

# 2010 Racing NSW ANNUAL REPORT



Racing NSW



CELEBRATING  
200 YEARS OF  
RACING  
IN NSW

# VISION

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

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

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

Maximise betting turnover on NSW Thoroughbred meetings.



**Racing NSW**

# CONTENTS

Chairman's Report **2**

Chief Executive's Report **3**

Industry **8**

Regulatory **11**

Integrity **16**

Veterinary Services **18**

Laboratory **20**

BOBS **22**

Industry Training **24**

Appeals **26**

Marketing & PR **28**

Insurance **29**

NSW Group & Listed Winners **32**

Annual Trends **35**

Financial Statements **36**

Front cover: Sydney's champions for the 2009/10 racing season (clockwise from left) – Tommy Berry, Nash Rawiller, Peter Snowden and Melito

# MISSION STATEMENT

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

# MEMBERS OF THE BOARD

1 JULY 2009 – 30 JUNE 2010



**A F Brown (Alan)**  
Chairman

Appointed 19 December 2008  
Attended 12 meetings



**A R Bell (Alan)**  
Deputy Chairman

Appointed 19 December 2008  
Attended 13 meetings



**K M Brown AM (Ken)**

Appointed 19 December 2008  
Attended 13 meetings



**K E Harding (Kim)**

Appointed 19 December 2008  
Attended 11 meetings



**A A Inglis (Arthur)**

Appointed 19 December 2008  
Attended 13 meetings



**P N V'landys (Peter)**

Racing NSW Chief Executive  
Appointed 23 February 2004  
Attended 13 meetings

## FUNCTIONS OF THE BOARD

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

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



# CHAIRMAN'S REPORT



**Alan Brown**  
Chairman

The Hon Kevin Greene MP  
Minister for Gaming and Racing  
NSW Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Minister

In accordance with Section 29 of the Thoroughbred Racing Act (NSW) 1996 I submit to you the 14th Annual Report of Racing NSW covering the period 1 July 2009 to 30 June 2010.

The Board met on 13 occasions and I acknowledge the contribution of my fellow Board members whose dedication, expertise and detailed knowledge of the inner-workings of the thoroughbred racing industry proved invaluable and enabled Racing NSW to undertake its functions and responsibilities to the highest levels.

I am pleased to report that Racing NSW has now met all of the additional obligations placed on it under the Thoroughbred Racing (Amendment) Act 2008, including the adoption of a Code of Conduct, a review of the Thoroughbred Racing Intra-Code Agreement and the formulation of a new Strategic Plan.

During the year we released our Strategic Plan setting out our vision for the NSW Thoroughbred Racing Industry for the next three years. This Plan was developed in consultation with the racing clubs and industry representative groups and we believe that its implementation will herald the commencement of an exciting era for racing in this State.

The Board has continued to hold meetings with the Racing Industry Consultative Group (RICG) with the first such meeting having been held on 20 January 2009.

My Board observed when we were first appointed, that one of the most contentious and divisive issues within the thoroughbred racing industry related to programming and handicapping. Accordingly the Board resolved that this matter should be addressed as a major priority.

With minor amendments brought about during consultation with industry participants, the new Benchmark Programming and Handicapping System has proved to be of significant benefit to the quality of racing throughout the State.

During the year Racing NSW hosted the 33rd Asian Racing Conference in Sydney during April 2010. Whilst I chaired the Organising Committee, much of the credit for its success must go

to Peter V'landys and our support staff at Racing NSW.

The theme of the Conference was "Racing into the Future" and included addresses on a wide array of important topics by an exceptional panel of Australian and international speakers.

Importantly the Asian Racing Conference was self-funding and thus required no financial contribution from the NSW Thoroughbred Racing Industry.

The Conference was held simultaneously with the 2010 Sydney Autumn Racing Carnival and the inaugural Australian Racing Conference which allowed us to showcase Sydney racing to the 678 delegates and guests who attended from around the world. By every measure, these Conferences were major successes.

Racing NSW is currently a party to two appeals being heard before the full bench of the Federal Court regarding decisions handed down earlier in the year in connection with challenges to the Race Fields Legislation regime by interstate wagering operators. These appeals were heard from 27 September to 1 October 2010. The outcome of the appeals will have a significant bearing on the future viability of the NSW Thoroughbred Racing Industry.

Discussions and negotiations have been on-going during the year in respect of the proposal to merge the Australian Jockey Club and the Sydney Turf Club. As you are aware I chaired the Merger Benefits Committee which met on numerous occasions. That was followed by meetings of the Steering Committee under your Chairmanship. Your leadership and assistance throughout this lengthy process has been invaluable.

Finally, on behalf of my Board, I wish to place on record the enormous assistance our Chief Executive, Peter V'landys and the entire staff of Racing NSW have been to me and my Board since we were appointed. Their dedication and hard work has been exceptional. In particular, their outstanding efforts during the hosting of the Asian Racing Conference brought credit to both Racing NSW and the State of New South Wales.

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

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Alan Brown', with a stylized flourish at the end.

Alan Brown

# CHIEF EXECUTIVE'S REPORT



**Peter V'landys**  
Chief Executive

The year 2009/10 was again one of significant impact on the NSW Thoroughbred Racing Industry. It represented the first full financial year in which Race Field fees were levied by Racing NSW. It also saw decisions handed down in the Federal Court challenges by wagering operators Sportsbet and Betfair resisting payment of those fees.

During the year we released a major Strategic Plan which outlines our aims and objectives for the industry for the next 3 years.

In addition, Racing NSW was also able to implement a number of other programs and initiatives which will provide significant benefits for the thoroughbred racing industry.

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

## OPERATING COSTS AND ADMINISTRATIVE CHARGE

Racing NSW will report a surplus in General Activities for the year ended 30 June 2010 of \$262,146. Recurring expenditure of \$14.255 million was up by \$0.475 million from the previous year (\$13.780 million). The increase in expenses is a reflection of Racing NSW expanding its Industry Training and marketing operations and the introduction of new handicapping systems. The First Charge against the TAB Distribution was \$8.048 million up by \$0.821 million when compared to \$7.227 million last year, a significant factor being the increase in external legal costs arising from the Federal Court challenges by Sportsbet and Betfair.

The Racing NSW Workers Compensation Fund has shown a return to surplus of \$210,113 on the back of strong management of claims and prudent investment strategies.

In particular a substantial proportion of the investment was held in a fund which predominantly comprised of equities. The Board decided to redeem the fund during the year and realise a gain of \$2.155 million.

The timing of the withdrawal was perfect as in the next week, the stock market declined markedly. If the money was left in the investment fund, the return would have been approximately \$300,000 rather than the \$2.155 million.

Also pleasing was the \$327,127 profit generated by hosting the Asian Racing Conference. This profit compared favourably with the previous three conferences held in other host countries which sustained significant losses.

## RETURNS TO OWNERS

Thoroughbred racing in NSW continued to perform strongly in delivering it's participants with strong returns to owners. In particular the net returns to owners of NSW compare favourably with those of interstate racing industries especially in the context of TAB distributions received.

For instance the most recently available data comparing net returns to owners between States shows that the NSW industry's net returns to owners are \$137 million annually against \$141.5 million paid by the Victorian racing industry. This outcome was achieved despite a continued funding disparity between the two States in TAB distribution with the Victorian racing industry receiving approximately \$60 million more per annum from poker machines.

Included in returns to owners for 2009/10 was a record year for Racing NSW's Breeder Owner Bonus Scheme (BOBS). Total bonuses paid to winning owners including BOBS Double Up were in excess of \$9 million, with BOBS again being the most lucrative of any Australian State bonus scheme.

## STRATEGIC PLAN

Following an extensive consultation process which involved discussions with race clubs and other industry bodies throughout the State, Racing NSW released its Strategic Plan for the NSW Thoroughbred Racing Industry.

The Strategic Plan addresses the issues facing the industry and provides practical solutions to take racing forward over the next three years.

The Plan was developed in the belief that Racing NSW will be successful in defending legal challenges instigated by two wagering organisations against the current Race Fields Legislation regime. This issue is covered in more detail later in this report.

### Major initiatives contained in the Plan include:

- Significant across the board growth in returns to owners including increases in prizemoney with the following increases occurring by July 2012.

Metropolitan Saturday races	\$70,000 to \$100,000
Metropolitan Midweek races	\$27,000 to \$ 35,000
Provincial races	\$16,000 to \$ 25,000
Country TAB Meeting races	\$ 9,000 to \$ 15,000

- An additional \$36 million in return to owners will be paid for



# CHIEF EXECUTIVE'S REPORT

- non-feature races from July 2012
- Also prizemoney paid for Group and Listed races will increase by \$13.1 million per annum by 2012.
- Prizemoney increases will be accompanied by a policy of advertising the value of races on a total return to owner basis (referred to as "Returns to Owners") and look at introducing a system of paying prizemoney for all horses which fill the first 10 places in a race.
- **A \$70 million investment in infrastructure over the next 5 years to improve customer facilities at racecourses as well as improved racing surfaces and training facilities.**
- Significant capital expenditure is required to improve the level of customer facilities at Sydney racecourses, particularly at Royal Randwick which is presently being pursued through the AJC Masterplan. This is vital to attracting greater business from corporate customers, sponsors and attendees at racetracks.
- Included in the above capital investment is the creation of regional Centres of Excellence to provide the opportunity for the owners of a greater number of country trained horses to benefit from superior training facilities.
- Further promoting NSW racing to international markets through increased telecast of NSW races and appropriate comingling of NSW wagering pools with international wagering operators along with appropriate regulatory reforms.
- Showcasing the Sydney Autumn Racing Carnival as a leading thoroughbred racing event and further developing it as the world's pre-eminent thoroughbred racing festival during April each year.
- Increasing the frequency of race starts per horse in NSW and building race field sizes to maximise wagering and race-going interest.

The Plan also identifies other avenues which will be explored to generate additional revenue for the thoroughbred racing industry.

## RACE FIELDS LEGISLATION

In accordance with the conditions laid down by Racing NSW in terms of the Racing Administration Act, 365 wagering operators throughout Australia received approval to conduct wagering on NSW Thoroughbred Racing events which resulted in the receipt of approximately \$54 million from those operators during the year. This brought the total fees collected since the implementation of the legislation to the 30 June 2010 to approximately \$94 million. Unfortunately, Racing NSW has been restricted in its ability to use those funds due to the ongoing uncertainty arising from the Federal Court challenges by Sportsbet and Betfair and the subsequent appeals to the Full Court of the Federal Court.

## BETFAIR AND SPORTSBET COURT PROCEEDINGS

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

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

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

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

In the case of Sportsbet, Justice Perram upheld the validity of the Race Fields Legislation and accepted that overcoming the issue of 'free riders' on the NSW Thoroughbred Racing Industry was a legitimate object. However, the Judge ruled that the way the Race Fields Fee was applied to Sportsbet was invalid for a confined period being September 2008 to June 2009. The reasons the Judge found in favour of Sportsbet included his interpretation of a commercial settlement of a dispute with Tabcorp and his view that a \$5 million fee-free threshold imposed by Racing NSW was intended to protect New South Wales bookmakers.

Racing NSW filed an appeal against the Sportsbet judgment. Sportsbet filed a cross-appeal challenging the loss of the main part of its case, being the validity of the Race Fields Legislation and also maintained that it should be entitled to recover all Race Fields Fees paid rather than only for the confined period of September 2008 to June 2009. Betfair also filed an appeal from its loss.

Racing NSW successfully sought expedition of both appeals so that the uncertainty created by these challenges could be determined as quickly as possible. Both appeals were heard by the Full Court (Chief Justice Keane, Justice Buchanan and Justice Lander) of the Federal Court in the week beginning 27 September 2010.

In the Sportsbet appeal, Racing NSW argued that the significant findings of Justice Perram were so contrary to the evidence and the law that they should be overturned. For example, Racing NSW argued that the findings in relation to the settlement with Tabcorp were not supported by the evidence and were not argued for by Sportsbet. Racing NSW also argued that the finding that the \$5 million fee free threshold was designed to protect NSW bookmakers was made without regard to a number of important facts including that all wagering operators throughout Australia benefited from the threshold.

In the meantime, Racing NSW has modified the Race Fields scheme to address the findings of Justice Perram in Sportsbet pending the outcome of the appeal. Those modifications include the removal of the \$5 million fee free threshold which is an extremely unfortunate consequence of the Sportsbet judgment. Racing NSW is doing its utmost to minimize the impact of this on small bookmakers located throughout Australia.

## ASIAN RACING CONFERENCE

Between 9 and 15 April 2010 Racing NSW coordinated and managed the conduct of the 33rd Asian Racing Conference and the associated Trade Exhibition.

A total of 678 participants representing 31 countries registered for the event (524 delegates; 114 accompanying persons; 31 exhibitors and 9 media representatives).

The theme of the conference was "Racing into the Future" and addresses were delivered by a number of eminent speakers from Australia and overseas on those issues that are material to develop thoroughbred racing in the 21st century. These included strategies for attracting new customers and maintaining racing's existing customer base, in particular focusing on bridging the generation gap and attracting customers from generations X & Y.

Feedback from delegates and from the Australian Racing Board suggested that the Sydney Conference was the most successful held to date.

# CHIEF EXECUTIVE'S REPORT

Importantly, with minor exceptions, the conference was conducted with existing resources and in contrast to previous conferences; the Sydney event generated a profit of \$327,127. This outcome compared most favorably with the last three conferences (Dubai - \$1.9 million loss; Tokyo - \$1 million loss; and Seoul - \$1.6 million loss).

## AUSTRALIAN RACING CONFERENCE

In conjunction with the Asian Racing Conference, Racing NSW coordinated and managed the inaugural Australian Racing Conference on 15 April 2010.

250 persons attended the conference and 210 of these were also listed to participate in round table sessions conducted for various categories of racing administrators. A highlight of the Conference was a panel discussion session which included some of Australia's leading Chief Executives from the business and sporting worlds, including John Symond (Aussie Home Loans), Janine Allis (founder, Boost Juice), John Coates (AOC), David Gallop (NRL) and Andrew Demetriou (AFL).

As with the Asian Racing Conference, the Australian Racing Conference was conducted with existing resources and Racing NSW was able to break even for the event.

This conference is set to become an annual event and Racing NSW has been chosen to host the first three conferences. Arrangements are currently underway for the development of the 2011 Conference.

## SYDNEY AUTUMN RACING CARNIVAL – COMMERCIAL ARRANGEMENTS WITH EVENTS NSW

Following extensive negotiations by Racing NSW, Events NSW joined with the industry in the promotion of the annual Sydney Autumn Racing Carnival.

Under these arrangements that organization committed to provide up to \$2 million for the promotion of the 2010 and subsequent carnivals. This funding followed upon amounts of \$500,000 and \$750,000 for the 2008 and 2009 carnivals.

The funding is conditional on Racing NSW and the metropolitan race clubs adopting a fixed date schedule for that and subsequent carnivals. This fixed date schedule involves the Golden Slipper meeting being held each year on the first Saturday in April followed by the commencement of the AJC's carnival the following Saturday.

The success of these arrangements coupled with the involvement of Events NSW has enabled the Sydney Autumn Carnival to strengthen and grow its position on the Australian Racing Calendar.

## INDUSTRY TRAINING – AGREEMENT WITH RICHMOND TAFE

In order to improve the delivery of training programs in the thoroughbred racing industry Racing NSW negotiated an agreement with Richmond TAFE which involved that body seconding the whole of the Racing NSW Training Department and assuming responsibility for all industry training.

This agreement contains terms which are in the best interests of the industry and will be cost neutral to Racing NSW. The initial term is for 5 years with two options of 5 years.

The partnership is managed by a Committee comprising thoroughbred racing industry and TAFE personnel.

## FRIDAY NIGHT RACING

Following successful negotiations with the NSW Harness Racing

Club that Club agreed with a proposal advanced by Racing NSW and the Sydney Turf Club (STC) for the STC to conduct race meetings at Canterbury Park on Friday evenings.

Prior to that agreement a clause in the Inter-Code Agreement between the three codes of racing prevented the conduct of metropolitan thoroughbred meetings after 7pm on Fridays. The Canterbury meetings will be held in unison with night meetings at Mooney Valley thereby maximizing the wagering opportunities and increasing revenue for the industry.

The scheduling of the Canterbury meetings will also optimise our ability to market NSW racing internationally including Asia and Europe, and improve revenue flows through appropriate comingling with international wagering operators.

## PRODUCTIVITY COMMISSION INQUIRY INTO GAMBLING

As identified in our 2009 Annual Report the Federal Government commissioned the Productivity Commission to undertake a public inquiry into gambling.

Following its initial inquiries the Commission released a draft report outlining its proposed findings and recommendations. Racing NSW provided a detailed response to those findings and the Chairman and I appeared and gave evidence at public hearings conducted by the Commission in Sydney.

In its final report the Productivity Commission accepted that racing and wagering are inextricably linked, with each at least partly dependent on the other. However, the Commission did not appear to recognize that racing is a very large industry providing employment opportunities for thousands of people whereas wagering is a subsidiary activity which is almost totally reliant on the racing industry for its existence.

Racing NSW believes therefore that the Commission's report appears to concentrate more heavily on the interests of wagering operators (particularly those claiming to be low margin operators), rather than on the interests of the racing industry and the many thousands of persons who derive all or part of their livelihoods from the industry.

It is the contention of Racing NSW that the implementation of the Commission's recommendations in their entirety would have a substantial negative impact on the industry and on the financial welfare of the industry's participants.

More importantly, Racing NSW is not convinced that the recommendations would necessarily be of benefit to the majority of consumers. To this end Racing NSW believes that the recommendations will facilitate the transfer of revenue away from the racing industry to low margin wagering operators and professional punters without providing any real benefits for the overwhelming majority of recreational punters.

Racing NSW is also concerned that many of the Commission's assumptions appear to have been based on statements and opinions offered by a wide array of commentators without any factual information or in-depth and robust analysis having been undertaken to either test or support those opinions.

## REGISTRATION OF RACE CLUBS

During the period under review we developed and implemented a new scheme for the annual registration of NSW thoroughbred race clubs so as to ensure that Racing NSW is able to better regulate the operation of clubs as well as ensuring that clubs are fully aware of their obligations and responsibilities to the industry.

All clubs have now sought and been granted registration.



# CHIEF EXECUTIVE'S REPORT

## INTRA-CODE AGREEMENT

Section 29I (1) of the Thoroughbred Racing Act (NSW) 1996 provides that Racing NSW may from time to time undertake a review of the Intra-Code Agreement for the purpose of ensuring that the Agreement is in the best interests of the horse racing industry as a whole in New South Wales.

Following extensive consultation with the other parties to the Intra-Code Agreement (AJC, STC, Provincial Racing Association of NSW and Racing NSW Country), Racing NSW developed a draft revision of the Agreement and forwarded it to those parties for their comment and further input. All bodies have now submitted their comments and suggestions. However, as the distribution of funds under the Intra-Code Agreement should be considered in conjunction with the allocation of funds received under the Race Fields Legislation, the matter has been deferred pending the outcome of the appeals proceedings mentioned previously.

It is expected that the matter will be finalized in the early months of 2011.

## BENCHMARKING

After a series of State-wide information seminars in early September 2009 to explain the new process to participants, Racing NSW launched its Benchmark Handicapping and Programming system on 1 October 2009.

The system was designed to:

- Create additional opportunities for horses to compete in suitable races;
- Improve race field sizes;
- Create more even and competitive racing; and
- Improve betting turnover, and returns to participants.

In introducing the new system Racing NSW committed to undertaking regular reviews of the process to ensure the objectives of the program were being achieved.

In keeping with this commitment we undertook a major review of the scheme after 6 months of operation. The results of the review were then forwarded to race clubs and participant groups for their consideration.

Feedback received from participants and observations from the Racing NSW handicapping and racing departments indicated that the benchmark system was working the most smoothly in the metropolitan area.

However, it was felt that some small adjustment to the benchmarks allocated against country and to a lesser extent provincial performances was needed to create a better line of fit in benchmarking the performances of horses in each sector.

Following the review, Racing NSW outlined revisions to the benchmark system. A final set of agreed enhancements are to take effect 1 November 2010.

## RACING NSW REWARDS CLUB

In order to grow the racing economy, procure new owners and establish a substantial data base of industry supporters, in early 2009/10, Racing NSW launched a racing loyalty program.

The program will be used throughout the racing economy and will be based on similar successful loyalty schemes currently operating in the wider economy. One of the most important objectives of the program is to take advantage of the \$2.5 billion in unused points currently sitting in the various rewards programs operating throughout Australia. In addition a further \$800 million per annum is added to unused points.

Arrangements have been entered into with several other loyalty programs conducted by organisations such as Visa

and MasterCard for the transfer of rewards points from those programs into members' "Racing NSW Rewards" accounts.

Under these arrangements members are able to access unused points in a variety of programs to which they may belong and then use them in the general racing economy.

In addition, members of the program will earn reward points for various transactions they undertake in the racing industry and they will then be able to utilize those points to pay for other industry transactions.

To ensure the success of the program, Racing NSW has negotiated partnership agreements with a large number of commercial organizations, including Tabcorp which already runs the No. 1 Club loyalty program.

Racing NSW will also provide reward points to all non-feature races conducted throughout NSW thereby providing additional value to those races to owners.

## AJC/STC MERGER

As identified in our 2008/09 Annual Report, in early 2009 Racing NSW responded to a request from the NSW Minister for Gaming and Racing to consult with the AJC and STC to consider the implications and benefits of a merger between the two race clubs.

In separate studies undertaken by Ernst & Young and LEK Consulting to assess the feasibility of a merger against the criteria of revenue upside, cost synergies, asset utilisation, governance and administrative structure and implementation ease, recurrent economic benefits of between \$3 million and \$21 million were identified should the merger take place.

At the request of the Minister, Racing NSW then convened a Merger Benefits Team with representation from both clubs to assess the results of those studies and recommend a way forward. The Team subsequently reported to the Minister on the projected benefits of a merger and identified possible management structures for a merged club.

On receiving the Report, the Minister maintained that a merger of the two clubs would provide substantial benefits to the industry in the medium to long term, underpinning the viability of racing and the economic contribution to NSW and put in place a scheme whereby the merged club would receive \$174 million for capital developments.

The NSW Government committed to provide an amount of \$24 million as a grant to fund developments at Rosehill Gardens Racecourse including the refurbishment and alterations to the Fleming Stand on all levels.

The Government also agreed to reclassify the simulated racing game Trackside enabling its introduction in NSW TAB and licensed outlets, with revenue from the game to fund a significant capital upgrade to the facilities at Royal Randwick Racecourse. This includes the development of two new state-of-the-art grandstands – increasing seating capacity by 112% and providing first class spectator facilities, function space, restaurants and corporate boxes.

Initial discussions centred on the provision of the funds for Royal Randwick to be granted by Racing NSW from proceeds of a loan of \$150 million with repayment from new revenue generated from Trackside. In addition to thoroughbred racing's 17% share of Trackside's net profit under the existing agreement, Trackside revenue to thoroughbred racing was to be boosted by a contribution from the NSW Government's tax from Trackside to a maximum of \$5 million per annum and an additional contribution from Tabcorp of 1.8% of turnover.

The \$150 million loan which was to be procured from a financial institution and to be repaid from an unproven revenue



# CHIEF EXECUTIVE'S REPORT

source created a significant risk to Racing NSW and accordingly was not pursued.

As discussions progressed, Tabcorp agreed to acquire the thoroughbred racing industry's share of revenue from Trackside for an amount of \$150 million, which will be directed to a merged club for the redevelopment of Royal Randwick Racecourse.

At the time of writing this report negotiations were close to finalisation and the Minister awaiting advice from the Committees of both the Sydney Turf Club and Australian Jockey Club.

## JOCKEYS WELFARE PROGRAMS AND JOCKEYS' TRUST

Following a decision by the Board in July 2009 to introduce a new Local Rule 72 an amount of 1% of all prizemoney allocated to NSW thoroughbred race meetings is now being deducted and directed towards jockeys' insurance and welfare programs.

To give effect to these initiatives two separate bodies were established to manage the welfare programs – the JCBS Trust and the Governance Advisory Committee and appropriate persons were appointed to serve on both bodies. Representatives from the NSW Jockeys' Association and Racing NSW will serve on both bodies and in the case of the Trust the majority of members are independent of the industry.

The inaugural meetings of the Trust and the Governance Advisory Committee will be held early in the 2010/11 financial year.

## ACKNOWLEDGMENTS

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

In particular I wish to acknowledge the Chairman Alan Brown whose leadership was strong, measured and professional at all times.

Further, I also express my immense gratitude to all staff of Racing NSW for their hardworking, professional and conscientious efforts during the year.

**Peter V'landys**  
Chief Executive



# INDUSTRY

## WAGERING ON RACING

Totalizator wagering in NSW for the 2009/10 year edged ahead of 2008/09 with total sales of \$4.812 billion against \$4.764 billion the previous year.

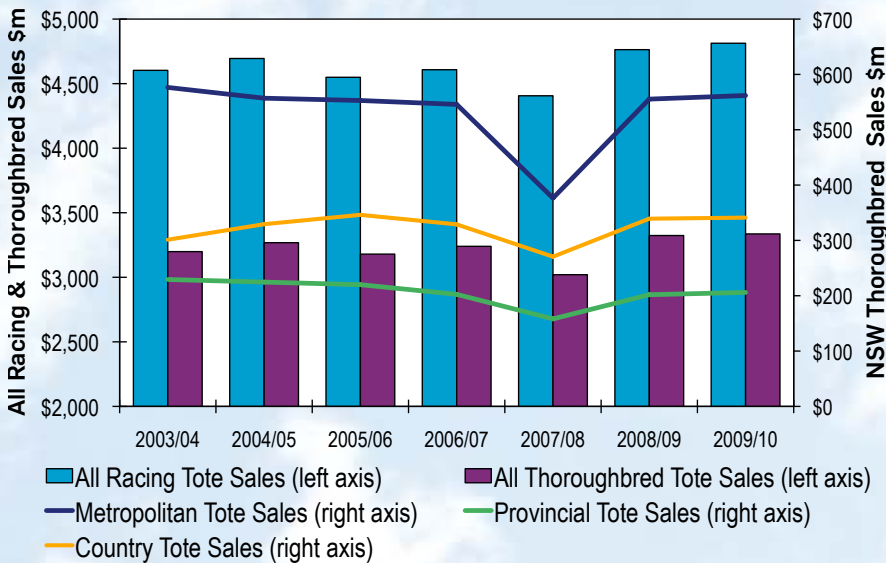
This increase of just over 1% continued the trend of only very modest year on year increase in total NSW totalizator wagering sales.

A total of \$1.11 billion was held by the NSW totalizator on NSW thoroughbred racing during 2009/10. It is estimated that a further \$3 billion was wagered on NSW thoroughbred racing with other Australian wagering operators during 2009/10.



**Scott Kennedy**  
General Manager –  
Industry & Analytical

## WAGERING SALES ON NSW TOTALIZATOR



## PRIZEMONEY AND RETURNS TO OWNERS

The chart below summarises prizemoney and the number of meetings held by each sector of racing in NSW.

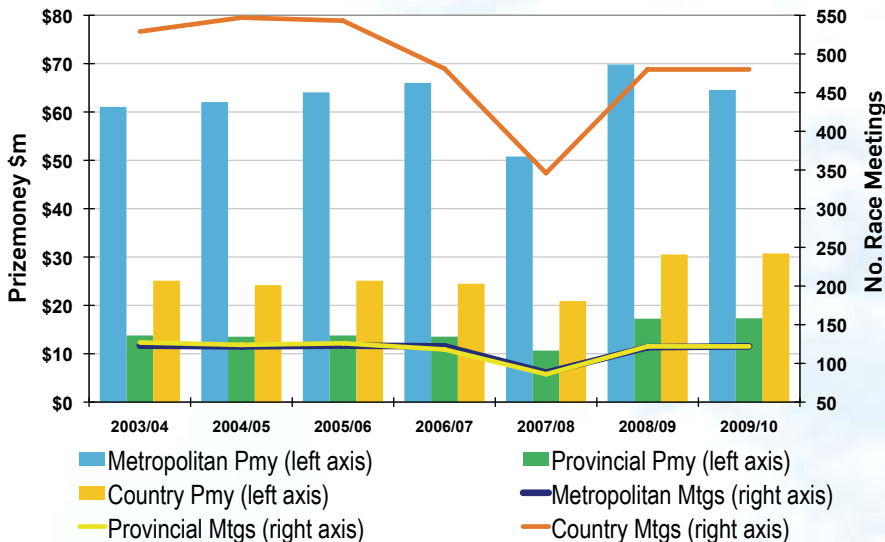
A total of 122 Metropolitan and Provincial race meetings were held during the year.

Country racing continues to conduct more TAB race meetings than the 241 required by the racing industry's agreement with Tabcorp, with a total of 331 TAB meetings including 12 meetings broadcast on Sky 2 from April 2010.

Minimum prizemoney levels were maintained across NSW, however, total Metropolitan prizemoney was impacted by reductions to Group and Listed prizemoney by the Australian Jockey Club.

BOBS bonuses grew again in 2009/10 to exceed \$9 million which, along with increases in the total jockeys ride fees, saw total returns to owners of \$140.9 million, marginally below 2008/09 levels.

## PRIZEMONEY AND RACE MEETINGS

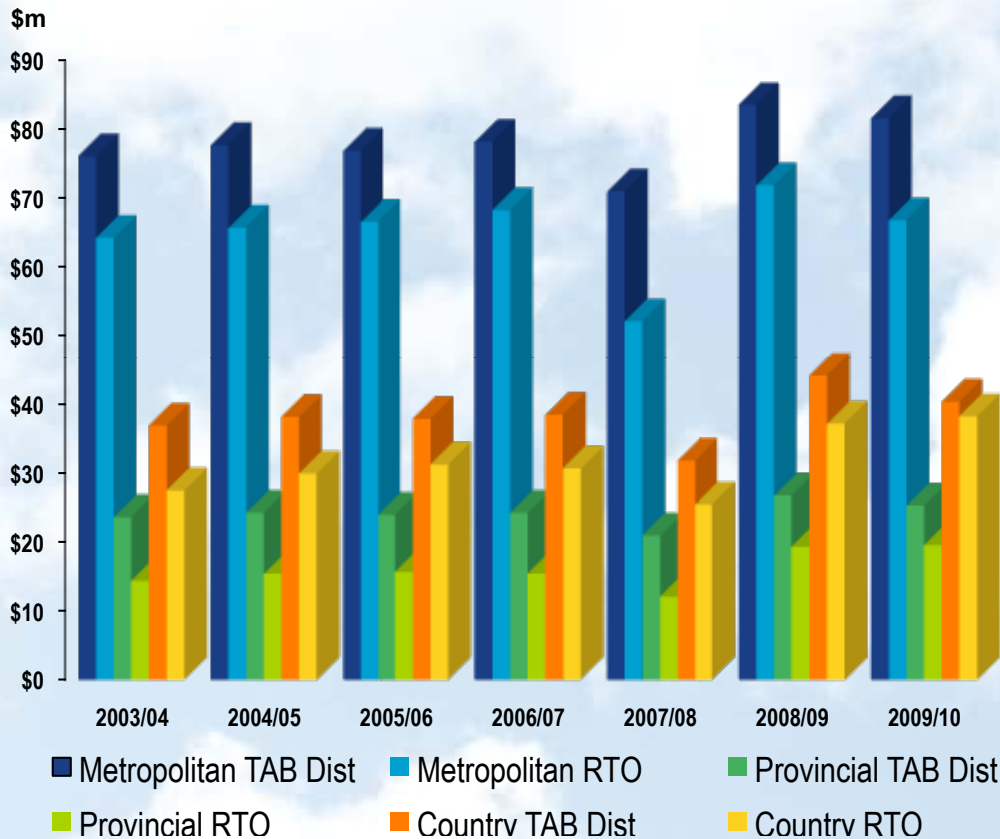




## PAYMENTS TO RACE CLUBS FROM TAB FUNDING

TAB distributions to race clubs in 2009/10 were \$147.1 million. TAB distributions for 2007/08 and 2008/09 were impacted by Equine Influenza and Racing NSW's declaration that an amount of \$9.3 million to be carried forward to 2008/09. The chart below summarises distributions and returns to owners for each sector. In total, returns to owners by NSW race clubs have grown from 78% of their TAB distributions since 2003/04, excluding BOBS bonuses and appearance fees.

### TAB DISTRIBUTIONS & RETURNS TO OWNERS BY SECTOR



## BENCHMARK PROGRAMMING

From 1 October 2009 Racing NSW introduced BENCHMARK programming and handicapping across NSW.

BENCHMARK races replaced rating band races and opened the eligibility for horses to contest races where their individual Benchmark figure is above that designated for a race.

As such, an important objective from the introduction of BENCHMARK races and programming generally is to create racing opportunities for participants and attractive, interesting races for racing's customers.

BENCHMARK programming was successful in the creation of racing opportunities for horses and participants. This is evidenced by the increase in average race field sizes and the fall in the proportion of small field sizes, especially in country NSW.

BENCHMARK races were also successful in creating more even and competitive racing with a reduction in beaten margins of horses in these races, particularly in the metropolitan and provincial areas.

Since the introduction of BENCHMARK programming in NSW, other Principal Racing Authorities have adopted this method of programming. Areas of Western Australia, Tasmania, Northern Territory and the South Island of New Zealand have now incorporated BENCHMARK races into their programmes.

## RACE MEETINGS

SECTOR	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Metropolitan	123	122	123	121	88	121	122
Provincial	127	124	126	118	86	122	122
Country TAB	287	306	315	288	220	291	293
Country Saturday TAB	0	8	49	20	25	25	38
Country Non-TAB	243	206	154	175	99	154	150
Picnic	26	27	25	26	18	30	27
<b>TOTAL</b>	<b>752</b>	<b>743</b>	<b>536</b>	<b>748</b>	<b>792</b>	<b>793</b>	<b>806</b>

The 2009/10 year saw a full schedule of Metropolitan racing, with small increases in the number of Country TAB meetings, and Country Saturday TAB meetings with non-TAB meetings converted from April 2010 for TAB coverage and broadcast.

## RACES CONDUCTED

SECTOR	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Metropolitan	951	962	955	945	688	936	934
Provincial	1,046	1,002	989	942	699	955	958
Country TAB	2,192	2,330	2,402	2,254	1,763	2,274	2,285
Country Saturday TAB	0	59	348	142	197	197	265
Country Non-TAB	1,295	1,098	813	960	526	816	784
Picnic	152	157	144	150	101	173	155
<b>TOTAL</b>	<b>5,636</b>	<b>5,608</b>	<b>5,651</b>	<b>5,393</b>	<b>3,974</b>	<b>5,351</b>	<b>5,381</b>

The number of races conducted across NSW increased over 2008/09, with additional Saturday TAB meetings converted from non-TAB fixtures and a large number of race divisions in the country sector.

## RACE STARTERS

SECTOR	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Metropolitan	9,840	9,183	9,501	9,195	6,615	9,242	9,280
Provincial	10,893	10,129	9,715	9,552	7,377	9,766	9,803
Country TAB	22,718	24,740	25,341	24,582	19,520	25,132	25,951
Country Saturday TAB	0	599	3,167	1,681	2,142	2,089	2,916
Country Non-TAB	10,263	8,665	6,395	7,876	4,332	6,633	6,869
Picnic	876	918	807	974	605	1,084	1,007
<b>TOTAL</b>	<b>54,590</b>	<b>54,234</b>	<b>54,926</b>	<b>53,860</b>	<b>40,591</b>	<b>53,946</b>	<b>55,826</b>

The total number of race starters jumped by almost 3.5% across NSW in 2009/10. While an increase occurred in all sectors, the number of country starters increased markedly by more than 1,800 or 5% across the year, supported by strong underlying demand for race starts and BENCHMARK programming.

## RACE FIELD SIZES

As a whole across NSW, average field sizes increased to an average of 10.37 starters from 10.08 starters in 2008/09 and the highest of any of the past five years.

Examination of the figures by sector reveals that average metropolitan field sizes declined slightly falling from 10.01 to 9.94 starters per race.

The provincial average of 10.23 starters equalled that of 2008/09. The country sector is where significant field size increases occurred in 2009/10.

The Country TAB average field size (excluding Saturday meetings) grew to 11.36 starters per race, up from 11.05 in 2008/09. Similarly, Country Saturday TAB fields grew to an average of 11.0 starters per race and Country Non-TAB averages expanded to 8.76 starters per race.

The picnic average field size also increased to 6.5 runners per race, up from 6.27 starters the previous year.

## AVERAGE FIELD SIZES

SECTOR	05/06	06/07	07/08	08/09	09/10	Change (09/10 vs 08/09)
Metropolitan	9.95	9.73	9.6	10.01	9.94	-0.07
Provincial	9.82	10.14	10.55	10.23	10.23	0.00
Country TAB	10.55	10.91	11.07	11.05	11.36	0.31
Country Saturday TAB	9.1	11.84	10.87	10.6	11	0.40
Country Non-TAB	7.87	8.2	8.23	8.13	8.76	0.63
Picnic	5.6	6.49	5.99	6.27	6.5	0.23
<b>TOTAL</b>	<b>9.72</b>	<b>9.99</b>	<b>10.21</b>	<b>10.08</b>	<b>10.37</b>	<b>0.29</b>

There was a general decline in the proportion of races that had fields of less than 8 starters in 2009/10 from the previous year.

The proportion of Metropolitan races with small fields fell slightly in 2009/10 to 16.17% of races. The proportion of Provincial races with small fields fell similarly to 14.1%, down from 16.75% in 2008/09

## % OF SMALL FIELDS (LESS THAN 8 STARTERS)

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

## GROUP AND LISTED RACING HIGHLIGHTS

NSW-trained horses produced numerous highlights in feature races in NSW and around Australia throughout the 2009/10 season.

Of the 68 Group One races run in Australia during 2009/10 season, 34 were won by trainers based in NSW. These top level successes were widely spread.

While none of these NSW-trained racehorses won three or more Group One races, eight were successful in winning two Group One races including:-

**Danleigh** (Chris Waller, Rosehill): Manikato Stakes (Vic) and George Ryder Stakes (NSW)

**Faier Perfume** (Bart Cummings, Randwick): VRC Oaks (Vic) and Storm Queen Stakes (NSW)

**Hot Danish** (Les Bridge, Randwick): All-Aged Stakes (NSW) and Doomben 10,000 (Qld)

**Melito** (Gerald Ryan, Rosehill): T J Smith Stakes (NSW) and Winter Stakes (Qld)

**Road to Rock** (Anthony Cummings, Randwick): George Main Stakes (NSW) and Queen Elizabeth Stakes (NSW)

**Sniper's Bullet** (Tracey Bartley, Mudgee): Railway Stakes (WA) and Kingston Town Classic (WA)

**Theseo** (Gai Waterhouse, Randwick): Chipping Norton Stakes (NSW) and Ranvet Stakes (NSW)

**Turffontein** (Anthony Cummings, Randwick): Sir Rupert Clarke Stakes (Vic) and William Reid Stakes (Vic)

**Bart Cummings** led the charge among NSW trainers with seven Group One wins with both Chris Waller and Gai Waterhouse recording five Group One wins.

*\*All NSW trained Group One winners are summarised on pages 32-33*





**Keith Bulloch**  
General Manager –  
Regulatory

## Functions

The General Manager – Regulatory manages the following functions:-

- Race Fields Legislation – Wagering Operators approval to use NSW Race Field Information, and make payment of required fees
- Licensing of industry personnel
- Registration – NSW functions including changes of horse ownership; transfers, leases and syndicates
- Handicapping
- Syndications, Licensed Promoters and ASIC communication
- Racing colours
- Jockey Safety Secretariat
- Rules of Racing, betting and some disciplinary enquiries in conjunction with Stewards
- Project work as assigned
- Barrier Draw auditing, and
- Swab sample quality transport and storage auditing.

The General Manager – Regulatory has senior management responsibility for each area including implementation of Board policy. Department activities are reported under department headings which follow. In addition to these, specific project work was undertaken, such as:-

### NATIONAL JOCKEY LICENCE

At the ARB meeting in March 2010, their Board considered a proposal from the Australian Jockeys' Association concerning the creation of a national licence for jockeys.

It was agreed the Eastern seaboard jurisdictions would work to streamline licensing processes for jockeys riding interstate.

A working party was appointed chaired by Racing NSW and the General Manager – Regulatory. The working party completed Phase 1 of the project and reported back to the ARB that all States could quickly move to adopt uniform process for 2010/11 Jockey and Apprentice Jockey Licence renewals by:-

- Waiving all licence fees for visiting riders
- Accept home State medical assessment in all cases, and
- Simplify renewal application forms to carry standard Q&A's and licence conditions.

Phase 2 of the review will aim at further streamlining for 2011/12 licence year to eliminate Multi-State jockey Licence forms. This may hinge on legal input including the requirement for each State to maintain its legislative responsibility to approve or refuse a licence application and set rules and conditions of licence.

### BENCHMARK PROGRAMMING AND MERIT BASED HANDICAPPING

The project work for the introduction of the Benchmark system effective 1 October 2009 included:-

- Racing and Sports analysts and Racing NSW Handicappers co-ordinate release of new Benchmark figures
- I.T. requirements negotiated and development commenced between the three affected organisations – Racing NSW, Racing & Sports and RISA
- Press release and web information formatted
- NSW City and Regional Seminars conducted to explain and launch the system – Randwick, Newcastle, Rosehill, Warwick Farm, Kembla, Wagga, Queanbeyan, Dubbo, Tamworth, Coffs Harbour and Ballina
- Colour handbook completed explaining the Benchmark system
- Distribution of handbook to all licensed NSW trainers, 200 regular visiting interstate trainers, NSW (and visiting) licensed jockeys and jockey managers, owners, licensed wagering operators and industry groups such as RICC members, Associations, all NSW race clubs, Interstate Principal Racing Authorities, William Inglis and Magic Millions and all media organisations
- Arranged for demonstration of the Benchmark system to any interested trainers or their representatives, and
- Co-manage six-month review of Benchmark system including industry submissions.

### CAMERON REVIEW – 24/7 INTERNET AND TELEPHONE WAGERING BY BOOKMAKERS

Following a decision by Minister Greene to adopt some recommendations from the Cameron Review, the Regulatory Department assisted the Office of Liquor, Gaming and Racing in the redrafting of Ministerial Conditions applying to Telephone Betting and Internet Betting by Bookmakers.

## Jockeys' Safety Review

### HELMET TESTING – UPDATE

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

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

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

The prototype helmets utilised a range of existing Albion outer shells with Professor McIntosh's recommended new inner lining material.

The purpose is initially to test the current Albion products outer shell for ease of manufacture if one should meet or be very close to the High Performance European Standards requirement – this standard far exceeds current horse industry standards in impact requirements and cushioning minimums.

The performance test indicators favoured at least one of the current Albion outer shell products meeting the standard.

The next test stage is to fit the helmet with a single moulded

piece of the inner lining material and test again. Each process takes us one step closer to realisation.

However, the still unknown factor is the final size and weight required of the helmet to provide optimum protection. Obviously the objective is to keep the helmet as small and lightweight as possible.

## NATIONAL JOCKEY SAFETY REVIEW COMMITTEE – OTHER

Items currently under the review of the NJSRC include:

- Australian Racing Incidents Database management
- Plastic Running Rails/Marker Pegs review
- National Medical Standards for all jockeys
- Bone Density studies
- Compulsory testing for riders after concussion, and
- Minimum Handicap Weights in Group and Listed races.

## Licensing

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

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

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 four occasions during 2009/2010. 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 2009/10 the Committee at these meetings;

- conducted 17 interviews in relation to licence and other applications
- considered 30 licence applications that were referred to them by the Licensing Supervisor, of which 20 were approved, 7 refused and 3 deferred
- considered 11 other matters that were referred to them including licensee disciplinary matters & proposed amendments to licensing policy and procedures, and
- approved 7 bookmaker licence applications.

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

- 85 Trainer licences
- 2 Trainer partnerships
- 15 Jockey licences
- 41 applications to register an Apprentice Jockey
- 22 applications to transfer the indentures of an Apprentice Jockey
- 13 applications from an Apprentice Jockey to extend their indentures
- 13 Rider Agent licences
- 551 Stable employee licences (95 refused due to the applicant not obtaining the required Police Certificate), and
- 65 Bookmakers Clerks licences (5 refused due to the applicant not obtaining the required Police Certificate).

## COMPARISON OF LICENSING STATISTICS – 09/10 VS. 08/09

NSW licensing statistics experience slight variances from year to year. Licences for all categories excluding forepersons,

stablehands and bookmakers clerks expire on 30 June, meaning that full end of year figures for the other categories are available for comparison.

The total number of trainers licensed in 2009/10 (1170) when compared to the previous season was down by 1.9%. Taking into account that there were 1176 trainers registered two years ago 2007/08, which represents a 0.5% decrease, it can be seen that numbers have been reasonably static over a 3-year period.

There was a 6.7% increase in the number of jockeys registered vs. last season. This number is effected by those interstate-based jockeys who ride in NSW during the season, who vary their involvement based purely on available rides.

For example, it may depend on whether the trainer's stable that they ride for, brings horses to race in NSW in any particular season. The number of locally-based jockeys (162 vs. 163) is a more accurate comparison and numbers in this category have been reasonably static over the previous four or so seasons.

## Licensing Statistics – Final 2009/10 vs. 2008/09

	Metropolitan		Provincial		Country		Total	
	Total 09/10	Total 08/09	Total 09/10	Total 08/09	Total 09/10	Total 08/09	Total 09/10	Total 08/09
Trainers	110	111	212	222	848	860	1170	1193
Jockeys	94	89	24	28	184	171	302	288
Apprentices	16	20	14	9	107	86	137	115
Trial Appr	5	3	3	4	17	20	25	27
Picnic Riders	-	-	-	-	51	49	51	49
Trial Pic Rid	-	-	-	-	7	11	7	11
Bookmakers	58	61	10	9	135	143	203	213
BM Clerks*	365	418	48	49	309	314	722	781
SH Riders*	312	289	160	172	563	581	1035	1042
SH Non-TW*	608	623	355	412	876	882	1839	1917
Foreperson*	101	94	48	49	144	141	293	284
Rider Agents	21	23	9	5	20	18	50	46

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 – 162 (163); apprentices – 84 (70).

\* Licenses for forepersons, stablehands and bookmakers clerks now expire on 31 October each season. As final numbers for these categories will not be established until 31/10/2010, the above represents those registered as at 30/06/10. All other categories represent final figures.

## Registration

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

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

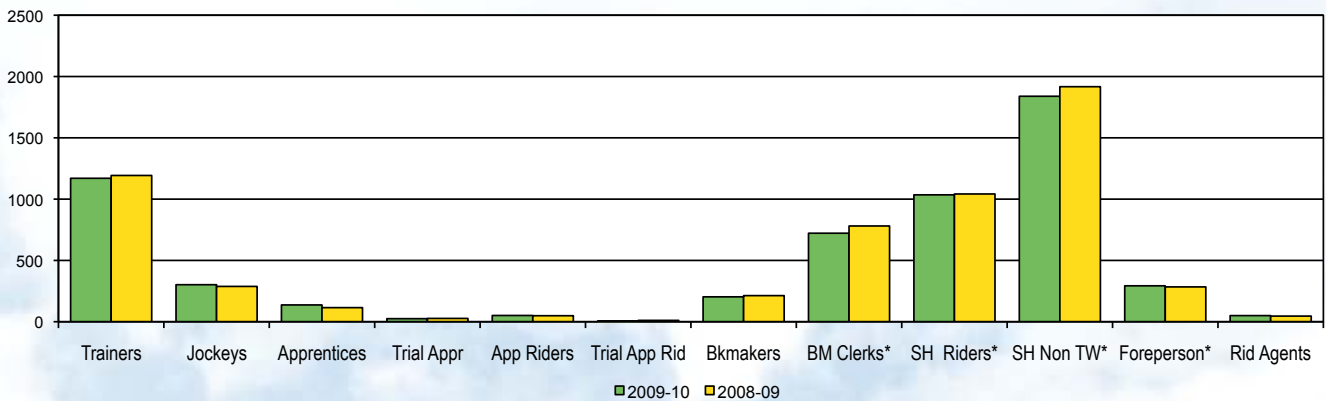
## HORSE REGISTRATION – NSW

By the end of the 2009/2010 financial year the Registrar of Racehorses (ROR) had registered 13,505 horses, 4071 of those being recorded as NSW. Although slightly down on the previous season's figures, the number of horses registered from NSW remains as the largest contributor to the national figure.

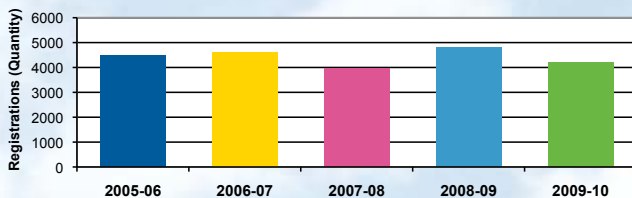


# REGULATORY

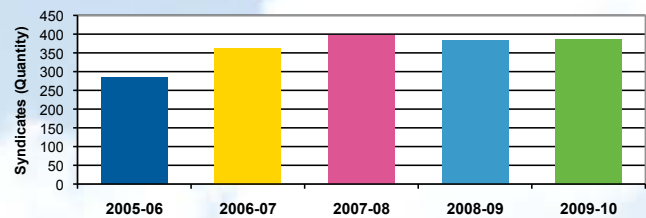
## NSW LICENSEES



## NSW REGISTRATION FIGURES



## NSW SYNDICATES

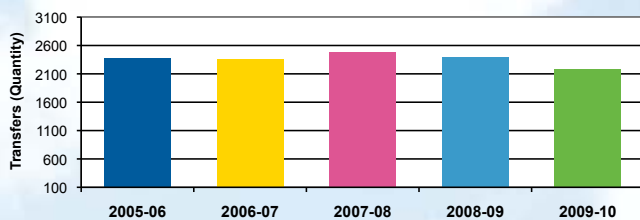


## TRANSFER/LEASES/SYNDICATES – NSW

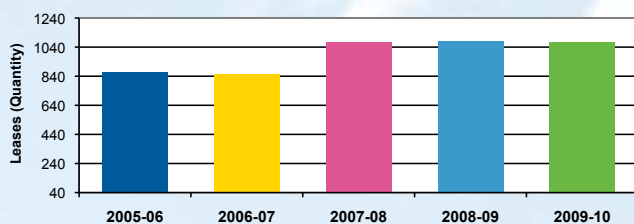
**Transfers:** The regulatory department recorded 2,177 Transfer of Ownership for the 2009/2010 financial year.

This year Racing NSW, in collaboration with other Principal Racing Authorities, launched a national 'Transfer of Ownership' form. This uniform document was aimed to assist in the simplification of the Transfer process, making these documents easier for owners to understand and complete.

## NSW TRANSFERS



## NSW LEASES



**Leases:** Leases in NSW remained popular this year, with figures holding steady over the past three seasons.

Leases, where people can lease a horse from an owner for a set period – say three years – are a lower cost option for owners to enter or stay in the racing game without the initial outlay of purchase. The lessees pay the training costs and in return receive the majority of any prizemoney won; many leases include options to buy.

**Syndicates:** The number of NSW registered syndicates has improved from the previous season. Syndicates can include up to 20 people, or be a company, firm or stud syndicate.

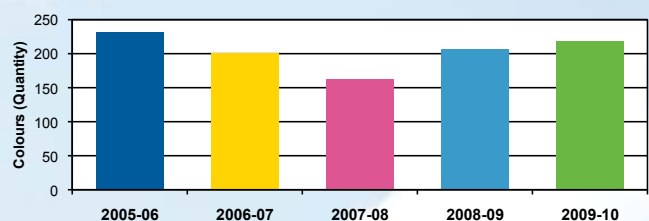
A national total of 1308 syndicates were registered, with 387 of those being registered in NSW. The majority of these syndicates are made up of groups of people, with only 18.6% being registered companies and a very small % being stud or farm syndicates.

## RACING COLOURS NSW

Racing NSW registered 219 sets of colours during the 2009/2010 financial year – an increase on the previous two seasons. These are either new sets or those that are due on their 5-year renewal cycle.

There have been registration requests for increasingly diverse colours with an intricate variety of designs and patterns.

## NSW COLOURS



## Race Fields Legislation

### MANAGEMENT OF LEGISLATIVE REQUIREMENTS

The Racing Administration Act 1998 (the Act) provides that all Australian wagering operators (which includes Bookmakers, TAB's, Corporate Bookmakers and Betting Exchanges) must seek the approval of Racing NSW to use NSW thoroughbred race field information. The Approval process came into effect on 1 September 2008 and approvals are issued for a financial year (or part thereof).

NSW thoroughbred race field information is considered to be any information that identifies, or is capable of identifying, the name/s or number/s of horses that have nominated for, or will take part in, a thoroughbred race to be held at a NSW thoroughbred race meeting, or that has been scratched or withdrawn from a thoroughbred race meeting. "Use" includes amongst other things, any oral, visual, written, electronic or other display or communication.

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

Certain publication of race fields, such as for not-for-profit social purposes or by other approved racing organisations and media bodies is allowed and is not subject to Racing NSW Standard Conditions. The Standard Conditions which Approval Holders must comply with include:-

- Integrity and quality control processes regarding the recording of betting information and Key Employee accreditation;
- Reporting requirements regarding wagering turnover on NSW races and payment of fees, and
- Other conditions designed to enable Racing NSW to administer the Race Fields Information Use legislation.

**2009/10 amendments:** Following consultation with wagering operators, amendments were made to the previous Standard Conditions and introduced for the 2009/10 Approval period:

- For wagering operators paying fees to Racing NSW a settlement was completed at the end of each calendar quarter in addition to the settlement at the end of the Approval period
- Wagering operators were previously required to maintain the same monthly instalment throughout the Approval period. Racing NSW amended this clause to allow the wagering operators to submit an application for a re-assessment at the end of December each year. This amendment was to take into consideration any change in business activity and to ensure the monthly instalment reflected more closely the actual turnover of the wagering operator, and
- Wagering operators not paying fees to Racing NSW were only required to submit a half yearly report (31 December) and a Final Certificate (30 June) rather than each quarter.

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

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

At the end of the 2009/10 Approval period the total number

of Australian wagering operators approved to use NSW thoroughbred race fields was 376. Racing NSW conducted wagering turnover audits of a number of Approval Holders.

Other regulatory duties of the Racefields and Wagering Supervisor include reviewing applications from bookmakers for internet wagering approvals, monitoring of telephone and internet betting by NSW bookmakers and assisting Stewards with betting enquiries.

## Handicapping

The Racing NSW Handicapping Department is responsible for the issuing of weights for the 88,000+ nominations that race in NSW (and ACT) each season. The number of actual starters is over 55,000.

Racing NSW handicappers work as a panel, providing the final assessment for each horse in the Metropolitan, Provincial and Country areas (including the ACT). Members are Handicapping Manager and Senior Handicapper, Damien Hay; Senior Handicapper, Craig Leet; Handicapper Ben Dunn, and two cadets, Shane Cuthbert and Alex Dunkerley.

The senior handicappers supervise the process to ensure the handicapping service is of a high standard.

New handicapping panel members work with and under the supervision of the senior handicappers, starting with set-weight races, whilst also learning the components of handicapping and assessment of horses. Early training starts with Country events and progresses to Provincial and Metropolitan events as skills develop.

The racing season of 2009/10 saw a significant change for the department with the implementation of Benchmark Programming and Merit Based Handicapping to replace the previous Ratings Handicapping method.

The new system was released effective 1 October 2009, with the panel working to fine tune figures during the changeover and make a smooth transition from a traditional handicapping model to a unique and new merit based process.

A three step approach designed by Racing NSW has provided the handicappers with superior information and analytical tools to deliver a fair and consistent assessment to all horses against the entire NSW horse population.

The three stage process was decided with primary focus on Racing NSW Handicappers having the final determination for the weight released for each horse:-

- 1) The merit based assessment process begins with a mathematical (computer-based) calculation from proprietary software developed by Racing & Sports Pty Ltd. under contract to Racing NSW,
- 2) The computer ranking is then internally reviewed by experienced form analysts who then provide Racing NSW a recommendation within 48 hours of each horse running, and
- 3) Finally the Racing NSW Handicapping Panel reviews the background to the recommendation, the race film and other race data, then determines and publishes the updated Benchmark figure for each horse.

Since the introduction of the Benchmark system, statistics show that average field sizes in Benchmark races have increased in relation to ratings races of the previous year (2008/09). Average field sizes have an effect on the competitiveness of a race and the betting turnover.

Fields are finishing closer together producing more exciting finishes – the Standard Deviation used to measure the spread of margins has reduced which is in part a reflection of the competitive assessments applied by the Handicapping Panel.



# REGULATORY

Results have displayed that betting markets are more competitive in Benchmark races providing more complex form assessment for punters. The number of odds-on favourites has also dropped dramatically.

The inclusiveness of Benchmark racing has seen trainers able to enter horses for races for which they were previously ineligible.

As a consequence, trainers are willing to start horses with high weights 60-64kg when they 'handicap' the horse themselves by entering in a Benchmark race. This has seen horses who struggled to win under the old ratings system, return to form and earn prizemoney for connections.

## REGISTERED NSW SYNDICATE PROMOTERS AND AUTHORISED REPRESENTATIVES

Racing NSW continues to act in its appointed role as Australian Securities Investment Commission lead regulator for the syndication of racehorses in NSW.

At the end of 2009/10 there were 15 Approved Promoters and 2 Authorised Representatives. There were a total of 90 promotions in 2009/10, the same as the previous financial year.

## Syndication prices based on 10% shares:

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

## Syndication horse purchase price:

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

There were no horses offered with a share price over \$30,000 but an increase in the number offered in the \$10,000 to \$29,999 price range.

There was an increase in the number of horses purchased in the \$60,000 to \$99,000 price range while a decline in the number whose purchase price was between \$10,000 to \$29,000.





**Ray Murrphy**  
General Manager  
Integrity – Chairman  
of Stewards

## Stewards Department

### FUNCTIONS

The activities of Stipendiary Stewards include:-

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

### PERSONNEL CHANGES

#### Departures:

Steve Railton – to Hong Kong Jockey Club  
Steve Carvosso  
Tate Hudson  
Michael Costa

#### Appointments:

Raymond Livingstone (Metropolitan Panel)  
Tim Saladine (Deputy Chief Steward – NRRRA)  
Mark Holloway (Deputy Chief Steward – CDRA/WRA)  
Sam Woolaston (Metropolitan Panel)

### STEWARDS INQUIRIES

During the 2009/10 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, amounted to 320 suspensions of licence;
- AR137(b) Failure to ride horse out to finish – 11 suspensions of licence;
- AR137A(5) Whip related offences – 82 suspensions of licence;
- AR145 Weighing in overweight – 4 suspensions of licence,

including a 3-week suspension to Damien Oliver handed down for returning overweight in finishing second on Road to Rock in the Group 1-Doncaster Handicap during the Sydney Autumn Carnival.

The Stewards also attended 24 appeals before the Racing NSW Appeal Panel from their decisions throughout the course of the year, with leave granted by the Appeal Panel for the appellant to withdraw on 9 occasions.

In March and April 2010, separate inquiries involving the betting activities of regional jockeys resulted in a suspension being handed down to James Geppert for placing bets in a TAB outlet in Orange.

An inquiry involving betting activities on the Taree Jockeys' Challenge of 28 January 2010, resulted in licensed jockey Danny Peisley being suspended for 5 months (concurrent with penalty of three months on 7 April 2010) for offences under AR175(q).

### DRUG TESTING AND SURVEILLANCE

This year's sampling figures show a slight, but significant increase over the 2008/09 figure.

A total of 12,459 samples were collected for analysis with an overall industry ratio of samples to starters of 1:4.5, in the metropolitan area the ratio was 1:1.88

In addition, strategies placed increased emphasis on out of competition samples being collected across NSW to screen for substances such as EPO which may be difficult to detect in raceday swabs yet may still affect performance.

Stewards conducted early morning stable attendance of metropolitan and provincial stables particularly on major carnival racedays.

Inspections of raceday horse transports across the metropolitan, provincial and country sectors were also conducted throughout the year. These measures being designed to complement the extensive sampling programme across all race sectors.

In total 19 positive swabs were dealt with by Stewards involving penalties to trainers of disqualifications and suspensions (up to 6 months) and fines (up to \$10,000).

In addition, Stewards significantly increased rider and stablehand testing (up 49% from last year) conducted across a broad spectrum of race meetings, trials, trackwork and stable visits.

This involved breath and urine sampling for a range of banned substances with 63 offences for licensed persons detected and penalties of suspension or disqualification of licence handed down.

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

Penalties handed down reflect both specific and general deterrence to offenders bearing in mind the very serious occupational, health and safety issues posed by illicit drug use.

### CONFERENCES AND TRIBUNALS

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

In addition Mr Murrphy represented Racing NSW at NCOS conferences and co-chaired the International Stewards Forum at the 33rd Asian Racing Conference, Sydney. Some 43 delegates from 22 racing jurisdictions worldwide participated in this very successful forum.



# INTEGRITY

## NEW DEVELOPMENTS

**Whip Reform:** On 1 August 2009 after extensive consultation new whip rules were introduced by the Australian Racing Board (ARB) with a view to protecting the welfare of the racehorse and bringing racing into line with contemporary community standards.

These rules limit the manner and circumstances in which the whip may be used and saw the introduction of the padded whip which is now used across most international racing jurisdictions.

Mandatory whip seminars were conducted across NSW and an educational video was produced and provided to each jockey and apprentice.

These whip rules were further amended by the ARB on 26 September 2009 to address concerns of industry members. The amendments provide more discretion to riders in their use of the whip over the final 100-metres.

**Scratching from feature races:** On 1 September 2009 AR63 came into effect to require nominators to immediately withdraw a horse from a feature race when a decision has been made not to start.

The rule was introduced to circumvent suggestions of 'insider trading' whereby betting takes place around a favoured runner which is later withdrawn or does not accept.

**Keeping of treatment records:** An important step in maintaining integrity of racing was formalised when on 1 September 2009, AR178F was introduced making it mandatory that every racehorse trainer keep full and accurate records of all treatments administered to each horse in their stable.

**Trespassers:** On 1 July 2009, the Sporting Venues (Invasion) Act 2003 was amended to include a racecourse in those sporting venues whereby it is a punishable offence to enter a restricted area.

The legislation allows for 'on the spot' fines of \$500, court penalties of \$5,500 plus bans extending from 12 months to lifetime. Action has already been taken under this legislation

against three 'streakers' entering the Course Proper at NSW race meetings.

**Plating at the barriers:** Protocols were developed and approved by Racing NSW to provide a consistent approach to the plating of horses behind the barriers particularly covering situations whereby a plate cannot be replaced.

**Dust Storm:** The 23 September 2009 saw a first in metropolitan racing as Stewards were forced to abandon the Canterbury Park race meeting when a severe dust storm enveloped Sydney raising visibility and OH&S issues for both horses and riders.

## LIAISONS AND CONTACTS

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

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



# VETERINARY SERVICES



**Dr Craig Suann**  
Senior Official  
Veterinarian

## ROLE OF THE RACING NSW VETERINARY DEPARTMENT

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

## KEY OPERATIONAL ACTIVITIES AND ACHIEVEMENTS

- Monitored raceday and non-raceday injuries and fatalities throughout the State, ensuring the timely recording of these incidents on the national ARID/Sirius incident database;
- Continued the ongoing approval process for new veterinarians applying to officiate at country race meetings, including those attending non-TAB meetings, and updated the document 'A guide for official racing veterinarians in NSW';
- Continued to conduct drug administration trials for the ARFL, and managed the operations of Racing NSW's Animal Care and Ethics Committee which supervises and monitors the health and welfare of the research horses utilised by Racing NSW;
- Participated in and co-ordinated other veterinarians for the out of competition testing program for horses in racing stables;
- Collaborated with the ARFL on routine and strategic drug control issues;
- Represented the racing industry on the Rural Industries Research and Development Corporation (RIRDC) equine research and development advisory committee, responsible for assessing and approving equine research proposals

submitted to RIRDC;

- As the Chairman of the Australian Racing Board's National Equine Integrity & Welfare Advisory Group (NEIWAG), Dr Suann convened a meeting of the Group in Adelaide on 3 and 4 August 2009 where the following matters were considered:-
  - ▶ Testing for therapeutic substances, reporting levels,
  - ▶ Research and development:
    - RIRDC equine R&D projects
    - Current projects in racing laboratories
    - Equine Therapeutics Research Australia (ETRA) progress
  - ▶ Hydrocortisone hemisuccinate
  - ▶ TCO2 testing
  - ▶ Policy/guidelines regarding intra-articular injections
  - ▶ Veterinary involvement in monitoring for excessive use of the whip
  - ▶ Review of US/South African research into effects of furosemide on bleeders (EIPH)
  - ▶ Horse welfare:
    - Aged horse policy
    - Retirement of racehorses
    - Hot weather policies
    - Welfare guidelines for Australian thoroughbred horseracing
  - ▶ Recording of incident/injury data at race meetings
  - ▶ Treatment books/records and new AR.178F
  - ▶ Equine influenza:
    - Review and where are we now?
    - Emergency Animal Disease Response Agreement
    - Ongoing vaccination policy
  - ▶ Shoeing issues and new gear
- As one of two international veterinary members on the Advisory Council on Prohibited Substances to the International Federation of Horseracing Authorities (IFHA), Dr Suann attended a meeting of the Advisory Council convened during the 18th International Conference of Racing Analysts and Veterinarians held in March 2010. Matters considered by the Advisory Council included:-
  - ▶ New approaches to the testing for therapeutic substances, including 'reporting levels' (or 'screening limits') for a defined group of therapeutic substances and more reliable detection periods, with a view to international harmonisation of same,
  - ▶ Plasma theobromine threshold,
  - ▶ Review of the international model definition of 'prohibited substance',
  - ▶ The development of a new Article of the International Agreement dealing with 'prohibited practices' in racing and breeding.
- Was appointed as a member of the IFHA Horse Welfare Advisory Committee,
- Attended the 18th International Conference of Racing Analysts and Veterinarians, co-presenting a number of scientific papers, and chairing sessions dealing with injury management and the role of the expert witness in Stewards' inquiries, appeals and other tribunals. Topics covered during the conference included:-
  - ▶ Innovative new drug testing strategies,
  - ▶ Protein-based drugs (e.g. EPO, growth hormone),
  - ▶ Horse welfare issues, including track type, design and maintenance, two-year-old racing, whips, retirement of racehorses, husbandry practices,



# VETERINARY SERVICES

- ▶ Alternative approaches to TCO2 testing,
  - ▶ Use of plasma for testing for anabolic steroids,
  - ▶ Injury prevention, injury reporting and data collection and management,
  - ▶ Injury management,
  - ▶ Exercise programs for optimal conditioning of young horses,
  - ▶ Intelligence on regional drug use/abuse,
  - ▶ Exercise induced pulmonary haemorrhage "EIPH" (also known as bleeding)
  - ▶ Medication practices in racing,
  - ▶ Update on advances in exercise physiology,
  - ▶ Routine use of non-steroidal drugs post-race as an aid or hindrance to recovery,
  - ▶ Metabolic heat syndrome in racehorses.
- At the invitation of Equine Veterinarians Australia, delivered a presentation on 'Current veterinary and drug detection issues in racing in NSW' to State members of the Association,
  - Attended the International Stewards Conference convened as part of the Asian Racing Conference, presenting a paper on 'Racing in Hot Weather', and during the same week convened the Veterinary session at the Australian Racing Conference, attended by raceday official veterinarians from NSW and Victoria.

## RACING NSW ANIMAL CARE AND ETHICS COMMITTEE (ACEC)

The Racing NSW Animal Care and Ethics Committee (ACEC) was established according to the requirements of the NSW Animal Research Act NSW 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, Peter V'landys, and its external members are Tony Gregory (Category C member), John Muir (Category D member), and Ms Adrienne Clark (horse carer).

Category A member is Senior Official Veterinarian, Dr Craig Suann, and Category B member is Dr Andrew McKinney, Senior Scientist (Research) at ARFL. The Racing NSW research horses reside at Muskoka Farms.

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, while another proposal would permit a study specifically examining the detection of a new erythropoietin (EPO) analogue.

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

The Racing Industry Consultation Group (RICG) was established under the Thoroughbred Racing Amendment Bill 2008 and has the function under that Act to consult with and make recommendations to Racing NSW on matters concerning horse racing in the State.

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

The current representatives are:-

- Michael Kenny** – (Chairman) Sydney Turf Club
- Darren Pearce** – Australian Jockey Club
- Russ Collison** – Unions NSW
- Geoff Barnett** – Provincial Racing Association of NSW
- Gordon Lindley** – Racing NSW Country
- Ray McDowell** – NSW Racehorse Owners Association
- Derek Field** – NSW Thoroughbred Breeders Association
- Paul Innes** – NSW Jockeys' Association
- Rob Colquhoun** – NSW Trainers Association

RICG has met on 12 occasions during the year and at seven of those meetings met with the Chief Executive of Racing NSW. A meeting with members of Racing NSW was also held on 16 November 2009.

During the year RICG has been active in addressing matters of significance within the NSW racing industry and issues referred to it by Racing NSW in a consultative role.

RICG has made submissions to, or recommendations on, the following issues to Racing NSW:-

- ▶ Whip Rules
- ▶ Venue Minimum Standards
- ▶ Workers Compensation Policies
- ▶ Codes of Conduct
- ▶ Apprentice Trust Accounts
- ▶ Race Club Registration
- ▶ Owner/Trainer Agreements
- ▶ Partners Agreements

RICG made submissions to the Productivity Commission Report on Wagering and to the Minister for Gaming and Racing on the Racing NSW Board Appointment Process.

Contributions were made to the Racing NSW Strategic Plan and comment provided on workers compensation finances, changes to the tax Laws affecting hobby farmers and BOBS Extra funding.

The period under review has been rewarding in establishing RICG as an integral component of the administration of NSW racing. That process has been made easier by the co-operation and enthusiasm of all the members of RICG.

As Chairman, I thank the members for their contribution as well as Brian Judd as Executive Officer.

On behalf of RICG I express our appreciation for the support and assistance provided by the Chairman and members of Racing NSW and CEO Peter V'landys during the year.

- M.T. Kenny (RICG Chairman)

# LABORATORY

## Australian Racing Forensic Laboratory (ARFL)



**Dr Andrew McKinney**  
Scientific Director –  
ARFL

### FUNCTION AND ACCREDITATION

The Australian Racing Forensic Laboratory (ARFL) serves Racing NSW and other clients through the provision of sampling kits, the analysis of both human and animal biological samples for prohibited substances, and participation in research to broaden the scope and improve the efficiency of drug detection techniques.

ARFL is accredited by the National Association of Testing Authorities to the ISO/IEC 17025 standard, and also by the Association of Official Racing Chemists. It is one of only five laboratories in the world accredited to analyse samples for the Fédération Equestre Internationale (FEI), the others being in the United Kingdom, France, Hong Kong and the United States.

### SAMPLING KITS

Sampling kits for urine and blood collection are distributed to all racing centres in New South Wales and to other clients around Australia. The kits involve several layers of security and are uniquely numbered to enable tracking to ensure that all kits are accounted for.

Kits are tracked by the Laboratory Information Management

System from the time they leave ARFL until return, then through the analytical and reporting process to storage and eventual sample disposal. Non-compliance with sampling protocols is monitored and reported to the Stewards for investigation.

### ANALYSIS OF SAMPLES

Over 25,000 animal samples are analysed 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 2009 to 30 June 2010**

	Total Urine	Total Blood	TCO2 tests	EPO tests	Prohibited Substances Detected
Metropolitan T'breds NSW	1840	3326	3239	-	3
Provincial T'breds NSW	1334	1206	1134	-	2
Country T'breds NSW	3728	1025	609	-	14
Other clients	5960	3573	2678	-	56
<b>TOTAL</b>	<b>12862</b>	<b>9130</b>	<b>7660</b>	-	<b>75</b>
Out of Competition T'breds	-	-	-	801	0
Out of Competition Others	-	-	-	211	0
<b>TOTAL</b>				<b>1012</b>	

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

Approximately 13% of these samples were found to contain banned substances (Table 2). Heightened surveillance by Racing NSW Stewards resulted in ARFL receiving a 49% increase in sample numbers for analysis, generating a 91% increase in





detected positives on 2008-2009 figures.

**Table 2 – Human sample statistics  
1 July 2009 to 30 June 2010**

Human Samples	Urine	Banned Substances Detected
Metropolitan NSW	145	13
Provincial NSW	95	7
Country NSW	238	40
Other Racing NSW	23	3
Other clients	46	6
<b>TOTAL</b>	<b>547</b>	<b>69</b>

ARFL also performs referee analyses to confirm the findings of other Australian and international racing laboratories. From 1 July 2009 to 30 June 2010 this totalled 43 analyses.

## RESEARCH

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

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

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

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

ARFL maintains a prominent research presence at the

biannual International Conference of Racing Analysts and Veterinarians (ICRAV), which is the premier international venue for the exchange of new ideas and technology in animal sports drug testing.

In March 2010, ARFL representatives attended the 18th ICRAV meeting in Queenstown, New Zealand, with one of our scientists successful in winning the title of best poster presentation by a presenter under the age of forty.

## QUALITY ASSURANCE

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

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

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

Several times a year, accredited racing laboratories in Australia, New Zealand and the United Kingdom exchange batches of anonymous cleared samples to monitor the possibility of prohibited substances failing to be detected.

## ADDITIONAL CLIENTS

ARFL's major external clients during the July 2009-June 2010 period were Greyhound Racing NSW and Harness Racing NSW.

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

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

In addition, ARFL's capabilities are regularly utilised by external clients doing pharmacokinetic studies of drugs in various animal species. As a departmental initiative to secure new sources of income, the laboratory is positioning itself to enter new markets with some initial success in the field of workplace drug testing.





# BOBS



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

## SEASON HIGHLIGHTS

Since 2002 the Breeder Owner Bonus Scheme has been paying bonus prizemoney when horses bred in NSW and nominated for the scheme win races in this State.

- The 2009/10 season set another record with \$9.1 million being paid. This comprised of \$6.9 million in cash and another \$2.2 million in Double-Up vouchers for the purchase of further NSW-bred yearlings.

- 1152 bonuses were won during the season, an increase of 96 on the previous year.
- Of the 1152 bonuses, two-year-olds won 158 (13.7%) and three-year-olds won 994 (86.3%)
- The leading 15 sires by value of bonuses won come from seven different studs. All but three of these stallions are Australian-bred
- 2605 two-year-olds were entered for BOBS 2009 with 857 of those nominated for BOBS Extra as well
- The introduction of BOBS Extra, paying bonuses from 1 August 2010 to horses four-years-old and older winning over distances from 1600-metres upwards, is forecast to stimulate the breeding of slower maturing types and strengthen middle-distance and staying events in NSW
- One in three BOBS bonuses won during the 2009/10 season was being taken as a Double-Up voucher, as owners opted to reinvest in BOBS-eligible yearlings rather than take the cash. Through BOBS Double-Up Racing NSW has now injected more than \$10 million directly into the NSW breeding industry, to the benefit of breeders, owners and trainers
- At the major yearling sales in NSW and the Queensland Gold Coast almost 90% of yearlings offered were BOBS-eligible, demonstrating the outstanding strength of the breeding industry in this State.

The top 10 horses by value of BOBS bonuses won are listed right. Another 10 horses won bonuses worth \$40,000 in cash value.





# BOBS

Horse	Sire	Trainer	BOBS Bonuses	Wins
Triple Elegance	Mossman	Chris Waller	\$70,000	4
Oopsy Doopsy	General Nediym	Greg McFarlane	\$65,000	4
Gigas	Dubai Destination (USA)	Gai Waterhouse	\$60,000	3
Killian	Commands	Peter Snowden	\$60,000	3
Mascareri	Commands	Peter Snowden	\$55,000	4
Daytona Beach	Shamardal (USA)	Peter Snowden	\$50,000	5
Love Conquers All	Mossman	M, W & J Hawkes	\$50,000	3
Neeson	Mossman	Joseph Pride	\$50,000	3
No Hesitation	Not A Single Doubt	Clarry Conners	\$50,000	3
Tromso	Lonhro	Chris Waller	\$50,000	3

As might be expected those stallions which led the general sires' premiership during the 2009-10 season were also prominent as sires of racehorses winning BOBS bonuses. Lonhro topped the table after being placed third the previous season.

Stallion	Standing at	Bonuses by value	Wins	No. of Winners
Lonhro	Darley	\$400,000	44	30
Redoute's Choice	Arrowfield	\$350,000	37	29
Commands	Darley	\$338,750	45	27
Mossman	Vinery	\$307,500	31	17
Encosta de Lago	Coolmore	\$295,000	36	22
More Than Ready (USA)	Vinery	\$276,250	32	24
Not A Single Doubt	Arrowfield	\$270,000	34	22
Shamardal (USA)	Darley	\$220,000	26	15
Fastnet Rock	Coolmore	\$217,500	22	17
General Nediym (deceased)	Widden	\$161,250	21	12

For the third season in succession Sheikh Mohammed led the table of owners winning BOBS bonuses, by both number and value, with Patinack Farm Syndicate Pty Ltd second as it was in the 2008/09 season.

Owners	Bonuses	Value
Sheikh Mohammed	73	\$732,500
Patinack Farm P/L Syndicate	23	\$195,000
Mr G. & Mrs A. White, Invermien P/L Syndicate	15	\$135,000
Inghams Enterprises P/L Syndicate	11	\$120,000
Gooree Pastoral Company Syndicate	15	\$110,000
Mr J. & Miss G. Tan, Mrs G. Wong	5	\$90,000
Mr P. Ng, Mr J. Lee, Mr K. Li	4	\$70,000
Iskander Racing Services P/L Synd, R & R Synd, Mr K. Feldman, Texmist P/L, Millar Racing & Breeding	4	\$65,000
Mr N. Moraitis	6	\$60,000
Mr L. Samba, Mr R. Medich	4	\$60,000

One of the benefits of BOBS is that it makes bonus prizemoney available at all meetings in NSW, assisting owners and trainers everywhere. In 2009/10 bonuses were won on 65 tracks.

Racetrack	Bonuses	Racetrack	Bonuses
Canterbury Park	95	Taree	43
Kembla Grange	94	Hawkesbury	42
Royal Randwick	86	Grafton	35
Broadmeadow	72	Muswellbrook	35
Wyong	59	Warwick Farm	35
Rosehill Gardens	53	Port Macquarie	34
Gosford	52	Wagga Wagga	33

# INDUSTRY TRAINING



**Maurice Logue**  
General Manager –  
Education & Employment

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

Both on-the-job and off-the-job training forms an integral part of a participant's future qualifications.

The objectives of the Industry Training department include:-

- Assist the Department of Education to develop training packages to cover all vocations within the Racing Industry
- Increasing apprentice jockey and trackwork rider numbers
- Increase riding opportunities for apprentice jockeys to ride in races
- Manage and deliver industry training
- Managing the apprentice race series
- Encouraging greater participation of young people in the racing industry
- Assisting people entering the racing industry to find their most suitable career path
- Ensuring participants are informed about the national Racing

## Industry Training Package

- Providing equitable training throughout the country, provincial and metropolitan areas
- Developing an Indigenous employment strategy for the racing industry
- Gain State and Federal funding to assist with the delivery of training for the racing industry
- Manage injured jockey's emergency response

The process begins with visits by Racing NSW to career markets, schools and pony clubs spreading the recruitment message to attract new participants to the industry.

New and existing industry trainees are then brought into the Talent Identification Program for career path assistance. The marketing theme continues with the coordination of apprentice jockey only races which promote industry careers and training to the broader community.

## TALENT IDENTIFICATION PROGRAM

Racing NSW ran several four-week prevocational courses throughout the year, graduating over 44 students into employment as semi-skilled workers at Certificate II Stablehand Trainee level, and continuing to deliver training and increase their skill levels.

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

## PROMOTIONS AND RECRUITMENT

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

## RISING STAR SERIES

The ninth consecutive staging of the Rising Star Apprentice Series was held between August and July with 43 heats staged. The final was held at Hawkesbury with Joshua Adams winning the series on the point score model.





# INDUSTRY TRAINING

## APPRENTICE WINNING RIDES

Over the last 12 months NSW apprentices have been showing continued improvement as demonstrated in the graph below.

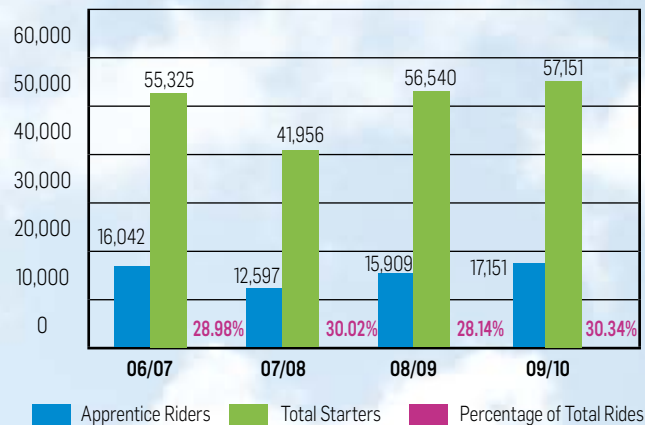
The improvement has been brought about from the training partnership with TAFE WSI enabling us to continue delivering training and providing additional support to the apprentices.

	2005/06	06/07	07/08	08/09	09/10
Metropolitan	147	249	128	178	229
Provincial	179	218	145	190	269
Country	894	1008	726	1081	1086
Total Winning Rides	1220	1475	999	1449	1584

## APPRENTICE RIDES

The overall apprentice ride summary for the 06/07, 07/08 and 08/09 seasons in comparable with that of the 09/10 season. This table includes metropolitan, provincial and country statistics:-

## COMPARISON OF APPRENTICE RIDERS TO TOTAL STARTER RIDERS/STARTERS



## APPRENTICE JOCKEY NUMBERS

	2005/06	06/07	07/08	08/09	09/10
Race riding	70	72	77	83	84
Trial riding	12	16	17	20	25
Total	82	88	94	103	109

At the close of the 2009/10 season there were 84 NSW indentured apprentice jockeys including 25 trialling riders in NSW. In addition, there were 80 Cert II Stablehand, 28 Cert III Advanced Stablehand and 43 Trackrider Trainees.

Apprentice numbers have shown steady growth over the last three years and defied a National trend. This can be attributed to the Training staff being on call to council students when needed and increased opportunities due to increased apprentice only races.

## INDIGENOUS EMPLOYMENT PROGRAM

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

During 09/10 the Racing NSW/TAFE WSI partnership delivered Certificate I entry level training to a group of 20 Indigenous students, 15 students successfully completed the course and were offered Cert II Traineeships throughout NSW.



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

## EXECUTIVE FOR APPEAL PANEL

Mr Peter V'landys, Secretary  
 Ms Kathy Reece, Appeals Co-ordinator

## 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 (NSW) 1996, 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 Panel or Racing Authorities.

## APPEAL PANEL

The Sydney-based Appeal Panel sat on 20 occasions during 2009/2010 and Mr John Hiatt OAM chaired the Panel on all occasions.

Within those 20 sittings there were 33 Appeals lodged. 9 Appeals 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 APPEALS

Area	Upheld	Dismissed	Penalty Varied	Withdrawn	\$200 Refunded	Total
Appeal Panel	3	21	14	9	3	33
Racing Association	-	1	1	-	-	1

## SUMMARY OF CHARGES APPLICABLE TO APPEAL CASES

Rule	Description	Amount
AR81A(1)(a)	Any rider commits an offence and may be penalised if a sample taken from him is found upon analysis to contain a substance banned by AR 81B	3
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
AR137A(5)	In a race or trial a rider using the whip must give his horse time to respond and, other than on one occasion in the last 200-metres when the whip may be used in three consecutive strides, the whip shall not to be used in consecutive strides, other than in a slapping motion down the shoulder, with the whip hand remaining on the reins, or alternatively in a backhand manner	4
AR137A(5)(a)(ii)	In a race, official trial or jump-out prior to the 100-metre mark, the whip shall not be used in a forehand manner more than on 5 occasions	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	12
AR137(b)	Any rider may be penalised if, in the opinion of the Stewards, he fails to ride his horse out to the end of the race and/or approaching the end of the race	1



# APPEALS

AR175(f)	The Committee of any Club or the Stewards may penalise; any owner, nominator, lessee, member of a syndicate, trainer, jockey, rider, apprentice, stablehand, bookmaker, bookmaker's clerk, person having official duties in relation to racing, person attendant on or connected with a horse, or any other person who refuses or fails to attend or give such evidence as directed at any inquiry or appeal when requested by the Principal Racing Authority or Stewards to do so	1
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	3
AR178	When any horse that has been brought to a racecourse for the purpose of engaging in a race and a prohibited substance is detected in any sample taken from it prior to or following its running in any race, the trainer and any other person who was in charge of such horse at any relevant time may be penalised	3
AR 178C(1)(g)(i)	The following prohibited substances when present at or below the concentrations respectively set out are excepted from the provisions of AR 178B Testosterone (including both free testosterone and testosterone liberated from its conjugates) in geldings: at a mass concentration of 20 micrograms per litre in urine	1
LR82(1)	Every person holding a trainer's licence or permit to train or a racing employee contractor licence from the Board must on or before 1st November each year apply to the Board to register every person employed by him or her or assisting him or her in connection with the training or care of racehorses (in this rule referred to as an "employee"). Any such registration, except as hereinafter provided, remains in force until the 31st day of October in the following year	1
<b>Total</b>		<b>33</b>

## REPRESENTATION TABLE

	Dismissed	Upheld
Represented by Solicitor	12	1
Represented Self	9	2
<b>Totals</b>	<b>21</b>	<b>3</b>

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

## RACING APPEALS TRIBUNAL

Racing Appeals Tribunal is comprised of:-

His Honour Justice W R Haylen QC (Racing Appeals Tribunal)  
 His Honour Judge J C McGuire (Acting Racing Appeals Tribunal)  
 Mr P N V'landys, Secretary Racing Appeals Tribunal  
 Ms K Reece, Appeals Co-ordinator

There were 4 Appeals lodged to the Racing Appeals Tribunal during 2009/2010:-

Presided Over By	Dismissed	Withdrawn
His Honour Justice W R Haylen QC	1	1
His Honour Judge J C McGuire	-	2
<b>Total</b>	<b>1</b>	<b>3</b>



**Victoria Samba**  
General Manager –  
Marketing & PR

Marketing and Public Relations incorporates Publications, Media, BOBS and BOBS Extra, Racing NSW Rewards Club, Horse Ownership Promotions and Country Racing.

The primary objectives of the Marketing and Public Relations Department are

- to create awareness and build a positive image for the NSW Racing brand
- to encourage growth in the Thoroughbred Racing Industry through development and implementation of initiatives and strategies which promote the sport of racing

## 200 YEARS OF RACING

2010 marks 200 years since the first race meeting was held in Hyde Park, Sydney under the jurisdiction of Governor Lachlan Macquarie and his 73rd Regiment. The marketing campaign to celebrate this special event began in late 2009 with a unique 200 years of racing in NSW logo being placed in all industry correspondence and publications including Form Guides in the Sydney Morning Herald and Daily Telegraph ensuring recognition of the anniversary. To take full advantage of this unique marketing opportunity, Racing NSW worked closely with NSW racing clubs and stakeholders State wide to celebrate the bicentenary. A marketing 'kit' was sent to all Clubs with a race meeting in October including advertising and PR template materials to leverage the anniversary within local media, as well as an historic booklet of 200 Years of Racing in NSW and celebratory pin badges which were gifted to Clubs to distribute at their discretion.

Further commemorative VIP events will be held at seven provincial and country race meetings during October; Hawkesbury, Krambach, Narromine, Coffs Harbour, Tamworth, Albury and Shoalhaven, entertaining local industry stakeholders. An official celebratory luncheon will be held in Sydney at Royal Randwick Racecourse on Sunday, 14 November to wrap up celebrations.

Media coverage has been positive overall with extensive coverage in Sydney's Fairfax and News Ltd publications as well as mentions in commercial broadcast media, and within industry press.

## SYDNEY AUTUMN CARNIVAL

Each April the Sydney Autumn Carnival brings together the best horses, jockeys and trainers in Sydney. It features some of Australia's greatest time-honoured classic races and claims a world-first by uniting racing and breeding events of such scale and prestige. Broadcast to 22 countries it provides an excellent platform to promote NSW tourism and Racing NSW has developed a strong relationship with Events NSW to promote this event.

Partnered with Events NSW, the Australian Jockey Club, the Sydney

Turf Club, Tabcorp Holdings and William Inglis & Sons, Racing NSW created a bespoke committee which is aiming to transform Sydney's Autumn Carnival into one of the world's pre-eminent thoroughbred racing events, placing it on a pedestal with global sporting events such as Formula One and the Melbourne Tennis Open.

The Sydney Autumn Carnival Committee has been working with an external branding agency, General Alliance, which has developed an exciting new brand identity for the Carnival which will be launched towards the end of 2010. This new identity is designed to create a streamlined image for the entire Carnival and ensure that it continues to build on this years growth. 2010 crowds over AAMI Golden Slipper Day, David Jones AJC Australian Derby Day and Emirates Doncaster Day had an overall increase from 2009 of 75,100 to 77,705 for 2010 and total NSW TAB tote turnover was up more than \$4.2 million (or 10%) on 2009. The result eclipsed the previous record of \$44.0 million, which was achieved on Derby/Doncaster Day in 2002.

## RACING NSW REWARDS CLUB

Racing NSW Rewards Club (RNSWRC) – a loyalty program for owners and punters, designed to encourage and reward people for participating in the NSW Thoroughbred Racing Industry, was officially launched in May 2010 and is gradually being rolled out across the NSW racing economy. The RNSWRC is based on similar successful loyalty schemes currently operating in Australia.

The main objective of the Racing NSW Rewards Club is to enable Racing NSW to identify, acquire, retain and communicate to key customers and get them to spend more within the industry.

In addition to allowing members to earn points on money they are already spending in the industry and then redeem these points to pay for products and services related to thoroughbred racing, the program also provides additional benefits. A weekly email keeps members up to date with industry news and events. Members will have access to 'money can't buy' experiences, special privileges, savings from partners and sponsors, as well as guides and reference tools for owning, breeding and training thoroughbreds. There is even information for informed punting on the Racing NSW Rewards Club's website.

Racing NSW sees the loyalty program as an unique new way to generate additional revenue for the NSW Thoroughbred Racing Industry.

## RACING NSW OFFICIAL MONTHLY PUBLICATION & ANNUAL REPORT

Marketing and Public Relations produces the Annual Report and the official monthly Racing NSW Magazine. The magazine provides valuable information and is subscribed to by thoroughbred racing industry participants and racing enthusiasts in NSW and throughout Australia.

## MEDIA & PUBLIC RELATIONS

The Media and Public Relations team generates press releases and responds to all media enquiries. Releases are available for viewing on the Racing NSW website and distributed to relevant industry participants and news organisations. Media and Public Relations, also update social media, Twitter with track, rail and weather conditions each morning for the day's race meetings as well as current news items.

## BOBS, BOBS EXTRA AND BOBS DOUBLE UP

The marketing department also assists in the administration and marketing of the BOBS, BOBS Extra and BOBS Double- Up incentive schemes which encourage and promote owners to invest in and race horses in NSW. Racing NSW investment in BOBS is set to increase from August 1 with the commencement of Bobs Extra, rewarding those owners and breeders who invest in horses that mature later and are bred to win over longer distances.





**Natalie Tipping**  
General Manager –  
Insurance

## Workers Compensation

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

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

The Racing NSW Insurance Fund ("the Fund") has been managed internally since 1 July 2005. 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.

### 2009/10 FINANCIAL PERFORMANCE

The Fund experienced a significant turnaround in financial performance in 2010, returning to surplus from the substantial \$6.1 million loss reported in 2009 (and the preceding \$7.2 million loss for Equine Influenza-impacted 2008).

Bolstered by a strong return on investments, the Fund was well placed to absorb the impact on the liability provision of two catastrophic claims (carrying incurred costs totaling \$5 million) and further adverse changes in economic factors since the 2009 valuation.

The actuarial central estimate of Racing NSW's outstanding workers compensation claims liability as at 30 June 2010 is \$32.8 million (net of reinsurance recoveries and including an allowance for claims handling expenses).

The estimate of the outstanding claims liability includes an allowance for future inflation of claims payments (at 4.50% p.a. – up from 4.25% in 2009) and is discounted (at 5.35% p.a. – down from 5.7% p.a. in 2009) to allow for future investment income earned between the valuation date and expected payment date.

The unfavorable movement in these components results in less discounting of future claim payments and a corresponding increase in liability as at 30 June 2010.

The net provision for outstanding claims liability inclusive of 20% prudential margin as at 30 June 2010 is \$39.4 million. The provision is \$1.3 million lower than the projected estimate of \$40.7 million from the 2009 valuation.

## SUMMARY OF ACTUARIAL ESTIMATE OF OUTSTANDING CLAIMS LIABILITIES

	Estimate of Liability as at 30 June '10 (\$m)	Projected Estimate of Liability as at 30 June '10 ('09 Valuation) (\$m)	Projected Estimate of Liability as at 30 June '11 ('10 Valuation) (\$m)
Net Central Estimate <sup>1</sup>	\$32.8	\$33.9	\$35.2
Risk Margin	\$6.6	\$6.8	\$7.1
Outstanding Claims Provision <sup>2</sup>	\$39.4	\$40.7	\$42.3

<sup>1</sup> Including claims handling expense and net of reinsurance and other recoveries

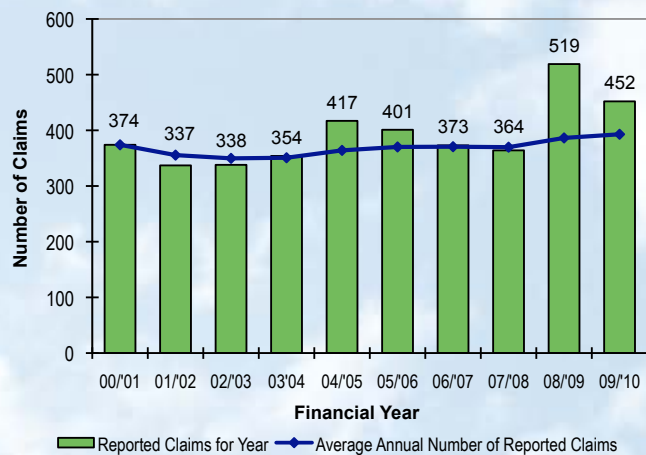
<sup>2</sup> Including risk margin of 20% of the net central estimate

The lower than projected liability provision can be attributed in large part to a better than anticipated claims experience for 2009/10.

### CLAIM NUMBERS

In 2008/09 the Fund reported its highest claims incidence of the past 10 financial years (being 519 new reported claims). The projected liability of \$40.7 million assumed claims experience for 2010 was likely to further deteriorate to 534 claims. However, actual claims experience for the year was substantially lower than anticipated, with only 452 new claims being reported (a 12.9% reduction on the 2009 incidence).

### INCURRED CLAIMS BY FINANCIAL YEAR



### PROFILE OF CLAIM TYPES

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

Analysis of claims data by injury type, claimant characteristics and location are crucial to Racing NSW's ongoing development of risk mitigation strategies and industry safety standards.

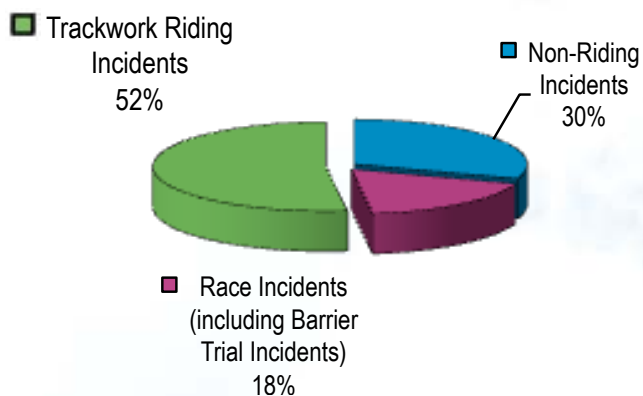
The following charts provide important insight into the nature of workers compensation claims lodged in 2010:-

# INSURANCE

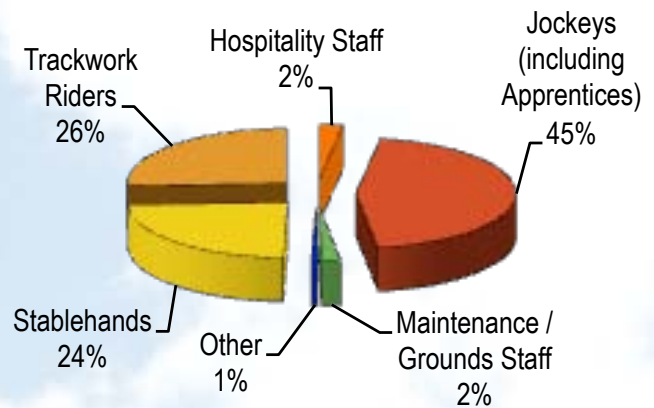
2010 CLAIMS BY INJURY TYPE	
Sprain(s) / Strain(s)	61.95%
Fracture	14.16%
Contusion & Crushing Injury	11.73%
Other (Damage to Teeth)	1.99%
Superficial Injury	1.55%
Intracranial Injury (including Concussion)	1.33%
Multiple Injuries	1.33%
Open Wound	1.33%
Dislocation	0.88%
Infectious & Parasitic Disease	0.88%
Fracture of Vertebral Column	0.66%
Internal Injury - Chest, Pelvis, Abdomen	0.66%
Burns	0.44%
Foreign Body on Ear / Eye / Nose	0.44%
Deafness	0.22%
Needle Stick Injury	0.22%
Poisoning & Toxic Effects	0.22%
<b>TOTAL</b>	<b>100.00%</b>

2010 CLAIMS BY (TOP 10) INJURY LOCATIONS	
Shoulder	11.95%
Knee	9.29%
Lower Leg	6.86%
Ankle	6.19%
Lower Back	4.87%
Foot	4.20%
Upper Leg	3.54%
Wrist	2.88%
Ribs	2.65%
Mouth	2.43%

## 2010 CLAIMS BY INCIDENT TYPE



## 2010 CLAIMS BY OCCUPATION OF INJURED WORKER



The high incidence of trackwork-related injuries was referred to the Racing Industry Consultation Group for discussion during 2010 and will be the subject of ongoing examination by Racing NSW and industry experts in 2011, particularly with regard to:-

- licensing standards / competency testing for trackwork riders;
- trackwork supervision requirements (for both Clubs and Trainers); and
- safety wear requirements for trackwork.

For example, the increasing incidence of dental injury claims (the 4th most prevalent type of injury claim in 2010) warrants consideration of the mandatory use of mouth guards or full-faced helmets during trackwork.

## ACHIEVEMENTS IN CLAIMS MANAGEMENT

The lower than anticipated liability provision for 2010 also reflects the emphasis placed on proactive injury and case management strategies throughout the year, as a result of which the status of 11 long-term claimants was upgraded from "Unfit" to "Suitable Duties" and early intervention / rehabilitation action ensured new claimants did not become entrenched in the system.

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

## OCCUPATIONAL HEALTH & SAFETY INITIATIVES

In pursuance of the Racing NSW Strategic Plan 2010 objective to "Lead the industry with occupational health and safety reforms and improvements" and the Department's employer education and risk mitigation goals for 2010 (refer 2009 Annual Report), the following OH&S projects were initiated during the year:

### Online OH&S Management System

In conjunction with Racing NSW Country and external OH&S consultants, Racing NSW commissioned and developed a customised online OH&S Management System for mandatory use by registered race clubs. The system will:

- provide a uniform measure of OH&S performance and risk management practices of employer clubs;
- enable timely, direct injury reporting to the Workers Compensation Department;
- facilitate the identification of trends in workplace injuries (e.g. claimant profiles, common mechanisms of injury) specific to the thoroughbred racing industry;



# INSURANCE

- enable timely delivery of inexpensive OH&S tuition and dissemination of statutory updates / directions to employer clubs;
- enable monitoring of Club compliance with the Minimum Standards; and
- assist in compilation of asset and risk information relevant to placement of annual Club insurances.

Roll-out and implementation of the online OHS Management System to employer clubs will be completed by October 2010. It is intended that the resource will be made available for voluntary purchase by licensed trainers by 2011.

## Mandatory Licensing Requirements for Trainers

The following mandatory licensing requirements were introduced during 2010 applicable to 2010/11 trainer renewals and all new licences:-

1. Trainers are required to complete, sign and return a declaration acknowledging that they have read and understood the document "Occupational Health and Safety Memorandum for Racehorse Trainers in NSW". The Memorandum sets out key employer OH&S obligations, provides step-by-step advice for risk management and injury reporting and summarises relevant OH&S and safety requirements prescribed by the Local Rules of Racing.
2. Trainers must also conduct a physical audit of their workplace and return a completed "Workplace Audit for Racehorse Trainers" to Racing NSW, along with a "Corrective Action Report" detailing planned remediation activities in respect of any identified health and safety issues / work hazards in their stable or other work premises. Racing NSW Stewards and Racing NSW's OH&S Officer will conduct ad-hoc inspections to verify the Workplace Audits and remediation progress.

## PREMIUM METHODOLOGY REVIEW

Racing NSW aims to charge workers compensation premiums which are:

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

During the year, Finity Consulting ("Finity") was commissioned to undertake an independent review of the premium methodologies employed by Racing NSW and provide a recommendation as to any revision(s) necessary for ongoing achievement of the above objectives. The key findings / recommendations of the review were:-

- (a) Racing NSW's existing wages-based premium methodology for Club employers was endorsed;
- (b) that a per-horse-in-stable exposure measure be used (as opposed to a wages-based measure) for the calculation of trainers' premiums;
- (c) that in addition to activity fees, both an initial (estimated) and hindsight (actual claims experience adjustment) premium be levied each year as opposed to a one-off retrospective charge at year end, to alleviate the financial impact of premiums on employers;
- (d) that a "Small Employer" base tariff premium threshold be introduced below which an employer's premium will not be adjusted for claims experience (i.e. to protect small employers from onerous Claims Experience Premiums); and
- (e) that the implementation of Finity's recommendations be phased in over 2-3 years to allow for the establishment of necessary assessment mechanisms, instalment regimes and to resolve any transition arrangements (if required) between

the previous and new trainer's methodology (e.g. to address any substantial movements in premium that may result from the change in calculation method).

The recommended methodologies will be first introduced in the 2010/11 Policy Year.

Premiums collected via activity fees for 2011 will be maintained at 2010 rates across all categories for both Clubs and Trainers.

## GENERAL INSURANCE AND PUBLIC LIABILITY

In 2009/10 Racing NSW again negotiated annual placement of public liability, property and other business insurance on behalf of thoroughbred racing clubs registered in NSW, the Canberra Racing Club and industry bodies such as the Australian Racing Board.

The Racing NSW Insurance Program:

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

Significant cost efficiencies were again achieved by the group placement in 2010, with the majority of policies (including most importantly, Public & Product Liability Insurance) renewed on expiring terms at the same premium as the previous year.

Racing NSW proposes to expand the suite of cover available to Clubs in 2011 to include Event Cancellation Insurance and Statutory Liability Insurance offerings (subject to expressions of interest and cost feasibility).



# NSW GROUP & LISTED WINNERS

Group	Feature	Dist	Prize\$	Winner	Trainer
1	Golden Rose Stakes	1400	1,000,000	DENMAN	Peter Snowden
1	George Main Stakes	1600	300,000	ROAD TO ROCK	Anthony Cummings
1	Epsom Hcp	1600	350,000	ROCK KINGDOM	Gai Waterhouse
1	The Metropolitan	2400	350,000	SPEED GIFTED	Lee Freedman
1	Spring Champion Stakes	2000	300,000	MONACO CONSUL	Mike Moroney
1	Flight Stakes	1600	300,000	MORE JOYOUS	Gai Waterhouse
1	Chipping Norton Stakes	1600	300,000	THESEO	Gai Waterhouse
1	Randwick Guineas	1600	350,000	SHOOT OUT	John Wallace
1	Coolmore Classic	1500	600,000	ALVERTA	Paul Messara
1	Ranvet Stakes	2000	400,000	THESEO	Gai Waterhouse
1	Rosehill Guineas	2000	500,000	ZABRASIVE	John O'Shea
1	Golden Slipper Stakes	1200	3,500,000	CRYSTAL LILY	Ellerton & Zahra
1	The BMW	2400	2,250,000	LITTORIO	Nigel Blackiston
1	George Ryder Stakes	1500	400,000	DANLEIGH	Chris Waller
1	Queen Of The Turf Stakes	1500	400,000	TYPHOON TRACY	Peter Moody
1	Storm Queen Stakes	2000	400,000	FAINT PERFUME	Bart Cummings
1	AJC Australian Derby	2400	1,300,000	SHOOT OUT	John Wallace
1	AJC Sires Produce Stakes	1400	300,000	YOSEI	Stuart Webb
1	T J Smith Stakes	1200	500,000	MELITO	Gerald Ryan
1	The Galaxy	1100	300,000	ORTENSIA	Tony Noonan
1	Doncaster Handicap	1600	1,500,000	RANGIRANGDOO	Chris Waller
1	AJC Oaks	2400	350,000	ONCE WERE WILD	Gai Waterhouse
1	Sydney Cup	3200	400,000	JESSICABEEL	John O'Shea
1	Queen Elizabeth Stakes	2000	350,000	ROAD TO ROCK	Anthony Cummings
1	Champagne Stakes	1600	300,000	SKILLED	Peter Snowden
1	All Aged Stakes	1400	300,000	HOT DANISH	Les Bridge
2	Premiere Stakes	1200	150,000	MENTALITY/KRONER(dh)	Hawkes/Bart Cummings
2	Warwick Stakes	1400	150,000	TRUSTING	Jason Coyle
2	Chelmsford Stakes	1600	150,000	O'LONHRO	M, W & J Hawkes
2	Furious Stakes	1400	150,000	MELITO	Gerald Ryan
2	Theo Marks Stakes	1400	200,000	RACING TO WIN	John O'Shea
2	Hill Stakes	1900	150,000	MISS MARIELLE	Joe Pride
2	Shannon Stakes	1500	150,000	DRUMBEATS	Peter Snowden
2	Tea Rose Stakes	1500	150,000	MORE JOYOUS	Gai Waterhouse
2	Stan Fox Stakes	1400	150,000	DENMAN	Peter Snowden
2	The Shorts	1100	150,000	GOLD TRAIL	Gary Portelli
2	Roman Consul Stakes	1200	150,000	SHELLSCRAPE	Chris Waller
2	Villiers Stakes	1600	150,000	PALACIO DE CRISTAL	Grahame Begg
2	Expressway Stakes	1200	200,000	RANGIRANGDOO	Chris Waller
2	Light Fingers Stakes	1200	150,000	MORE JOYOUS	Gai Waterhouse
2	Royal Sovereign Stakes	1200	150,000	SHOOT OUT	John Wallace
2	Breeders' Classic	1200	150,000	ALVERTA	Paul Messara
2	Apollo Stakes	1400	250,000	DANLEIGH	Chris Waller
2	Silver Slipper Stakes	1100	200,000	CHANCE BYE	Michael Tubman
2	Hobartville Stakes	1400	200,000	MONTON	Tim Martin
2	Surround Stakes	1400	150,000	MORE JOYOUS	Gai Waterhouse
2	Challenge Stakes	1000	150,000	DE LIGHTNING RIDGE	Joe Pride
2	Reisling Stakes	1200	300,000	MILITARY ROSE	Gillian Heinrich
2	Todman Stakes	1200	300,000	MASQUERADER	David Payne
2	Canterbury Stakes	1300	150,000	HOT DANISH	Les Bridge
2	Phar Lap Stakes	1500	150,000	TICKETS	Peter Moody
2	Ajax Stakes	1500	150,000	BRILLIANT LIGHT	Kerry Parker
2	Magic Night Stakes	1200	150,000	WILLOW CREEK	Peter Moody
2	Pago Pago Stakes	1200	150,000	BRIGHTEXPECTATIONS	Gai Waterhouse
2	Tulloch Stakes	2000	150,000	COUNT ENCOSTA	John Thompson
2	Chairman's Handicap	2600	150,000	JESSICABEEL	John O'Shea
2	Sapphire Stakes	1200	150,000	RENAISSANCE	Peter Snowden
2	Emancipation Stakes	1600	150,000	SACRED CHOICE	Joe Pride
3	Missile Stakes	1100	125,000	TEASING	Tim Martin
3	San Domenico Stakes	1000	125,000	SHELLSCRAPE	Chris Waller
3	The Run To The Roses	1300	125,000	DENMAN	Peter Snowden
3	Silver Shadow Stakes	1200	125,000	DEER VALLEY	Chris Waller
3	Up And Coming Stakes	1200	125,000	RAREFIED	Peter Snowden
3	Concorde Stakes	1100	125,000	FRIDAY CREEK	Anne-Marie Robinson
3	Tramway Hcp	1400	125,000	RANGIRANGDOO	Chris Waller
3	Kingston Town Stakes	2000	125,000	READY TO LIFT	Gerald Ryan
3	Research Stakes	1200	125,000	HOT DANISH	Les Bridge
3	Spring Stakes	1600	175,000	LOVEMELIKEAROCK	Anthony Cummings
3	Cameron Hcp	1300	140,000	ABSOLUTELYFABULOUS	Kris Lees
3	Newcastle Cup	2300	185,000	STREETFIGHTER	Terry Matrnick
3	Gloaming Stakes	1800	250,000	SO YOU THINK	Bart Cummings
3	Colin Stephen Quality	2400	150,000	MR CLANGTASTIC	Marc Conners
3	Bill Ritchie Handicap	1400	125,000	MCCLINTOCK	M De Montfort
3	Craven Plate	2000	125,000	MISS MARIELLE	Joe Pride
3	Hawkesbury Gold Cup	1600	125,000	KEEPIN' THE DREAM	J & G Lee
3	Summer Cup	2400	125,000	SOLID BILLING	Craig Ritchie
3	Southern Cross Stakes	1200	125,000	KENNY'S WORLD	Graeme Murray
3	Millie Fox Qlty Stakes	1300	125,000	MONTANA FLYER	Gai Waterhouse
3	Liverpool City Cup	1300	125,000	DREAMSCAPE	Gai Waterhouse
3	Kindergarten Stakes	1100	125,000	SOLAR CHARGED	John O'Shea
3	Randwick City Stakes	2000	125,000	THE EMBASSY	Chris Waller



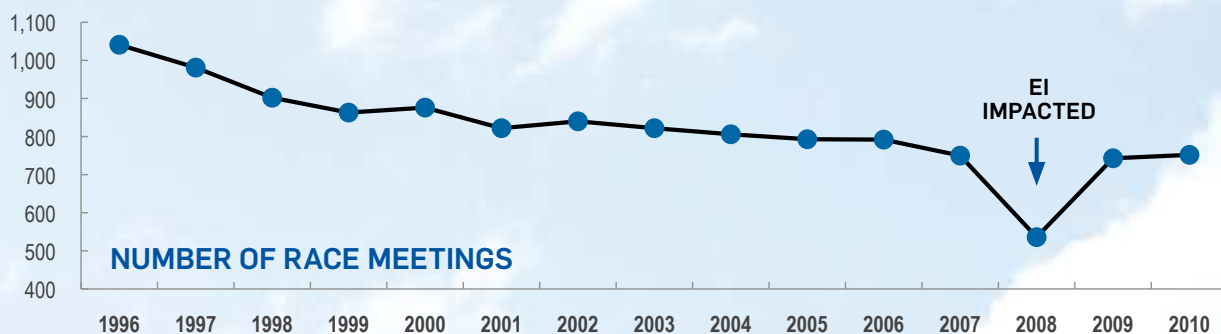
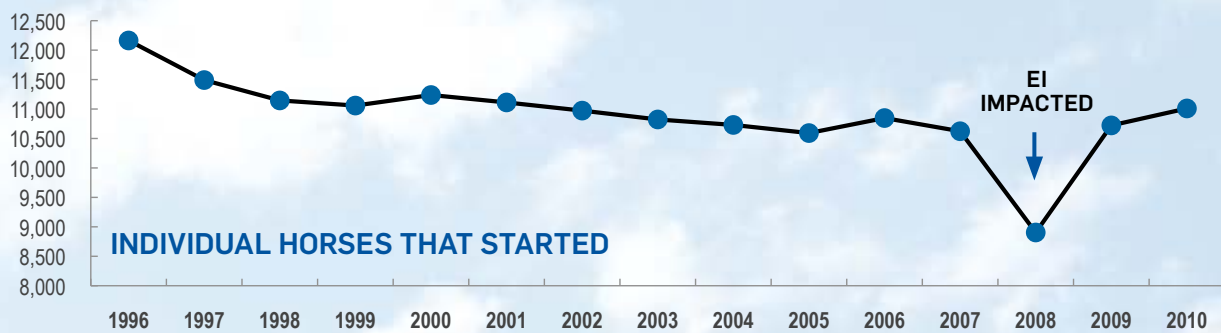
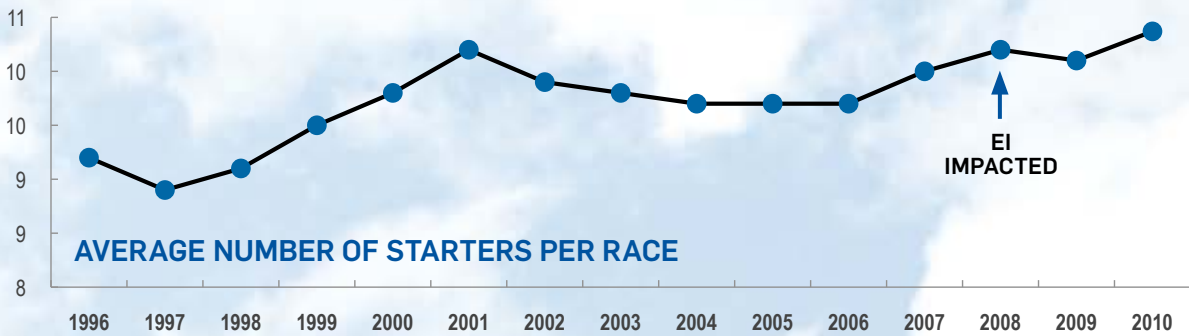
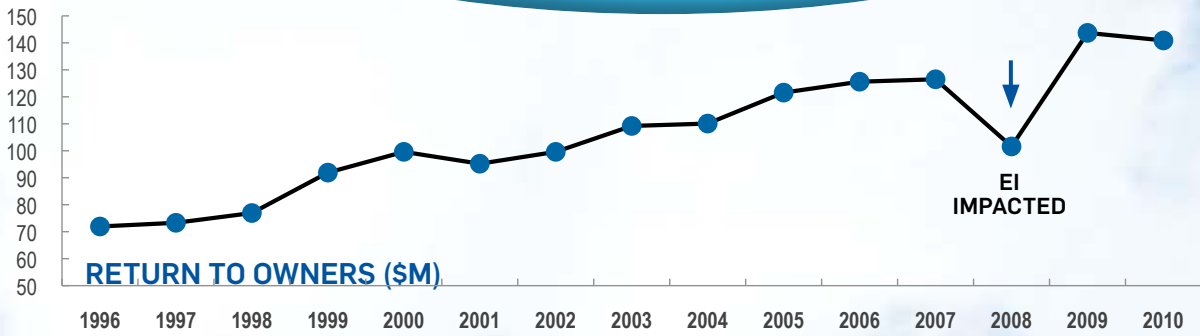
# NSW GROUP & LISTED WINNERS

Group	Feature	Dist	Prize\$	Winner	Trainer
3	Skyline Stakes	1200	125,000	HINCHINBROOK	Gerald Ryan
3	Sweet Embrace Stakes	1200	125,000	CRYSTAL LILY	Ellerton & Zahra
3	Newcastle Newmarket Hcp	1400	140,000	WALKING OR DANCING	Brett Partelle
3	Keith F Nolan Classic	1600	150,000	SLAPSTICK	Guy Walter
3	Birthday Card Stakes	1200	125,000	PATRONYME	Joe Pride
3	Star Kingdom Stakes	1100	125,000	SWIFT ALLIANCE	Gai Waterhouse
3	Adrian Knox Qlty Stakes	2000	125,000	SPEEDY NATALIE	Peter Moody
3	Carbine Club Stakes	1600	125,000	AL DHAFRA	Guy Walter
3	Frank Packer Plate	2000	125,000	DARIANA	Bart Cummings
Listed	Show County Quality Hcp	1200	100,000	SWIFT ALLIANCE	Gai Waterhouse
Listed	Toy Show F-&-M Qlty Hcp	1400	140,000	MOTI	Gai Waterhouse
Listed	Premier's Cup	1800	100,000	EMPEROR BONAPARTE	David Payne
Listed	Sheraco Stakes	1100	100,000	MADAME PEDRILLE	Darren Smith
Listed	Wyong Gold Cup	2100	120,000	MR CLANGTASTIC	Marc Conners
Listed	Mona Lisa Stakes	1350	100,000	MOTI	Gai Waterhouse
Listed	Ming Dynasty Quality Hcp	1400	100,000	MORE THAN GREAT	David Payne
Listed	Tibbie Stakes	1400	100,000	MOTI	Gai Waterhouse
Listed	Heritage Stakes	1200	120,000	STRYKER	Chris Waller
Listed	Starlight Stakes	1100	100,000	LUCKY SECRET	Tony Vasil
Listed	Reginald Allen Qlty Hcp	1400	100,000	LITTLE SURFER GIRL	Chris Waller
Listed	Dulcify 3YO Quality Hcp	1800	100,000	VIKING LEGEND	Gai Waterhouse
Listed	The Nivison	1200	100,000	MADAME PEDRILLE	Darren Smith
Listed	Breeders' Plate	1000	100,000	RUN FOR WILSON	Jason Coyle
Listed	Gimcrack Stakes	1000	100,000	GYBE	Anthony Cummings
Listed	Angst Stakes	1400	100,000	ILLUMINATES	Graeme Rogerson
Listed	City Tatt's Club Cup	2400	100,000	BID SPOTTER	Graeme Rogerson
Listed	City Tatts Lightning Hcp	1100	100,000	NEWS ALERT	Con Karakatsanis
Listed	Brian Crowley Stakes	1200	100,000	LOVE CONQUERS ALL	M, W & J Hawkes
Listed	Belle Of The Turf Stakes	1600	100,000	MESSENGER	Anthony Cummings
Listed	Yalumba Cup	1300	100,000	BEADED	Peter Snowden
Listed	Gosford Gold Cup	2100	150,000	SPINNEY	Peter Snowden
Listed	Canberra Cup	2000	200,000	MACKNUCKLE	Bernie Howlett
Listed	Festival Stakes	1500	100,000	RABBUKA	Gai Waterhouse
Listed	Christmas Cup	2400	100,000	SCOUTING WIDE	Tim Martin
Listed	Razor Sharp Hcp	1200	100,000	PRINCE BRAEMAN	Paul Perry
Listed	Carrington Stakes	1100	100,000	COURT	Clarry Conners
Listed	Tattersalls Club Cup	2000	100,000	RAINBOW STYLING	M, W & J Hawkes
Listed	Canterbury Classic	1100	100,000	NEWS ALERT	Con Karakatsanis
Listed	Frank Underwood Cup	2000	100,000	RABBUKA	Gai Waterhouse
Listed	Australia Day Cup	2400	100,000	FAIRY GEM	Peter Moody
Listed	Canonbury Stakes	1100	100,000	HINCHINBROOK	Gerald Ryan
Listed	Widden Stakes	1100	100,000	GEORGETTE SILK	Clarry Conners
Listed	Triscay Stakes	1200	100,000	PATRONYME	Joe Pride
Listed	Parramatta Cup	2000	100,000	DELTONA	Kevin Moses
Listed	Wiggle F-&-M Quality Hcp	1400	100,000	DANE JULIA	Lee Freedman
Listed	Black Opal Stakes	1200	250,000	DECISION TIME	Clarry Conners
Listed	National Sprint	1400	100,000	SAINTHOOD	Rick Worthington
Listed	Eskimo Prince Stakes	1200	100,000	THE MIKADO	Tim Martin
Listed	Aspiration Quality	1600	100,000	SACRED CHOICE	Joe Pride
Listed	Wenona Girl Handicap	1200	100,000	BEADED	Peter Snowden
Listed	Sky High Stakes	1900	100,000	BELLAGIO WYNN	Chris Waller
Listed	Maurice Mccarten Stakes	1100	100,000	WELKOM GOLD	Darren Smith
Listed	N E Manion Quality Cup	2400	100,000	PRECEDENCE	Bart Cummings
Listed	Epona Stakes	1900	100,000	MESSENGER	Anthony Cummings
Listed	Darby Munro Stakes	1200	150,000	NEESON	Joe Pride
Listed	T L Baillieu Hcp	1400	125,000	SKILLED	Peter Snowden
Listed	Neville Sellwood Stakes	1900	100,000	HERCULIAN PRINCE	Gai Waterhouse
Listed	Royal Parma Stakes	1900	100,000	BRILLIANT LIGHT	Kerry Parker
Listed	P J Bell Handicap	1200	125,000	ZINGALING	Kris Lees
Listed	Fernhill Handicap	1600	100,000	KUDAKULARI	Bart Cummings
Listed	South Pacific Classic	1400	125,000	STAR OF OCTAGONAL	Todd Howlett
Listed	Keith Mackay Handicap	1200	100,000	GOLDEN MILLENNIUM	Anthony Cummings
Listed	Japan Racing Assoc Plate	2000	100,000	HERCULIAN PRINCE	Gai Waterhouse
Listed	Gosford Guineas	1200	150,000	LATIN NEWS	Bart Cummings
Listed	Hall Mark Stakes	1200	100,000	EGO'S DARE	Gerald Ryan
Listed	James H B Carr Stakes	1400	100,000	HAPPY HIPPY	John Thompson
Listed	Hawkesbury Guineas	1400	100,000	NEESON	Joe Pride
Listed	Rowley Mile	1600	100,000	SNOW ALERT	Chris Waller
Listed	Darley Crown	1300	100,000	SERENISSIMA	Peter Snowden
Listed	Wagga Wagga Gold Cup	2000	130,000	SAINTHOOD	Rick Worthington
Listed	Dark Jewel Classic	1400	110,000	SO ANYWAY	John Thompson
Listed	Scone Cup	1600	110,000	KEEPIN' THE DREAM	Jim & Greg Lee
Listed	W J Mckell Cup	2400	100,000	SCOUTING WIDE	Tim Martin
Listed	Winter Cup	2400	100,000	TWIN WING	Guy Walter
Listed	June Stakes	1100	100,000	LOVE CONQUERS ALL	M, W & J Hawkes
Listed	Takeover Target Stakes	1200	100,000	BORDER REBEL	Sue Grills
Listed	Civic Stakes	1400	100,000	ILLUMINATES	Graeme Rogerson
Listed	Ramornie Handicap	1200	130,000	PINWHEEL	Peter Snowden
Listed	Grafton Cup	2350	150,000	TWIN WING	Guy Walter
Listed	Winter Stakes	1500	100,000	MR UNFORGETTABLE	Kevin Moses





# ANNUAL TRENDS





# FINANCIAL STATEMENTS

Profit/Loss Statement

- General Activities **37**

Profit/Loss Statement

- Workers Compensation Fund **37**

Statement of

Comprehensive Income **38**

Statement of

Financial Position **39**

Notes **41**

Declaration &

Audit Report **62**



## PROFIT/LOSS STATEMENT - GENERAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE, 2010

RACING NSW ABN 86 281 604 417

	2010 \$	2009 \$
<b>REVENUE</b>		
<b>Revenue from Operating Activities</b>		
Sale of Goods - Publications	532,578	577,331
Sale of Services	6,011,806	5,415,119
	<b>6,544,384</b>	<b>5,992,450</b>
<b>Revenue from Non Operating Activities</b>		
(Loss) on Disposal of Assets	(10,662)	(5,954)
Gain on Disposal of Operations	-	194,092
Interest - General	559,761	1,119,227
	<b>549,099</b>	<b>1,307,365</b>
<b>REVENUE FROM ORDINARY ACTIVITIES</b>	<b>7,093,483</b>	<b>7,299,815</b>
<b>EXPENSES</b>		
Analytical	168,894	292,248
Finance	388,853	416,877
Administration and Executive	4,057,781	4,060,382
Legal	121,305	78,492
Licensing	222,123	162,522
Race Fields	134,454	36,641
Race Results	27,095	4,677
Publications	462,261	609,707
Laboratory	2,255,620	2,256,660
Handicapping	603,368	383,291
Stewards	2,977,465	2,987,113
Veterinary	569,497	577,085
Syndicates	103,957	30,497
Media	83,463	84,957
Industry Training	664,327	748,283
Stakes Payments	392,043	312,752
Information Technology	364,167	432,644
Racing Office	248,448	161,825
Marketing	385,738	103,310
Finance Costs	24,289	40,049
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>	<b>14,255,148</b>	<b>13,780,012</b>
RaceFields Legal Fees	(1,132,678)	(307,534)
Share of profit/(loss) of associate (RISA)	173,160	(217,169)
Asian Racing Conference	335,004	-
<b>First Charge</b>	<b>8,048,325</b>	<b>7,227,148</b>
<b>Funds after applying First Charge transferred to Reserves</b>	<b>262,146</b>	<b>222,248</b>
Appearance Fees disbursed during the year, recouped through a first charge on TAB distributions	7,504,000	7,088,800

## PROFIT/LOSS STATEMENT WORKERS COMPENSATION FUND

FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
<b>REVENUE</b>		
<b>Revenue from Operating Activities</b>		
Workers Compensation Premiums/Charges	9,999,511	9,045,423
	<b>9,999,511</b>	<b>9,045,423</b>
<b>Revenue from Non Operating Activities</b>		
Interest - Workers Compensation Fund	665,721	599,212
Movement in market value of investment fund	2,155,058	(2,791,131)
	<b>2,820,779</b>	<b>(2,191,919)</b>
<b>REVENUE FROM ORDINARY ACTIVITIES</b>	<b>12,820,290</b>	<b>6,853,504</b>
<b>EXPENSES</b>		
Workers Compensation Payments	7,554,514	7,381,791
Workers Compensation Administrative & Regulatory	1,646,004	1,407,322
Legal	3,173	102
Finance Costs	281,185	150,331
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>	<b>9,484,876</b>	<b>8,939,546</b>
<b>Funds before Workers Compensation Provision</b>	<b>3,335,414</b>	<b>(2,086,042)</b>
Workers Compensation Provisions Net of Recoveries	3,125,301	4,061,170
<b>Funds Transferred to Reserves</b>	<b>210,113</b>	<b>(6,147,212)</b>

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE, 2010

RACING NSW ABN 86 281 604 417

	Note	2010 \$	2009 \$
<b>REVENUE AND OTHER COMPREHENSIVE INCOME</b>			
<b>REVENUE FROM CONTINUING OPERATIONS</b>			
Sale of Goods - Publications	5(i)	532,578	577,331
Sale of Services	5(ii)	6,011,806	5,415,119
Workers Compensation Fund Premiums & Revenues	5(iii)	12,920,807	9,398,323
First Charge	5(iv)	8,048,325	7,227,148
Appearance Fee Receipts	5(v)	7,504,000	7,088,800
Interest other parties	5(vi)	1,225,482	1,718,439
<b>OTHER INCOME</b>			
(Loss) on Disposal of Assets	5(vii)	(10,662)	(5,954)
Gain on Disposal of Operations	5(viii)	-	194,092
Asian Racing Conference	5(xxxi)	1,989,413	-
Movement in net market value of investments integral to insurance activities		2,155,058	(2,791,131)
<b>TOTAL REVENUE AND OTHER INCOME</b>		<b>40,376,807</b>	<b>28,822,167</b>
<b>EXPENSES</b>			
Analytical	5(ix)	168,894	292,248
Finance	5(x)	388,853	416,877
Administration and Executive	5(xi)	4,057,781	4,060,382
Legal	5(xii)	1,257,155	386,026
Licensing	5(xiii)	222,123	162,522
Race Fields	5(xiv)	134,454	36,641
Race Results	5(xv)	27,095	4,677
Cost of Goods Sold - Publications	5(xvi)	462,261	609,707
Laboratory	5(xvii)	2,255,620	2,256,660
Handicapping	5(xviii)	603,368	383,291
Stewards	5(xix)	2,977,465	2,987,113
Veterinary	5(xx)	569,497	577,085
Syndicates	5(xxi)	103,957	30,497
Media	5(xxii)	83,463	84,957
Industry Training	5(xxiii)	664,327	748,283
Stakes Payments	5(xxiv)	392,043	312,752
Information Technology	5(xxv)	364,167	432,644
Racing Office	5(xxvi)	248,448	161,825
Appearance Fee (unplaced starters)	5(xxvii)	7,504,000	7,088,800
Marketing	5(xxviii)	385,738	103,310
Workers Compensation Fund Expenses	5(xxix)	15,247,116	13,203,285
Finance Costs	5(xxx)	305,474	190,380
Asian Racing Conference	5(xxxi)	1,654,409	-
<b>TOTAL EXPENSES</b>		<b>40,077,708</b>	<b>34,529,962</b>
Share of profit / (loss) of associate (RISA)	10	173,160	(217,169)
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		<b>472,259</b>	<b>(5,924,964)</b>
<b>INCOME TAX EXPENSE</b>		-	-
<b>PROFIT/(LOSS) AFTER INCOME TAX</b>	5(xxxii)	<b>472,259</b>	<b>(5,924,964)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>472,259</b>	<b>(5,924,964)</b>

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



# STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE, 2010

RACING NSW ABN 86 281 604 417

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	7	99,164,277	53,775,140
Trade and Other Receivables	8	31,765,896	22,609,650
Other Current Assets	9	42,754	128,321
<b>TOTAL CURRENT ASSETS</b>		<b>130,972,927</b>	<b>76,513,111</b>
<b>NON-CURRENT ASSETS</b>			
Investment accounted for using the equity method	10	1,618,306	1,865,419
Other Financial Assets	11	-	13,728,072
Other Non Current Receivables	15	3,707,522	1,273,055
Property, Plant and Equipment - Buildings	12	4,420,476	4,516,260
Property, Plant and Equipment - Other	13	1,920,961	2,065,977
Other Non Current Assets	14	290,755	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,958,020</b>	<b>23,448,783</b>
<b>TOTAL ASSETS</b>		<b>142,930,947</b>	<b>99,961,894</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	16	83,534,071	48,174,625
Breeders and Owners Bonus Scheme	17	11,872,913	10,792,504
Provisions	18	824,831	807,969
Workers Compensation Provisions	19	7,555,234	6,901,515
Other Current Liabilities	20	613,312	833,001
<b>TOTAL CURRENT LIABILITIES</b>		<b>104,400,361</b>	<b>67,509,614</b>
<b>NON-CURRENT LIABILITIES</b>			
Breeders and Owners Bonus Scheme	17	4,875,905	4,593,832
Provisions	18	301,357	450,567
Workers Compensation Provisions	19	36,346,433	30,953,555
Other Non Current Liabilities	21	217,892	137,586
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>41,741,587</b>	<b>36,135,540</b>
<b>TOTAL LIABILITIES</b>		<b>146,141,948</b>	<b>103,645,154</b>
<b>NET LIABILITIES</b>		<b>(3,211,001)</b>	<b>(3,683,260)</b>
<b>EQUITY</b>			
Reserves	22	(3,211,001)	(3,683,260)
Accumulated (Deficit)/Surplus	23	-	-
<b>TOTAL EQUITY</b>		<b>(3,211,001)</b>	<b>(3,683,260)</b>

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, 2010

RACING NSW ABN 86 281 604 417

	NOTE	Reserves \$	Accumulated Surplus \$	Total \$
<b>Balance at 30 June 2008</b>		<b>2,241,704</b>	<b>-</b>	<b>2,241,704</b>
Loss for the Year			(5,924,964)	(5,924,964)
Total Comprehensive Income for the Year		-	(5,924,964)	(5,924,964)
Transfer from Reserves	23	(5,924,964)	5,924,964	-
<b>Balance at 1 July 2009</b>		<b>(3,683,260)</b>	<b>-</b>	<b>(3,683,260)</b>
Profit for the Year		-	472,259	472,259
Total Comprehensive Income for the Year		-	472,259	472,259
Transfer to Reserves	23	472,259	(472,259)	-
<b>Balance at 30 June 2010</b>		<b>(3,211,001)</b>	<b>-</b>	<b>(3,211,001)</b>

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, 2010

RACING NSW ABN 86 281 604 417

	Note	2010 \$	2009 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		70,767,710	68,274,779
Payments to suppliers and employees		(41,120,735)	(39,676,247)
Interest received		1,225,482	1,718,439
Finance costs		(305,474)	(190,380)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	6(b)	<b>30,566,984</b>	<b>30,126,591</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(728,254)	(367,959)
Proceeds from sale of interest in associated entity (RISA)		-	-
Distribution from RISA		427,633	798,369
Proceeds from sale of Thoroughbred Trainers Service Centre		-	200,000
Proceeds from sale of plant and equipment		241,362	115,841
Proceeds from redemption of ANZ Wholesale Trust		15,883,130	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		<b>15,823,871</b>	<b>746,251</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of loan to RISA		-	(991,009)
Funding of Loan to RISA		7,360	(7,360)
Loans (to) related parties		(1,009,078)	(425,746)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(1,001,718)</b>	<b>(1,424,115)</b>
<b>NET INCREASE IN CASH</b>		<b>45,389,137</b>	<b>29,448,727</b>
Cash at beginning of the year		53,775,140	24,326,413
<b>CASH AT THE END OF THE YEAR</b>	6(a)	<b>99,164,277</b>	<b>53,775,140</b>

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, 2010

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

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

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

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

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

#### (b) Accounting Policies

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

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

#### (c) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the normal course of business. At 30 June 2010, Racing NSW has a net asset deficit of \$3,211,001 (2009: \$3,683,260 deficit). The Board is of the opinion that Racing NSW will continue to be able to pay its debts as and when they fall due on the basis that the Intra-code Agreement allows Racing NSW to levy an administration charge on wagering receipts received from TAB Limited (Tabcorp Holdings Ltd).

#### (d) Property, Plant and Equipment

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

#### Plant and equipment

At each end of reporting period, the directors review a number of factors affecting plant and equipment, including their carrying values, to determine which of these assets, grouped into cash-generating units, may be impaired. If impairment indicators exist, the recoverable amount of the assets, being the higher of the assets, "fair value less costs to sell" and "value in use", are compared to the carrying values. Any excess of the assets' carrying value over their recoverable amount is expensed in the income statement 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
Plant and Equipment	5-40%
Land and Buildings	2%

#### Leases:

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

#### (e) Financial Assets

##### Classification

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

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

Cash on Deposit is a financial asset designated at fair value through the profit or loss. This financial asset supports the Workers Compensation provision. In line with AASB1023 'General Insurance Contracts', fair valuing these assets through the profit or loss eliminates recognition inconsistencies that would arise if the assets were classified as available for sale or measured at amortised cost.

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

##### Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Racing NSW commits to purchase or sell the asset. Financial Assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the profit or loss.

Financial assets carried at fair value through the profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Racing NSW has transferred substantially all the risks and rewards of ownership.

##### Subsequent Measurement

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

##### Impairment

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

##### (f) Receivables

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



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

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

#### (f) Receivables (cont.)

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

The amount of the impairment loss is recognised in the profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

#### (g) Investments in Associates

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

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

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

#### (h) Foreign Currency Transactions and Balances

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

#### (i) Employee Benefits

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

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

by Racing NSW to the superannuation fund, adjusted by the movement in the liability.

#### (j) Cash and Cash Equivalents

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

#### (k) Revenue

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

#### (l) Trade, Stakes Payments and Other Payables

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

#### (m) Breeders and Owners Bonus Scheme

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

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

#### (n) Finance Costs

Finance costs are expensed when incurred.

#### (o) Workers Compensation Insurance

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

#### (p) Goods and Services Tax (GST)

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



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

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

#### (q) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

#### (r) 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.

#### (s) Provisions

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

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

#### (t) Critical Accounting Estimates and Judgements

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

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

#### (u) Accounting Standards Issued Not Yet Effective

The following accounting standards and interpretations have been issued but are not mandatory for financial years ended 30 June 2010. It is anticipated that they will have only a disclosure impact in the period of initial application.

- AASB 9 (Issued December 2009): Financial Instruments
- AASB 2009-5 (Issued May 2009): Further Amendments to Australian Accounting Standards arising from Annual Improvements Process.
- AASB 2010-3 (Issued June 2010): Amendments to Australian Accounting Standards arising from Annual Improvements Process.
- AASB 2010-4 (Issued June 2010): Amendments to Australian Accounting Standards arising from Annual Improvements Process.
- AASB 124 (Issued December 2009): Related Party Disclosures

#### (v) Reclassification of prior period balances

In the current financial year, the Amounts Receivable - Loans to Clubs balance of \$13,217,130 has been disclosed separately to the Race Fields Fees liability of \$70,737,674. In the previous financial year this corresponding receivable and liability were netted off against one another, and as a result of their separate disclosures in the current financial year, the prior year balances have been re-classified. This has resulted in an Amounts Receivable - Loans to Clubs balance of \$6,853,494 in the previous financial year, with the corresponding Race Fields Fees liability being grossed up by the same amount.

In addition, the increase in the Reinsurance Recoveries revenue balance of \$2,921,296 has been disclosed separately to the movement in the Workers Compensation Provisions expense of \$6,046,597 in the current financial year. In the previous financial year these corresponding revenue and expense items were netted off against one another, and as a result of their separate disclosures in the current financial year, the prior year balances have been re-classified. This has resulted in an increase in prior year revenue by the Reinsurance Recoveries figure of \$352,900, with the prior year Workers Compensation Fund expenses being grossed up by the corresponding figure of \$352,900.

Lastly, in the current financial year the Reinsurance Recoveries current receivable of \$770,674 and the non-current receivable of \$3,707,522 have

been disclosed separately to the current and non-current Workers Compensation Provisions liabilities of \$7,555,234 and \$36,346,433 respectively. In the previous financial year these receivables were netted off against the corresponding liabilities, but as a result of their separate disclosures in the current financial year, the prior year balances have been re-classified. This has resulted in a Reinsurance Recoveries current receivable of \$283,845 and non-current receivable of \$1,273,055 in the previous financial year, with the prior year Workers Compensation Provisions current and non-current liabilities being grossed up by the corresponding amounts.

### NOTE 2: CONSOLIDATED OPERATIONS

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

### NOTE 3: INCOME TAX

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

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

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

### NOTE 5: STATEMENT OF COMPREHENSIVE INCOME

- (i) Sale of Goods - Publications represents income derived from the sale of advertising space in the NSW Racing Magazine as well as subscriptions to NSW Racing Magazine by industry participants and customers.
- (ii) Sale of Services represents income derived from the sale of services to the racing industry - including stewards, handicapping, laboratory, veterinary, race results, syndicates and stakes payments.
- (iii) Workers Compensation Fund Premiums and Revenues represents premiums, charges, reinsurance recoveries and other revenues of the Racing NSW Workers Compensation Fund other than those disclosed elsewhere in the profit or loss. (Refer to Note 32).
- (iv) First Charge represents a charge to the industry based on the budgeted expenditure for the year.
- (v) Appearance Fee Receipts represents a charge to the industry based on expected starters, to fund a \$200 per starter payment to the owners of all horses not receiving prize money.
- (vi) Interest represents investment earnings and interest income, excluding movements in the value of managed funds and property.

	2010	2009
	\$	\$
Interest from Cash at Bank	559,761	1,117,967
Interest from Cash on Deposit	665,721	600,472
	<b>1,225,482</b>	<b>1,718,439</b>

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

(viii) Gain on Disposal of Operations represents the profit on sale of Thoroughbred Trainers Service Center to RISA.

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

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



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

### NOTE 5: STATEMENT OF COMPREHENSIVE INCOME (CONT.)

- (xi) Administration and Executive represent the administrative costs of Racing NSW including executive, property, human resources, appeals, consultants as well as support to the Provincial Association and Racing NSW Country.
- (xii) Legal represents the cost of managing legal matters and litigation, including staff costs and external representation.
- (xiii) Licensing expenditure represents staff and office costs associated with the derivation of this income stream.
- (xiv) Race Fields expenditure represents staff, consultants and office costs associated with the management of race fields information use and collection of fees.
- (xv) Race Results expenditure represents staff, consultants and office costs associated with the deriving of income for the provision of race result information.
- (xvi) Publications expenditure includes staff and office costs as well as all production, distribution and selling costs.
- (xvii) Laboratory expenditure includes staffing, depreciation of capital expenditure, consumables and occupancy costs.
- (xviii) Handicapping expenditure includes staff and office costs.
- (xix) Stewards' expenditure includes staffing costs, shorthand writers and office costs.
- (xx) Veterinary expenditure includes staff, research horses, consumables and office costs.
- (xxi) Syndicates expenditure includes staffing and office costs.
- (xxii) Media costs include staff, participation in national advertising, promotional activities and monitoring of media.
- (xxiii) Industry Training expenditure represent staffing costs as well as educational costs associated with the training of apprentice jockeys.
- (xxiv) Stakes Payments costs include staffing, consultants, system development, bank charges and office costs.
- (xxv) Information Technology represents the cost of providing an IT platform to Racing NSW and supporting staff costs.
- (xxvi) Racing Office represents the cost of coordinating race dates and programming throughout NSW.
- (xxvii) Appearance fees are a \$200 per starter payment to the owners of all horses not receiving prize money.
- (xxviii) Marketing costs include staff, consultants and promotional costs. These were included in Administration and Executive in prior years.
- (xxix) Workers Compensation Insurance Fund. This Fund is designed to provide workers compensation insurance cover for employees of NSW Racing Clubs, Associations, owners and trainers of racehorses against liability relating to injury, loss or damage either sustained or caused by jockeys, apprentices, stable hands, workers, servants, employees or agents in their employment or acting on their behalf pursuant to NSW Workcover legislation. In July 2000 Racing NSW signed a service contract with ASWIG Pty Limited (ASWIG). This contract specified that ASWIG were to provide to Racing NSW management services in relation to the insurance fund. From 1 July 2005, the Fund was managed by QBE Insurance. Effective from 1 July 2006 the fund has been managed in-house by Racing NSW. (Refer to Note 32).
- (xxx) Finance costs include interest expense, bank charges and bank guarantee fees.
- (xxxi) Asian Racing Conference includes all direct revenue and expenditure related to running the Asian Racing Conference.
- (xxxii) Profit/(Loss) after Income Tax

The profit has been determined after :

	2010 \$	2009 \$
<b>Finance Costs</b>		
Bank Charges	37,028	49,280
Bank Guarantee	268,446	141,100
<b>Total Finance Costs</b>	<b>305,474</b>	<b>190,380</b>
<b>Depreciation and impairment expense of non-current assets</b>		
- Land and Building Depreciation Expense	95,784	95,784
- Plant and Equipment Depreciation Expense	621,245	757,354
<b>Total Depreciation and Impairment Expense</b>	<b>717,029</b>	<b>853,138</b>
<b>Bad and Doubtful Debts</b>		
- Trade Debtors written off	1,852	10,974
<b>Total Bad and Doubtful Debts</b>	<b>1,852</b>	<b>10,974</b>
<b>Rental Expense on Operating Lease</b>	<b>15,275</b>	<b>11,226</b>
<b>Total (Loss) on disposal of non-current assets:</b>		
- Property, Plant and Equipment	(10,662)	(5,954)
<b>Total (Loss) on disposal of non-current assets</b>	<b>(10,662)</b>	<b>(5,954)</b>
<b>Remuneration of Auditor</b>		
- audit services	85,300	86,594
- non-audit services	-	-
<b>Total Remuneration of Auditor</b>	<b>85,300</b>	<b>86,594</b>
<b>Employee Benefits Expense (excluding Superannuation)</b>	<b>7,700,073</b>	<b>7,185,363</b>
<b>Defined Contribution Superannuation Expense</b>	<b>605,263</b>	<b>493,297</b>
<b>Defined Benefit Superannuation Expense</b>	<b>146,890</b>	<b>226,973</b>
<b>Defined Benefit Superannuation Movement</b>	<b>(163,025)</b>	<b>208,573</b>
<b>Individually Significant Items (Refer Note 19):</b>		
<b>Gross Increase in Reinsurance Recoveries relating to Insurance Claims Liability as recommended by the Actuary</b>	<b>2,921,296</b>	<b>352,900</b>
<b>Gross Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary</b>	<b>6,046,597</b>	<b>4,414,070</b>
<b>Net Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary</b>	<b>3,125,301</b>	<b>4,061,170</b>



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

	2010 \$	2009 \$
<b>NOTE 6: CASH FLOW INFORMATION</b>		
a) Reconciliation of Cash		
Cash and Cash Equivalents	99,164,277	53,775,140
	<b>99,164,277</b>	<b>53,775,140</b>
As at 30 June 2010, Racing NSW had credit facilities in place with a limit of \$0 (2009: \$100,000) with an amount of \$0 (2009: \$100,000) undrawn at the balance date. This facility was reviewed during the year and no longer required.		
b) Reconciliation of Cash Flow from Operating Activities		
Profit / (Loss) after Income Tax	472,259	(5,924,964)
Loss on Sale of Assets	10,662	5,954
Gain on Sale of Operations	-	(194,092)
Depreciation and Impairment Expense	717,029	853,137
Share of net (profit)/loss in associate (RISA)	(173,160)	217,169
(Gain)/Loss on investment	(2,155,058)	2,791,131
	<b>(1,128,268)</b>	<b>(2,251,666)</b>
Decrease in Trade Debtors	1,202,892	114,543
Decrease/(increase) in Prepayments	41,932	(47,144)
(Increase) in Stakes Payment Debtors	(2,212,910)	(447,994)
(Increase) in Other Debtors	(7,108,235)	(6,916,309)
(Increase) in Other Non Current Receivables	(2,434,467)	(277,136)
(Increase) in Other Non Current Assets	(290,754)	-
Increase/(decrease) in Trade Creditors and BOBS Creditors	1,642,413	(552,675)
Increase/(decrease) in Stakes Payment Creditors	397,065	(1,450,593)
Increase in Jockeys Welfare	1,196,574	-
Increase/(decrease) in Sundry Creditors and Accruals	652,467	(830,815)
(Decrease)/increase in Leave Provisions	(132,348)	328,661
Increase in Race Fields Fees	32,694,026	38,043,648
Increase in Insurance Claims Provision	6,046,597	4,414,070
	<b>31,695,252</b>	<b>32,378,256</b>
Cash Flows from operating activities	<b>30,566,984</b>	<b>30,126,591</b>

## NOTE 7: CASH AND CASH EQUIVALENTS

Cash at Bank	32,873,020	24,514,105
Cash on Deposit - Workers Compensation	29,129,668	12,223,775
Cash on Deposit - Racefields	37,161,589	17,037,260
<b>Total Cash and Cash Equivalents</b>	<b>99,164,277</b>	<b>53,775,140</b>

The Cash at Bank bears floating interest rates between 4.0% and 4.33% (2009: 2.50% and 2.84%). Cash on Deposit bears interest rates of between 4.78% and 4.81% (2009: 3.2%). The Cash on Deposit - Workers Compensation are pledged as security for the ANZ Bank Guarantee to Workcover (Note 19).

## NOTE 8: TRADE AND OTHER RECEIVABLES

Trade Debtors	1,633,278	2,834,318
Provision for Doubtful Debts	(70,649)	(68,797)
Sundry Debtors	1,671,379	1,377,334
Amounts receivable from associated entities:		
- Racing NSW Country Limited	4,202,861	3,313,791
- Racingcorp Pty Limited	52,442	91,418
- Australian Racing Board Limited	1,089,687	930,703
Reinsurance Recoveries Receivable	770,674	283,845
Amounts receivable - Loans to Clubs	13,217,130	6,853,494
RISA	-	7,360
Stakes Payment Debtors	9,199,094	6,986,184
<b>Total Receivables</b>	<b>31,765,896</b>	<b>22,609,650</b>

# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

	2010 \$	2009 \$
<b>NOTE 9: OTHER CURRENT ASSETS</b>		
Prepayments	42,754	84,687
Other Debtors	-	43,634
	<b>42,754</b>	<b>128,321</b>

## NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Interest in Associated Entity

Name of Entity	Principal Activity	Country of Incorporation	Reporting Date	2010	2009
Racing Information Services Australia Pty Ltd (RISA)	Maximising benefits of racing information	Australia	30/06/2010		
Ownership Interest				35.0%	35.0%
Voting Power				35.0%	35.0%
				<b>2010 \$</b>	<b>2009 \$</b>

### Movements in carrying amounts

At beginning of financial year	1,865,419	2,880,957
Distribution from RISA	(420,273)	(798,369)
Share of operating profit/(loss) after income tax	173,160	(217,169)
At end of financial year	<b>1,618,306</b>	<b>1,865,419</b>
<b>Total Investments Accounted for using Equity Method</b>	<b>1,618,306</b>	<b>1,865,419</b>

### Summarised financial information of RISA as at 30 June 2010

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

Assets	4,189,538	3,993,082
Liabilities	713,703	690,407
<b>Equity</b>	<b>3,475,835</b>	<b>3,302,675</b>
Revenues	2,252,831	2,145,617
<b>Profit/(Loss)</b>	<b>173,160</b>	<b>(217,169)</b>
<b>Share of RISA's commitments</b>		
Capital commitments	-	-
Lease commitments	-	-

### Contingent liabilities of RISA

Share incurred jointly with other investors - -

Further information on the RISA investment can be found in Note 33

## NOTE 11: FINANCIAL ASSETS

ANZ Wholesale Investment Trust	-	13,728,072
	<b>-</b>	<b>13,728,072</b>

On 23rd March 2010 the ANZ Wholesale Investment Trust was redeemed and converted to a Term Deposit. The ANZ Term Deposit is an asset of the Workers Compensation Fund (Refer Note 32). This investment is mortgaged to the ANZ Bank and acts as security for the ANZ Bank Guarantee to Workcover (Note 19).

## NOTE 12: PROPERTY, PLANT and EQUIPMENT - BUILDINGS

Land and Buildings - at cost	4,779,320	4,779,320
Less accumulated depreciation	358,844	263,060
<b>Total Land and Buildings</b>	<b>4,420,476</b>	<b>4,516,260</b>
Movement in Carrying Amounts		
Balance at Beginning of Year	4,516,260	4,612,044
Depreciation Expense	(95,784)	(95,784)
<b>Carrying Amount at the end of the year</b>	<b>4,420,476</b>	<b>4,516,260</b>

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



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

	2010 \$	2009 \$
<b>NOTE 13: PROPERTY, PLANT and EQUIPMENT - OTHER</b>		
<b>Plant and Equipment - at cost</b>	6,534,280	7,179,815
Less accumulated depreciation	4,613,319	5,113,838
<b>Total Plant and Equipment</b>	<b>1,920,961</b>	<b>2,065,977</b>
Movement in Carrying Amounts		
Balance at Beginning of Year	2,065,977	2,583,076
Additions	728,254	367,959
Disposals	(252,025)	(127,704)
Depreciation Expense	(621,245)	(757,354)
<b>Carrying Amount at the end of the year</b>	<b>1,920,961</b>	<b>2,065,977</b>
Plant and equipment above is comprised of the following categories.		
<b>Laboratory Equipment - at cost</b>	2,995,028	2,785,466
Less accumulated depreciation	2,599,325	2,396,055
<b>Total Laboratory Equipment</b>	<b>395,703</b>	<b>389,411</b>
Movement in Carrying Amounts		
Balance at Beginning of Year	389,411	676,918
Additions	209,563	3,729
Depreciation Expense	(203,271)	(291,236)
<b>Carrying Amount at the end of the year</b>	<b>395,703</b>	<b>389,411</b>
<b>Building Fit-out, Furniture and Fittings - at cost</b>	947,255	947,255
Less accumulated depreciation	347,596	251,603
<b>Total Building Fit-out, Furniture and Fittings</b>	<b>599,659</b>	<b>695,652</b>
Movement in Carrying Amounts		
Balance at Beginning of Year	695,652	795,900
Additions	-	-
Depreciation Expense	(95,993)	(100,248)
<b>Carrying Amount at the end of the year</b>	<b>599,659</b>	<b>695,652</b>
<b>Office and Other Equipment - at cost</b>	1,566,429	2,396,587
Less accumulated depreciation	1,394,818	2,178,569
<b>Total Office and Other Equipment</b>	<b>171,611</b>	<b>218,018</b>
Movement in Carrying Amounts		
Balance at Beginning of Year	218,018	345,081
Additions	72,785	37,481
Disposals	-	(5,909)
Depreciation Expense	(119,192)	(158,635)
<b>Carrying Amount at the end of the year</b>	<b>171,611</b>	<b>218,018</b>
<b>Motor Vehicles - at cost</b>	1,025,568	1,050,508
Less accumulated depreciation	271,580	287,612
<b>Total Motor Vehicles</b>	<b>753,988</b>	<b>762,896</b>
Movement in Carrying Amounts		
Balance at Beginning of Year	762,896	765,177
Additions	445,906	326,749
Disposals	(252,025)	(121,795)
Depreciation Expense	(202,789)	(207,235)
<b>Carrying Amount at the end of the year</b>	<b>753,988</b>	<b>762,896</b>
<b>NOTE 14: OTHER NON CURRENT ASSETS</b>		
Other Assets	290,755	-
	<b>290,755</b>	-
<b>NOTE 15: OTHER NON CURRENT RECEIVABLES</b>		
Non Current Reinsurance Recoveries Receivable	3,707,522	1,273,055
	<b>3,707,522</b>	<b>1,273,055</b>

# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

	2010 \$	2009 \$
<b>NOTE 16: TRADE AND OTHER PAYABLES</b>		
Trade Creditors	942,452	662,521
Other Creditors and Accruals	2,084,470	1,449,905
Employee Leave	778,649	690,531
Jockeys Welfare Fund	1,196,574	-
Stakes Payment Creditors	7,204,457	6,807,392
Race Fields Fees	70,737,674	38,043,648
Benevolent Fund	589,795	520,628
<b>Total Creditors and Accruals</b>	<b>83,534,071</b>	<b>48,174,625</b>

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

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

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

### NOTE 17: BREEDERS AND OWNERS BONUS SCHEME

#### Current

Breeders and Owners Bonus Scheme	11,872,913	10,792,504
<b>Total Current</b>	<b>11,872,913</b>	<b>10,792,504</b>

#### Non-Current

Breeders and Owners Bonus Scheme	4,875,905	4,593,832
<b>Total Non-Current</b>	<b>4,875,905</b>	<b>4,593,832</b>
	<b>16,748,818</b>	<b>15,386,336</b>

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

### NOTE 18: PROVISIONS

#### Current

Employee Benefits	824,831	807,969
<b>Total Current</b>	<b>824,831</b>	<b>807,969</b>

#### Non-Current

Employee Benefits	301,357	450,567
<b>Total Non-Current</b>	<b>301,357</b>	<b>450,567</b>

<b>Total Provisions for Employee Benefits</b>	<b>1,126,188</b>	<b>1,258,536</b>
---	------------------	------------------

#### 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	2,061,399	2,558,555
Net market value of assets held by the fund to meet future benefit payments	1,903,390	2,237,521
Adjustment for known shortfall	-	-
Excess of the present value of employees accrued benefits over assets held to meet future benefit payments. (included within employee benefits provision)	158,009	321,034

### NOTE 19: WORKERS COMPENSATION PROVISION

#### Current

Provision for Insurance Outstanding Claims	7,555,234	6,901,515
<b>Total Current</b>	<b>7,555,234</b>	<b>6,901,515</b>

#### Non-Current

Provision for Insurance Outstanding Claims	36,346,433	30,953,555
<b>Total Non-Current</b>	<b>36,346,433</b>	<b>30,953,555</b>

<b>Total Provisions for Workers Compensation</b>	<b>43,901,667</b>	<b>37,855,070</b>
--	-------------------	-------------------



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

2010  
\$

2009  
\$

### NOTE 19: WORKERS COMPENSATION PROVISION (CONT.)

#### Workers Compensation Provisions

Opening Balance of Workers Compensation Provisions	37,855,070	33,441,000
Gross Movement in Workers Compensation Provisions	6,046,597	4,414,070
Closing Balance of Workers Compensation Provisions	43,901,667	37,855,070

The movement in the Workers Compensation Provision is shown at a Gross of any Reinsurance Recoveries. This is a change from prior years when the amount was shown Net of any Reinsurance Recoveries.

Gross Movement in Workers Compensation Provisions	6,046,597	4,414,070
Less Increase in Reinsurance Recoveries	2,921,296	352,900
Net Movement in Workers Compensation Provision	3,125,301	4,061,170

#### 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 2010. The ANZ Bank had issued guarantees amounting to \$36,298,000 as at 30 June 2010 (2009:\$30,953,000) 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% (2009: 20%) in respect of the net central estimate of liabilities relating to the specialised insurer's license and a prudential margin of 50% (2009: 50%) in respect of the net central estimate of liabilities relating to the self insurer's license. Racing NSW is currently in the process of increasing the ANZ Bank Guarantee to \$39,400,000 as a requirement of NSW Workcover guidelines.

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

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

### NOTE 20: OTHER CURRENT LIABILITIES

Deferred Income	613,312	833,001
	<b>613,312</b>	<b>833,001</b>

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

### NOTE 21: OTHER NON CURRENT LIABILITIES

Deferred Income	217,892	137,586
	<b>217,892</b>	<b>137,586</b>

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 22: RESERVES

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

#### Reserves

General Reserve	1,461,249	1,288,089
Operating Reserve	731,975	731,975
Industry Distribution Reserve	2,281,530	2,192,544
Workers Compensation Reserve	(7,685,755)	(7,895,868)
<b>Total Reserves</b>	<b>(3,211,001)</b>	<b>(3,683,260)</b>

#### Movement in Reserves

##### General Reserve

Balance at the beginning of the year	1,288,089	1,505,258
Transfers from/(to) accumulated surplus	173,160	(217,169)
Balance reserve at the end of the year	1,461,249	1,288,089

##### Operating Reserve

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

##### Industry Distribution Reserve

Balance at the beginning of the year	2,192,544	1,753,127
Transfers from accumulated surplus	88,986	439,417
Balance reserve at the end of the year	2,281,530	2,192,544

# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

	2010 \$	2009 \$
<b>NOTE 22: RESERVES (CONT.)</b>		
<b>Workers Compensation Reserve</b>		
Balance at the beginning of the year	(7,895,868)	(1,748,656)
Transfers from/(to) accumulated surplus	210,113	(6,147,212)
Balance reserve at the end of the year	<u>(7,685,755)</u>	<u>(7,895,868)</u>
<b>Total Reserves</b>	<b><u>(3,211,001)</u></b>	<b><u>(3,683,260)</u></b>

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 23: ACCUMULATED SURPLUS

Accumulated surplus at beginning of the financial year	-	-
Total Funds transferred to/(from) Reserves	472,259	(5,924,964)
Transfer (to)/from General Reserve	(173,160)	217,169
Transfer (to) Operating Reserve	-	-
Transfer (to) Industry Distribution Reserve	(88,986)	(439,417)
Transfer (to)/from Workers Compensation Reserve	(210,113)	6,147,212
Accumulated surplus at end of the financial year	<u>-</u>	<u>-</u>

### NOTE 24: CAPITAL AND LEASING COMMITMENTS

Operating lease Commitments		
Non-cancellable operating lease contracted for but not capitalised in the financial statements		
Payable not later than 1 year	16,056	8,675
Payable later than 1 year and not later than 5 years	26,760	-
	<b><u>42,816</u></b>	<b><u>8,675</u></b>

### NOTE 25: CONTINGENT LIABILITIES

Racing NSW organises public liability insurance on behalf of all bodies, including race clubs in the NSW racing industry. The insurance is placed through arrangements with licensed insurer Employers Mutual Limited known as the Captive Fund, participated in by the racing industries of NSW, Victoria and Queensland. Under the Captive Fund, participating states may be liable for supplementary premiums of up to \$2.1 million depending on the claims performance of the Captive Fund. While it is not envisaged that the claims performance will require supplementary premium payments during the financial year ended 30 June 2010 any shortfall requiring supplementary premium payments would be shared among the participating bodies and race clubs in NSW. The Captive Fund was quarantined as of 30 June 2006.

Racing NSW is currently defending Federal Court proceedings commenced by Betfair Aust Pty Ltd and Sportsbet Pty Ltd in respect of Race Field Fees collected by Racing NSW under the Racing Administration Act 1998. An adverse decision in that case may result in an order to repay Race Field fees (included in Note 16). Due to the uncertainty of the litigation no other provisions have been made.

Racing NSW is not aware of any material contingent liabilities which are required to be disclosed in these financial statements, other than the guarantees provided by the ANZ Bank in favour of Workcover Authority of NSW amounting to \$36,298,000 (2009: \$30,953,000) at the end of the reporting period, against a facility of \$36,298,000 (2009: \$32,000,000). Unused facilities at the end of the reporting period amount to \$0 (2009: \$1,047,000).

#### Assets pledged as security.

The carrying amounts of assets pledged as security for the financial guarantees issued by the ANZ bank in favour of Workcover are set out in note 7 and 11. A registered mortgage debenture over all the assets of Racing NSW is held by the ANZ bank.

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

### NOTE 26: KEY MANAGEMENT PERSONNEL

#### a) Key Management Personnel

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

Name	Position Held
Alan Brown	Chairman
Alan Bell	Vice Chairman
Ken Brown AM	Board Member
Kim Harding	Board Member
Arthur Inglis	Board Member
Peter V'landys	Chief Executive Officer
Ray Murrhly	General Manager - Integrity
Paul Eriksson	General Manager - Finance & IT
Andrew Vadasz	Laboratory Director (Retired 8 September 2009)
John Keledjian	Laboratory Director - Operations (Appointed 9 September 2009)



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

2010  
\$

2009  
\$

### NOTE 26: KEY MANAGEMENT PERSONNEL (CONT.)

Andrew McKinney	Laboratory Director - Scientific (Appointed 9 September 2009)
Keith Bulloch	General Manager - Regulatory
Scott Kennedy	General Manager - Industry & Analytical
Pete Sweney	Legal Counsel
Natalie Tipping	General Manager - Insurance
Maurice Logue	General Manager - Employment & Education
Victoria Samba	General Manager - Marketing

#### b) Key Management Personnel Compensation

Salary, Bonuses and Fees	2,276,038	1,873,725
Non-Cash Benefits	103,800	123,454
Other Long Term Benefits	50,240	9,491
Superannuation	316,314	256,416
<b>Total</b>	<b>2,746,392</b>	<b>2,263,086</b>

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

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

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

The remuneration of the Chief Executive is subject to a contract for executive services, with the level of remuneration subject to annual review by the Board of Racing NSW. Due to the nature of Racing NSW as an entity, remuneration while being performance based, is not tied to the achievement of specific objectives, nor is it tied to shareholder value and no formal bonus structure is in place.

The remuneration of the other key management personnel is determined by the Chief Executive Officer, with the level of remuneration subject to annual review by the Chief Executive Officer. Remuneration while being performance based, is not tied to the achievement of specific objectives, nor is it tied to shareholder value 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 27: 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 Druiit Street, Sydney, NSW, 2000.

### NOTE 28: SEGMENT REPORTING

	2010			2009		
	Racing NSW	Insurance	Total	Racing NSW	Insurance	Total
<b>Primary Reporting - Business Segments</b>						
Revenue						
External Sales	24,086,122	12,920,807	37,006,929	20,308,398	9,398,323	29,706,721
Other Revenue	549,099	665,721	1,214,820	1,307,365	599,212	1,906,577
Movement in Market Value of Investment	-	2,155,058	2,155,058	-	(2,791,131)	(2,791,131)
Share of Profit of associated entity	173,160	-	173,160	-	-	-
<b>Total Segment Revenue</b>	<b>24,808,381</b>	<b>15,741,586</b>	<b>40,549,967</b>	<b>21,615,763</b>	<b>7,206,404</b>	<b>28,822,167</b>
Expenditure	23,829,265	15,531,414	39,360,679	20,323,385	13,353,439	33,676,824
Depreciation	716,970	59	717,029	852,961	177	853,138
Share of Loss of associated entity	-	-	-	217,169	-	217,169
<b>Total Segment Expenditure</b>	<b>24,546,235</b>	<b>15,531,473</b>	<b>40,077,708</b>	<b>21,393,515</b>	<b>13,353,616</b>	<b>34,747,131</b>
<b>Segment Result</b>	<b>262,146</b>	<b>210,113</b>	<b>472,259</b>	<b>222,248</b>	<b>(6,147,212)</b>	<b>(\$5,924,964)</b>
<b>Assets</b>						
Segment Assets	107,704,777	33,607,864	141,312,641	70,587,728	27,508,747	98,096,475
Investments in Assets Accounted for using the Equity Method	1,618,306	-	1,618,306	1,865,419	-	1,865,419
<b>Total Assets</b>	<b>109,323,083</b>	<b>33,607,864</b>	<b>142,930,947</b>	<b>72,453,147</b>	<b>27,508,747</b>	<b>99,961,894</b>

# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

### NOTE 28: SEGMENT REPORTING (CONT.)

	2010			2009		
	Racing NSW	Insurance	Total	Racing NSW	Insurance	Total
<b>Liabilities</b>						
Segment Liabilities	101,993,986	44,147,962	146,141,948	65,530,634	38,114,520	103,645,154
<b>Total Liabilities</b>	<b>101,993,986</b>	<b>44,147,962</b>	<b>146,141,948</b>	<b>65,530,634</b>	<b>38,114,520</b>	<b>103,645,154</b>
<b>Net Assets/(Liabilities)</b>	<b>7,329,097</b>	<b>(10,540,098)</b>	<b>(3,211,001)</b>	<b>6,922,513</b>	<b>(10,605,773)</b>	<b>(3,683,260)</b>
<b>Purchase of Non-Current Assets</b>	<b>728,254</b>	<b>-</b>	<b>728,254</b>	<b>367,959</b>	<b>-</b>	<b>367,959</b>
<b>Impairment Losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Significant Non Cash Expenses other than Depreciation</b>	<b>-</b>	<b>6,046,597</b>	<b>6,046,597</b>	<b>-</b>	<b>4,414,070</b>	<b>4,414,070</b>

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 29: RELATED PARTIES

#### (a) Key Management Personnel

The key management personnel of the company are disclosed in note 26(a).

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

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

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

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

Set up fees for the Racing NSW Rewards Club of \$172,658 have been incurred with PinPoint Pty Limited. PinPoint Pty Limited is owned by Kim Harding a Board member of Racing NSW. These transactions are conducted on normal commercial terms. The balance outstanding at year end amounted to \$172,658 and is included within trade and other payables in note 16.

#### (b) Other Related Parties

Racing NSW undertakes accounting, administrative, banking and payroll services and support for Racing NSW Country Limited, NSW TRB Training Limited, Racingcorp Pty Limited and Australian Racing Board Limited. Refer Notes 8 and 16 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	57,494,204	56,605,134
- Australian Racing Board Limited	1,010,507	851,523
- Racingcorp Pty Limited	137,450	176,426
- NSW TRB Training Limited	646,731	649,504

### NOTE 30: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

#### a) General objectives, policies and processes

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

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

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

#### b) Credit risk

Credit risk is the risk that the other party to the financial instrument will fail to discharge their obligations resulting in Racing NSW's incurring a financial loss. Racing NSW trades only with recognised, credit worthy third parties. Receivable balances are monitored on an ongoing basis with the result that Racing NSW's exposure to bad debts is not significant.

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



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

2010  
\$

2009  
\$

### NOTE 30: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

#### b) Credit risk (cont.)

Trade Debtors	1,562,629	2,765,521
Other Receivables	21,004,173	12,857,945
Stakes Payment Debtors	9,199,094	6,986,184
Cash at Bank	32,873,020	24,514,105
Cash on Deposit	66,291,257	29,261,035
Investments	-	13,728,072
	<b>130,930,173</b>	<b>90,112,862</b>

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

#### Concentration of Debtors

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

A significant proportion of Trade Debtors relates to BOBS. BOBS trade debtors as at 30 June 2010 were \$1,309,149 (2009: \$2,601,394). The Board believes the credit risk is negligible due to control over future winnings attributable to these debtors.

A significant proportion of Other Receivables comprise amounts receivable from the associated entities Racing NSW Country Limited, Racingcorp Pty Limited and Australian Racing Board Limited. The receivables as at 30 June 2010 were \$4,202,861 (2009:\$3,313,791), \$52,442 (2009:\$91,418) and \$1,089,687 (2009:\$930,703) respectively.

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.

#### 2010 Trade and Other Receivables ageing are as follows:

	Total \$	Current \$	30 days \$	60 Days \$	90 Days \$
Maximum Exposure - Trade Debtors	1,633,278	507,406	780,897	4,540	340,435
Maximum Exposure - Stakes Payment Debtors	9,199,094	9,199,094	-	-	-
Maximum Exposure - Other Receivables	21,004,173	7,787,043	-	-	13,217,130
	<b>31,836,545</b>	<b>17,493,543</b>	<b>780,897</b>	<b>4,540</b>	<b>13,557,565</b>
Amount past due but not considered Impaired	14,272,353	-	780,897	4,540	13,486,916
Amount past due considered Impaired	70,649	-	-	-	70,649
	14,343,002	-	780,897	4,540	13,557,565
Impairment provision	(70,649)	-	-	-	(70,649)

# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

### NOTE 30: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

#### b) Credit risk (cont.)

	Total \$	Current \$	30 days \$	60 Days \$	90 Days \$
<b>2009 Trade and Other Receivables ageing are as follows:</b>					
Maximum Exposure - Trade Debtors	2,834,318	2,333,320	24,673	6,022	470,303
Maximum Exposure - Stakes Payment Debtors	6,986,184	6,986,184	-	-	-
Maximum Exposure - Other Receivables	12,857,945	6,004,451	-	-	6,853,494
	<b>22,678,447</b>	<b>15,323,955</b>	<b>24,673</b>	<b>6,022</b>	<b>7,323,797</b>
Amount past due but not considered Impaired	7,285,695	-	24,673	6,022	7,255,000
Amount past due considered Impaired	68,797	-	-	-	68,797
	<b>7,354,492</b>	<b>-</b>	<b>24,673</b>	<b>6,022</b>	<b>7,323,797</b>
Impairment provision	(68,797)	-	-	-	(68,797)

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

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

#### Allowance for Impairment Loss

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

	2010 \$	2009 \$
<b>Opening Balance</b>	68,797	107,915
Provision for Doubtful Receivables	1,852	-
Receivables written off during the year	-	(10,974)
Reversal of amount provided	-	(28,144)
<b>Closing Balance</b>	<b>70,649</b>	<b>68,797</b>

#### Concentration of Investments

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

#### Institution

ANZ Bank	99,164,277	53,775,140
ANZ Wholesale Investment Trust	-	13,728,072
<b>Total</b>	<b>99,164,277</b>	<b>67,503,212</b>

#### c) Liquidity Risk

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

The only borrowings for Racing NSW are those related to the RISA investment. These borrowings are supported by the RISA investment and no interest is payable on the loan. The loan is repaid through annual distributions from RISA.

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

#### Concentration of Creditor

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.



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

### NOTE 30: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

#### c) Liquidity Risk (cont.)

##### Maturity Analysis for Financial Liabilities - 2010

	Carrying Amount \$	Contractual Cash Flows \$	< 6 Months \$	6-12 Months \$	1-4 years \$
Trade and Other Payables	4,813,291	4,813,291	4,813,291	-	-
Stakes Payment Creditors	7,204,457	7,204,457	7,204,457	-	-
Breeders and Owners Bonus Schemes	16,748,818	16,748,818	5,072,261	6,800,652	4,875,905
Racefields	70,737,674	70,737,674	70,737,674	-	-
<b>Total</b>	<b>99,504,240</b>	<b>99,504,240</b>	<b>87,827,683</b>	<b>6,800,652</b>	<b>4,875,905</b>

##### Maturity Analysis for Financial Liabilities - 2009

	Carrying Amount \$	Contractual Cash Flows \$	< 6 Months \$	6-12 Months \$	1-4 years \$
Trade and Other Payables	2,633,054	2,633,054	2,633,054	-	-
Stakes Payment Creditors	6,807,392	6,807,392	6,807,392	-	-
Breeders and Owners Bonus Schemes	15,386,336	15,386,336	5,911,398	4,881,106	4,593,832
Racefields	38,043,648	38,043,648	38,043,648	-	-
<b>Total</b>	<b>62,870,430</b>	<b>62,870,430</b>	<b>53,395,492</b>	<b>4,881,106</b>	<b>4,593,832</b>

#### Economic Dependency

Racing NSW received 22.48% (2009: 25.09%) of its income via a First Charge on the TAB distributions to the Thoroughbred Racing Industry. This distribution is governed by the NSW Racing Distribution Agreement as entered into by Racingcorp Pty Limited and TAB Limited. Consequently, Racing NSW is economically dependent on TAB Limited.

#### d) Market Risk

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

#### Interest Rate Risk

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

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

#### 2010

	Effective Weighted Average Interest Rate	Floating Interest Rate \$	Fixed Interest Maturing < 1 year \$	Non Interest Bearing \$	Total \$
<b>Financial Assets:</b>					
<b>Loans and Receivables</b>					
Cash at Bank	3.591%	32,873,020	-	-	32,873,020
Cash on Deposit	4.066%	-	66,291,257	-	66,291,257
Receivables	4.066%	13,217,130	-	18,548,766	31,765,896
<b>Total Loans and Receivables</b>		<b>46,090,150</b>	<b>66,291,257</b>	<b>18,548,766</b>	<b>130,930,173</b>
<b>Financial Assets designated at Fair Value through the Profit or Loss</b>					
Investments		-	-	-	-
<b>Total Financial Assets designated at Fair Value through the Profit or Loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Financial Assets</b>		<b>46,090,150</b>	<b>66,291,257</b>	<b>18,548,766</b>	<b>130,930,173</b>
<b>Financial Liabilities:</b>					
Breeders and Owners Bonus Scheme		-	-	16,748,818	16,748,818
Trade and Other Payables		-	-	82,755,422	82,755,422
<b>Total Financial Liabilities measured at amortised cost</b>		<b>-</b>	<b>-</b>	<b>99,504,240</b>	<b>99,504,240</b>

# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

### NOTE 30: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

#### d) Market Risk (cont.) 2009

	Effective Weighted Average Interest Rate	Floating Interest Rate \$	Fixed Interest Maturing < 1 year \$	Non Interest Bearing \$	Total \$
<b>Financial Assets:</b>					
<b>Loans and Receivables</b>					
Cash at Bank	2.838%	24,513,605	-	-	24,513,605
Cash on Deposit	3.200%	-	29,261,035	-	29,261,035
Receivables	3.200%	6,853,494	-	8,618,817	15,472,311
<b>Total Loans and Receivables</b>		<b>31,367,099</b>	<b>29,261,035</b>	<b>8,618,817</b>	<b>69,246,951</b>
<b>Financial Assets designated at Fair Value through the Profit or Loss</b>					
Investments		-	-	13,728,072	13,728,072
<b>Total Financial Assets designated at Fair Value through the Profit or Loss</b>		<b>-</b>	<b>-</b>	<b>13,728,072</b>	<b>13,728,072</b>
<b>Total Financial Assets</b>		<b>31,367,099</b>	<b>29,261,035</b>	<b>22,346,889</b>	<b>82,975,023</b>
<b>Financial Liabilities:</b>					
Breeders and Owners Bonus Scheme		-	-	15,386,336	15,386,336
Trade and Other Payables		-	-	47,484,094	47,484,094
<b>Total Financial Liabilities measured at amortised cost</b>		<b>-</b>	<b>-</b>	<b>62,870,430</b>	<b>62,870,430</b>

#### Interest Rate Sensitivity

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

Based on the calculations as at 30th June 2010, the net profit impact for a 100 basis points movement in interest rates would be \$991,643 (2009: \$537,746)

	Current Weighted Average Rate	Amount \$	100 basis points Increase in Interest Rate \$	100 basis points Decrease in Interest Rate \$
Cash at Bank	3.491%	32,873,020	328,730	(328,730)
Cash on Deposit	4.066%	66,291,257	662,913	(662,913)
<b>Total</b>		<b>99,164,277</b>	<b>991,643</b>	<b>(991,643)</b>
<b>2009</b>	2.838%	24,513,605	245,136	(245,136)
Cash on Deposit	3.200%	29,261,035	292,610	(292,610)
<b>Total</b>		<b>53,774,640</b>	<b>537,746</b>	<b>(537,746)</b>

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.

#### Price Risk

During the year Racing NSW held significant investments in the ANZ Wholesale Investment Trust through ownership of units in the trust. The trust has a diverse range of investments in cash, term deposits, property and equity. Racing NSW performs a sensitivity analysis to measure market risk exposures on an annual basis to assess the reinvestment opportunities.

Objectives and Policies	Process for Managing the Risk	Methods used to Measure the Risk
Board policies require that Racing NSW review the unit price and unit holdings of the trust on an annual basis, in order to maximise their returns.	Racing NSW monitors price sensitivity on a monthly basis and reinvests distributions by purchasing additional units with the trust fund.	ANZ reports unit price and unit holdings to Racing NSW on a monthly basis. This is reported to the Board on an annual basis.
Board policies require that Racing NSW maintain a 50:50 balance between growth assets and defensive assets for the overall investment strategy, in order to balance the risks.	Racing NSW monitors the 50:50 split on a monthly basis.	Racing NSW reports the balance between growth and defensive assets on a monthly basis to the Board.

#### Price Sensitivity

Based on the calculations as at 30th June 2010, the net profit impact for a 5% movement in the unit price would be \$0 (2009: \$686,404)

The ANZ Wholesale Investment Trust was redeemed at 23rd March 2010.



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

### NOTE 30: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

#### d) Market Risk (cont.)

2010	Current \$	Current	Base \$	5% Increase \$	5% Decrease \$
ANZ Wholesale Investment Trust	-	-	-	-	-

2009	Current \$	Current	Base \$	5% Increase \$	5% Decrease \$
ANZ Wholesale Investment Trust	20,414,704	0.67246	13,728,072	686,404	(686,404)

The method used to determine the sensitivity was to evaluate the investment revenue based on the unit price and unit holdings for the next 12 months. The assumptions applied were:

- the unit rate change at the beginning of the 12 month period would apply for the whole period.
- the number of units held does not change.
- the 5% bounds are more appropriate due to volatility and the long term nature of the investment.

Racing NSW redeemed the units in this trust and is no longer exposed to the risk.

#### 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 19)

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

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

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

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

### NOTE 31: FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

- the interest rate used for discounting is the published ANZ Reference Rate as at 30 June each year. 2010: 10.8% (2009: 9.25%)
- payments are made evenly throughout the period.
- BOBS has been discounted over 4 years (2009: 4 years) due to the nature of the BOBS agreement.
- Borrowings has been discounted over 4 years (2009: 4 years) due to the nature of the agreements with RISA.

# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

### NOTE 31: FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

	Fair Value	2010 Carrying Value	Variance	2009 Fair Value	Carrying Value	Variance
	\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>						
<b>Loans and Receivables</b>						
Cash at Bank	32,873,020	32,873,020	-	24,513,605	24,513,605	-
Cash on Deposit	66,291,257	66,291,257	-	29,261,035	29,261,035	-
Receivables	31,765,896	31,765,896	-	22,609,650	22,609,650	-
<b>Total Loans and Receivables</b>	<b>130,930,173</b>	<b>130,930,173</b>	<b>-</b>	<b>76,384,290</b>	<b>76,384,290</b>	<b>-</b>
<b>Financial Assets designated at Fair Value through the Profit or Loss</b>						
Investments	-	-	-	13,728,072	13,728,072	-
<b>Total Financial Assets designated at Fair Value through the Profit or Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,728,072</b>	<b>13,728,072</b>	<b>-</b>
<b>Total Financial Assets</b>	<b>130,930,173</b>	<b>130,930,173</b>	<b>-</b>	<b>90,112,362</b>	<b>90,112,362</b>	<b>-</b>
<b>Financial Liabilities:</b>						
Breeders and Owners Bonus Scheme	16,489,830	16,748,818	(258,988)	15,176,244	15,386,336	(210,092)
Trade and Other Payables	82,755,422	82,755,422	-	47,484,094	47,484,094	-
<b>Total Financial Liabilities measured at amortised cost</b>	<b>99,245,253</b>	<b>99,504,240</b>	<b>(258,988)</b>	<b>62,660,338</b>	<b>62,870,430</b>	<b>(210,092)</b>

### NOTE 32: INSURANCE ACTIVITIES

	2010 \$	2009 \$
Premium revenue	9,731,780	8,728,735
Reinsurance recoveries and other recoveries revenue	185,224	206,542
Other Income	3,003,803	463,046
	<b>12,920,807</b>	<b>9,398,323</b>
Interest Income	665,721	599,212
Movement in market value of Investment Fund	2,155,058	(2,791,131)
	<b>2,820,779</b>	<b>(2,191,919)</b>
Underwriting expenses	1,425,612	1,085,905
Direct claims expense	13,601,111	11,795,861
Outwards reinsurance premium expense	504,750	471,850
	<b>15,531,473</b>	<b>13,353,616</b>
Underwriting result for the financial year excluding investments revenue and expense	(2,610,666)	(3,955,293)
<b>Investments</b>		
ANZ Trust	-	13,728,072
	<b>-</b>	<b>13,728,072</b>
<b>Operating Assets</b>		
Bank	29,129,668	12,223,775
Reinsurance recoveries	4,478,196	1,556,900
	<b>33,607,864</b>	<b>13,780,675</b>
<b>Total Assets</b>	<b>33,607,864</b>	<b>27,508,747</b>
<b>Liabilities</b>		
Outstanding claims	43,901,667	37,855,070
Unearned Premiums	246,295	259,450
	<b>44,147,962</b>	<b>38,114,520</b>

Refer to Note 19 for bank guarantee and other information relating to Workers Compensation Provision.



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

	2010 \$	2009 \$
<b>NOTE 32: INSURANCE ACTIVITIES</b>		
<b>a) Outstanding Claims</b>		
Gross undiscounted claim liability	60,953,686	54,446,200
Discount to present value	(23,679,539)	(22,649,900)
Central estimate of the expected present value of future payments for claims incurred	37,274,147	31,796,300
Prudential margin	6,627,520	6,058,770
	<b>43,901,667</b>	<b>37,855,070</b>
Current	7,555,234	6,901,515
Non-current	36,346,433	30,953,555
	<b>43,901,667</b>	<b>37,855,070</b>

The average weighted term to settlement of the outstanding liabilities is 12.85 years (2009: 12.3 years).

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

	2010		2009	
	Next Year	Thereafter	Next Year	Thereafter
Inflation rate	3.75%	4.50%	4.25%	4.25%
Discount Rate	5.35%	5.35%	5.70%	5.70%

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

	2010		2009	
	Current Year Incurred \$	Reassess Prior Years \$	Current Year Incurred \$	Reassess Prior Years \$
Gross undiscounted incurred claims	14,165,000	2,048,000	17,342,000	8,151,000
Undiscounted reinsurance & other recoveries	(18,000)	(3,258,000)	(22,000)	(972,000)
Net undiscounted incurred claims	<b>14,147,000</b>	<b>(1,210,000)</b>	<b>17,320,000</b>	<b>7,179,000</b>
Discounting of incurred claims	(4,234,000)	2,365,000	(5,357,000)	(7,699,000)
Discounting recoveries	6,000	308,000	8,000	450,000
	<b>9,919,000</b>	<b>1,463,000</b>	<b>11,971,000</b>	<b>(70,000)</b>
Gross discounted incurred claims	9,931,000	4,413,000	11,985,000	452,000
Discounted reinsurance & other recoveries	(12,000)	(2,950,000)	(14,000)	(522,000)
Net discounted incurred claims	<b>9,919,000</b>	<b>1,463,000</b>	<b>11,971,000</b>	<b>(70,000)</b>

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

# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

### NOTE 32: INSURANCE ACTIVITIES (CONT.)

#### c) Claim Development

Claims cost estimate	Prior	Accident Year										Total
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
At end of accident year	n/a	4,990,614	6,329,488	5,659,267	5,745,520	7,132,984	8,351,672	8,154,329	8,852,558	13,326,633	10,768,330	79,311,395
One year later	n/a	5,032,167	5,931,061	5,247,415	6,046,826	7,637,118	7,640,157	9,177,341	10,454,049	14,599,553		71,765,686
Two years later	n/a	5,128,164	5,447,721	5,327,736	6,249,429	5,961,684	8,687,932	9,538,730	10,586,406			56,927,802
Three years later	n/a	4,776,981	5,274,256	5,257,470	5,379,526	7,238,938	9,110,498	9,660,750				46,698,420
Four years later	n/a	5,617,002	6,300,556	3,890,939	5,755,785	8,273,813	9,271,091					39,109,186
Five years later	n/a	4,971,090	5,240,290	4,000,405	7,282,263	7,824,281						29,318,330
Six years later	n/a	4,795,947	5,617,672	4,964,264	7,501,846							22,879,730
Seven years later	n/a	4,883,899	6,311,672	5,292,736								16,488,307
Eight years later	n/a	4,917,478	6,174,198									11,091,675
Nine years later	n/a	5,228,264										5,228,264
Current estimate of claims cost	-	5,228,264	6,174,198	5,292,736	7,501,846	7,824,281	9,271,091	9,660,750	10,586,406	14,599,553	10,768,330	
Cumulative payments	-	(4,341,088)	(4,435,032)	(3,467,852)	(4,590,038)	(4,281,730)	(4,807,816)	(4,357,704)	(4,977,099)	(4,653,069)	(1,776,492)	
<b>Undiscounted central estimate</b>	<b>4,918,065</b>	<b>887,176</b>	<b>1,739,165</b>	<b>1,824,884</b>	<b>2,911,808</b>	<b>3,542,551</b>	<b>4,463,275</b>	<b>5,303,046</b>	<b>5,609,307</b>	<b>9,946,484</b>	<b>8,991,837</b>	<b>50,137,600</b>
Effect of discounting	(2,087,435)	(388,648)	(772,989)	(796,043)	(1,262,138)	(1,518,534)	(1,953,129)	(2,272,335)	(2,359,240)	(3,461,545)	(3,177,547)	(20,049,583)
Discounted central estimate	2,830,631	498,528	966,176	1,028,841	1,649,670	2,024,017	2,510,146	3,030,711	3,250,067	6,484,939	5,814,290	30,088,016
Claims handling expense	254,757	44,868	86,956	148,470	182,162	225,913	225,913	272,764	292,506	583,645	523,286	2,707,920
Risk margin	685,423	108,679	210,626	224,287	359,628	441,236	547,212	660,695	708,515	1,413,717	1,267,515	6,627,533
<b>Present value recognised in the statement of financial position</b>	<b>3,770,810</b>	<b>652,074</b>	<b>1,263,759</b>	<b>1,345,724</b>	<b>2,157,769</b>	<b>2,647,415</b>	<b>3,283,271</b>	<b>3,964,169</b>	<b>4,251,088</b>	<b>8,482,301</b>	<b>7,605,091</b>	<b>39,423,470</b>

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

#### d) Maturity Analysis for Outstanding Claims

	2010						2009					
	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	\$ 49,771,000	\$ 5,283,000	\$ 3,757,000	\$ 7,946,000	\$ 32,785,000	\$ 46,699,000	\$ 5,264,000	\$ 3,767,000	\$ 7,724,000	\$ 29,944,000		

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



# NOTES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

### NOTE 33: RISA

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

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

On 10 September 2004, Racing NSW gave notice rescinding the RISA transaction agreements on the basis of what Racing NSW maintains were misrepresentations of certain crucial matters. RISA advised that it did not accept the notice of rescission and disputed Racing NSW's right to rescind the agreements.

Following negotiations between RISA and Racing NSW, on 19 December 2005 Racing NSW signed an agreement reinstating the November 2003 transaction agreements with an effective date of 1 December 2003. The agreement provided for:

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

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

On 1st July 2008 RISA purchased the Thoroughbred Trainers Service Center (TTSC) from Racing NSW. The net funding commitment was reduced by \$200,000. As a result of this transaction there was a profit on sale after transferring the assets of TTSC to RISA of \$194,092.

# 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 Cashflows and accompanying notes:
  - (i) give a true and fair view of the financial position of Racing NSW as at 30 June 2010 and its performance for the year ended on that date.
  - (ii) are in accordance with the Thoroughbred Racing Act 1996 (NSW) and comply with Accounting Standards.
- (2) as at the date of this declaration there are reasonable grounds to believe that Racing NSW will be able to pay its debts as and when they become due and payable.

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



Mr A.F. Brown  
Chairman

Dated at Sydney 20th September, 2010



Mr P.N. Vlandys  
Chief Executive



Level 19, 2 Market Street Sydney NSW 2000  
GPO Box 2551 Sydney NSW 2001  
Tel. +61 2 9286 5555 Fax +61 2 9286 5599  
Email: info.sydney@bdo.com.au  
www.bdo.com.au

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE NSW THOROUGHBRED RACING BOARD

We have audited pages 38-62 of the accompanying financial report of Racing NSW, which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the declaration by the Members of the Board.

### Board Members Responsibility for the Financial Report

The Board Members of Racing NSW are responsible for the preparation and true and fair presentation of the financial report in accordance with the Thoroughbred Racing Act 1996 and Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appro-

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 directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

### Auditor's Opinion

In our opinion the financial report of Racing NSW is in accordance with the Thoroughbred Racing Act 1996, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Thoroughbred Racing Act 1996.



BDO Audit (NSW-VIC) Pty Ltd



Iain Kemp  
Director

Signed at Sydney, this 21st day of September, 2010.









NSW Country Horse of the Year Battlefield (Daniel Ganderton) takes out the 2009 Ramornie Handicap at Grafton

Racing NSW  
Level 7, 51 Druitt Street,  
Sydney, NSW 2000  
Tel: +61 2 9551 7500  
Fax: +61 2 9551 7501  
Email: [racing@racingnsw.com.au](mailto:racing@racingnsw.com.au)  
Website: [www.racingnsw.com.au](http://www.racingnsw.com.au)

