,600,962	-
Movement in carrying amounts		
Balance at beginning of year	-	-
Additions	1,600,962	-
Disposals	-	-
Depreciation expense	-	-
Carrying Amount at the end of the year	1,600,963	-
NOTE 12: INVESTMENT PROPERTY (COST MODEL)		
Level 6, 51 Druitt St Sydney NSW 2000 - at cost	575,361	575,361
Less accumulated depreciation	(29,068)	(17,560)
	<u>546,293</u>	<u>557,801</u>
Level 11, 51 Druitt St Sydney NSW 2000 - at cost	1,414,169	6,243,573
Less accumulated depreciation	(78,419)	(221,348)
	<u>1,335,750</u>	<u>6,022,225</u>
Total Investment Property - at cost	1,882,043	6,580,026
Level 6, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	557,801	569,308
Additions (new acquisitions)	-	-
Depreciation expense	(11,508)	(11,507)
Carrying Amount at the end of the year	546,293	557,801
Level 11, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	6,022,225	6,147,097
Transfers from investment to owner-occupied property	(4,658,191)	-
Additions (new acquisitions)	-	-
Depreciation expense	(28,284)	(124,872)
Carrying Amount at the end of the year	1,335,750	6,022,225

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

2015
\$

2014
\$

NOTE 12: INVESTMENT PROPERTY (COST MODEL) (CONT.)

A revised valuation has not been disclosed at reporting date as management determined that the effect of changes in fair value between acquisition and reporting date were immaterial.

Level 11 was originally purchased with the intent of leasing out to external parties, however due to a change in circumstances, the Australian Racing Forensic Laboratory was relocated from Royal Randwick to Level 11. Accordingly Level 11 has been reclassified from solely being an investment property to 77% of floor being classified as PPE for operational purposes. The remaining 23% of Level 11, is leased to Racing Australia on arms length terms and classified as an investment property.

The Level 6 suite and whole floor on Level 11 were purchased on the 20 December 2012 and 21 September 2012 respectively for a combined cost of \$6,819,204.

NOTE 13: OTHER NON CURRENT RECEIVABLES

Non Current Reinsurance Recoveries Receivable	9,879,536	9,885,535
Loan to Australian Turf Club	17,153,273	16,557,079
	27,032,809	26,442,614

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

NOTE 14: TRADE AND OTHER PAYABLES

Trade Creditors	2,010,751	1,398,477
Other Creditors and Accruals	14,994,434	5,778,842
Amounts payable to associated entities:		
- Racing Australia	73,649	19,416
- RacingCorp Pty Limited	14,642	(26,644)
- Jockey's Benefit Scheme Trust	6,444	73,433
Employee Leave	1,221,287	1,083,860
Amounts payable to associated entities:		
Jockeys Welfare Fund	2,962,720	2,652,867
Stakes Payment Creditors	12,216,649	15,057,039
Rosehill Redevelopment Fund	20,954,382	20,983,532
Benevolent Fund	709,405	717,531
Total Creditors and Accruals	55,164,363	47,738,352

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 Rosehill race courses, less progress payments made to 30 June 2015. It is noted that Redevelopment funds relating to Royal Randwick were fully expended in the prior financial year (2014).

	Rosehill
	\$
Redevelopment funds received to 30 June 2014	24,000,000
Less: Progress payments made to 30 June 2015	(3,045,618)
Balance of Redevelopment liability	20,954,382

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

NOTE 15: BREEDERS OWNERS BONUS SCHEME

Current

Breeders Owners Bonus Scheme	17,671,762	15,423,493
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Non-Current

Breeders Owners Bonus Scheme	4,777,115	4,626,237
	22,448,877	20,049,730

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 16(a): EMPLOYEE PROVISIONS

Current

Employee Benefits	1,264,237	1,181,165
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Non-Current

Employee Benefit	534,437	371,684
Total Employee Provisions	1,798,674	1,552,849

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

2015
\$

2014
\$

NOTE 16(a): EMPLOYEE PROVISIONS (CONT.)

Superannuation Fund

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

Present value of employees accrued benefits	2,470,751	1,942,989
Net market value of assets held by the fund to meet future benefit payments	(2,136,125)	(1,925,711)
Excess of the present value of employees accrued benefits over assets held to meet future benefit payments. (included within employee benefits provision)	334,626	17,278

NOTE 16(b): RACE FIELDS PROVISIONS

Current

Race Fields provision	11,750,000	20,000,000
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Non Current

Race Fields provision	48,306,396	66,486,267
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Total Race Fields Provisions	60,056,396	86,486,267
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High Court Case in relation to Race Fields fees, Racing NSW had accumulated Race Fields funds of \$98 million. A corresponding Race Fields Provision of \$98m was recognised to reflect the obligation to spend the accumulated Race Fields fees of \$98m on infrastructure at race tracks throughout New South Wales. Subsequently it was decided by the Racing NSW board to spend \$13.25 million of the accumulated funds on Outside Broadcast Facilities and Laboratory Equipment. The aforementioned assets will be held by Racing NSW and provided for the benefit of the industry rather than Race Clubs directly. The change in the planned usage of \$13.25m of the Race Fields funds represents a change in estimate in regards to Racing NSW's total constructive obligation as represented by the Race Fields provision given this portion of the funds will no longer be expended externally. Consequently, Racing NSW has reversed the provision in the amount of \$13.25 million. It is noted that Racing NSW will still spend up to \$13.25 million on the Outside Broadcast Equipment and Laboratory Equipment.

Balance at beginning of the year	86,486,267	91,824,812
Provisions made during the year	75,078,881	77,333,061
Provisions used during the year	(88,258,752)	(82,671,606)
Provisions reversed during the year	(13,250,000)	-
Balance at end year	60,056,396	86,486,267

Refer to Note 30 for further information.

NOTE 17: WORKERS COMPENSATION PROVISION

Current

Provision for Insurance Outstanding Claims	10,779,446	12,894,110
--------------------------------------------	------------	------------

Non-Current

Provision for Insurance Outstanding Claims	40,242,387	40,876,675
--------------------------------------------	------------	------------

Total Provisions for Workers Compensation	51,021,833	53,770,786
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Workers Compensation Provisions

Opening Balance of Workers Compensation Provisions	53,770,786	47,558,178
Gross Movement in Workers Compensation Provisions	(2,748,953)	6,212,608
Closing Balance of Workers Compensation Provisions	51,021,833	53,770,786

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

Gross Movement in Workers Compensation Provisions	(2,748,953)	6,212,608
Less Decrease/ (Increase) in Reinsurance Recoveries	1,229,148	(6,564,166)
Net Movement in Workers Compensation Provision	(1,519,805)	(351,558)

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 2015. The CBA Bank had issued guarantees amounting to \$38,600,000 as at 30 June 2015 (2014:\$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% (2014: 20%) in respect of the net central estimate of liabilities relating to the specialised insurer's license and a prudential margin of 20% (2014: 20%) in respect of the net central estimate of liabilities relating to the self insurer's license. The decrease in provisions for outstanding claims has been predominantly due to claims experience over the year with net claims payments lower than expected and net case estimates lower than expected. The directors have determined that these prudential risk margins are appropriate to increase the likelihood that the provision will be adequate to meet the cost of claims. Due to the small amount of claim data and the difficulties in determining a mathematical distribution appropriate to Racing NSW, the probability of adequacy corresponding to the margin cannot be reliably estimated.

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

	2015 \$	2014 \$
NOTE 18: OTHER LIABILITIES		
Current		
Deferred Income	465,288	478,973
Non Current		
Deferred Income	105,746	251,612
Total Other Liabilities	571,034	730,585

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 19: RESERVES

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

Reserves

General Reserve	4,206,891	3,223,682
Operating Reserve	1,302,567	731,975
Industry Distribution Reserve	21,609,853	8,870,510
Workers Compensation Reserve	2,527,595	(2,350,224)
Total Reserves	29,646,906	10,475,943

Movement in Reserves

General Reserve

Balance at the beginning of the year	3,223,682	2,102,774
Transfers from/(to) accumulated surplus	983,209	1,120,908
Balance reserve at the end of the year	4,206,891	3,223,682

Operating Reserve

Balance at the beginning of the year	731,975	731,975
Transfers from accumulated surplus	570,592	-
Balance reserve at the end of the year	1,302,567	731,975

Industry Distribution Reserve

Balance at the beginning of the year	8,870,510	10,380,952
Payments to Industry Participants	-	-
Transfers (to)/from accumulated surplus	12,739,343	(1,510,442)
Balance reserve at the end of the year	21,609,853	8,870,510

Workers Compensation Reserve

Balance at the beginning of the year	(2,350,224)	(6,217,597)
Transfers to accumulated surplus	4,877,818	3,867,373
Balance reserve at the end of the year	2,527,595	(2,350,224)

Total Reserves

Total Reserves	29,646,906	10,475,943
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The Industry Distribution Reserve, General Reserve and Operating Reserve represent monies that have progressively been accumulated by Racing NSW from its operation since inception, to fund different areas of its general activities segment. The Workers Compensation Reserve represents accumulated losses from Racing NSW Workers Compensation segment.

NOTE 20: ACCUMULATED SURPLUS

Accumulated surplus at beginning of the financial year	-	-
Total Funds transferred to/(from) Reserves	19,170,963	3,477,839
Transfer (to)/from General Reserve	(983,209)	(1,120,908)
Transfer to Operating Reserve	(570,592)	-
Transfer to Industry Distribution Reserve	(12,739,343)	1,510,442
Transfer (to)/from Workers Compensation Reserve	(4,877,819)	(3,867,373)
Accumulated surplus at end of the financial year	-	-

NOTE 21: 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	46,449	60,207
Payable later than 1 year and not later than 5 years	-	-
	46,449	60,207

Capital commitments

As detailed in Note 16(b) Racing NSW Board has approved to spend up to \$13.25 million from the accumulated Race Fields provision on the Outside Broadcast Equipment and Laboratory Equipment

	2015 \$	Cumulative spending total \$	Remaining Commitment as at 30 June 2015 \$
Laboratory Equipment	1,802,741	2,760,782	396,882
Outside Broadcast Equipment	1,461,859	1,461,859	5,018,701
Total	3,264,600	4,222,641	5,415,583

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

2015
\$

2014
\$

NOTE 22: CONTINGENT LIABILITIES

Of the \$24,000,000 received from the New South Wales Government for the purpose of the Rosehill Gardens Racecourse development, \$20,954,382 remained on hand as at 30 June, 2015 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 Rosehill Racecourse) 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 \$38,600,000 (2014: \$40,200,000) at the end of the reporting period, against a facility of \$38,600,000 (2014: \$40,200,000). Unused facilities at the end of the reporting period amount to \$0 (2014: \$0). Racing NSW has pledged to CBA to maintain a minimum balance of 100% cash cover security for the bank guarantee (\$38,600,000).

NOTE 23: 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	Vice Chairman
Russell Balding AO	Board Member
Ken Brown AM	Board Member
The Hon Kevin Greene	Board Member
Anthony Hodgson AM	Board Member
Carole Molyneux-Richards	Board Member (commenced 19 December 2014)
Alan Brown	Board Member (retired 18 December 2014)
Peter V'landys AM	Chief Executive Officer
Ray Murrhly	General Manager - Integrity
Fergus Kelly	General Manager - Marketing (Appointed 7 October 2014, resigned 29 May 2015)
John Keledjian	Laboratory Director - Operations
Adam Cawley	Laboratory Director - Scientific
Keith Bulloch	General Manager - Regulatory
Scott Kennedy	General Manager - Industry & Analytical
Pete Sweney	Legal Counsel
John Galvin	General Manager - Workers Compensation
Maurice Logue	General Manager - Training
Ariel Paez	General Manager - Information Technology
Craig Barnes	General Manager - Finance
Alana Phadke	Assistant Legal Counsel (resigned 30 April 2015)

b) Key Management Personnel Compensation

Salary, Bonuses and Fees	3,361,012	3,453,141
Non-Cash Benefits	137,800	137,800
Other Long Term Benefits	75,766	24,474
Superannuation	272,982	256,133
Total	3,847,560	3,871,548

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 24: 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 Drutt Street, Sydney, NSW, 2000.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

NOTE 25: SEGMENT REPORTING

	2015			2014		
	Racing NSW	Insurance	Total	Racing NSW	Insurance	Total
Primary Reporting - Business Segments						
Revenue						
External Sales	102,230,430	13,643,814	115,874,244	104,628,912	12,009,545	116,638,457
Other Revenue	1,748,532	1,327,107	3,075,639	1,694,457	1,178,030	2,872,487
Share of profit of associate (Racing Australia "RA")	983,209	-	983,209	1,120,908	-	1,120,908
Total Segment Revenue	104,962,171	14,970,921	119,933,092	107,444,277	13,187,575	120,631,852
Expenditure	89,705,168	9,955,458	99,660,626	107,001,098	9,182,558	116,183,656
Depreciation	963,859	137,644	1,101,503	832,713	137,644	970,357
Total Segment Expenditure	90,669,027	10,093,102	100,762,129	107,833,811	9,320,202	117,154,013
Segment Result	14,293,144	4,877,819	19,170,963	(389,534)	3,867,373	3,477,839
Assets						
Segment Assets	158,758,824	55,685,469	214,444,293	158,649,820	56,854,696	215,504,515
Investments in Assets Accounted for using the Equity Method	6,263,790	-	6,263,790	5,280,581	-	5,280,581
Total Assets	163,326,410	52,381,673	220,708,083	163,930,401	56,854,696	220,785,096
Liabilities						
Segment Liabilities	138,030,303	53,030,874	191,061,177	149,725,671	60,583,482	210,309,153
Total Liabilities	138,030,303	53,030,874	191,061,177	149,725,671	60,583,482	210,309,153
Net Assets/(Liabilities)	30,296,107	(2,654,595)	29,646,906	14,204,730	(3,728,787)	10,475,943
Purchase of Non-Current Assets	4,683,365	-	4,683,365	506,808	-	506,808
Impairment Losses	-	-	-	-	-	-
Significant Non Cash Expenses other than Depreciation	-	(2,748,953)	(2,748,953)	-	6,212,608	6,212,608

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 26: RELATED PARTIES

(a) Key Management Personnel

The key management personnel of the entity are disclosed in note 23(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

C Molyneux-Richards

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 Racing Australia.

Mr P N V'Landys is also a director of ThoroughVisioN Pty Limited ("TVN") as representatives of Racing NSW Country Limited and the Provincial Racing Association.

(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, Jockeys Benefit Scheme Trust and NSW Thoroughbred Rehabilitation Trust. Refer Notes 7 and 14 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	74,228,013	76,376,732
- Racing Australia	968,054	900,890
- Racingcorp Pty Limited	141,494	140,063
- NSW TRB Training Limited	807,819	753,352
- The Jockeys Benefit Scheme Trust	66,989	-
- Thoroughbred Horse Rehabilitation Trust	20,369	58,321

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

NOTE 27: 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.

	2015	2014
	\$	\$
Trade Debtors	5,960,430	6,010,456
Other Receivables	39,089,977	38,289,276
Term deposits	110,797,056	109,425,334
Stakes Payment Debtors	3,490,529	7,154,701
Cash at Bank	39,017,418	41,916,196
	198,355,410	202,796,962

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 2015 were \$743,340 (2014: \$513,784). 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, 2015 including Racing NSW Country Limited \$6,862,121 (2014: \$3,645,005) Additionally a significant portion of Other non-current receivables comprises the loan receivable from the Australian Turf Club Limited being \$17,153,273 (2014: \$16,557,079) (note 13). 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 2015

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NOTE 27: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

b) Credit risk (cont.)

	Total \$	Current \$	30 days \$	60 Days \$	90 Days \$
2015 Trade and Other Receivables ageing are as follows:					
Maximum Exposure - Trade Debtors	6,240,053	5,463,483	599,350	5,901	171,319
Maximum Exposure - Stakes Payment Debtors	3,490,529	2,513,182	533,579	174,526	279,242
Maximum Exposure - Other Receivables	39,089,977	39,089,977	-	-	-
Maximum Exposure - Term Deposits	110,797,056	110,797,056	-	-	-
	159,617,615	157,863,698	1,122,929	180,427	450,561
Amount past due but not considered Impaired	1,654,722	180,427	1,122,929	180,427	170,939
Amount past due considered Impaired	279,622	-	-	-	279,622
	1,934,344	180,427	1,122,929	180,427	450,561
Impairment provision	(279,622)	-	-	-	(279,622)
2014 Trade and Other Receivables ageing are as follows:					
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)

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 and stakes debtors 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.

	2015 \$	2014 \$
Opening Balance	204,831	4,287
Bad Debts written off during year	-	(290)
Provision for Doubtful Receivables	82,920	200,834
Add back money recovered	(8,129)	
Closing Balance	279,622	204,831

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

Westpac Bank (A-1+ rated by S&P)	1,424,318	1,398,472
Commonwealth Bank (A-1+ rated by S&P)	120,787,742	123,292,241
National Australia Bank (A-1+ rated by S&P)	27,602,414	26,651,814
Total	149,814,474	151,342,527

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 2015

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NOTE 27: 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.

	Carrying Amount	Contractual Cash Flows	< 6 Months	6-12 Months	1-4 years
	\$	\$	\$	\$	\$
Maturity Analysis for Financial Liabilities - 2015					
Trade and Other Payables	20,698,396	20,698,396	20,698,396	-	-
Stakes Payment Creditors	12,216,649	12,216,649	12,216,649	-	-
Breeders Owners Bonus Scheme	22,448,877	22,448,877	2,110,765	15,560,997	4,777,115
Redevelopment Funds	20,954,382	20,954,382	20,954,382	-	-
Total	76,318,304	76,318,304	55,980,192	15,560,997	4,777,115

Maturity Analysis for Financial Liabilities - 2014

Trade and Other Payables	10,594,505	10,594,505	10,594,505	-	-
Stakes Payment Creditors	15,057,039	15,057,039	15,057,039	-	-
Breeders Owners Bonus Scheme	20,049,730	20,049,730	3,170,642	12,252,847	4,626,237
Redevelopment Funds	20,983,532	20,983,532	20,983,532	-	-
Total	66,684,806	66,684,806	49,805,718	12,252,847	4,626,237

Economic Dependency

Racing NSW received 6.39% (2014: 6.40%) of its income via a First Charge on the TAB distributions to the Thoroughbred Racing Industry. This distribution is governed by the NSW Racing Distribution Agreement as entered into by Racingcorp Pty Limited and TAB Limited. Consequently, Racing NSW is economically dependent on TAB Limited.

d) Market Risk

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

Interest Rate Risk

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

Objectives and Policies	Process for Managing the Risk	Methods used to Measure the Risk
Board policies require that Racing NSW review and negotiate interest rates on Cash at Bank on a regular basis in order to maximise their return.	Racing NSW negotiates 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.

2015	Effective Weighted Average Interest	Floating Interest Rate	Fixed Interest Maturing < 1 year	Non Interest Bearing	Total
		\$	\$	\$	\$
Financial Assets:					
Cash at Bank	2.000%	39,017,418	-	-	39,017,418
Receivables - term deposit	3.400%	-	110,797,056	-	110,797,056
Other Receivables - including Loan to ATC	2.900%	17,153,273	-	31,387,663	48,540,936
Total Financial Assets		56,170,691	110,797,056	31,387,663	198,355,410
Financial Liabilities:					
Breeders Owners Bonus Scheme	-	-	-	22,448,877	22,448,877
Trade and Other Payables	-	-	-	53,943,076	53,943,076
Total Financial Liabilities measured at amortised cost		-	-	76,391,953	76,391,953
Net financial assets/(liabilities)		56,170,691	110,797,056	(45,004,290)	121,963,457

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

NOTE 27: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

d) Market Risk (cont.)

2014	Effective Weighted Average Interest	Floating Interest Rate	Fixed Interest Maturing < 1 year	Non Interest Bearing	Total
		\$	\$	\$	\$
Financial Assets:					
Cash at Bank	2.860%	41,916,196	-	-	41,916,196
Cash on Deposit	3.840%	-	109,426,334	-	109,426,334
Receivables	3.970%	16,557,079	-	34,897,354	51,454,433
Total Financial Assets		58,473,275	109,426,334	34,897,354	202,796,962
Financial Liabilities					
Breeders Owners Bonus Scheme		-	-	20,049,730	20,049,730
Trade and Other Payables		-	-	46,635,077	46,635,077
Stakes Payment Creditors		-	-	66,684,807	66,684,807
Total Financial Liabilities measured at amortised cost		-	-	66,684,807	66,684,807
Net financial assets/(liabilities)		58,473,275	109,426,334	(31,787,454)	136,112,155

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 2015, the net profit impact for a 100 basis points movement in interest rates would be \$1,669,678 (2014: 1,678,996)

2015	Current Weighted Average Rate	Amount	100 basis points Increase in Interest	100 basis points Decrease in Interest
		\$	\$	\$
Cash at Bank	2.000%	39,017,418	390,174	(390,174)
Receivables - Term Deposits	3.400%	110,797,056	1,107,971	(1,107,971)
Other Receivables - including Loan to ATC	2.900%	17,153,273	171,533	(171,533)
Total		166,967,747	1,669,678	(1,669,678)
2014				
Cash at Bank	2.860%	41,916,196	419,162	(419,162)
Cash on Deposit	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)

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

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

Insurance Risk

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

The rights and obligations of Racing NSW as a specialised insurer, are regulated by the Workers Compensation Act 1987 (NSW) and the Workplace Injury Management and Workers Compensation Act 1998 (NSW). These Acts define the circumstances in which an employer has a liability to an injured worker, the manner and timing of any decision by Racing NSW as to the granting of indemnity, and the quantum of benefits payable in response to a claim.

Racing NSW provides an annual actuarial report to WorkCover NSW for the period to 30 June in each financial year that covers issues such as:

- The quantum of outstanding liabilities.
- The predicted development of such liabilities, payments on new claims and other expenses during the subsequent financial year.
- The number of new claims expected and an estimate of Incurred But Not Reported (IBNR) claims for the preceding financial year.
- The amount of the bank guarantee that Racing NSW must arrange to be executed by an established financial institution in favour of WorkCover NSW to support its ability to fund the thoroughbred racing industry's accumulated and expected workers compensation liabilities. (Refer Note 17)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

NOTE 27: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

d) Market Risk (cont.)

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

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

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

Racing NSW's 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 28: FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

- the interest rate used for discounting is the published CBA Reference Rate as at 30 June each year 2015: 9.33% (2014: 9.38%)
- payments are made evenly throughout the period.
- BOBS has been discounted over 2 years (2014: 4 years) due to the nature of the BOBS agreement.

	Fair Value	2015 Carrying Value	Variance	Fair Value	2014 Carrying Value	Variance
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash at Bank	39,017,418	39,017,418	-	41,916,196	41,916,196	-
Receivables - term deposits	110,797,056	110,797,056	-	109,426,334	109,426,334	-
Other Receivables - including Loan to ATC	48,540,936	48,540,936	-	51,454,433	51,454,433	-
Total Financial Assets	198,355,410	198,355,410	-	202,796,962	202,796,962	-
Financial Liabilities:						
Breeders Owners Bonus Scheme	22,224,359	22,448,877	(224,518)	19,835,277	20,049,730	(214,453)
Trade and Other Payables	53,943,076	53,943,076	-	46,635,077	46,635,077	-
Total Financial Liabilities measured at amortised cost	76,167,435	76,391,953	(224,518)	66,470,354	66,684,807	(214,453)

NOTE 29: INSURANCE ACTIVITIES

	2015 \$	2014 \$
Premium revenue	11,337,278	11,841,383
Reinsurance recoveries and other recoveries revenue	-	-
Other Income	2,295,657	6,700,469
	13,632,935	18,541,852
Interest Income	1,327,107	1,178,030
Movement in market value of Investment Fund	-	-
	1,327,107	1,178,030
Underwriting expenses	1,839,429	1,913,116
Direct claims expense	9,423,478	7,049,584
Outwards reinsurance premium expense	350,000	357,500
	11,612,907	9,320,200
Underwriting result for the financial year excluding investments revenue and expense	2,020,028	9,221,651
Investments		
Investment Property	1,822,043	6,580,026
	1,822,043	6,580,026
Operating Assets		
Bank	37,846,732	36,519,624
Reinsurance recoveries	12,525,898	13,755,046
	50,372,630	50,274,670
Total Assets	52,254,673	56,854,696

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

	2015 \$	2014 \$
NOTE 29: INSURANCE ACTIVITIES (CONT.)		
Liabilities		
Outstanding claims	51,021,831	53,770,786
Unearned Premiums	127,000	232,671
Investment Property costs funded by General Activities	1,882,043	6,580,026
	53,030,874	60,583,483

Refer to Note 17 for bank guarantee and other information relating to Workers Compensation Provision.

a) Outstanding Claims

Gross undiscounted claim liability	56,118,505	59,921,679
Discount to present value	(24,061,946)	(26,575,230)
Third party recoveries	-	-
Reinsurance recoveries	-	-
Central estimate of the expected present value of future payments for claims incurred	32,056,559	33,346,449
Prudential margin	6,439,376	6,669,290
	38,495,935	40,015,739
Current	8,133,084	9,024,599
Non-current	30,362,851	30,991,140
	38,495,935	40,015,739

The average weighted term to settlement of the outstanding liabilities is 8.2 years (2014: 9.6 years).

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

	2015		2014	
	Next Year	Thereafter	Next Year	Thereafter
Inflation rate	3.25%	3.25%	3.50%	3.50%
Discount Rate	3.20%	3.20%	4.60%	4.60%

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

	2015		2014	
	Current Year Incurred \$	Reassess Prior Years \$	Current Year Incurred \$	Reassess Prior Years \$
Gross undiscounted incurred claims	15,687,035	(9,965,595)	14,315,681	822,054
Undiscounted reinsurance & other recoveries	(875,839)	(4,147,388)	(147,364)	(7,292,228)
Net undiscounted incurred claims	14,811,196	(14,112,983)	14,168,317	(6,470,174)
Discounting of incurred claims	(2,126,470)	4,932,179	(2,454,131)	2,447,045
Discounting recoveries	127,508	1,817,344	27,785	(605,388)
	12,812,234	(7,363,460)	11,741,971	(4,628,517)
Gross discounted incurred claims	13,560,564	(5,033,416)	11,861,550	3,269,098
Discounted reinsurance & other recoveries	(748,330)	(2,330,044)	(119,579)	(7,897,615)
Net discounted incurred claims	12,812,234	(7,363,460)	11,741,971	(4,628,517)

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

NOTE 29: INSURANCE ACTIVITIES (CONT.)

- a) the interest rate used for discounting is the published CBA Reference Rate as at 30 June each year 2015: 9.33% (2014: 9.38%)
 b) payments are made evenly throughout the period.

c) Claim Development

	Prior	Accident Year										Total			
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015				
Claims cost estimate	\$	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At the end of accident year	n/a	8,352	8,154	8,653	13,327	10,768	14,058	12,900	11,168	11,499	11,661				
One year later	n/a	7,640	9,177	10,454	14,600	10,269	13,382	10,839	10,719	9,786					
Two years later	n/a	8,688	9,539	10,586	14,003	9,558	12,415	9,567	8,198						
Three years later	n/a	9,110	9,661	10,793	13,500	9,517	10,588	8,602							
Four years later	n/a	9,271	9,658	11,084	12,233	7,620	10,343								
Five years later	n/a	8,150	8,814	9,904	12,585	7,338									
Six years later	n/a	7,899	8,093	9,944	11,590										
Seven years later	n/a	7,075	8,769	9,754											
Eight years later	n/a	7,169	7,804												
Nine years later	n/a	6,372													
Current estimate of claims cost	-	6,372	7,804	9,754	11,590	7,338	10,343	8,602	8,198	9,786	11,661				
Cumulative payments	-	(5,454)	(6,577)	(8,449)	(9,767)	(5,099)	(7,252)	(4,654)	(4,572)	(4,288)	(3,119)				
Undiscounted central estimate	4,793	918	1,227	1,306	1,823	2,239	3,091	3,948	3,626	5,498	8,542				
Effect of discounting	(1,154)	(198)	(297)	(281)	(676)	(403)	(627)	(697)	(857)	(952)	(1,331)				
Discounted central estimate	3,639	720	930	1,025	1,147	1,836	2,464	3,252	2,769	4,546	7,211				
Claims handling expense	328	65	84	92	103	165	222	293	249	409	649				
Risk margin	793	157	203	223	250	400	537	709	604	991	1,572				
Present value recognised in the statement of financial position	4,760	941	1,216	1,340	1,500	2,402	3,223	4,253	3,622	5,947	9,432				

d) Maturity Analysis for Outstanding Claims

	2015					2014				
	All Years	< 1 year	1-2 years	2-5 years	> 5 years	All Years	< 1 year	1-2 years	2-5 years	> 5 years
Workers Compensation Claim Payments - Undiscounted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	37,011,572	8,692,156	430,677	9,303,452	18,585,287	42,145,321	7,299,867	5,540,133	10,117,164	19,188,158

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RACING NSW ABN 86 281 604 417

NOTE 30: 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, 2015 the following clubs benefited from the program in the current financial year and since the High Court case as follows:

	2015	Cumulative Total	Racing NSW Board approved project balance remaining
	\$	\$	\$
- Albury Racing Club	22,986	22,986	577,014
- Australian Turf Club (Kensington Track)	883	1,697,620	-
- Australian Turf Club (Quarantine facility)	932,354	932,354	7,067,646
- Ballina Jockey Club	7,253	23,096	2,146,904
- Bathurst Thoroughbred Racing	290,753	489,006	260,994
- Coffs Harbour Racing Club	573,488	884,009	215,991
- Dubbo Turf Club	-	-	1,550,000
- Goulburn & District Racing Club	244,326	350,467	2,599,533
- Gosford Race Club	-	238,600	-
- Hawkesbury Race Club	27,555	4,503,495	246,505
- Illawarra Turf Club	106,952	106,952	7,893,048
- Muswellbrook Race Club	-	463,188	86,812
- Murrumbidgee Turf Club	129,750	574,054	525,946
- Newcastle Jockey Club	3,566,197	4,776,157	6,423,843
- Racing Orange	73,838	97,501	1,202,499
- Port Macquarie Race Club	581,865	591,265	3,108,735
- Scone Race Club	-	285,737	194,263
- Tuncurry Forster Jockey Club	-	871,582	28,418
- Taree-Wingham Race Club	-	33,446	-
- Tamworth Jockey Club	33,208	33,208	2,116,792
- Wyong Race Club	675,052	675,052	824,948
	<u>7,266,460</u>	<u>17,649,775</u>	<u>37,069,891</u>
- Quantity Surveyor & monitoring costs incurred by Racing NSW	-	16,400	
	7,266,460	17,666,175	37,069,891
Total Accumulated Race Fields funds as at 30 June 2012		98,004,216	
Total written back in the 2015 Financial Year to spend on Laboratory equipment and Outside Broadcast equipment (Ref Note 16(b))		<u>(13,250,000)</u>	
Net Accumulated Race Fields funds		84,754,216	
Less:			
- Actual Capital Expenditure incurred above		(17,666,175)	
- Expenditure commitments approved by Racing NSW Board		(37,069,891)	
- Expenditure commitments under consideration by Racing NSW Board		(9,358,000)	
- Future Fund		(10,000,000)	
- Loan to Australian Turf Club		<u>(17,153,273)</u>	
Total		<u>(91,247,339)</u>	
Total deficit Race Fields funds available for spending		(6,493,123)	

The Race Fields funding to clubs 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 utilised from the Race Fields provision for the year ended 30 June 2015 on the basis that it is not probable that these loans will ever be recovered by Racing NSW.

NOTE 31: 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 32: 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 2015 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 22nd October 2015



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

We have audited pages 51 to 75 of the accompanying financial report of Racing NSW (the "entity") which comprises the statement of financial position as at 30 June 2015, 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 Australian Accounting Standards and the *Thoroughbred Racing Act 1996*. 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:

- i presents fairly, in all material respects, the entity's financial position as at 30 June 2015 and of its performance and cash flows for the year then ended; and
- ii complies with Australian Accounting Standards and the *Thoroughbred Racing Act 1996*

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Andrew Rigele
Partner - Audit & Assurance
Sydney, 22 October 2015

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RACING NSW MAGAZINE





Racing action at Bathurst Thoroughbred Racing – scene of the first ever heat of the 2014 The Championships Country Series that was ultimately a huge success. Image by Janian McMillan



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