



Annual Report

2012





MISSION STATEMENT

TO ESTABLISH A DYNAMIC NSW THOROUGHBRED RACING INDUSTRY WHICH ADVANCES PARTICIPATION, ENSURES INTEGRITY AND DELIVERS QUALITY RACING AT ALL LEVELS.

VISION

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

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

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

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

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Front cover: Sydney's champions for last racing season – Streamer (NSW Horse of the Year); (L-R): Hugh Bowman (George Moore Award), Chris Waller (TJ Smith Award & Bart Cummings Medal) and Chad Schofield (Theo Green Award)

FUNCTIONS OF THE BOARD

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

- a. all the functions of the principal club for New South Wales and committee of the principal club for New South Wales under the Australian Rules of Racing,
- b. to control, supervise and regulate horse racing in the State.
- b1. such functions in relation to the business, economic development and strategic development of the horse racing industry in the State as are conferred or imposed by this Act,
- c. to initiate, develop and implement policies considered conducive to the promotion, strategic development and welfare of the horse racing industry in the State and the protection of the public interest as it relates to the horse racing industry,
- d. functions with respect to the insuring of participants in the horse racing industry, being functions of the kind exercised by the AJC on the commencement of this section, and such other functions with respect to insurance in the horse racing industry as may be prescribed by the regulations,
- e. such functions as may be conferred or imposed on Racing NSW by or under the Australian Rules of Racing or any other Act,
- f. such functions with respect to horse racing in New South Wales as may be prescribed by the regulations.

CURRENT MEMBERS OF THE BOARD



J M Messara AM (John)
CHAIRMAN
Appointed 19 December 2011
Attended 8 Meetings



Ms N Sparks (Naseema)
DEPUTY CHAIRMAN
Appointed 19 December 2011
Attended 7 Meetings



R Balding AO (Russell)
Appointed 19 December 2011
Attended 7 Meetings



A F Brown (Alan)
Appointed 19 December 2011
Attended 6 Meetings



K M Brown AM (Ken)
Appointed 19 December 2011
Attended 8 Meetings



The Hon K P Greene (Kevin)
Appointed 19 December 2011
Attended 8 Meetings



A G Hodgson AM (Tony)
Appointed 19 December 2011
Attended 8 Meetings



P N V'landys (Peter)
RACING NSW CHIEF EXECUTIVE
Appointed 23 February 2004
Attended 8 Meetings

PAST MEMBERS OF THE BOARD (1 JULY 2011 - 18 DECEMBER 2011)



A R Bell (Alan)
CHAIRMAN
Appointed 19 December 2008
Attended 7 Meetings



A F Brown (Alan)
DEPUTY CHAIRMAN
Appointed 19 December 2008
Attended 6 Meetings



K M Brown AM (Ken)
Appointed 19 December 2008
Attended 7 Meetings



K E Harding (Kim)
Appointed 19 December 2008
Attended 5 Meetings



A A Inglis (Arthur)
Re-appointed
19 December 2010
Attended 7 Meetings



P N V'landys (Peter)
RACING NSW CHIEF EXECUTIVE
Appointed 23 February 2004
Attended 7 Meetings

CHAIRMAN'S REPORT



John Messara AM
Chairman

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

Dear Minister

In accordance with Section 29 of the Thoroughbred Racing Act 1996, I am pleased to submit to you the 16th Annual Report of Racing NSW covering the period 1 July 2011 to 30 June 2012.

Following the enactment of the Thoroughbred Racing Amendment Act 2011, Racing NSW was restructured and the new Board took office on 19 December, 2011.

Board meetings were held on 15 occasions during the year and I acknowledge the endeavours and achievements of those Board Members whose terms of office expired upon the appointment of the current Board.

I also acknowledge the invaluable contributions of my fellow Board members whose expertise, business acumen and detailed knowledge of the thoroughbred racing industry have enabled Racing NSW to undertake its functions and responsibilities to the highest levels. I am confident that with the combined skills and experience of Board Members, Racing NSW is now well placed to lead the industry forward in a new and exciting era for thoroughbred racing in New South Wales.

The highlight of the year was, of course, the handing down of the High Court Judgments which validated the legality of the Race Fields Legislation and the scheme implemented by Racing NSW to administer the legislation. The outstanding efforts of the Chief Executive in his prosecution of the race field issues and the support he received from former Board members should be recognised by all participants in the NSW Thoroughbred Racing Industry.

Racing NSW continues to pursue policies aimed at improving returns to owners and to improve the incomes of those many participants who rely on the industry for their livelihoods. The subsequent release of accrued race field revenues and the certainty now provided in respect of future recurrent fees allowed us to confirm previous prizemoney increases and to implement significant additional increases to take effect from 1 July 2012.

In addition Racing NSW has drawn up plans for a major capital development program for the State's racecourses. This program will commence in the early part of 2012/13 and will be focused on improvements to racing surfaces and training facilities at major

provincial and country racecourses throughout the State. We have also continued to work closely with the Australian Turf Club in the construction of the new grandstand and associated facilities at Randwick Racecourse.

During the year we have progressed several other major initiatives which will provide significant benefits for the industry. These included:

- Negotiations for the aggregation of all media rights for NSW and Victorian thoroughbred race meetings, and
- The restructure of the Sydney Autumn Racing Carnival.

In the coming year Racing NSW will finalise negotiations in respect of several major commercial agreements, including the Racing Distribution Agreement and the Thoroughbred Racing Industry's Intra-Code Deed.

I firmly believe that the finalisation of these initiatives coupled with the above prizemoney increases and capital developments has New South Wales well placed to regain the mantle of Australia's leading racing State.

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

Finally, on behalf of the Board and myself, I thank and acknowledge the Chief Executive, Peter V'landys, and the entire staff of Racing NSW for their support and achievements during the year. The industry is indeed fortunate to have such a dedicated and knowledgeable team administering the industry on a day to day basis.

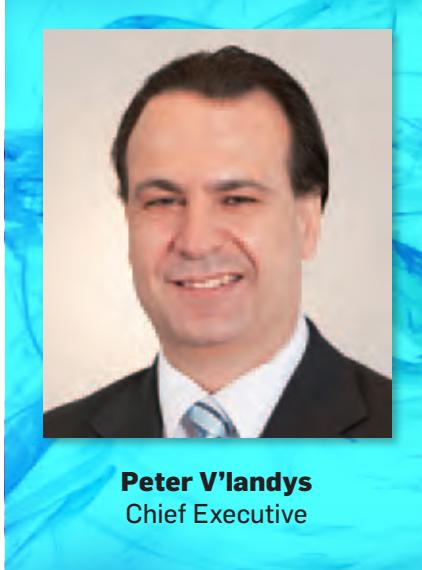
I would also like to thank you, your staff and your Departmental Officers for your assistance and support during the year and confirm that we are looking forward to working with you over the coming years to develop and implement initiatives which will ensure the financial well-being of the NSW Thoroughbred Racing Industry.

Yours Sincerely

A handwritten signature in black ink, appearing to read "J. Messara".

John Messara AM
Chairman

CHIEF EXECUTIVE'S REPORT



Peter V'landys
Chief Executive

The Year 2011/12 will be remembered as one of the most important years in the history of the Thoroughbred Racing Industry, not only in New South Wales but throughout Australia. It was a year in which the High Court of Australia delivered its judgments in favour of Racing NSW in respect of the actions commenced against it by wagering operators, Betfair and Sportsbet. Most importantly, Racing NSW had successfully defended the Race Fields scheme in order to provide certainty for racing administrators throughout Australia to charge what they considered appropriate for wagering on their races.

The High Court's decisions upheld the legitimacy of the Race Fields scheme implemented by Racing NSW and validated the release of \$223 million accrued as Race Fields fees. Importantly, the decisions ensured certainty with regard to the collection of recurrent fees of up to \$50 million per annum. It was also pleasing that other States were able to benefit from Racing NSW's efforts including Racing Victoria converting to a turnover-based model.

The flow-on effect of the decision saw a major increase in minimum prizemoney levels across all sectors of the industry as well as the commencement of detailed planning for a major capital development program to be implemented for racecourses throughout the State.

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

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

Race Fields Legislation

In accordance with the conditions imposed by Racing NSW under the Racing Administration Act 1998, 364 wagering operators throughout Australia received approval to conduct wagering on NSW Thoroughbred Racing events in 2011/12. This resulted in the receipt of \$55.5 million from those operators during the year and brought the total fees collected since the implementation of the legislation to \$223 million.

However, from the time Racing NSW commenced charging Race Fields fees until the delivery of the High Court's judgments, income from our main source of funding, TAB distributions, declined both in real terms and then in actual dollar terms between 2009/10 and 2010/11. This put considerable pressure on the ability of the industry to maintain the existing minimum prizemoney levels.

As Racing NSW was loath to see any reduction in prizemoney,

it directed part of the proceeds from the Race Fields fees collected to sustain existing minimum prizemoney levels. These were expended from funds that Racing NSW believed it was legally entitled to utilise and, for 2010/11 and 2011/12, they approximated \$23 million annually.

The favourable decisions of the High Court removed that uncertainty and justified the stance taken by successive Boards of Racing NSW to defend the challenges instigated by Betfair and Sportsbet and to provide certainty for racing administrators throughout Australia to charge what they considered appropriate for those wagering on their product.

The Race Fields story is not confined to the period during which the matter was argued through the courts but goes back to 2004 when it was identified that the emergence of interstate corporate bookmakers and betting exchanges posed a huge threat to the future funding of the thoroughbred racing industry. At that time, the existence of the "Gentleman's Agreement" essentially meant that the only funding that the NSW Thoroughbred Racing Industry received was from wagering operators located within New South Wales, namely TAB Limited and on-course bookmakers.

The emergence of interstate corporate bookmakers and betting exchanges taking bets from residents in New South Wales, without contributing to the industry in New South Wales, meant that there was a fundamental need for the industry to safeguard and utilise its intellectual property rights to ensure its funding. Billions of dollars were being wagered through these wagering operators that were free riding on the NSW Thoroughbred Racing Industry.

In other words, these wagering operators were making millions of dollars in profits from betting on NSW thoroughbred events without paying for the use of the product.

In the first instance, it was essential for Racing NSW to ensure that there were no impediments to it utilising its intellectual property in NSW Race Fields information. However, under agreements entered into by previous management, the NSW industry had effectively given up its rights in NSW Race Fields information and paid a substantial amount of money to be part of Racing Information Services Australia (RISA). Unfortunately, in the calculation of the monies to be paid to purchase a share in RISA under those agreements, there was a major omission which originally resulted in overpayment by Racing NSW.

As ownership of the intellectual rights in NSW Race Fields was critical to the funding of thoroughbred racing in New South Wales, action was taken to ensure that Racing NSW owned those rights and was able to renegotiate the price to be paid to purchase a share to a more commercially acceptable amount. Accordingly, Racing NSW renegotiated its participation in RISA so that Racing NSW owned and controlled the intellectual property rights in NSW

CHIEF EXECUTIVE'S REPORT

Race Fields information for wagering purposes and significantly reduced its purchase price for its 35% share in RISA.

Having secured ownership of the intellectual property rights for wagering purposes, Racing NSW then explored the options available to the industry to secure funding, including enforcement of copyright in its racing information and the introduction of new NSW legislation. This resulted in the NSW Government enacting specific legislation guaranteeing our right to impose a fee on wagering operators using our Race Fields information for their wagering operations.

As a result, in 2006 the NSW Government introduced amendments to the Racing Administration Act 1998 (Race Fields Legislation) which prohibited wagering operators from "publishing" (later amended to "using") NSW Race Fields information without prior approval from the respective controlling authority and allowed the controlling authorities to impose a fee for the use of that Race Fields information.

A scheme was then developed for the administration of this legislation and the collection of an appropriate fee. At all times we were cognizant of the need for Racing NSW to do so in accordance with the Australian Constitution, particularly in light of the High Court decision in *Betfair v Western Australia* delivered in March 2008.

In mid-2008, Racing NSW determined that the fee imposed by it should be uniform and should be 1.5% of turnover subject to an exempt fee threshold of \$5 million. The scheme came into effect on 1 September 2008.

In October and November 2008, Betfair and Sportsbet respectively commenced the long and protracted litigation challenging aspects of the Race Fields Legislation which saw the matter come firstly before a single Judge of the Federal Court, then the Full Court of that Court and, ultimately, the High Court of Australia.

Returns to Owners

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

Despite the decline in NSW thoroughbred racing's main source of income, the TAB distribution returns to owners in 2011/12 increased from \$145.8 million to \$148.3 million.

Also boosting returns to owners for 2011/12 was another strong year for Racing NSW's Breeder Owner Bonus Scheme (BOBS). Total bonuses paid to winning owners including BOBS Double Up were almost \$10.1 million, with BOBS continuing to be the most lucrative of any Australian State bonus scheme.

Returns to owners will now be buoyed as a result of the additional revenue available following the release of accrued Race Fields funds. Accordingly, Racing NSW announced during the year substantial prizemoney increases to commence from July 2012, these included the following:

- A 50% increase for Country racing with every race at TAB meetings increasing from \$10,000 to **\$15,000**;
- A 21% increase for Saturday Metropolitan meetings taking races from \$70,000 to **\$85,000**;
- Races at Metropolitan midweek meetings increasing by 30% from \$27,000 to **\$35,000**;
- Provincial races increasing by between 42% and 46% to **\$22,000**;
- Races at Country SKY2 race meetings increasing by 60% to **\$8,000** per race and races at Country non-TAB meetings increasing by 71% to **\$6,000** per race.

In addition, Racing NSW determined that prizemoney would be paid down to 10th place so as to offset costs incurred by owners. This provides an added incentive for them to nominate thus helping to bolster field sizes and maximising wagering revenue.

Also in a first for Australian racing, the Board approved of a scheme whereby 1.5% of prizemoney is paid to licensed stablehands, justly rewarding them for their efforts in the success of the stable.

Equally of importance is to note the ramifications if Racing NSW was unsuccessful in defending the Race Fields Legislation.

Had Racing NSW not successfully defended the challenges by Betfair and Sportsbet in the High Court, the industry would have faced substantial prizemoney cuts, as detailed in the following table (the third column shows the level of prizemoney funded from the TAB distribution and the increase due to Race Fields Legislation).

Race Type	Prizemoney Level if unsuccessful in defending Race Fields Legislation	Prizemoney increases funded by Race Fields from July 1, 2012
Metropolitan Saturday	Reduced from \$70,000 to \$50,000	\$50,000 to \$85,000
Metropolitan Midweek	Reduced from \$27,000 to \$20,000	\$20,000 to \$35,000
Provincial	Reduced from \$16,000 to \$11,000	\$11,000 to \$22,000
Country TAB	Reduced from \$10,000 to \$6,000	\$6,000 to \$15,000

The above table highlights that without Race Fields fees, Metropolitan races carry \$50,000 in prizemoney. With the monies from Race Fields this increases to the \$85,000.

Capital Development Program

Following the High Court's decisions, the Board approved of a significant portion of accrued Race Fields fees being utilised for a capital development program as well as establishing a "Future Fund" to hedge the industry against any unforeseen declines in revenue receipts. The capital development program will be largely in alignment with the 2010 Strategic Plan.

As a precursor to that program, an audit of the top 30 Country and Provincial racecourses was undertaken to assess racing and training facilities throughout NSW. The results of the audit were then consolidated and used as one tool in assessing the needs for capital upgrades at these racecourses.

The next stage in the program involves an overall assessment of the identified needs of each racecourse and the prioritising of works to be funded and undertaken, including:

- the identification of works considered imperative to the overall operation and which are beyond the means of the club itself;
- bringing the racetracks up to a standard for both surface and geometry, which will ensure that they are conducive to competitive racing;
- ensuring that training tracks are of a quality which will minimise injuries to horses;
- identifying other ancillary training facilities which should be funded, e.g. swimming pools, walking machines, etc.

As the accrued Race Fields money represents a once in a generation opportunity for the industry, it will be essential that approved works provide long-term benefits for the industry and its participants.

Work will begin on selected projects in the 2012/13 financial year.

CHIEF EXECUTIVE'S REPORT

Operational Costs and Administrative Charge

Racing NSW will report an operating surplus before the treatment of accrued Race Fields of \$6,228,808. Including extraordinary items and the treatment of accrued Race Fields, the surplus is \$103,227,871.

The most pleasing aspect again this year is that the first charge to the NSW Thoroughbred Racing Industry against the TAB distribution was \$7,786,787 down \$207,230 compared to \$7,994,017 in the previous year. In a time of increasing costs generally, Racing NSW continues to operate extremely efficiently.

The Racing NSW Workers Compensation Fund recorded a surplus of \$1,392,112 after increasing the provision for possible future liabilities by \$149,096. The total amount allowed for future liabilities is \$46,306,625 (gross of the reinsurance recoveries). This includes a 20% prudential margin as a buffer to ensure the fund has sufficient funds to pay its possible future liabilities.

Appointment of New Board

During the year the Government introduced the Thoroughbred Racing Amendment Act 2011 into Parliament to provide for changes to the composition of the Board of Racing NSW so as to broaden the skills base of the Board.

A new Board was appointed by the Minister in December 2011 on the recommendation of an independent Selection Committee established by the Minister for that purpose.

The new Board comprises the following persons:

Mr John Messara AM Chairman
Ms Naseema Sparks Deputy Chairman
Mr Ken Brown AM
Mr Russell Balding AO
Mr Alan Brown
The Hon. Kevin Greene
Mr Tony Hodgson AM
Mr Peter V'landys Chief Executive

In welcoming the new Board members I would also like to thank former Board members Alan Bell, Arthur Inglis and Kim Harding for their invaluable contributions to the NSW Thoroughbred Racing Industry during their terms of office on the Board.

Randwick Redevelopment and Improvements to Rosehill

As detailed in the 2011 Annual Report, Racing NSW secured funding of \$174 million for the Australian Turf Club by pre-selling its share of the Trackside game (the simulated racing game referred to by some as "cartoon racing") to TAB Limited for \$150 million. The procurement of these monies enabled the construction of a state-of-the-art new grandstand and Theatre of the Horse at Royal Randwick Racecourse. As part of the package Racing NSW also negotiated a grant from the NSW Government of \$24 million to fund improvements at Rosehill Gardens Racecourse. That funding was critical to the Australian Jockey Club and the Sydney Turf Club agreeing to merge to form the Australian Turf Club and was achieved after lengthy and robust negotiations when the earlier scheme (which involved financing the interest and principal repayments of a loan from Trackside revenue) appeared doomed. Those significant capital upgrades at Royal Randwick and Rosehill Garden Racecourses will generate substantial new revenue for the NSW Thoroughbred Racing Industry and will finally provide world class viewing facilities for Sydney racing.

As part of the Government agreement those monies provided to the Australian Turf Club are held by Racing NSW and distributed as progress payments during the course of the redevelopments. Accordingly, Racing NSW entered into an agreement with the Australian Turf Club with respect to the procedure to be followed for the making of those progress payments. That procedure contains appropriate safeguards (including the appointment of a qualified quantity surveyor to certify all costs) in place to ensure the proper expenditure of that significant funding.

Racing NSW consented to a variation to the Rosehill Gardens Redevelopment to remove the demountable stage and to use that funding to pay for a video screen which is the largest in the Southern hemisphere (launched in time for the Golden Slipper). The Royal Randwick redevelopment is slightly behind schedule although still on target for a temporary handover for the 2013 Autumn Carnival and it appears that the final cost will exceed the allocated \$150 million. Racing NSW and the ATC are working closely to minimise the overrun without impacting on the delivery of world class facilities.

Strategic Plan

In accordance with the provisions of the Thoroughbred Racing Act 1996, Racing NSW must prepare a Strategic Plan for the Thoroughbred Racing Industry every three years, after consulting with the Racing Industry Consultation Group (RICG) which comprises representatives from Australian Turf Club, Provincial Association of NSW, Racing NSW Country, NSW Jockeys' Association, NSW Thoroughbred Breeders Association, NSW Racehorse Owners Association, NSW Trainers Association, Unions NSW and other stakeholders.

The next Strategic Plan is due in 2013. Racing NSW has completed a thorough review of the existing Strategic Plan to see that it is meeting its objectives and targets. Several of the objectives in that plan had been deferred pending the outcome of the Race Fields litigation. Following the successful outcome of the High Court Appeals, Racing NSW is now pursuing those objectives.

A draft of the new Strategic Plan has been prepared to allow time for full consultation with the industry with the final plan to be completed by first quarter next year.

Exclusive Promotional Rights for Wagering and Sports Betting

Clause 8 of Schedule 13 of the Racing Distribution Agreement (this is the Agreement between TAB and NSW racing industry) provided TAB Limited with exclusive promotional rights on NSW racecourses. This provision was included in the RDA in amendments made in 2001 and the industry received no additional payments from TAB for these rights.

Those exclusive rights expired in October 2011 and Racing NSW entered into negotiations with TAB Limited for their extension.

As a result of these negotiations, TAB's exclusive promotional rights were in return for a payment of \$175,000 per month (annualized at \$2.1 million) for these rights. Had such a deal been negotiated when the rights were first granted in October 2001, a further \$21 million in revenue would have flowed to the racing industry.

Integrity – Laboratory Infrastructure

Racing NSW is committed to the total integrity of the thoroughbred racing industry and the enforcement of drug-free racing is integral to that commitment.

It is essential that the Australian Racing Forensic Laboratory at

CHIEF EXECUTIVE'S REPORT

Randwick has the most sophisticated and effective drug detection facilities and infrastructure available.

Racing NSW has purchased \$1.5 million of new equipment aimed at significantly enhancing the capacity of the Laboratory to meet the challenges of identifying and detecting new-age drugs.

The new instruments put the laboratory at the cutting edge of equine analytical technology with the ability to screen for the broadest range of known molecules and identify emerging or novel substances.

Further, the new equipment will enhance drug surveillance for the testing of routine raceday thoroughbred urine samples with far greater sensitivity allowing coverage of a minimum 1000 drugs from a specific screen in an open ended format, outweighing the current regime of limited targeted testing.

This new scientific equipment complements the sampling strategies used by the Stewards in the field to ensure fair, drug free racing for all participants.

These strategies include the testing of one in every 1.4 metropolitan starters, testing at barrier trials and out of competition testing at training centres and stables.

Broadcast Policy

Racing NSW has entered into a Heads of Agreement to aggregate the broadcast rights of all NSW races with those of the Victorian Racing Industry through a remodelled TVN. It is envisaged that this aggregation will increase the collective value of our broadcast rights and increase returns to the NSW Thoroughbred Racing Industry. It should also reduce the currently duplicated costs.

However, the process has not been easy, and at the date of this report we are still finalising negotiation of the agreement with the parties. We will not enter into any final agreement unless it maximises NSW revenue and provides sufficient safeguards to our clubs.

Racing NSW will also appoint an expert evaluator to review and advise the Board on a TVN proposal regarding the filming of races throughout New South Wales.

Jockey Safety

Racing NSW was a key driver behind the formation of a National Jockey Safety Review Committee. \$50,000 each was contributed by Racing NSW, Racing Victoria and Racing & Wagering WA to fund the initial project.

A research project was commissioned with the most comprehensive study of jockey safety ever conducted by the Australian Racing Industry. The review involved participation of leading jockeys Darren Beadman, Jon Grisedale, Greg Childs, and Stephen Baster, the Australian Jockeys' Association and a host of expert medical and technical experts.

The review team made a series of recommendations including the development of new standards for jockey safety equipment relevant to Australian conditions.

Racing NSW took the lead role in carrying this recommendation forward in the critical area of Jockey Helmet development.

With the support and valuable funding contribution from the Australian Government Rural Industries Research and Development Corporation (RIRDC), Racing NSW engaged the University of NSW to begin work on the development of a new Standard for jockey helmets, aimed at providing better protection for riders against severe head trauma caused by race falls and impacts.

Under the guidance of UNSW's Dr Andrew McIntosh, a biomechanics and safety expert, the team set about testing products and developing a helmet standard to provide a higher level of protection that jockeys and riders can so desperately benefit from.

It is pleasing to report that the project is near completion, with

the release of the Australian Racing Board Helmet Standard (ARB HS 2012) and imminent production of a helmet that meets significant higher levels of safety than any currently manufactured product.

Plastic Running Rails

An additional and significant Jockey Safety initiative has been the installation of plastic or PVC running rails in NSW. With the metropolitan and provincial program well underway, Racing NSW with valuable assistance from the Minister for Racing, the Hon. George Souris MP obtained grant funding from the NSW Government for the supply and installation of these state-of-the-art PVC rail systems at the 30 leading country racecourses.

Proven as a safer alternative to the more rigid aluminium rails, the PVC rail system features longer unbroken sections of flexible plastic rail and 'kick-out' posts, which release on impact providing obvious benefits when compared to the traditional steel or fixed uprights. Racing NSW subsequently contracted the Fornells company to supply the rail after several brands were demonstrated to Racing NSW staff, Stewards and Jockeys Association representatives.

Racing NSW is project managing the process including programming and resource scheduling, as well as taking an active role in co-ordinating training/demonstration days & field support.

The roll-out of the program commenced with the first installation at the Scone Racecourse prior to the two-day carnival in May which also features the stand-alone Saturday race meeting.

Grafton followed closely and Coffs Harbour next, each installed in time for their feature cup racing carnivals. At the time of print 17 of the installations have now been completed, with very positive reports flowing back as regards to the rails' benefits and user friendly maintenance and moveability.

From below, the tracks highlighted have been installed, with the balance underway and due for completion during the Spring/Summer of 2012/13.

Northern Rivers

Clarence River (Grafton)
Coffs Harbour
Ballina
Lismore
Tweed River (Murwillumbah)

Central Districts

Orange
Dubbo
Bathurst
Mudgee
Cowra
Wellington
Narramine

Mid North Coast

Port Macquarie
Kempsey
Krambach (Taree-Wingham)

Southern District

Murrumbidgee (Wagga Wagga)
Albury
Gundagai

Hunter and North West

Scone
Muswellbrook
Tamworth
Armidale
Wine Country (Cessnock)
Gunnedah
Quirindi

South East

Goulburn
Queanbeyan
Shoalhaven (Nowra)
Sapphire Coast (Kalaru)
Moruya

Thoroughbred Rehabilitation Program

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

In the 2010 Strategic Plan prepared by Racing NSW, several measures were proposed to address the issue, including the

CHIEF EXECUTIVE'S REPORT

'Development of after race care programs, facilities and services for Thoroughbred horses'.

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

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

Accordingly, after thorough consultation with horse retraining experts, Industry Training departments, and Corrective Services NSW, a joint venture pilot program was introduced in March 2011 named 'The Racing NSW and Corrective Services NSW Thoroughbred Rehabilitation Program' (Thoroughbred Rehabilitation Program).

The Thoroughbred Rehabilitation Program aims to:

- re-house Thoroughbred horses when they retire from racing;
- re-educate and re-train Thoroughbred horses for deployment in a new equine career, such as equestrian competition (dressage, eventing etc.) Mounted Police or security work, and for leisure purposes;
- provide inmates with skills, training and prospective employment opportunities in the Thoroughbred Industry, through the completion of relevant tertiary TAFE qualifications offered through the Program.

The Program operates across three levels of rehabilitation:

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

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

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

2. Level 2: Intermediate Training (up to 2 months)

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

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

3. Level 3: Re-education Training (at Canterbury)

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

While the Program is essential to assist with the rehabilitation and re-education of former Thoroughbred racehorses, the Program is also integral to the rehabilitation of inmates and their integration into the workforce and society upon release.

The Program provides offenders with the opportunity to acquire skills necessary for employment within the Thoroughbred racing industry. Suitable inmates will be able to enter a 12 month traineeship and complete Certificate II or higher in Racing (Stablehand) or other related courses offered by the Australian Racing and Equine Academy under the Racing NSW / TAFE – Western Sydney Institute Training Partnership.

This is a much-needed program and one which will bring a great deal of goodwill for the racing industry by providing legitimate homes for retired thoroughbreds, giving the horses a new future and career in life.

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

Racing NSW provides funding and administrative support and raises further money through a charitable trust structure called the NSW Thoroughbred Rehabilitation Trust (TRT).

Since its inception in 2011, nearly 40 horses have been re-housed for various equine careers including various equestrian competition pursuits (including dressage, jumping and eventing), mounted security with Australian Turf Club, general leisure horses, and trials with NSW Mounted Police Force.

Marketing efforts have begun to expose the Program and TRT into the eye of the Thoroughbred Racing Industry and the general public, through combined advertising and promotion on social media, print, online and television.

Workers Compensation Fund

During 2011/12 the Racing NSW Workers Compensation Fund experienced a 5% decrease in new claims compared to those received during 2010/11. This was a pleasing outcome and largely attributable to the continuing commitment to improving safety performance across the industry. As at the end of June 2012 the Fund's portfolio of claims consisted of 336 open claims. This represents an 11% decrease in the number of claims open at the end of June 2011 and is reflective of the Fund's strong claims and injury management practices. An independent audit against WorkCover's Specialised Insurer Case Management Performance criteria confirmed an average compliance of 91% across the 15 audit elements.

Reductions in the official cash rate by the Reserve Bank during 2011/12 and a lower inflation rate had an adverse impact upon outstanding claims liabilities and provisions. However, a continued strategic focus on claims settlement and finalisation combined with some changes to workers compensation legislation offset the impact of the external economic influences. The Fund's liability was also reduced by the diligent pursuit of reinsurance, third party and other claims recoveries.

Acknowledgments

I must take this opportunity to express my appreciation to members of the Board for their stewardship and support 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 express my immense appreciation to the Chairman John Messara AM for leadership, support and guidance.

I would also like to thank former Board members who stood firm during the difficult period when the Race Fields Legislation and its implementation was under challenge.

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

Finally, I acknowledge the executive and staff of Racing NSW for their continued loyalty, conscientiousness and professionalism. Racing NSW is very fortunate to have such dedicated and talented personnel.



Peter V'landys
Chief Executive

INDUSTRY



Scott Kennedy
General Manager –
Industry & Analytical

OVERVIEW

Wagering on Racing

2011/12 saw the first complete year of full fixed odds wagering on the NSW TAB which was the driver of modest growth in wagering turnover.

With the continued growth in the corporate bookmaking sector and partly attributable to the greater availability of TAB fixed odds wagering, turnover through State totalizators continued to decline in 2011/12.

Pari-mutuel wagering on racing with the NSW TAB for FY 2011/12 declined by 6.4%, which followed a 5% decline in FY 2009/10.

Conversely, fixed odds wagering on racing increased, as expected, following regulatory change in January 2011, by \$424 million which more than doubled the return in 2010/11.

Overall, wagering on racing through the NSW TAB grew by more than 2.5%. However, given lower yields on fixed odds racing, revenue

and fees to the racing industry were a modest 1% higher than in 2010/11.

This in itself creates a funding problem for the racing industry.

Racing NSW's success in defending Race Fields Legislation and the additional revenue generated was much needed. However, TAB funding remains the dominant source of income from wagering. The mix of nominal declines and slow growth in TAB wagering revenue over recent years has seen a real decline in distributions under the RDA and added to financial pressure on the industry.

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

Wagering Sales on NSW TAB

More than \$1.1 billion of NSW TAB wagering sales is placed on NSW thoroughbred racing, along with a further \$3 billion through other wagering operators on NSW thoroughbred races.

Prizemoney and Returns to Owners

The chart on the right summarises prizemoney and the number of meetings held in NSW.

A total of 120 Metropolitan and 120 Provincial race meetings were held during the year. These figures were below the previous year with the two sectors suffering from an unusual number of wet weather abandonments.

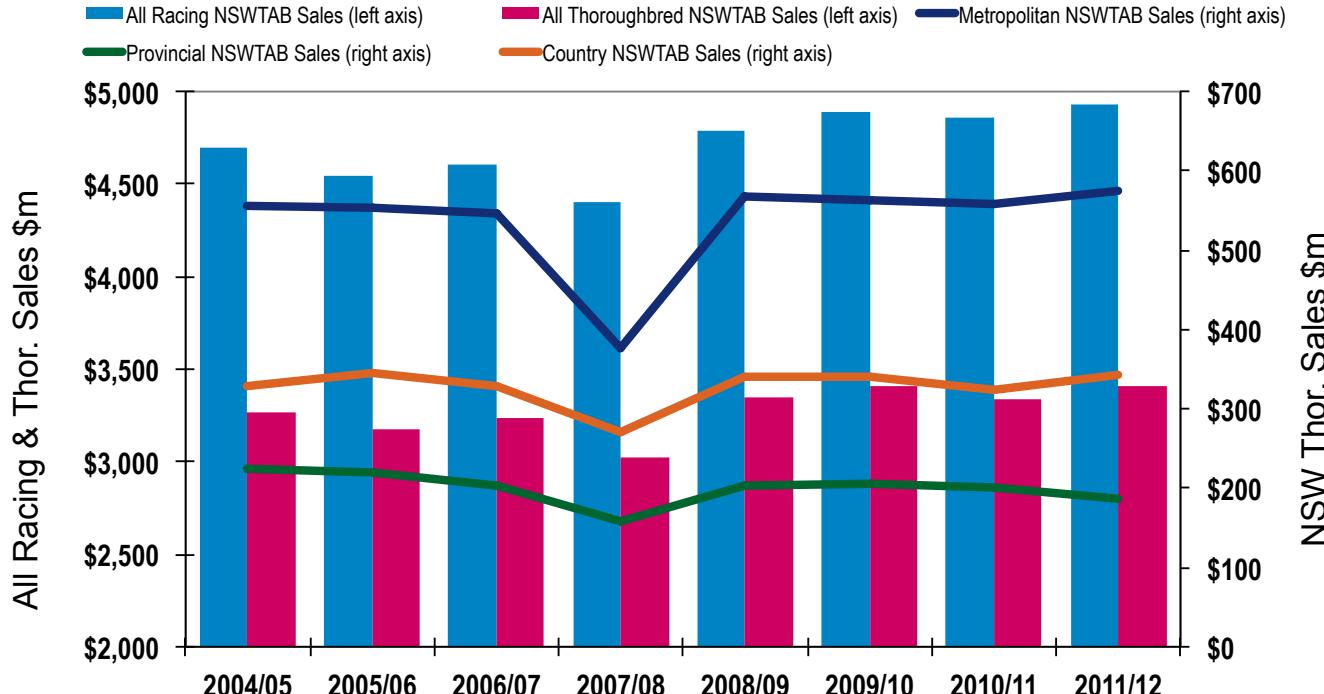
The country sector again conducted a number of TAB race meetings well in excess of the 241 contracted with Tabcorp through the Racing Distribution Agreement.

While minimum prizemoney levels were maintained rather than increased for 2011/12, there was a modest increase in total prizemoney paid, to a total of \$118.96 million.

In addition to prizemoney, BOBS bonuses again contributed significantly to overall returns to owners, with bonuses and BOBS Double Ups of \$10.1 million.

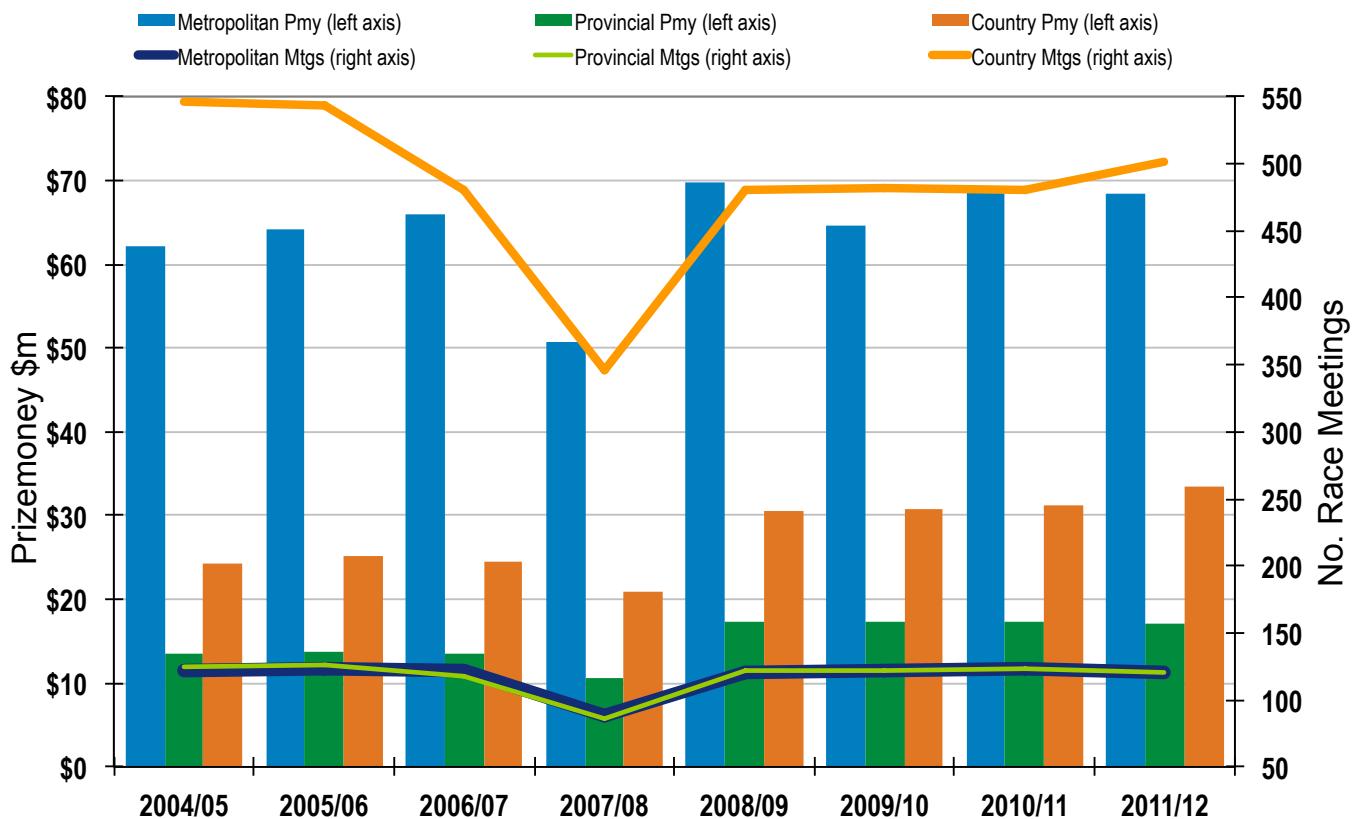
Including jockeys ride fees and appearance fees, total returns to owners for 2011/12 increased to \$148.3 million.

RACING WAGERING SALES ON NSW TAB

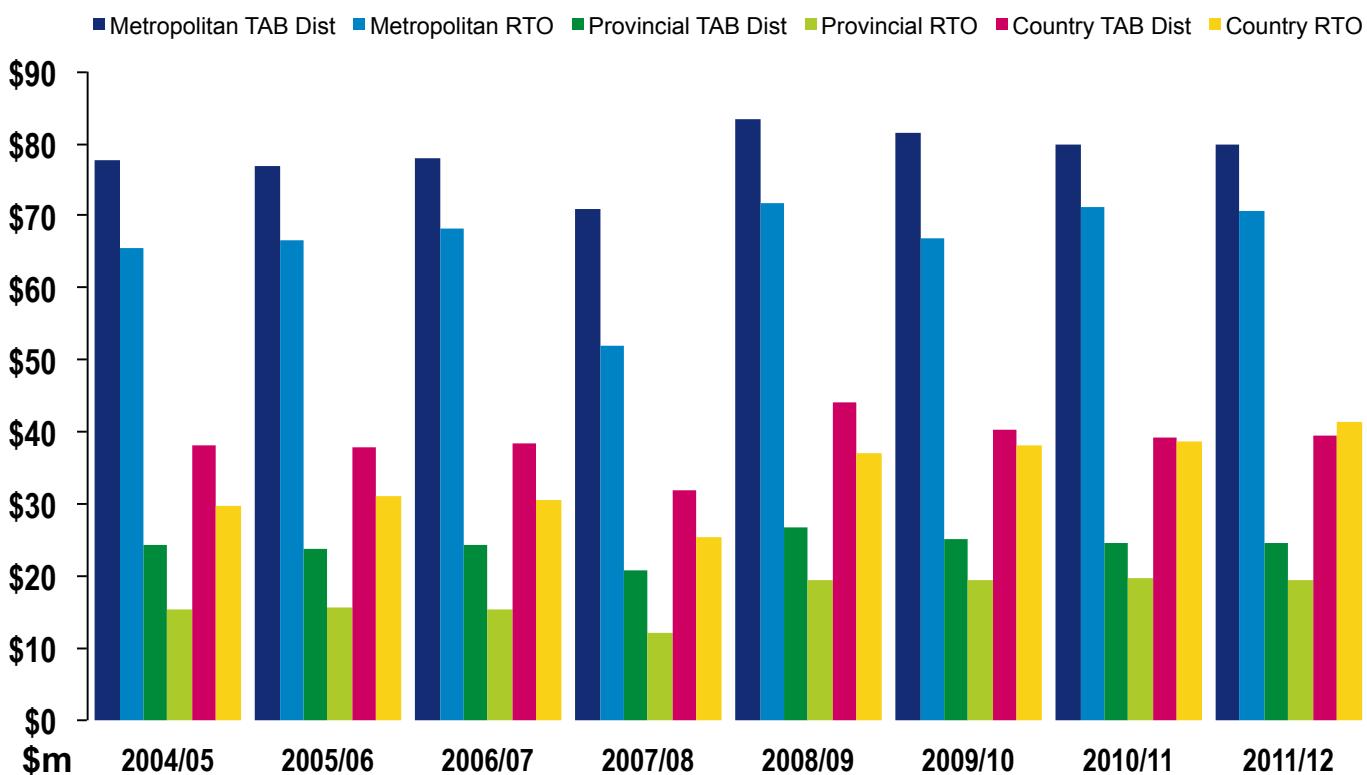


INDUSTRY

PRIZEMONEY & RETURNS TO OWNERS CHART



TAB DISTRIBUTIONS & RETURNS TO OWNER BY SECTOR



INDUSTRY

Payments to Race Clubs from TAB Funding and Returns to Owners

TAB distributions to race clubs in 2011/12 were \$144.03 million, a slight increase on 2010/11 following the decline in TAB distributions experienced against 2009/10.

The chart on the previous page summarises distributions and returns to owners for each sector. Between 2004/05 and 2011/12 NSW race clubs have increased their returns to owners by 21%, excluding amounts paid as BOBS bonuses and appearance fees.

Race Meetings

The total number of NSW race meetings rose by 12 during 2011/12 despite another wet season.

Many more of the additional fixtures added to country racing to provide additional racing opportunities in the 2010/11 season were able to be conducted in the past year, with an increase of 16 country meetings offsetting some losses in metropolitan and provincial meetings.

Country weekday and Sunday TAB meetings regained wet weather losses experienced in 2010/11 with a near-record 291 meetings conducted.

There was also further modest growth in the number of Saturday TAB fixtures in the second full year of Sky 2 TAB meetings converted from non-TAB fixtures.

The total non-TAB meetings held rose slightly to 110, however, these were well below the number run in previous years.

Given their classification as metropolitan meetings by **Racing NSW** for premierships and calculation of apprentice jockey claims, the Hawkesbury 'stand-alone' meeting on 5 May 2012 and Scone meetings on Friday 18 May 2012 and Saturday 19 May 2012 are included in the metropolitan figures below.

NSW RACE MEETINGS BY SECTOR

SECTOR	06/07	07/08	08/09	09/10	10/11	11/12
Metropolitan	121	88	121	123	126	120
Provincial	118	86	122	121	122	120
Country TAB	288	220	291	293	279	291
Country Saturday TAB	20	25	25	38	68	70
Country Non-TAB	175	99	154	150	107	110
Picnic	26	18	30	27	27	31
TOTAL	748	537	743	752	729	742

Races Conducted

Consistent with the overall increase in the number of race meetings held, the total number of races in 2011/12 increased by more than 80 to 5,286. However, on the back of a high number of metropolitan and provincial wet weather abandonments, the total number of races remained below the levels of the previous years.

NSW RACES CONDUCTED BY SECTOR

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

Race Starters

Consistent with the increase in race meetings for 2011/12, the total starters increased by almost 1,000 over the previous year. Total metropolitan and provincial starters fell in line with the total number of meetings and races held.

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

NSW RACE STARTERS BY SECTOR

SECTOR	06/07	07/08	08/09	09/10	10/11	11/12
Metropolitan	9,195	6,615	9,242	9,280	9,162	8,954
Provincial	9,552	7,377	9,766	9,803	9,418	9,140
Country TAB	24,582	19,520	25,132	25,951	23,628	24,787
Country Saturday TAB	1,681	2,142	2,089	2,916	4,468	4,601
Country Non-TAB	7,876	4,332	6,633	6,869	4,920	5,000
Picnic	974	605	1,084	1,007	948	1,082
TOTAL	53,860	40,591	53,946	55,826	52,544	53,564

INDUSTRY

Race Field Sizes

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

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

NSW RACE FIELD SIZES BY SECTOR

SECTOR	06/07	07/08	08/09	09/10	10/11	11/12
Metropolitan	9.73	9.60	10.01	9.94	9.63	9.76
Provincial	10.14	10.55	10.23	10.23	9.82	9.79
Country TAB	10.91	11.07	11.05	11.36	11.06	11.13
Country Saturday TAB	11.84	10.87	10.60	11.00	10.46	10.39
Country Non-TAB	8.20	8.23	8.13	8.76	8.56	8.39
Picnic	6.49	5.99	6.27	6.50	6.16	6.22
TOTAL	9.99	10.21	10.08	10.37	10.10	10.12

Group and Listed Racing Highlights

NSW-trained horses produced numerous highlights in Group One races in NSW, Australia and around the world during the 2011/12 season.

The Darren Smith-trained ATOMIC FORCE recorded a Group One win in New Zealand by winning the Railway Stakes and the Paul Messara-trained ORTENSIA was successful on the world stage in Dubai when she won the Group 1-Al Quoz Sprint.

During the 2011/12 season there were 68 Group One races conducted in Australia, with NSW trainers winning 32. Five States of Australia, namely New South Wales, Victoria, Queensland, South Australia and Western Australia hold Group One races and NSW trainers were successful in every State at the elite level.

The most successful NSW trainer was Gai Waterhouse with eight Group One wins by four individual horses with her stars MORE JOYOUS and PIERRO dominating by winning three each; her other winners being LASER HAWK and DESCARADO.

Chris Waller picked up four Group One wins with four individual horses, ALBERT THE FAT, METAL BENDER, SHOOT OUT and THE VERMINATOR.

John O'Shea, Guy Walter and Peter Snowden each recorded three Group One wins.

There were 11 other Group One-winning NSW trainers for the season.

Former New Zealander, Chris Waller won his second Sydney Trainers Premiership from Gai Waterhouse and Peter Snowden. The three trainers finished in the same order in the NSW Trainers Premiership.

Hugh Bowman was the most successful jockey in Sydney returning to the premier position after last winning in the 2008/09 from the premier rider for the past two seasons, Nash Rawiller, and Corey Brown.

Widely-travelled country hoop Greg Ryan was once again the most successful jockey in the State riding more winners than Hugh Bowman and Jeff Penza.

The Sydney Apprentices' title was won by Chad Schofield whilst John Kissick was the most successful apprentice in the State.

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



REGULATORY



Keith Bulloch
General Manager –
Regulatory

OVERVIEW

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

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

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

Large Number Saddlecloths

Racing NSW introduced large number saddlecloths to provide clearer identification of runners for racegoers and TV watchers

Responding to requests from punters raised through forums on Racenet Pty Ltd, **Racing NSW** began trialling the large number saddlecloths at midweek Metropolitan race meetings. The large numbers proved easier to define in running and at the finish.

Different colours and positioning of the number were tested, initially as one single large number saddlecloth in a field of standard size saddlecloths.

This enabled assessment of which colours were clearly definable from across the track for on-course patrons and on television. Later two full sets were made up that included rubber pad inserts for

saddle positioning and grip. Consultation was undertaken with senior jockeys and trainers.

Factors considered were:-

- Optimum size of number
- Best colour combination
- Opportunity for sponsor logo must remain
- Comfort for horse and rider.

Original problems identified by trainers and jockeys were rectified by adjustments to size, including reducing any excess material forward of the saddle and improving the rubber air cell padding for grip of the saddle. A girth line marker was also added to assist positioning of the saddle.

The other problem identified early was a lack of space for sponsor logos. A design adjustment allowed room for a sponsor strip below the number.

The feedback received from the trial was very positive. Punters and racegoers, many of whom do not necessarily have the time to study the jockey's colours, rely on the number to identify their horse.

As an outcome, the Racing NSW Board endorsed as a minimum standard large number saddlecloths initially in the Metropolitan and Provincial areas, then rolling out to Country.

Benchmark Programming and Merit Based Handicapping – Review

Racing NSW conducted a review of the Benchmarking system after 31 May 2011 and sought industry feedback to a series of proposals designed to enhance the system.

After extensive consultation and a review of all submissions received, some notable enhancements to handicapping and programming were implemented by **Racing NSW** during the 2011/12 season.

The enhancements were agreed following further consultation with the NSW Trainers Association (NSWTA) and Racing Industry Consultative Group (RICG) and commenced on 1 January 2012. These enhancements from 1 January 2012 included:-

For Metropolitan Racing

Provide more opportunities for 2yo and 3yo horses.

- An increased weight allowance for 3yo's to encourage participation in open age Saturday handicap races against older horses, including a lower minimum weight of 53kg for 3yo's whilst older horses carry the new (Australian Racing Board) 54kg minimum (the 3yo policy applies to Black Type races);
- More 2yo Set-Weights & Penalties races pre-1st January each year to alleviate the quickly performing 2yo's carrying high weights in handicaps;
- More 2yo distance races in May, June and July each year to provide options after the autumn carnival, and
- The above races to lead into a newly created 2yo and 3yo Set-Weights & Penalties race, named the Significant Stakes. The race concept proved successful with 2yo Hurricane Henny being competitive against the 3yo's by finishing 2nd in the Significant Stakes (in a field of 12).

For Provincial Racing

Provide more opportunities for horses transitioning to Metropolitan level:

- Continue the hybrid system of Class 1 & 2 racing and benchmark racing;
- Increase the number of benchmark 70 and 75 races to provide more options for higher level provincial horses.

Programming Mix – Country

Provide more opportunities for lightly-raced horses:

- Continue the hybrid system of Class 1, 2 & 3 racing and benchmark racing;
- Increase the number of Class 1, 2 and 3 races if the regional horse population can support more of these races;

REGULATORY

- Racing NSW Handicappers to format a lower entry point for horses in Maiden Class and also lower the entry point into Class 1 after winning maiden;
- Introduce Class 1 and Maiden combined set weight races from 1600m to provide a set weight opportunity for a horse to gain a second (or first) win;
- When determining ballot order for NSW maidens, equalise earnings for NSW unplaced runs to those interstate by excluding prizemoney less than \$350.

Access to Information

It was also agreed that more information would assist trainers and industry participants when interpreting the benchmark system.

Racing NSW published guidelines explaining the weighting of non-benchmark races especially open and quality handicaps, which included information as to why horses' weight may increase or decrease. This included the publication of scale variations for races compared to the average for that grade; i.e. Class 2 Handicap (scaled +1kg).

The Handicappers variations will be carried in the race headings when weights are declared; e.g. from 1 January 2012, the Australian Rules of Racing provide that all handicaps must be released with a 59kg topweight and 54kg minimum.

If, for example, a win restricted metropolitan race is not as strong as usual and needs to be scaled to reach the 59kg topweight, the heading will say NMW Hcp (scaled +1kg).

This should assist owners and trainers assess the strength of the race and understand why their horse has 1kg more than expected. The same will apply to country class races.

Class Racing or Benchmark Racing

A request from Country trainers to eliminate benchmark races and return to full Class 1 to 6 racing was not supported as statistical data showed that in benchmark races:

- Each class of horse is competitive in benchmark races and win close to or equal to their participation rate;
- Have closer finishes than non-benchmark races;
- Have higher average turnover per runner;
- Have wider betting markets, with less odds-on (or short priced) favourites.

New Minimum Weights – Australian Rule Change from 1 January 2012

The Australian Racing Board ('ARB') decided in the support of jockey safety that higher minimum weights would apply nationally from 1 January 2012.

Responding to an application from the Australian Jockeys Association to raise the minimum weight for jockeys to 54kg in all sectors, the ARB has mandated a new weight scale:

- The minimum weight in general handicap flat races increased from 53kg to 54kg;
- The minimum topweight increased from 58kg to 59kg when weights are released (58kg Group 1's or 2yo races);
- The minimum topweight at acceptances (final fields) increased to 58kg (up 1kg).

Country and Provincial Forums – Further review of Merit Based Handicapping

In February and March 2012 a series of industry forums were held in regional areas, chaired by Racing NSW Chairman John Messara and Chief Executive Peter V'landys.

Some of the attending participants at the Industry Forums were critical of aspects of the Benchmark System, in particular that horses were rising too quickly in their ratings which reduced their progression and opportunities. Further, it was expressed that ratings were lowered too slowly when horses were uncompetitive.

Racing NSW Action: Due to this feedback **Racing NSW** conducted a review of the system. As an outcome, **Racing NSW** is satisfied that the Benchmark Programming System overall is working effectively in providing flexibility for trainers in placing horses across NSW.

However, we agreed that the concerns about the Handicapping Policy – as it related to the review of **Racing NSW** – that horses' ratings should be further reviewed. Accordingly, **Racing NSW** undertook a reassessment of its handicapping policies.

After a further consultation process, the following recommendations were adopted by **Racing NSW**; effective 1 August 2012:

- More discretion given to the handicapper to weight horses lower than their published benchmark, if this is warranted by the nominations for a particular race;
- Where horses perform well at a level above their grade, the benchmark allocated for the next start is dependent on the grade of a race;
- Introduction of Class 2 plates at Set-Weights in Country areas
- In assessing the performances of maiden winners, the weight allocated by Handicappers is to be over a tighter spread than at present;
- The practice of spreading weights at acceptance time if weights need to be raised to the minimum top weight is to be discontinued for Class 1 races;
- Discretionary Handicapping may also include the re-assessment of a horse.

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

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

Class 2 Country Plates

From 1 August 2012, Racing NSW introduced Class 2 Set-Weight races (for Class 2, Class 1 and Maiden horses) up to 1599m in the Country area on the following scale:

	4YO+ Class 2	3YO Class 2	4YO+ Class 1	3YO Class 1
Male	59.0kg	*57.5kg	57.0kg	55.5kg
Female	57.0kg	55.5kg	55.0kg	54.0kg

* Maidens to carry same weight as Class 1

* 2yo's to carry 2.0kg less than 3yo's but not less than 54kg (LR25)

Racing NSW will review the Benchmarking System again in February 2013 to ensure that it is providing the industry the functional and equitable system it deserves.

Bookmakers – Review of Bookmakers Telephone Betting System (BTBS)

Each controlling body (Thoroughbreds, Harness and Greyhounds) has remote access to all recordings of calls to their licensed bookmakers through the Bookmakers Telephone Betting System (BTBS).

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

After a review of the system was completed, the MOU was extended in July 2011 for a further three years.

National Jockeys Licence Concept

Principal Racing Authorities have agreed to streamline licensing requirements for visiting jockeys with the view to establishing a National Jockeys Licence concept.

REGULATORY

Whilst the requirement for issuing licences will continue to be the autonomous responsibility of the controlling body in each State, and each State retains the right to approve or refuse a licence, from the 2011/12 season a visiting jockey was not required to complete an application for a licence in NSW provided the jockey was licensed in another Australian jurisdiction. Information required by **Racing NSW** is obtained from the applicable Principal Racing Authority.

Personal Property Securities Act (PPSA)

In January 2012 new Federal Government Legislation came into force that has an effect on racehorse ownership.

The Personal Property Securities Act 2009 ("PPSA") has a direct influence on horse owners, particularly as far as the leasing of horses is concerned.

Initially, the known effect on racing is that parties need to register any security they have in respect of a horse which owners are leasing their interest in.

For example, if an owner fails to register (on the Government's PPSA register) their interest in a horse they have leased out, the horse may be seized whilst in the possession of the Lessee if the Lessee is in financial trouble.

It was further discovered there was legal opinion that gave the view that the Legislation was not explicit enough so as not to rule out other situations such as when an owner's horse is in the care of a service provider (trainer, agistment property, etc.) for an extended period regardless of whether it is subject to a lease.

Racing NSW – with the assistance of the NSW Racehorse Owners Association – provided support to the Australian Racing Board in an approach to the Federal Attorney General to clarify the situation and rule out the second possibility, however, slim the risk may be.

The Attorney General did not agree to our request to clarify the situation by publishing a Regulation to that effect. Owners are therefore advised to tread with caution.

REGULATORY DEPARTMENT REPORTS

Licensing

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

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

Licensing decisions are reviewed or 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 eight occasions during 2011/12. 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 2011/12 the Committee at these meetings:-

- conducted 13 interviews in relation to licence and other applications;
- considered 41 licence applications that were referred to them by the Licensing Supervisor, of which 18 were approved, 16 refused and 5 deferred (all applicants who were deferred did not proceed with application);
- considered 12 other matters that were referred to them including licensee disciplinary matters and proposed amendments to licensing policy and procedures;
- approved 10 Bookmaker licence applications and two Bookmaker Company applications.

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

- 83 trainers licences;
- 3 trainer partnerships;
- 15 jockey licences;
- 34 applications to register an apprentice jockey;
- 26 applications to transfer the indentures of an apprentice jockey;
- 13 applications from an apprentice jockey to extend their indentures;
- 8 rider agent licences;
- 525 stable employee licences (116 refused due to the applicant not obtaining the required Police Certificate);
- 46 bookmaker clerks licences (6 refused due to the applicant not obtaining the required Police Certificate).

Comparison of Licensing Statistics – 2011/12 vs. 2010/11

Licences for trainers, jockeys, bookmakers and rider agents expire on 30 June each year, meaning that full end of year figures for these categories are available for comparison.

The remaining categories of forepersons, stablehands and bookmakers clerks expire on 31 October each year.

The total number of trainers licensed compared to last season was slightly down by 1.3%. Over the past five years the number of trainers remains reasonably static, with a total of 1176 trainers licensed in 2007/08 compared to 1130 registered this season.

The number of resident NSW riders is again quite similar – jockeys increased by 2.0% (154 vs. 151), apprentice jockeys decreased by 1.3% (72 vs. 73).

There has been a slight decrease in the number of registered bookmakers over the previous few seasons (this season down by 2.6%). Numbers would seem to be affected by the continued growth of the market share held by the Corporate Bookmakers and the Betting Exchange.

LICENSING STATISTICS – FINAL 2011/12 VS. 2010/11

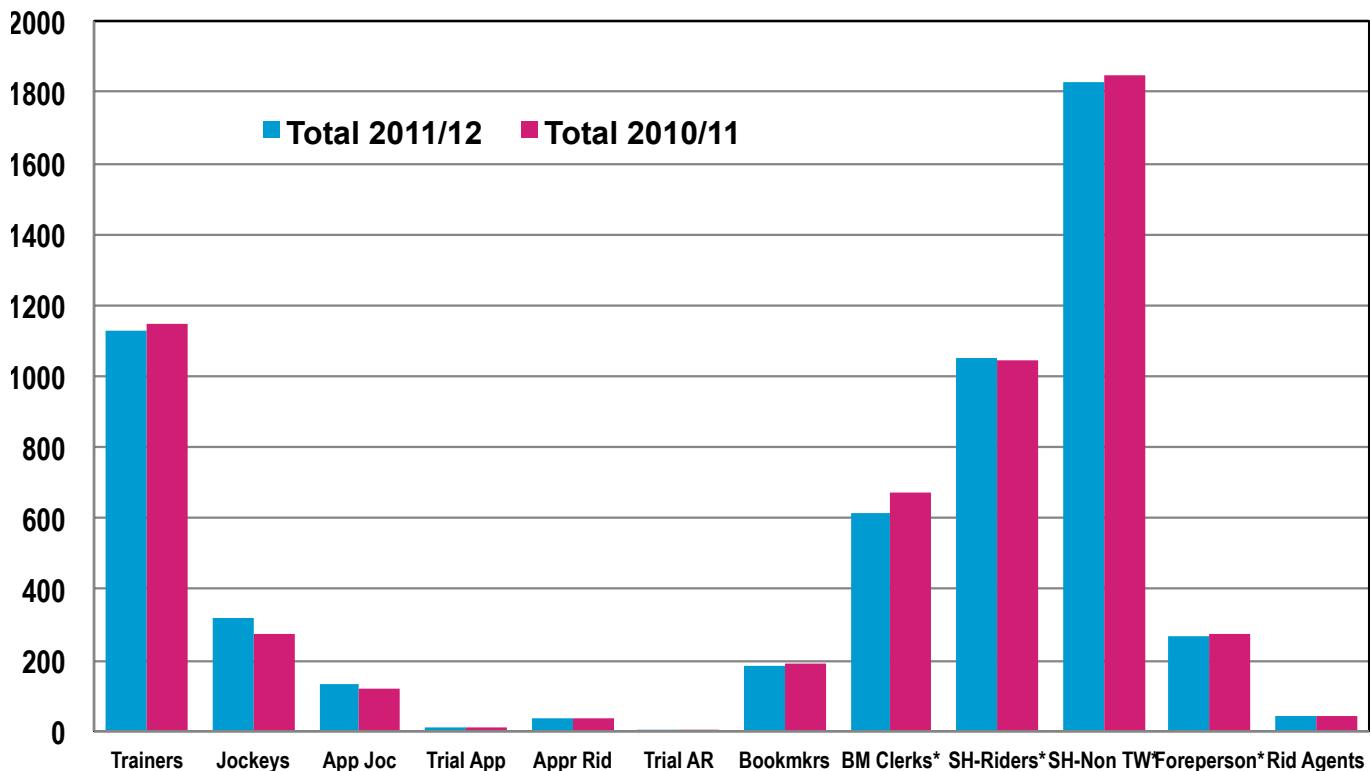
	Metropolitan		Provincial		Country		Total	
	Total 11/12	Total 10/11	Total 11/12	Total 10/11	Total 11/12	Total 10/11	Total 11/12	Total 10/11
Trainers	105	106	198	195	827	844	1130	1145
Jockeys	97	90	26	28	193	158	316	276
App Jockeys	24	18	13	18	94	86	131	122
Trial Apprentices	1	-	2	1	10	9	13	10
Appr Riders	-	-	-	-	37	37	37	37
Trial App. Riders	-	-	-	-	6	5	6	5
Bookmakers	49	54	10	10	127	127	186	191
BM Clerks*	307	340	46	46	259	289	612	675
SH-Riders*	343	340	138	128	568	575	1049	1043
SH-Non TW*	623	614	359	379	844	856	1826	1849
Foreperson*	99	102	41	40	129	133	269	275
Riders Agents	21	21	5	6	17	18	43	45

NB – All jockeys or apprentices who ride in NSW are required to hold a licence in this state. As such the above statistics include those who are based interstate. Resident NSW jockeys – 154 (151); apprentices – 72 (73)

*Forepersons, stablehands, bookmakers clerks expire on 31 October each season. As final numbers for these categories will not be established until 31/10/2012, the above represents those registered at 30/06/12. All other categories represent final figures

REGULATORY

TOTAL LICENCES



Registration

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

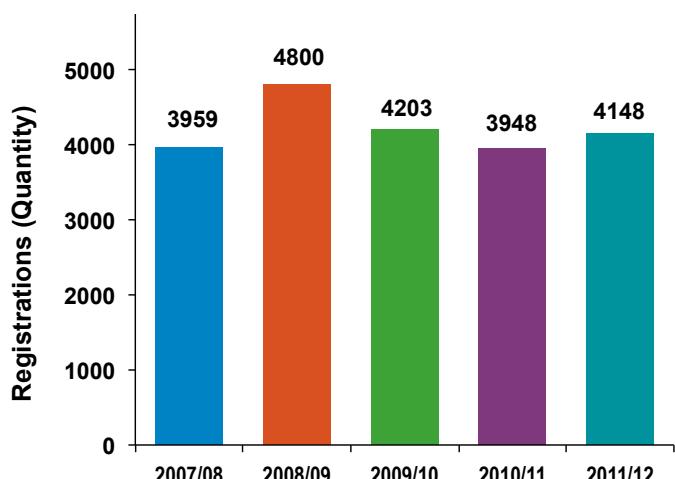
Separately, **Racing NSW** acts as Deputy Registrar for NSW registration functions which include Transfer of Ownership, Leases, Syndicates and Colours. Ruth Casserly is Administration Coordinator for the area assisted part-time by Beverley Lawless.

Horse Registration – NSW

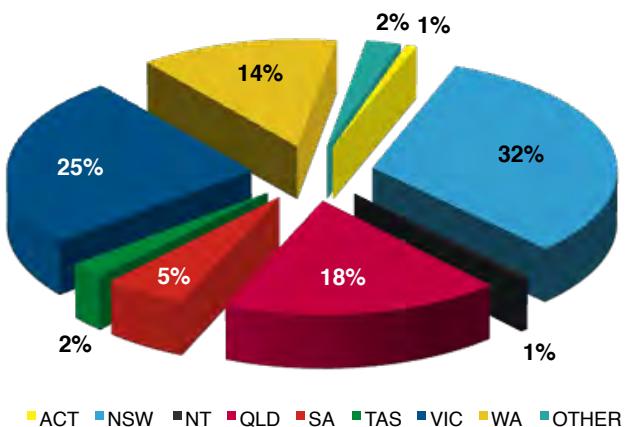
At the end of the 2011/12 financial year the Registrar of Racehorses (ROR) had registered 12,908 horses, of which 4,148 are owned in NSW.

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

NSW REGISTRATION FIGURES



NATIONAL REGISTRATIONS



Transfers/Leases/Syndicates – NSW

The Regulatory Department recorded 1,980 Transfer of Ownerships for the 2011/12 financial year, an increase of 3% from the previous season.

In 2011/12 the number of leases decreased by 6%, although Leases in NSW remain a popular option for people wishing for a low cost entry into racing and ownership.

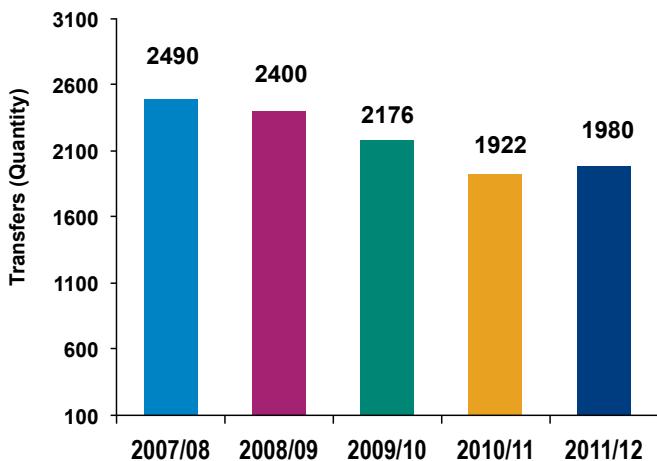
Leases allow people to lease a horse from an Owner for a set period of time, without the initial outlay of purchase. They are also cost effective to Owners of the horse as they do not pay training costs, but in return for the lease receive a portion of prizemoney won by the horse.

NSW registered syndicates remained popular with 397 registered for the period. A national total of 1572 were registered.

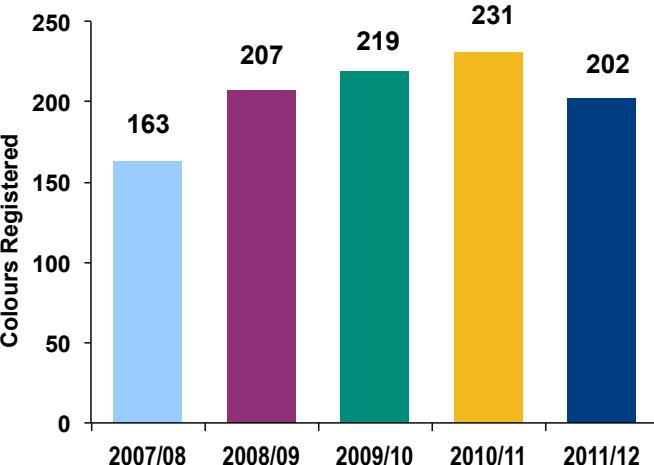
Of NSW registered syndicates this season, 91.7% of those were 'ordinary' syndicates made up of a group of no more than 20 individuals. The remaining 8.3% of syndicate registrations are made up of Company, Firm or Stud Syndicates.

REGULATORY

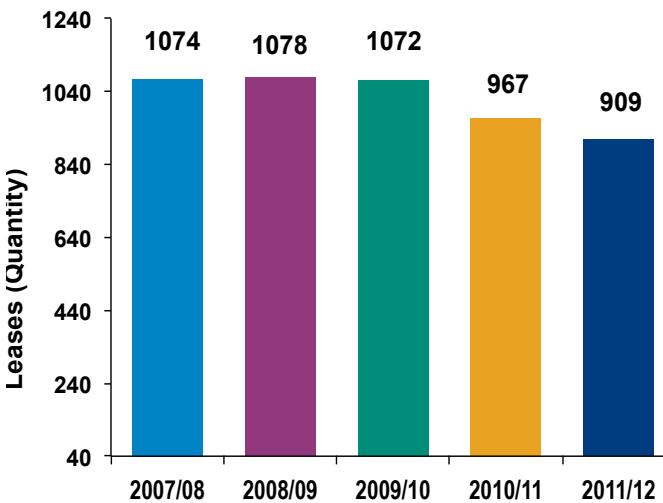
NSW TRANSFERS



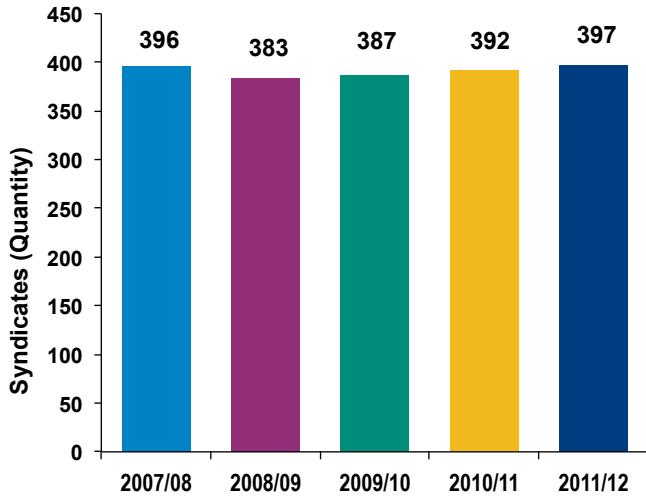
3rd or 4th set of colours, as well as applications for different designs from new participants into the racing industry seeking to create their own unique set of colours.



NSW LEASES



NSW SYNDICATES



NSW Colours

Racing NSW registered 202 new sets of jockey silks during the 2011/12 financial year. There are a total of 3,432 sets of colours currently registered in NSW.

There have been many registration requests this season from people or groups who already own colours, wishing to register 2nd,

Race Fields Legislation – Management of Legislative Requirements

The Racing Administration Act 1998 (the Act) provides that all Australian wagering operators (which includes On-course Bookmakers, TABs, Corporate Bookmakers and Betting Exchanges) must seek the approval of **Racing NSW** to use NSW Thoroughbred Race Field Information.

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

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

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

The Act also provides that **Racing NSW** may impose conditions on Approval Holders who use NSW Thoroughbred Race Fields Information. Certain publications, such as not-for-profit use for social purposes, certain racing organisations or media bodies are authorised to use NSW Thoroughbred Race Fields and are not subject to Racing NSW Standard Conditions.

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

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

At the end of the 2011/12 period the total number of Australian wagering operators who had been approved to use NSW Thoroughbred Race Fields was 364.

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

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

REGULATORY

Other regulatory duties of the Race Fields and Wagering Supervisor include reviewing applications from NSW Bookmakers for internet wagering approvals, reviewing Internet betting platforms (to date two different software platforms have been approved), review applications from NSW bookmakers to operate 24/7 from an approved betting premise (to date 14 betting premises have been approved), and monitor this betting activity, monitoring of telephone and internet betting by NSW Bookmakers and assisting Stewards with betting enquiries.

Handicapping

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

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

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

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

New members of the handicapping panel begin processing Set-Weight races, whilst also learning the components of handicapping and the assessment of horses.

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

The Benchmark Programming and Merit Based Handicapping System is the model used in NSW.

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

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

The Handicapping Department issued the weights and ballot orders for each of the 5,485 races held across the 767 race meetings which were conducted in NSW and the ACT during the 2011/12 financial year. Weights were released for all of the 98,993 nominations at these meetings with each of the 55,457 starters being individually re-assessed by the Panel and given a new Benchmark rating within an average of two business days after the race.

Feature Race Weights

The Racing NSW Handicapping Department released weights early for the four major Group One Handicap races conducted in NSW in the 2011/12 racing season; The Doncaster Mile, Sydney Cup, Epsom Handicap and The Metropolitan Handicap.

Epsom Handicap – Spring Carnival

The 2011 Epsom Handicap received 121 entries with 19 horses weighted above the limit weight of 52.0kg with a topweight of 58.0kg given to Heart of Dreams achieving a 6.0kg weight spread.

The Metropolitan Handicap – Spring Carnival

The 2011 Metropolitan Handicap received 119 entries with 20 horses weighted above the limit weight of 52.0kg with a topweight of 58.0kg given to My Kingdom of Fife achieving a 6.0kg weight spread.

Doncaster Mile – Autumn Carnival

The 2012 Doncaster Handicap received 202 entries with 35 horses weighted above the limit weight of 52.0kg with a topweight of 58.5kg given to Descarado, achieving a 6.5kg weight spread.

Sydney Cup – Autumn Carnival

The 2012 Sydney Cup received 80 entries with 17 horses weighted above the limit weight of 52.0kg with a topweight of 60.5kg given to Americain, achieving a 8.5kg weight spread.

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

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

Registered NSW Syndicate Promoters and Authorised Representatives

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

At the end of 2011/12 there were 15 Approved Promoters and 3 Authorised Representatives on the Racing NSW registers. There were a total of 104 approved promotions in the 2011/12 period, an increase of seven from 2010/11.

Statistics

NUMBER OF HORSES SYNDICATED BRACKETED ON PRICE PER 10% SHARE

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

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

NUMBER OF HORSES SYNDICATED BASED ON KNOCK DOWN PRICE OF HORSE AT YEARLING SALE (OR VALUATION IF PRIVATE)

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

There was an increase in the number of horses purchased above \$100,000 with a decline in the number with a purchase price of between \$60,000 and \$99,000.



Ray Murrhy
General Manager Integrity –
Chairman of Stewards

Stewards' Inquiries

During the 2011/12 year, the panel presided over a broad range of inquiries involving offences under the Rules of Racing with regard to offences by jockeys and breaches of:-

- AR 137(a): Careless Riding, amounted to 296 suspensions of licence and one suspension of six weeks issued for improper riding from a metropolitan meeting;
- AR137(b): Failure to ride horse out to finish – seven suspensions of licence;
- AR137A(5): Whip related offences – 21 suspensions of licence – a pleasing reduction of 33% from the previous 12 months;
- AR145: Weighing in overweight – nine suspensions of licence;
- AR135 (b): Failure to take all reasonable and permissible measures to win or obtain the best possible placing – one suspension of licence.

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

The Stewards also presided over a number of conduct related inquiries relative to harassment, with the most serious breach resulting in the imposition of an 18 month disqualification upon a prominent racing club official for the harassment of club employees between 1998 and 2011.

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

The Stewards also presided over proceedings relating to the warning off of four persons for matters relating to the syndication of horses, fraudulent activity and improper conduct.

Drug Testing and Surveillance

This year's sampling figures show a significant increase over the 2010/11 figures, with ratios of sampling to starters up approximately 20%.

This increase was substantially due to a population study being conducted by **Racing NSW** relative to the level of testosterone in geldings.

A total of 14,129 samples were collected for analysis with an overall industry ratio across the three sectors of samples to starters being 1:3.8. In the Metropolitan area, increased sampling is reflected in the ratio of samples to starters now 1:1.4, an increase in the ratio from 1:1.8.

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

Stewards also conducted early morning stable visits of Metropolitan and Provincial stables on major carnival racedays. This has been complemented by searches of raceday horse transports throughout the year, across the Metropolitan, Provincial and Country sectors.

In total, 10 positive swabs were dealt with by Stewards, involving penalties to trainers of disqualification and suspension (up to 10 months) to fines (up to \$6000).

In addition, pending the completion of a Racing NSW study of testosterone concentration in geldings, a number of cases of geldings returning elevated levels in swabs are still to be completed.

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

This involved breath and urine sampling over 400 licensed persons for a range of banned substances, with 25 offences detected and penalties of suspension or disqualification of licence handed down.

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

Penalties handed down adequately reflected both specific and general deterrence and significantly, the number of offences have been reduced in the order of 50%, from a comparable number of samples taken.



Conferences and Tribunals

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

In addition, Ray Murrihy represented **Racing NSW** at National Chairmen of Stewards Advisory Group (NCOSAG) conferences and spoke at the "Combating Serious Crime and Comparative Perspectives" conference in Brisbane.

The Racing NSW Stewards' annual conference was conducted in May at Racing NSW Sydney offices.

Racing NSW Stewards also hosted a number of overseas visitors, including Derek Lau (Investigations Officer) and Martin Kibble (Security Operations Manager), from the Hong Kong Jockey Club.

New Developments

Cogsport testing was introduced, involving measurement of injured riders' cognitive responses to ensure that the effects of a concussive injury have been resolved prior to that rider returning to duties.

The National Scale of Deductions was introduced, whereby the application of an algorithm following a scratching now returns the betting market to its original overall market percentage.

Liaisons and Contacts

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

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

VETERINARY SERVICES



Dr Craig Suann
Senior Official
Veterinarian

Industries Research and Development Corporation (RIRDC) equine research and development advisory committee, responsible for assessing and approving equine research proposals submitted to RIRDC. At a 2 day meeting held in November, the committee convened a workshop to examine the establishment of a voluntary industry levy for future equine research funds. Also, during the reporting period, the first version of the RIRDC-funded Equine Therapeutics Research Australia (ETRA) equine medication study was launched. The report is published at – <https://rirdc.infoservices.com.au/downloads/11-117>.

- The ETRA medication study has been the largest ever RIRDC-funded equine research project since the inception of the RIRDC horse program in 1995. The project brought together a consortium of Australia's leading forensic chemists, veterinarians and equine scientists from within the racing industry and the university sector, including ARFL;
- The objective of the project was to provide more information on the nature of the excretion of a number of therapeutic medications commonly used to treat racehorses, and therefore more reliable information on their detection times. It involved broad industry consultation in order to determine the medications to be studied, according to industry and veterinary practices.
- Coordinated the **Racing NSW** response to the confirmed NSW cases of Hendra virus during the winter of 2011, including:-
 - Posting information on the Hendra virus section on the **Racing NSW** website, including biosecurity guidelines for industry participants, updates from the NSW Department of Primary Industries (DPI), frequently asked questions and fact sheets;
 - Liaising with NSW DPI on the progress of identified cases and affected properties, and in the development of guidelines for the management of the detection of a case of Hendra virus at a racing event or training centre,
 - The provision of information bulletins to Stewards, raceday veterinarians and swab staff;
 - Monitoring the development of a Hendra vaccine for horses and determining how the vaccine should be used in the NSW Thoroughbred Racing Industry once it becomes available in 2013.
- As the Chairman of Australian Racing Board's National Equine Integrity & Welfare Advisory Group (NEIWAG), Dr Suann convened a meeting of the Group in Brisbane on 29 and 30 August 2011 where the following matters were considered:-
 - Testing for therapeutic substances, screening limits, and the acknowledgement of screening limits in the Rules of Racing;
 - Review of the out of competition testing rule AR.177B;
 - Emerging new drug threats;
 - Research and development in testing for new drugs;
 - TCO2 testing;
 - Horse welfare:
 - aged horse policy
 - retirement of racehorses
 - the use of whips
 - welfare guidelines for Australian Thoroughbred horse racing.
 - Hendra virus, and
 - 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 in Hong Kong in December 2011. Matters considered by the Advisory

Role of The Racing NSW Veterinary Department

- Provide and supervise veterinary services at Metropolitan and Provincial racetracks and to supervise and monitor veterinary services provided by local practitioners at NSW Country tracks;
- Monitor the sample collection process at Metropolitan and Provincial tracks;
- Provide advice to the Board and industry on veterinary and equine health and welfare issues, and on matters relating to prohibited substances and their detection;
- Assist Australian Racing Forensic Laboratory (ARFL) in developing and improving drug detection methods through the conduct of drug administration trials;
- Represent **Racing NSW** on national and international groups and committees deliberating on veterinary, equine welfare, emergency animal diseases and drug control policy matters; and
- Provide expert evidence to Stewards and to Appeals and other hearings for 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 coordinated other veterinarians for the out of competition testing program for horses in racing stables;
- Collaborated with the ARFL on the maintenance and development of routine and strategic drug control issues;
- Collaborated with University of Sydney Faculty of Veterinary Science in the development of a number of proposed research projects, including studies on attrition within the industry and the genetics of thoroughbred durability indices;
- Represented the thoroughbred racing industry on the Rural

VETERINARY SERVICES

Council included:-

- ▶ Agreement on harmonised International Screening Limits for a range of therapeutic medications commonly used in horses;
- ▶ Plasma theobromine threshold;
- ▶ Plasma testosterone and nandrolone thresholds;
- ▶ An overhaul of Article 6 of the International Agreement to also include prohibited practices in racing and gene doping.
- The ongoing assistance of veterinary colleagues providing official veterinary services at racetracks around NSW is gratefully acknowledged.

Racing NSW Animal Care and Ethics Committee (ACEC)

- The Racing NSW Animal Care and Ethics Committee (ACEC) was established according to the requirements of the NSW Animal Research Act 1985 to monitor and supervise the team of research horses used for drug administration trials conducted as part of the research and development program of Australian Racing Forensic Laboratory (ARFL).
- The Committee is chaired by Racing NSW Chief Executive, Mr Peter V'landys, and its external members are Mr Tony Gregory

(Category C member), Mr John Muir (Category D member), and Ms Adrienne Clark (horse carer). Category A member is Senior Official Veterinarian, Dr Craig Suann, and Category B member is Dr Adam Cawley, Science Manager at ARFL.

- On 29 November 2012, as part of a routine inspection of Racing NSW's activities as an accredited Animal Research Establishment, the horses and facilities at Muskoka Farm were inspected by a panel representing the NSW Animal Research Review Panel (ARRP) and NSW Animal Welfare Unit.
- The inspection panel, comprising ARRP Chairman, Professor Andrew Dart, ARRP welfare member and RSPCA Chief Inspector, David O'Shannessy, and leader of the Animal Welfare Unit, Dr Lynette Chave also attended a meeting of the Committee on 1 December.
- The site inspection was deemed satisfactory, with commendations for the high standard of housing, care and management of the horses and for record keeping.
- Furthermore, issues regarding the conditions and recommendations arising from the site inspection have been notified as having been satisfactorily addressed.
- The Committee approved two research proposals during the reporting period. Included in these proposals was one that facilitated ongoing drug administration trials that would assist the Laboratory in improving its drug testing capabilities.

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 Act 2008, to provide **Racing NSW** with a body of industry stakeholders to consult with on Thoroughbred racing matters in NSW.

The Board has a strong desire to further improve the consultation processes with the new Board of Racing NSW to ensure optimum outcomes are achieved for the NSW Racing Industry.

Membership comprises representation from:

- Australian Turf Club (Darren Pearce and Matt Rudolph)
- NSW Trainers Association (Steve McMahon)
- NSW Jockeys' Association (Paul Innes)
- NSW Breeders Association (Derek Field)
- NSW Racehorse Owners Association (Ray McDowell)
- Racing NSW Country (Bob Pavitt)
- Provincial Racing Association NSW (Geoff Barnett), and
- Unions NSW (Russ Collison).

I am pleased to have served as Chairman for the past 12 months and thank each member for the time given to RICG on the various industry issues and their valuable contributions in assisting the Racing NSW Board.

In fulfilling this role, RICG appreciates the support and assistance provided by the Chairman and Members of the Racing NSW Board and Chief Executive, Peter V'landys.

The administrative services provided by Brian Judd are also acknowledged.

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

Mr V'landys was joined by the Racing NSW Chairman,

John Messara, at the February 2012 meeting following his appointment.

RICG also met with the Racing NSW Board on one occasion during the year.

RICG made submissions and recommendations on:-

- The **Racing NSW** review of Minimum Standards;
- Minimum riding weight and riding fees;
- The status of race club finances;
- The **Racing NSW** review of BOBS and BOBS Extra;
- Individual members participated on the Race Date Review Committee;
- The completion of the Benchmark Programming and Handicapping Review;
- The cost of the provision of ambulance services at Provincial and Country race meetings, and
- Distribution of Race Fields revenue as prizemoney and to stablehands.

Discussions were also held with **Racing NSW** on a variety of industry matters, the more notable being changes to Rules AR69 and AR140: the inclusion of a dispute resolution clause in the proposed owner/trainer agreement; the operations of syndicators; the Personal Property Security Act; the Racing NSW Rewards Programme and nomination/acceptance fees and barrier trials.

On behalf of the industry groups they represent, RICG members are eager to contribute to the success of Thoroughbred racing in NSW whenever the opportunity arises under their charter.

- Darren Pearce (RICG Chairman)

LABORATORY Australian Racing Forensic Laboratory (ARFL)



John Keledjian
General Manager – Australian
Racing Forensic Laboratory

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 2011 TO 30 JUNE 2012**

	Total Urine	Total Blood	TCO2 tests	EPO tests	Prohibited Substances Detected
Metro T'breds NSW	1733	4556	2856	-	3
Provincial T'breds NSW	1322	1441	1085	-	1
Country T'breds NSW	3552	1315	666	-	18
Other clients	7200	5411	4439	-	84
TOTAL	13807	12723	9046	-	106
Out of Competition T'breds	-	-	-	210	0
Out of Competition Others	-	-	-	172	1
TOTAL				382	1

Human urine samples collected from jockeys, track riders and stablehands are also tested for banned substances in accordance with AR81B. Approximately 5% of these samples were found to contain banned substances (Table 2).

**TABLE 2 – HUMAN SAMPLES STATISTICS
1 JULY 2011 TO 30 JUNE 2012**

Human Samples	Urine	Banned Substances Detected
Metropolitan NSW	97	4
Provincial NSW	59	3
Country NSW	240	17
Other Racing NSW	13	1
Other clients	91	2
TOTAL	500	27

ARFL also performs referee analyses to confirm the findings of other Australian and international racing laboratories. From 1 July 2011 to 30 June 2012 this totalled 49 analyses.

Sampling Kits

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

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

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

Analysis of Samples

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

As a consequence of the positive outcome from the Race Fields Legislation case, Racing NSW Board of Directors and Chief Executive have approved funding (over \$1.5 million) for the purchase of four 'state-of-the-art' instruments for ongoing development of drug surveillance strategies and methods to combat against threats to racing integrity.

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

LABORATORY Australian Racing Forensic Laboratory (ARFL)

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.

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 2011/12 period were Greyhound Racing NSW and Harness Racing NSW.

As an accredited FEI Reference Laboratory, ARFL also receives FEI samples from across South-East Asia as well as all samples from events held by Equestrian Australia. Other clients include Darwin Turf Club, Alice Springs Turf Club, Canberra Race Club, Royal Agricultural Society, Australian Endurance Riders Association and Show Horse Council of Australia.

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

As a departmental initiative to secure new sources of income, the laboratory has entered new markets such as in the field of workplace drug testing.



BOBS Breeder Owner Bonus Scheme (BOBS)

Season Highlights

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

Now in its 10th year, BOBS is still proving immensely popular after paying out 1131 bonuses for 2011/12; more than \$7 million.

As well as the \$7 million that was paid in cash last season, another \$3.1 million in Double-Up vouchers, which can be used for the purchase of further NSW-bred yearlings, was also paid.

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

The aim of BOBS Extra is to improve the quality of middle-distance and staying races in NSW and to preserve the racing careers of thoroughbreds by rewarding the patience of owners and breeders with slower maturing horses.

- **Racing NSW** has paid out more than \$58 million in bonus prizemoney since BOBS began 10 years ago;
- In its inaugural season 96 BOBS Extra bonuses were won, valued at \$690,000;
- In 2011/12, BOBS Extra bonuses were won on 164 occasions totaling \$1.1 million;
- 1131 BOBS bonuses were won during the season, 45 more than in the previous year, reflecting a positive change in the large number of Country race meetings lost through adverse weather conditions;
- Of the 1131 bonuses won, two-year-old horses won 185 (16.3%) and three-year-old horses accounted for 946 (83.7%) wins;
- There was an increase in BOBS bonuses won by number per month on seven months in 2011/12 over the previous season;
- Eight of the leading sires by value of bonuses are Australian-bred.

- With owners choosing to reinvest in BOBS-eligible yearlings through the BOBS Double-Up feature, **Racing NSW** has invested more than \$13 million into the breeding industry, benefiting not just breeders, but owners and trainers.



BOBS BONUSES WON BY NUMBER PER MONTH

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
AUGUST	13	33	33	32	42	26	35	58	47	41
SEPTEMBER	16	34	36	22	41	3	36	55	50	54
OCTOBER	16	37	43	56	63	13	70	75	88	79
NOVEMBER	17	49	53	53	48	18	71	76	68	72
DECEMBER	20	46	39	63	62	49	79	74	76	102
JANUARY	22	57	59	72	64	71	94	106	94	91
FEBRUARY	13	54	62	71	56	70	70	88	97	83
MARCH	26	61	57	57	68	93	100	112	111	102
APRIL	23	52	71	68	77	57	96	122	97	103
MAY	22	68	76	80	72	97	121	126	112	132
JUNE	21	59	69	75	67	84	117	108	109	121
JULY	24	83	87	87	96	112	167	151	135	151
TOTAL	233	633	685	736	756	693	1056	1151	1086	1131



MAKING RACING AND BREEDING MORE AFFORDABLE

BOBS Breeder Owner Bonus Scheme (BOBS)

SEASON 2011/12 – BOBS BONUS WINNING SIRES BY VALUE

Stallion	Standing at	Total bonuses	Wins
FASTNET ROCK	Coolmore	\$360,000	32
SNITZEL	Arrowfield	\$315,000	40
LONHRO	Darley	\$300,000	29
EXCEED AND EXCEL	Darley	\$280,000	32
CHOISIR	Coolmore	\$260,000	28
REDOUTE'S CHOICE	Arrowfield	\$240,000	26
ELUSIVE QUALITY (USA)	Darley	\$205,000	22
COMMANDS	Darley	\$196,250	23
MORE THAN READY (USA)	Vinery	\$185,000	23
STRATUM	Widden	\$180,000	23
HUSSONET (USA)	Arrowfield	\$165,000	20

SEASON 2011/12 – BOBS BONUS WINNING HORSES BY VALUE

Horse	Sire	Trainer	Bonuses	Wins
EURYALE	Lonhro	Peter Snowden	\$80,000	3
HAVANA REY	King Cugat (USA)	Bjorn Baker	\$75,000	5
AUSTRALIAN STAR	Exceed And Excel	Gerald Ryan	\$65,000	4
SOLEDAD	Commands	Peter Snowden	\$65,000	4
MENTAL	Lonhro	Peter Snowden	\$55,000	4
EMBARK	Choisir	M.W. & J. Hawkes	\$50,000	3
EMOTIONAL CIRCUS	Elusive Quality (USA)	Jason Coyle	\$50,000	3
INGHAM MAGIC	Magic Albert	Chris Waller	\$50,000	3
NOCTURNELLE	Elusive Quality (USA)	Chris Waller	\$50,000	3
PAMELONNE	Rock Of Gibraltar (Ire)	Tim Martin	\$50,000	3
NEVER DOUBT ME	Not A Single Doubt	Neil Godbolt	\$45,000	6
COLORADO CLAIRE	Hussonet (USA)	John O'Shea	\$40,000	4
MERLIN MUSTANG	Nothin' Leica Dane	Michael J Murphy	\$40,000	4
WAR CHARM	General Nedyim	Danny Williams	\$40,000	4
SHE'S CLEAN	Redoute's Choice	Chris Waller	\$40,000	3
AMORINO	Snitzel	Gerald Ryan	\$40,000	2
BELLO	Exceed And Excel	Peter Snowden	\$40,000	2
CAVALRY ROSE	Charge Forward	Gerald Ryan	\$40,000	2
DIAMOND EARTH	Choisir	Anthony Cummings	\$40,000	2
YOUR SONG	Fastnet Rock	Anthony Cummings	\$40,000	2

SEASON 2011/12 – LEADING BOBS WINNING TRAINER

Trainer	Location	Bonuses	Value
PETER SNOWDEN	Warwick Farm	67	\$720,000
GAI WATERHOUSE	Randwick	55	\$490,000
CHRIS WALLER	Rosehill	46	\$475,000
JOHN O'SHEA	Randwick	32	\$300,000
GERALD RYAN	Rosehill	35	\$310,000
ANTHONY CUMMINGS	Randwick	28	\$315,000
GUY WALTER	Warwick Farm	21	\$135,000
PAUL PERRY	Newcastle	20	\$120,000
CLARRY CONNERS	Warwick Farm	19	\$150,000
KRIS LEES	Newcastle	19	\$110,000
NEIL GODBOLT	Port Macquarie	19	\$102,500
DAVID PAYNE	Rosehill	18	\$150,000
PAUL MESSARA	Scone/Randwick	18	\$125,000
TODD HOWLETT	Singleton	17	\$85,000
BART CUMMINGS	Randwick	15	\$90,000
LUKE GRIFFITH	Scone	15	\$71,250
BRETT THOMPSON	Mudgee	15	\$67,500
JASON COYLE	Warwick Farm	12	\$115,000
TIM MARTIN	Rosehill	11	\$110,000
BINDI CHEERS	Taree	11	\$60,000
SUE GRILLS	Tamworth	11	\$47,500

SEASON 2011/12 – WHERE THE BONUSES WERE WON

Track	Bonuses	Value
KEMBLA GRANGE	90	\$550,000
CANTERBURY PARK	74	\$790,000
BROADMEADOW	72	\$380,000
GOSFORD	67	\$386,250
WYONG	62	\$385,000
HAWKESBURY	58	\$350,000
ROSEHILL	48	\$940,000
WAGGA	46	\$227,500
WARWICK FARM	45	\$680,000
SCONE	43	\$300,000
GOULBURN	41	\$205,000
TAREE	38	\$190,000
MUSWELLBROOK	37	\$195,000
GRAFTON	37	\$190,000
PORT MACQUARIE	29	\$150,000
TAMWORTH	26	\$118,750
RANDWICK	22	\$280,000

INDUSTRY TRAINING



Maurice Logue
General Manager –
Education & Employment

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

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

The objectives of the Industry Training department include:-

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

Promotions and Recruitment

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

Included in the Careers Market drive was presence via a stall at the successful "Equitana" exposition held at Sydney Olympic Park in November 2011. Equitana was visited by over 50,000 people over the four-day event.

Rising Star Series

The 11th consecutive staging of the Rising Star Series was held between August and July with 59 heats held. The final was at Hawkesbury with Matthew McGuren winning the series for the first time.

APPRENTICE WINNING RIDES

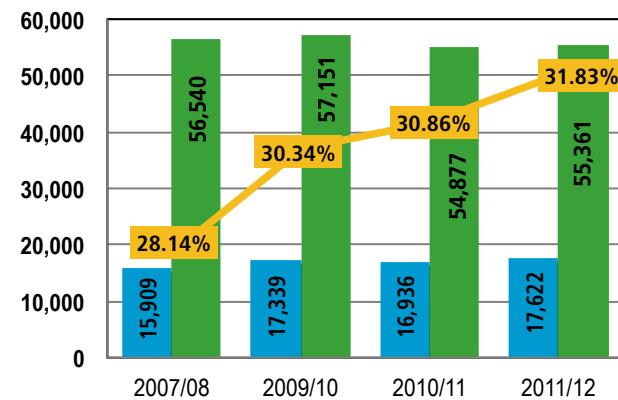
	2008/09	2009/10	2010/11	2011/12
Metropolitan	178	229	221	168
Provincial	190	269	424	243
Country	1081	1086	1459	1213
Total Winning Rides	1449	1584	2104	1624

Apprentice Rides

The overall apprentice ride summary for the 2008/09, 2009/10 and 2010/11 seasons are comparable with that of the 2011/12 season. This table includes metropolitan, provincial and country statistics.

COMPARISON OF APPRENTICE RIDERS TO TOTAL STARTERS RIDERS/STARTERS

Apprentice Riders Total Starters Percentage of Total Rides



APPRENTICE JOCKEY NUMBERS

	2008/09	2009/10	2010/11	2011/12
Races	83	84	73	131
Trials	20	25	10	13
Total	103	109	83	144

Other Student Numbers

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

	2008/09	2009/10	2010/11	2011/12
Cert II Stablehand	98	80	190	61
Cert III Advanced Stablehand	17	28	34	31
Cert III Trackrider	22	43	33	20
Cert IV Racehorse Trainer	No stats	5	29	15
Cert II Racing Administration	No stats	No stats	2	1
Cert III Racing Administration	No stats	No stats	2	4
Cert III Racing Steward	No stats	No stats	3	1
Cert II Racing Track Maintenance	No stats	No stats	2	0
Cert III Track Maintenance	No stats	No stats	2	7
Cert III Farriery	No stats	No stats	13	1

Indigenous Employment Program

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

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

NSW JOCKEYS TRUST

OVERVIEW

The Jockeys Benefit Scheme Trust ("JBS Trust") completed its first full year of operation in 2011/12.

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

The JBS Trust supports NSW and ACT jockeys, ex-jockeys and their families who may have struck financial difficulty or require medical treatment.

By providing funds and benefits to applicants, the JBS Trust aims to relieve financial stress and improve quality of life for those jockeys and their families who are in necessitous circumstances, especially (but not limited to) necessitous circumstances caused by a jockey being seriously injured or dying, whether on a racetrack or otherwise, or through a jockey suffering a severe illness.

Trustees devote their time on a voluntary basis headed by Robert Nason as Chairman. The Trust members are:-

- ▶ Mr Robert Nason (Chairman)
- ▶ Mr Keith Bulloch
- ▶ Mr Ian Craig OAM
- ▶ Mr Paul Innes OAM
- ▶ Mr Robert Ward AM
- ▶ Mr Allen Windross AM

Natalie Tipping of **Racing NSW** provides invaluable support to the Trustees as Secretary. The Trustees are grateful to Racing NSW for Natalie's help and for providing administrative and marketing support to the JBS Trust at no cost.

During 2011/12, the JBS Trust helped out in a number of different situations, providing funding for payment of medical procedures, rental assistance, clothing and education costs, day-to-day living expenses and specialised purchases as found appropriate. Over \$65,000 was distributed throughout the 2011/12 period (financial year).

In tandem, at the direction of the Trustees, an information and marketing campaign was actioned during the year to raise

awareness of the JBS Trust and its purpose among jockeys and the general community.

Included in this campaign was:-

- Establishing a website – www.nswjockeystrust.com – providing all the information needed about the Trust, application forms to download and explaining the pathway "How to Donate";
- Distributing posters and leaflets to Jockeys' Rooms throughout the State;
- Advertising and editorial in Racing NSW's monthly Racing NSW Magazine;
- Circulating information to owners and trainers via banner ads on the Racing NSW Stakes Payment circulars and general industry circulars;
- Advertising in racebooks and in the annual BOBS Sire Guide;
- Arranging links and marketing on other industry websites such as RISA.

Another initiative by the Trustees has been to establish a collaborative partnership with the National Jockeys Trust ("NJT"), a separate body with similar aims but on a National scale.

The JBS Trust works closely with the NJT to support NSW and ACT jockeys and former jockeys, including by joining in marketing campaigns and helping raise awareness of the NJT's purpose.

For example, the National Jockeys Celebration Day – an event held one raceday each year in every State to remember jockeys who have lost their lives on the racetrack – is a pivotal point in the awareness campaign.

Each year the event gathers momentum and the JBS Trust is proud to be associated with such a memorable and meaningful event.

Chairman, Robert Nason, said: "The principal objective of the NSW JOCKEYS TRUST is to help current and former NSW and ACT jockeys through difficult times. The Trustees and **Racing NSW** encourage former jockeys in this situation to contact the Trust Secretary to explore how the Trust might be able to help."

Have you heard about the NSW Jockeys Trust?

We are a charitable Trust that provides financial grants to injured and retired jockeys. Initiated by Racing NSW, the Trust is for current or former NSW and ACT jockeys and their families who require assistance. This includes but is not limited to:

- Those who have suffered injury
- Those affected by illness
- Those requiring financial aid

NSW JOCKEYS TRUST

What can the NSW Jockeys Trust do for you?

The NSW JOCKEYS TRUST can provide financial assistance for current and former NSW and ACT jockeys and their families who are in necessitous circumstances (financial hardship), or you might know a former jockey who would benefit from the Trust's help.

The level of financial support which is provided by the NSW JOCKEYS TRUST is determined on an individual case-by-case basis, at the discretion of the Trustees.

For more information:
02 9551 7581
Level 7, 51 Druitt St
Sydney NSW 2000

www.nswjockeystrust.com.au
jockeystrust@racingnsw.com.au

In collaboration with the National Jockeys Trust

APPEALS

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

Appeal Panel Members

Mr John Hiatt OAM (Principal Member)

Mr Richard Beasley SC	Mr David Campbell SC	Mr Thomas Carlton
Mr Cliff Clare	Mr Ross Clugston	Ms Margaret Crawley
Mr John Fletcher	Mr Tim Hale SC	Mr Jack Hickman
Mr Kevin Langby	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 Coordinator

Changes to Appeal Panel

During this year Ms Crawley and Mr Wicks retired from the Appeal Panel and Messrs Beasley SC, Hale SC and Langby were appointed.

Avenue of Appeal

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

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

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

Appeal Panel

The Sydney-based Appeal Panel sat on 15 occasions during 2011/12 and Mr John Hiatt OAM chaired the Panel on 13 occasions and Mr John Lynn on the other 2 occasions.

Within those 15 sittings there were 13 charges appealed.

The appeal on a further 5 charges were withdrawn either prior to, or at the time of hearing.

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

Decision On Charges

AREA	UPHELD	DISMISSED	WITHDRAWN	\$200 REFUNDED	TOTAL
Appeal Panel	1	12	5	1	18
Racing Association	-	1	1	-	2

Note: 3 penalties were varied by the Appeal Panel and 1 by the Racing Association.



APPEALS

Summary of Charges Applicable to Appeal Cases

RULE	DESCRIPTION	AMOUNT
AR56A	No horse, if in Australia, shall be entered for or run in any race or official trial or jump-out unless it is trained by a person with a licence or permit to train. Provided that this rule shall not apply to a horse entered for a race the entries for which close more than 60 days prior to the advertised date for the running of such race. Further, provided that this Rule shall not apply to any other race exempted under the Rules.	1
AR87D	Any rider required by these rules to wear a safety vest may be penalised if he wears or has in his possession any safety vest that does not conform to a standard which has been prescribed by the Board or which has been modified in any way.	1
AR137(a)	Any rider may be penalised if, in the opinion of the Stewards, he is guilty of careless, reckless, improper, incompetent or foul riding.	7
AR137(c)	Any rider may be penalised if, in the opinion of the Stewards, he makes any celebratory gesture prior to his mount passing the winning post.	1
AR175(a)	The Committee of any Club or the Stewards may penalise any person, who, in their opinion, has been guilty of any dishonest, corrupt, fraudulent, improper or dishonourable action or practice in connection with racing.	1
AR175(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.	4
AR175A	Any person bound by these Rules who either within a racecourse or elsewhere in the opinion of the Committee of any Club or the Stewards has been guilty of conduct prejudicial to the image, or interests, or welfare of racing may be penalised.	1
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.	2
Total		18

Representation Table

	Dismissed	Upheld
Represented by Solicitor/Master	5	1
Represented Self	7	–
Totals	12	1

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

Racing Appeals Tribunal

The Racing Appeals Tribunal comprised of:-

Mr D Armati (Racing Appeals Tribunal, appointed 1 September 2011)

Mr I Duncan (Acting Racing Appeals Tribunal, appointed 12 March 2012)

His Honour Justice W Haylen QC (Racing Appeals Tribunal, term expired 31 July 2011)

Her Honour Justice T Kavanagh (Acting Racing Appeals Tribunal, term expired 29 February 2012)

Mr Peter V'landys (Secretary Racing Appeals Tribunal)

Ms Kathy Reece (Appeals Coordinator)

There were 5 appeals lodged to Racing Appeals Tribunal during 2011/12:

Presided Over By	Dismissed	Withdrawn
Mr D Armati	1	1
Her Honour Justice T Kavanagh	2	1
Total	3	2

MARKETING & PUBLIC RELATIONS

FUNCTION

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

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

Racing NSW Marketing Department has implemented and continued to grow various initiatives throughout 2011/12 to achieve the outlined key objectives as detailed below.

ACTIVITIES

Sydney Carnival

Sydney's premier racing carnival, The Sydney Carnival, held in the autumn, continues to grow through the developing partnership between **Racing NSW** and Destination NSW.

The recently rebranded Sydney Carnival was the second carnival to be held under the new brand, and the second carnival conducted by the Australian Turf Club.

Attendance across the carnival was positive, given that Royal Randwick Racecourse was undergoing a significant redevelopment, and therefore ticketing was strictly limited to the three carnival days.

All tickets to Royal Randwick were pre-sold prior to the event, creating an exclusive feel, and consequently causing the Australian Turf Club to open the infield to the public for the first time in 40 years.

The creative campaign that was rebuilt in 2011 was significantly expanded on in 2012 and appealed to the varying audience types.

The creative campaign was a highlight and reflected the high quality of the Sydney Carnival brand and unity of all stakeholders.

The campaign was rolled out across print, online, radio, TV and outdoor in key markets including Sydney, regional New South Wales, Australian Capital Territory, Victoria, Queensland and New Zealand.

Two Ambassadors were appointed to assist with generating Lifestyle and Early General News (EGN) coverage for the carnival, as well as assisting with keeping up interest over six weeks of racing. Overall Lifestyle PR coverage of the carnival was excellent with over \$8.9 million worth of value generated.

The use of digital media was increased for the 2012 Sydney Carnival with digital advertising in use across varying markets such as Facebook, Google, Fairfax sites and the Daily Telegraph.

The Sydney Carnival website had an increase in traffic of 323% while social media grew exponentially with 7,053 'likes' on Facebook (612 in 2011).

The 2012 Sydney Carnival saw the completion of a four year contract of investment between **Racing NSW** and Destination NSW, with over \$4.5 million in funding support provided from 2009/2012.

A new submission for further funding has been prepared to ensure a strong partnership is developed for the 2013 Sydney Carnival and re-opening of the highly anticipated Royal Randwick Racecourse.

NSW Country and Provincial Racing

Racing NSW has continued to provide marketing and promotions support to country and provincial race clubs in 2011/12.

Traditional and new media have been used to assist in raising the profile of thoroughbred racing and race clubs in NSW.

Print advertising space in The Daily Telegraph and Sydney Morning Herald has been allocated to the regular promotion

of feature country and provincial racedays. In addition, regular editorial had been provided and featured in these publications.

A weekly 'what's on' has continued on SKY Racing Radio, specifically promoting upcoming country racedays.

Racing NSW has again provided additional marketing support to clubs including logo design and redevelopment, social media coaching, sponsorship development, graphic design assistance and the production of marketing collateral such as flyers, posters and invitations.

Racing NSW has developed a new Racing NSW Country website designed to house raceday and event information for the 126 country and picnic race clubs.

The aim of the website is to provide current information to both racing and non-racing participants and promote NSW country racing as a unique destination experience, on a dynamic and unified platform. The website will be built over the existing www.gocountryracing.com.au URL and will be launched by the end of 2012.

TAB Saddle-Up Sundays

TAB Saddle-Up Sundays, aimed at promoting unique country racedays in NSW within local communities and throughout the State, was launched in August 2011.

The initiative, which visited 12 existing Sunday country race meetings; one for each month of the year, had two key objectives.

The first was to raise the profile of each club within its local community thereby increasing crowd attendance and wagering.

Secondly, a partnership with Destination NSW was formed to further promote unique racedays and locations as destination events to drive regional tourism.

The initial TAB Saddle-Up Sundays promotion has been deemed highly successful with crowd attendances increasing by up to 84% and wagering rising up to 20%.

It is envisaged the TAB Saddle Up Sundays campaign will again be rolled out for the 2012/13 racing season.



Media and PR

The Marketing Department responds to media enquiries and generates press releases that are made available on the Racing NSW website and distributed to news organisations.

Media and PR also ensures the Racing NSW website is up-to-date by loading latest news and maintains the site when problems arise. Paid banner ads for advertisers are also loaded onto the website.

The new 'rotator' facility, featuring rolling pictures on the website's home page with links to articles, allows the Department to highlight upcoming race meetings.

Media and PR also produces the Annual Report and the monthly Racing NSW Magazine. The magazine is subscribed to by thoroughbred racing participants and racing enthusiasts throughout Australia and overseas.

The Department also collates the point scoring from the media for the Bart Cummings Medal and ensures the medal and other Racing NSW awards (TJ Smith, George Moore, Theo Green and Sydney Strapper of the Year) are created for the end of season awards night.

Racing NSW and Racing NSW Magazine also have Twitter accounts which contain regular news and updates.

A segment can be heard each Friday morning on Sky Racing Radio whereby all the upcoming New South Wales country race meetings are promoted.

The 'Seven Day Update', with a new version each morning, was introduced offering updated track conditions, weather forecast, rail

MARKETING & PUBLIC RELATIONS

position and related comments for all New South Wales race meetings.

The Racehorse Leasing and Broodmare Forums are also updated regularly and this initiative has proven quite popular with participants.

Racing NSW's media team fields the majority of racing enquiries through Racing NSW's generic email – racing@racingnsw.com.au. The team ensures that all enquiries are answered in a timely and efficient manner.

Additional Marketing Projects

NSW Jockeys Trust & NSW Thoroughbred Rehabilitation Trust



The Marketing Department has been called to assist with the promotion and marketing of two new initiatives currently initiated/supported by **Racing NSW**.

Marketing strategies and creative development have been created and implemented for the NSW Jockeys Trust and the NSW Thoroughbred Rehabilitation Trust, including the development of logos (NSW Jockeys Trust) and websites for both Trusts, in collaboration with the Trustees.

The initial aim of both campaigns has been raising awareness within the NSW Thoroughbred Racing Industry.

Weekly Newsletter – Frontrunner



Racing NSW's marketing team launched the new E-Newsletter in March. Front Runner is a departure from the previous format of Between You, Me and the Winning Post which employed a series of boxes that required clicking to take the viewer to the Racing Rewards website.

As the Racing NSW Racing Rewards Club was gradually phased out, it was decided that the newsletter format needed updating.

The current format now provides all stories, tips and promotions in the body of the newsletter itself, allowing the viewer to see the email in their email-client and not in a browser.

Aside from the quicker viewing process, Front Runner also requires less clicking which has allowed for a quicker download and better viewing on mobile devices.

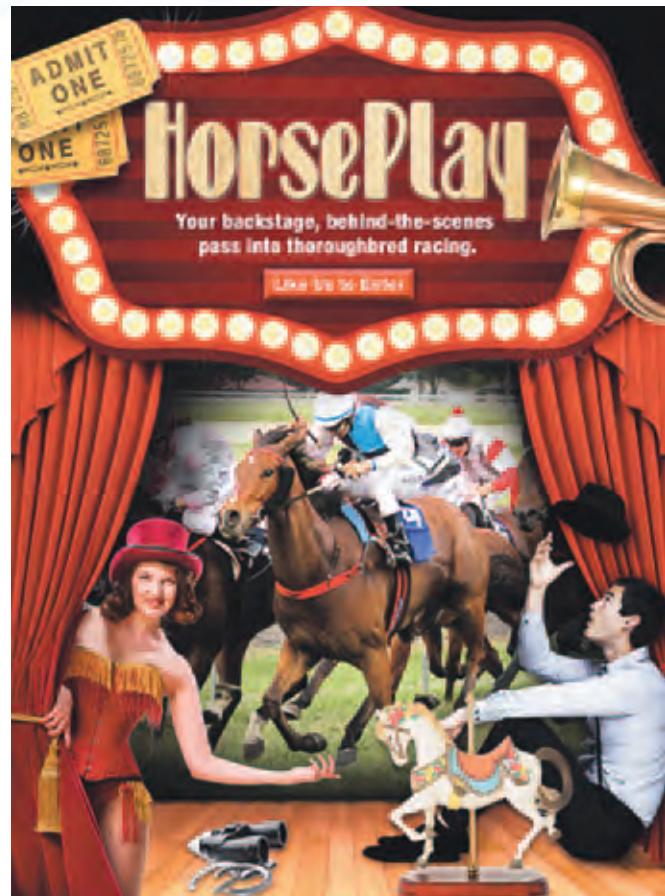
Social Media – Horseplay

Racing NSW's social media arm was launched the week of the return to racing at Royal Randwick in mid-March and ran off the exposure from the BMW Autumn Carnival.

Our Facebook feed was populated with photos from Randwick Guineas, the Sydney Carnival Media Launch, Albury Gold Cup and the Wellington Boot as well as Myer Ladies Day and Flinders Lane Guineas Day. Horseplay was also mentioned in Racing Confidential Ray Thomas's column.

These racedays garnered a positive response from our followers who often comment and 'Like' Horseplay's posts and photos.

Golden Slipper Day was Horseplay's official launch. An actor was



hired to dress up with a horse head so that patrons could take a photo with him and then tag themselves on Facebook at a later time.

The roving horse man proved to be very successful and at one point was interviewed on the ABC.

Little prompting was required for patrons to take their photo with the horse man. Once a photo was taken a Horseplay card was handed to the patron with the link for them to find their photo.

A noticeable increase in exposure to Horseplay's Facebook page was observed after Golden Slipper Day.

The Horseplay Facebook page is continually updated with content designed to engage the public racing audience and increase **Racing NSW**'s exposure.

Twitter

Horseplay on Twitter, launched simultaneously with the Facebook page, similarly experienced a positive response from the general and racing media.

Horseplay is regularly mentioned on TVN's Racing Review as a go to feed for racing information. Horseplay established a relationship with the ATC, Sky and TVN in order to increase our presence and longevity.

Australian Racing Conference

Hosted by **Racing NSW** for the third time in April 2012, Racing NSW's Marketing Department assisted with promotion of the 2012 Australian Racing Conference.

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



INSURANCE



Natalie Tipping
General Manager –
Insurance



John Galvin
General Manager –
Workers Compensation

WORKERS COMPENSATION

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

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

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

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

2011/12 Financial Performance

The Fund experienced a \$1.44 million profit for 2012. This result effectively extinguishes the loss of \$1.5 million experienced for the 2010/11 year and is largely attributable to the following factors:

- There was a 5% decrease in the incidence of new claims compared with the previous claim year. It is also pleasing to report that no claims were received during 2011/12 which could be classified as catastrophic;
- Investment income rose by approximately \$300,000 compared to the 2010/11 performance;
- Payments made for medical and related expenses were almost exclusively confined to treatment incurred during the 2011/12 year. This differed from the experience during 2010/11 when a large number of payments for medical expenses related to treatment incurred during prior years;
- Significant reductions were experienced in legal expenses and payments to other external service providers;
- Continuing improvements were achieved in return to work outcomes which led to the earlier finalisation of many claims and helped contain claims costs.

In reversing the financial performance of the 2010/11 year, in 2011/12 the Fund returned to financial neutrality which contained premium costs for the Fund's employers.

The actuarial central estimate of **Racing NSW**'s outstanding workers compensation claims liability as at 30 June 2012 is \$33.6 million (net of reinsurance recoveries and including an allowance

for claims handling expenses).

The estimate of the outstanding claims liability includes an allowance for future inflation of claims payments (at 4.00% p.a. – down 0.5% from 2011) and is discounted (at 3.6% p.a. – significantly reduced from 5.35% in 2011) to allow for future investment income earned between the valuation date and expected payment date.

These external economic influences adversely impacted the actuarial valuation with the actuaries reporting that lower discount rate increased liability by \$4.6 million.

The impact of these external influences was offset by of a raft of changes to NSW workers compensation legislation which is anticipated to reduce the Fund's future exposure.

These legislative changes were estimated to decrease liability by \$7.1 million. Further relief was obtained from the reduction in the inflation rate which was estimated to reduce overall liability by \$1.1 million.

The net provision for outstanding claims liability inclusive of 20% prudential margin as at 30 June 2012 is \$40.3 million (0.25% increase of \$100,000 from the 2011 provision of \$40.2 million).

The actuarial provision of outstanding claims liability at 30 June 2012 was \$3.4 million lower than the projected estimate of \$43.7 million from the 2011 actuarial valuation.

Summary of Actuarial Estimate of Outstanding Claims Liabilities

	Estimate of Liability as at 30 June 2012 (\$m)	Projected Estimate of Liability as at 30 June 2012 (2011 Valuation) (\$m)	Estimate of Liability as at 30 June 2011 (\$m)	Projected Estimate of Liability as at 30 June 2013 (2012 Valuation) (\$m)
Net Central Estimate ¹	33.6	36.4	33.5	36.5
Risk Margin	6.7	7.3	6.7	7.3
Outstanding Claims Provision ²	40.3	43.7	40.2	43.8

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

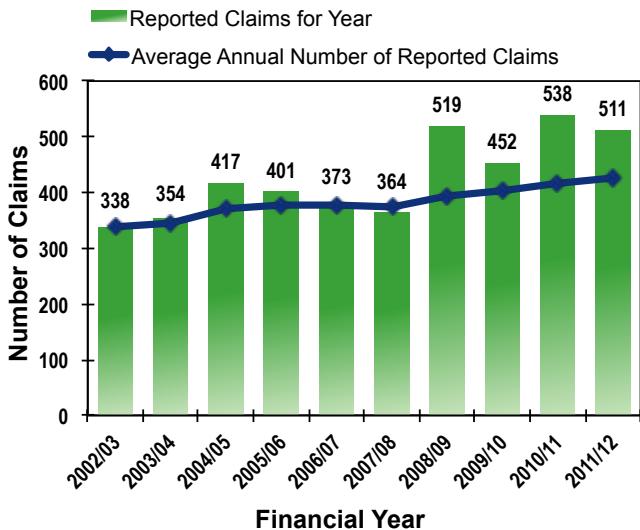
² Including risk margin of 20% of the net central estimate

INSURANCE

Claim Numbers

In 2011/12 the Fund received 511 new reported claims, a decrease of 5% on the 2010/11 incidence of 538. There were 336 open claims at 30 June 2012 which represents an 11% decrease in the 378 open claims at 30 June 2011.

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 2012:

2012 CLAIMS BY MECHANISM OF INJURY

Falls from horse (or other height)	209	40.90%
Being struck by horse	159	31.12%
Muscular stress by lifting, handling & repetitive movement	37	7.24%
Trapped between stationary & moving objects (including machinery)	23	4.50%
Falls on the same level (slips, trips & stumbles)	16	3.13%
Hitting or being hit by moving objects	15	2.94%
Unspecified mechanisms of incident	8	1.57%
Muscular stress with no objects being handled	5	0.98%
Hitting stationary objects	5	0.98%
Exposure to sounds (single / sudden and long term)	5	0.98%
Stepping, kneeling or sitting on objects	5	0.98%
Contact with hot objects or electricity	4	0.78%
Being bitten by horse (or other animal)	3	0.59%
Being assaulted by a person or persons	3	0.59%
Vehicle accident	3	0.59%
Work related harassment	3	0.59%
Contact with sharp instrument or object	3	0.59%
Contact with or exposure to biological factor or chemicals	2	0.39%
Contact with poisonous plant (or parts of)	1	0.20%
Rubbing & chafing	1	0.20%
Being hit by falling objects	1	0.20%
TOTAL	511	100.00%

2012 CLAIMS BY INJURY LOCATION

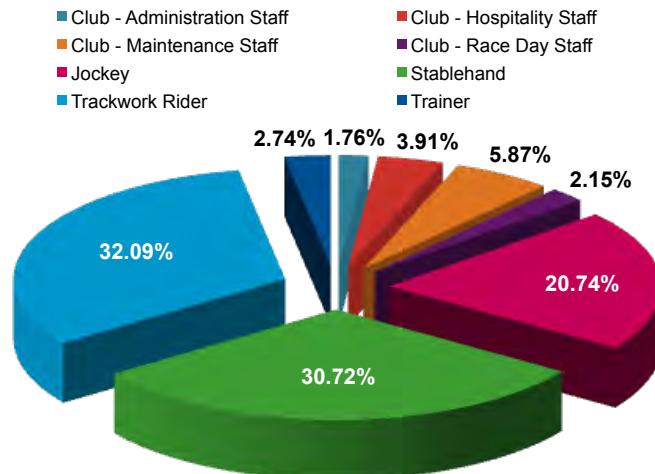
Back	68	13.31%
Shoulder	52	10.18%
Hand / Fingers	49	9.59%
Head	45	8.81%
Foot / Toes	38	7.44%
Leg	34	6.65%
Knee	29	5.68%
Face / Nose	23	4.50%
Ankle	20	3.91%
Ribs	18	3.52%
Neck	17	3.33%
Arm	15	2.94%
Mouth / Tooth	15	2.94%
Wrist	15	2.94%
Chest / Trunk	14	2.74%
Elbow	11	2.15%
Abdomen	9	1.76%
Hip	8	1.57%
Other / Unspecified	8	1.57%
Multiple locations	6	1.17%
Ear	5	0.98%
Pelvic bones, muscles and tendons	5	0.98%
Psychological system	3	0.59%
Eye	2	0.39%
Heart / Lung / Other internal chest organ	2	0.39%
TOTAL	511	100.00%

2012 CLAIMS BY INJURY TYPE

Sprain/Strain (Soft Tissue Injury, Muscle or Tendon Trauma)	156	30.53%
Contusion / Bruising / Superficial Crushing	92	18.00%
Fracture	81	15.85%
Superficial Injury	35	6.85%
Sprain/Strain (Trauma to Joints and Ligaments)	29	5.68%
Fractured Skull and Facial Bones	24	4.70%
Laceration / Open Wound	22	4.31%
Dislocation	18	3.52%
Concussion / Head Trauma	13	2.54%
Fracture of Vertebral Column	8	1.57%
Burn	5	0.98%
Deafness	5	0.98%
Other & Unspecified Injuries	4	0.78%
Amputation of Finger / Thumb	3	0.59%
Hernia	3	0.59%
Internal Injury - Chest, Pelvis, Abdomen	3	0.59%
Mental Disorder (Stress)	3	0.59%
Foreign Body on Ear / Eye / Nose	2	0.39%
Infectious & Parasitic Disease	2	0.39%
Multiple Injuries	2	0.39%
Chronic Joint and Ligament Disease	1	0.20%
TOTAL	511	100.00%

INSURANCE

2012 CLAIMS BY OCCUPATION OF INJURED WORKER



The profile of the 2012 claims portfolio is similar to that of previous years insofar as:-

- the highest incidence of injuries arises out of trackwork riding, including trainers riding their own trackwork (34.83%);
- the most common mechanism of injury is from falls (40.90%) or interaction with horses (i.e. striking, biting, being trapped between a horse and other object); and
- injuries most commonly sustained are sprains, fractures and contusions (64.38% of all injuries).

Notwithstanding the inherently dangerous nature of the sport, fortunately the 2011/12 year was free of fatal or catastrophic injury.

The overall percentage of claims from Club employees increased slightly during 2011/12 which is attributed to the fact that the 2011/12 year was the first full year of claims experience for the Australian Turf Club under the Racing NSW Fund.

Claims from employees of the former Sydney Turf Club were covered by other workers compensation arrangements and therefore excluded from data recorded by **Racing NSW**.

A new but small incidence of claims arising from alleged workplace harassment was experienced during 2011/12.

Racing NSW has responded to this by increasing education in relation to the industry's harassment policy which will be vigorously enforced.

Achievements in Claims Management

The lower than anticipated liability provision for 2012 reflects the continuing emphasis placed on proactive injury and case management strategies.

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

Racing NSW has been successful in leveraging the incentives of WorkCover's JobCover program and placing a number of injured workers in alternative suitable employment with new employers.

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

The improved level of case management performance was maintained during 2011/12 with independent audit confirming compliance at an average of 91% across the 15 audit elements.

General Insurance and Public Liability

In 2011/12 **Racing NSW** again negotiated annual placement of public liability, property and other business insurance on behalf of thoroughbred racing clubs registered in NSW, the Canberra Racing Club and industry bodies such as 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 2012, with the majority of policies (including most importantly, Public & Product Liability Insurance) renewed on expiring terms at the same premium as the previous year.



INFORMATION TECHNOLOGY



Ariel Paez
General Manager –
Information Technology

- Numerous website enhancements and redevelopments, major development projects for the upcoming 12 months;
- Digital Archival System to eliminate the need to have paper storage;
- 24 x 7 network monitoring for alerts and faults.

With technology changing constantly, it's easy for businesses and their IT departments to become preoccupied with the scalability of their servers, network speeds and the availability of their applications and their websites.

We have optimised our processes and enhanced our systems, as our role is to improve accessibility, quality and security of our information and services.

The Racing NSW Website has gone through some changes and will continue to change in 2012/13 as we implement new data ingestion procedures and improvements in data handling.

The Racing NSW Android and IOS Apps have been very popular and further development will continue in the coming year to make it even better and provide much more information.

With over 22 million 3G enabled devices in Australia, we have made sure our websites and services are accessible to as many smart phones and tablets as possible.

Below is a list of the most popular hand held devices that access the Racing NSW Website and have downloaded the Android and Apple IOS apps.

1	Apple iPhone
2	Apple iPad
3	Samsung Galaxy S III
4	Samsung GT-I9100 Galaxy S II
5	Samsung GT-I9000 Galaxy S
6	SonyEricsson LT15i Xperia Arc
7	Motorola MB525 DEFY
8	Fujitsu T-01C REGZA Phone T-01C
9	Apple iPod Touch
10	Nokia N8-00 N8

OVERVIEW

Function

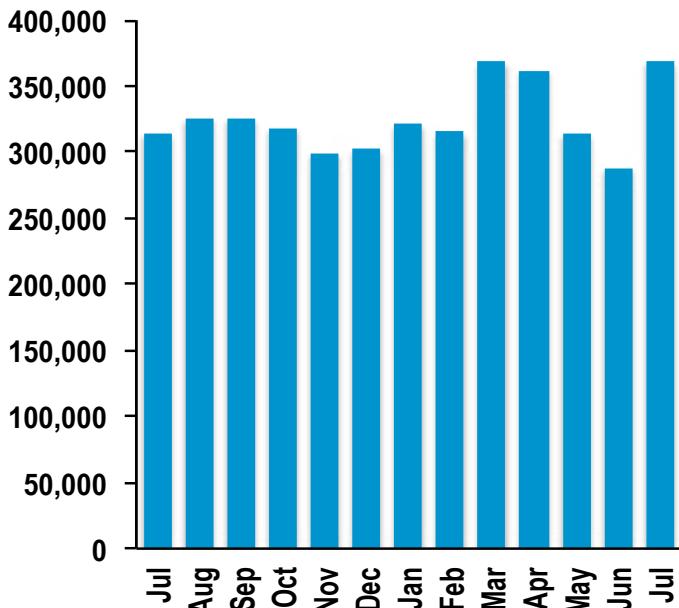
The primary role of the Racing NSW Information Technology (Racing NSW IT) Department is to:-

- Provide support to internal and external Racing NSW end users;
- Oversee the integrity and security of the Racing NSW information systems;
- System Development and Maintenance;
- Project co-ordination and implementation.

Objectives Achieved Include:-

- Network security has been revised and updated;
- Messaging and Calendaring has been updated;
- Deployment of iPads to Stewards to have instant access to live data and corporate network via secure VPN;
- Data Duplication for Business Continuity and Disaster Recovery to an alternate secured facility;

VISITORS TO RACING NSW WEBSITE 2011/12



NSW GROUP & LISTED WINNERS

Group	Feature	Dist	Prize\$	Winner	Trainer
1	GOLDEN ROSE STAKES	1400	1,000,000	MANAWANUI	RON LEEMON
1	GEORGE MAIN STAKES	1500	350,000	SINCERO	STEPHEN FARLEY
1	EPSOM HCP	1600	500,000	SECRET ADMIRER	GRAHAME BEGG
1	THE METROPOLITAN	2400	400,000	THE VERMINATOR	CHRIS WALLER
1	SPRING CHAMPION STAKES	2000	400,000	DOCTOR DOOM	GUY WALTER
1	FLIGHT STAKES	1600	400,000	STREAMA	GUY WALTER
1	CHIPPING NORTON STAKES	1600	350,000	SHOOT OUT	CHRIS WALLER
1	RANDWICK GUINEAS	1600	500,000	MOSHEEN	ROBERT SMERDON
1	COOLMORE CLASSIC	1500	600,000	OFCOURSEICAN	RON QUINTON
1	RANVET STAKES	2000	400,000	MANIGHAR	PETER MOODY
1	ROSEHILL GUINEAS	2000	500,000	LASER HAWK	GAI WATERHOUSE
1	GOLDEN SLIPPER STAKES	1200	3,500,000	PIERRO	GAI WATERHOUSE
1	THE BMW	2400	2,250,000	MANIGHAR	PETER MOODY
1	GEORGE RYDER STAKES	1500	400,000	METAL BENDER	CHRIS WALLER
1	QUEEN OF THE TURF STAKES	1500	400,000	MORE JOYOUS	GAI WATERHOUSE
1	VINERY STUD STAKES	2000	400,000	MOSHEEN	ROBERT SMERDON
1	AJC AUSTRALIAN DERBY	2400	1,500,000	ETHIOPIA	PAT CAREY
1	T J SMITH STAKES	1200	1,000,000	MASTER OF DESIGN	DAVID PAYNE
1	AJC SIRES PRODUCE STAKES	1400	500,000	PIERRO	GAI WATERHOUSE
1	DONCASTER HANDICAP	1600	2,000,000	MORE JOYOUS	GAI WATERHOUSE
1	AJC OAKS	2400	550,000	STREAMA	GUY WALTER
1	THE GALAXY	1100	350,000	TEMPLE OF BOOM	TONY GOLLAN
1	SYDNEY CUP	3200	500,000	NIWOT	M, W & J HAWKES
1	QUEEN ELIZABETH STAKES	2000	500,000	MORE JOYOUS	GAI WATERHOUSE
1	CHAMPAGNE STAKES	1600	400,000	PIERRO	GAI WATERHOUSE
1	ALL AGED STAKES	1400	400,000	ATLANTIC JEWEL	MARK KAVANAGH
2	WARWICK STAKES	1400	175,000	PINWHEEL	PETER SNOWDEN
2	CHELMSFORD STAKES	1600	175,000	TRUSTING	JOHN P THOMPSON
2	FURIOUS STAKES	1400	175,000	STREAMA	GUY WALTER
2	THEO MARKS STAKES	1300	200,000	MASTER OF DESIGN	DAVID PAYNE
2	HILL STAKES	2000	200,000	TRUSTING	JOHN P THOMPSON
2	TEA ROSE STAKES	1500	175,000	STREAMA	GUY WALTER
2	THE SHORTS	1200	200,000	LOVE CONQUERS ALL	M, W & J HAWKES
2	SHANNON STAKES	1500	175,000	KING LIONHEART	GAI WATERHOUSE
2	STAN FOX STAKES	1500	250,000	MANAWANUI	RON LEEMON
2	PREMIERE STAKES	1200	200,000	NEESON	JOSEPH PRIDE
2	ROMAN CONSUL STAKES	1200	175,000	FOXWEDGE	JOHN O'SHEA
2	VILLIERS STAKES	1600	175,000	MONTON	RON QUINTON
2	EXPRESSWAY STAKES	1200	200,000	RAIN AFFAIR	JOSEPH PRIDE
2	LIGHT FINGERS STAKES	1200	200,000	SEA SIREN	JOHN O'SHEA
2	ROYAL SOVEREIGN STAKES	1200	175,000	HOT SNITZEL	GERALD RYAN
2	BREEDERS' CLASSIC	1200	175,000	STEPS IN TIME	JOHN O'SHEA
2	APOLLO STAKES	1400	250,000	RAIN AFFAIR	JOSEPH PRIDE
2	SILVER SLIPPER STAKES	1100	200,000	PIERRO	GAI WATERHOUSE
2	HOBARTVILLE STAKES	1400	200,000	WILD AND PROUD	GAI WATERHOUSE
2	SURROUND STAKES	1400	200,000	STREAMA	GUY WALTER
2	REISLING STAKES	1200	300,000	SAMAREADY	MICK PRICE
2	TODMAN STAKES	1200	300,000	PIERRO	GAI WATERHOUSE
2	CANTERBURY STAKES	1300	175,000	MORE JOYOUS	GAI WATERHOUSE
2	PHAR LAP STAKES	1500	175,000	COLORADO CLAIRE	JOHN O'SHEA
2	AJAX STAKES	1500	175,000	NIAGARA	GAI WATERHOUSE
2	MAGIC NIGHT STAKES	1200	175,000	ICHIHARA	ALLAN DENHAM
2	PAGO PAGO STAKES	1200	175,000	ALL TOO HARD	M, W & J HAWKES
2	CHALLENGE STAKES	1100	175,000	RAIN AFFAIR	JOSEPH PRIDE
2	TULLOCH STAKES	2000	175,000	POLISH KNIGHT	M, W & J HAWKES
2	CHAIRMAN'S HANDICAP	2600	175,000	PERMIT	CHRIS WALLER
2	SAPPHIRE STAKES	1200	175,000	ATLANTIC JEWEL	MARK KAVANAGH
2	EMANCIPATION STAKES	1600	175,000	SKYERUSH	GUY WALTER
3	MISSILE STAKES	1200	125,000	RAIN AFFAIR	JOE PRIDE
3	SAN DOMENICO STAKES	1000	125,000	FOXWEDGE	JOHN O'SHEA
3	UP AND COMING STAKES	1300	125,000	MANAWANUI	RON LEEMON
3	SILVER SHADOW STAKES	1200	125,000	PANE IN THE GLASS	JOHN P THOMPSON
3	THE RUN TO THE ROSES	1200	125,000	SMART MISSILE	ANTHONY CUMMINGS
3	CONCORDE STAKES	1100	125,000	DECISION TIME	CLARRY CONNERS
3	TRAMWAY HCP	1400	125,000	SINCERO	STEPHEN FARLEY
3	KINGSTON TOWN STAKES	2000	125,000	LAMASERY	DAVID VANDYKE
3	CAMERON HCP	1500	150,000	RASPBERRIES	PETER SNOWDEN
3	SPRING STAKES	1600	175,000	DARCI BE GOOD	BEDE MURRAY
3	NEWCASTLE CUP	2300	185,000	GREEN MOON	ROBERT HICKMOTT
3	GLOAMING STAKES	1800	200,000	STRIKE THE STARS	ANTHONY CUMMINGS
3	BILL RITCHIE HANDICAP	1400	125,000	THANKGODYOU'REHERE	P & W WEBSTER
3	RESEARCH STAKES	1200	250,000	SCREEN	PETER SNOWDEN
3	COLIN STEPHEN QUALITY	2400	125,000	LAMASERY	DAVID VANDYKE
3	RAVEN PLATE	2000	125,000	MY KINGDOM OF FIFE	CHRIS WALLER
3	HAWKESBURY GOLD CUP	1600	150,000	SOMEPIN ANYPIN	GARY PORTELLI
3	SUMMER CUP	2400	125,000	YULALONA	PETER SNOWDEN
3	SOUTHERN CROSS STAKES	1200	125,000	NO EVIDENCE NEEDED	JOHN P THOMPSON
3	MILLIE FOX QLTY STAKES	1300	125,000	RED TRACER	CHRIS WALLER
3	LIVERPOOL CITY CUP	1300	125,000	OFCOURSEICAN	RON QUINTON
3	SKYLINE STAKES	1200	125,000	ASHOKAN	JOHN O'SHEA
3	SWEET EMBRACE STAKES	1200	125,000	JADE MARAUDER	CHRIS WALLER
3	NEWCASTLE NEWMARKET HCP	1400	125,000	HE'S REMARKABLE	ROGER JAMES
3	KEITH F NOLAN CLASSIC	1800	150,000	APPEARANCE	GUY WALTER
3	BIRTHDAY CARD STAKES	1200	125,000	CELTS	PETER SNOWDEN

NSW GROUP & LISTED WINNERS

Group	Feature	Dist	Prize\$	Winner	Trainer
3	EPONA STAKES	1900	125,000	FIBRILLATION	TIM MARTIN
3	SEBRING STAKES	1100	125,000	ZARATONE	NICK OLIVE
3	T L BAILLIEU HANDICAP	1400	125,000	FLYING SNITZEL	GERALD RYAN
3	NEVILLE SELLWOOD STAKES	2000	125,000	WESTERN SYMBOL	GAI WATERHOUSE
3	ADRIAN KNOX QLTY STAKES	2000	150,000	FULL OF SPIRIT	ROGER JAMES
3	DONCASTER PRELUDE	1600	125,000	FAST CLIP	GAI WATERHOUSE
3	CARBINE CLUB STAKES	1600	125,000	FAT AL	GAI WATERHOUSE
3	KINDERGARTEN STAKES	1100	125,000	DANCES ON STARS	GERALD RYAN
3	FRANK PACKER PLATE	2000	125,000	FAT AL	GAI WATERHOUSE
4	THE ROSEBUD	1200	100,000	AERONAUTICAL	LIONEL COHEN
4	STARLIGHT STAKES	1100	100,000	ZARATONE	NICK OLIVE
4	SHOW COUNTY QUALITY HCP	1200	100,000	SKYTRAIN	PETER SNOWDEN
4	TOY SHOW F-&M QLTY HCP	1300	100,000	RED TRACER	CHRIS WALLER
4	PREMIER'S CUP	1800	100,000	BREAK CARD	GERALD RYAN
4	WYONG GOLD CUP	2100	120,000	THE VERMINATOR	CHRIS WALLER
4	MONA LISA STAKES	1350	100,000	SWEETEST MELODY	GAI WATERHOUSE
4	MING DYNASTY QUALITY HCP	1400	100,000	AMBIDEXTER	PETER SNOWDEN
4	SHERACO STAKES	1100	100,000	GYBE	ANTHONY CUMMINGS
4	TIBBIE STAKES	1400	100,000	MORE STRAWBERRIES	GAI WATERHOUSE
4	HERITAGE STAKES	1100	100,000	KARUTA QUEEN	NEVILLE LAYT
4	REGINALD ALLEN QLTY HCP	1400	100,000	DISPUTES	PETER SNOWDEN
4	DULCIFY 3YO QUALITY HCP	1900	100,000	BIG TIME	JOHN O'SHEA
4	BREEDERS' PLATE	1000	100,000	PIERRO	GAI WATERHOUSE
4	GIMCRACK STAKES	1000	100,000	HUSSOUZA	JOHN P THOMPSON
4	ANGST STAKES	1400	100,000	LITTLE SURFER GIRL	CHRIS WALLER
4	CITY TATT'S CLUB CUP	2400	100,000	GALIZANI	JOHN P THOMPSON
4	CITY TATTS LIGHTNING HCP	1100	100,000	TITLE	JOSEPH PRIDE
4	BRIAN CROWLEY STAKES	1200	100,000	HOT SNITZEL	GERALD RYAN
4	THE NIVISON	1200	100,000	BALMONT	GUY WALTER
4	BELLE OF THE TURF STAKES	1600	100,000	SKYERUSH	GUY WALTER
4	SKIN FITNESS CUP	1300	100,000	SHANNARA	PETER SNOWDEN
4	FRANK UNDERWOOD CUP	1900	100,000	ZARA DANCER	J & G LEE
4	FESTIVAL STAKES	1500	100,000	MONTON	RON QUINTON
4	CHRISTMAS CUP	2400	100,000	SEA GALLEON	C & C ALDERSON
4	RAZOR SHARP HCP	1200	100,000	NEWS ALERT	JOSEPH PRIDE
4	CARRINGTON STAKES	1100	100,000	RAIN AFFAIR	JOSEPH PRIDE
4	TATTERSALLS CLUB CUP	2095	100,000	STRAIGHT ALBERT	GUY WALTER
4	GOSFORD GOLD CUP	2100	125,000	STRAIGHT ALBERT	GUY WALTER
4	CANTERBURY CLASSIC	1100	100,000	UNANIMOUSLY	MATTHEW DALE
4	AUSTRALIA DAY CUP	2400	100,000	WAZN	CHRIS WALLER
4	CANONBURY STAKES	1100	100,000	RACEWAY	GAI WATERHOUSE
4	WIDDEN STAKES	1100	100,000	DRIEFONTEIN	GAI WATERHOUSE
4	TRISCAY STAKES	1200	100,000	DYSTOPIA	CHRIS WALLER
4	PARRAMATTA CUP	2000	100,000	PRAECIDO	DAVID PAYNE
4	FIREBALL QUALITY HCP	1100	100,000	NOBBY SNIP	GAI WATERHOUSE
4	WIGGLE F-&M QUALITY HCP	1400	100,000	STEPS IN TIME	JOHN O'SHEA
4	BLACK OPAL STAKES	1200	250,000	EPAULETTE	PETER SNOWDEN
4	CANBERRA CUP	2000	200,000	FILL THE PAGE	B JOSEPH & P JONES
4	NATIONAL SPRINT	1400	100,000	HOOD	GUY WALTER
4	CANBERRA GUINEAS	1400	100,000	SHE GOES TO RIO	ANTHONY CUMMINGS
4	RANDWICK CITY STAKES	2000	100,000	MAULES CREEK	JOHN P THOMPSON
4	ESKIMO PRINCE STAKES	1200	100,000	NOBBY SNIP	GAI WATERHOUSE
4	ASPIRATION QUALITY	1600	100,000	FIBRILLATION	TIM MARTIN
4	WENONA GIRL HANDICAP	1200	100,000	ROSE OF PEACE	GARY PORTELLI
4	ALBURY CUP	2000	170,000	EXTRA ZERO	DAVID HAYES
4	SKY HIGH STAKES	1900	100,000	SINGLE	CRAIG CARMODY
4	MAURICE MCCARTEN STAKES	1100	100,000	TITLE	JOSEPH PRIDE
4	N E MANION QUALITY CUP	2400	100,000	PERMIT	CHRIS WALLER
4	DARBY MUNRO STAKES	1200	100,000	HALLOWELL BELLE	GAI WATERHOUSE
4	P J BELL STAKES	1200	100,000	EVER THE SAME	ANTHONY CUMMINGS
4	JAPAN RACING ASSOC PLATE	2000	100,000	WESTERN SYMBOL	GAI WATERHOUSE
4	SOUTH PACIFIC CLASSIC	1400	100,000	LANDING	GAI WATERHOUSE
4	KEITH MACKAY HANDICAP	1200	100,000	SINGLE STYLE	GARY PORTELLI
4	FERNHILL HANDICAP	1600	100,000	DEAR DEMI	CLARRY CONNERS
4	GOSFORD GUINEAS	1200	250,000	PAMEPOLLONNE	TIM MARTIN
4	JAMES H B CARR STAKES	1400	100,000	ANGEL OF MERCY	GERALD RYAN
4	HALL MARK STAKES	1200	100,000	TIGER TEES	JOSEPH PRIDE
4	WAGGA WAGGA GOLD CUP	2000	140,000	COLISEO	NORM GARDNER
4	ROWLEY MILE	1600	150,000	STAR OF OCTAGONAL	TODD HOWLETT
4	DARLEY CROWN	1300	150,000	MORE STRAWBERRIES	GAI WATERHOUSE
4	HAWKESBURY GUINEAS	1400	150,000	FREE WHEELING	PETER SNOWDEN
4	LORD MAYOR'S CUP	2000	100,000	KINNERSLEY	GAI WATERHOUSE
4	SCONE CUP	1600	175,000	RASPBERRIES	PETER SNOWDEN
4	DARK JEWEL CLASSIC	1400	175,000	UPON THIS ROCK	GAI WATERHOUSE
4	SCONE QUALITY	1100	100,000	MOTSPUR	KRIS LEES
4	W J MCKELL CUP	2400	100,000	ADROITLY	PETER SNOWDEN
4	WINTER CUP	2400	100,000	RUEBEN PERCIVAL	GAI WATERHOUSE
4	JUNE STAKES	1100	100,000	ALBERTON PARK	JOHN O'SHEA
4	TAKEOVER TARGET STAKES	1200	100,000	SEE THE WORLD	JOSEPH PRIDE
4	CIVIC STAKES	1400	100,000	MALAVIO	STEVE ENGLEBRECHT
4	RAMORNIE HANDICAP	1200	130,000	HOWMUCHDOYOULOVEME	CON KARAKATSANIS
4	GRAFTON CUP	2350	150,000	SHAMARDASHING	JOHN P THOMPSON
4	WINTER STAKES	1400	100,000	IRISH DREAM	RON QUINTON
4	WINTER CHALLENGE	1600	100,000	SPINNAWITCH	JARROD AUSTIN



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PROFIT/LOSS STATEMENT - GENERAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

	2012 \$	2011 \$
REVENUE		
Revenue from Operating Activities		
Sale of Goods - Publications	537,462	518,508
Sale of Services	6,645,898	6,375,157
Race Fields Fees and interest received	222,744,554	-
	229,927,914	6,893,665
Revenue from Non Operating Activities		
Gain/(Loss) on Disposal of Assets	8,240	(22,101)
Interest - General	6,272,306	951,760
	6,280,546	929,659
First Charge	7,786,787	7,994,017
RISA Payment	825,147	664,427
Conferences and Industry Functions	113,892	164,819
	244,934,286	16,646,587
REVENUE		
EXPENSES		
Horse Rehabilitation	263,611	-
Board	543,255	449,912
Analytical	167,484	165,577
Finance	451,687	405,286
Administration and Executive	3,980,787	3,474,142
Legal	30,086	52,376
Licensing	260,512	223,793
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements	124,740,338	-
Race Fields	151,800	139,092
Race Results	15,337	15,297
Publications	376,742	391,315
Laboratory	2,391,543	2,361,137
Handicapping	533,621	695,342
Stewards	3,193,288	3,063,914
Veterinary	590,057	673,482
Syndicates	76,488	114,324
Industry Training	835,725	705,160
Stakes Payments	286,791	351,133
Information Technology	535,801	385,665
Racing Office	183,873	137,395
Marketing	491,500	358,294
Racing Rewards	24,336	399,210
Finance Costs	42,945	35,472
Australian Racing Board Contribution	533,655	446,493
	140,701,262	15,043,811
EXPENSES		
OPERATING PROFIT		
	104,233,024	1,602,776
Race Fields Legal Fees	(1,252,875)	(985,441)
Race Fields Legal Fees to be reimbursed	3,500,000	-
RISA payments prior year adjustment	-	1,899,842
Share of Captive Fund Settlement	299,237	956,677
Royal Randwick Redevelopment monitoring costs	(167,060)	-
BOBS Extra additional funding	(750,000)	-
Grant to ATC for Royal Randwick Redevelopment	(2,634,455)	-
	103,227,871	3,473,853
Funds Transferred to Reserves		
Appearance Fees disbursed during the year, recouped through a first charge on TAB distributions	6,460,955	6,871,365

PROFIT/LOSS STATEMENT WORKERS COMPENSATION FUND

FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

	2012 \$	2011 \$
REVENUE		
Revenue from Operating Activities		
Workers Compensation Premiums/Charges	11,629,380	11,552,535
	11,629,380	11,552,535
Revenue from Non Operating Activities		
Interest - Workers Compensation Fund	1,832,176	1,530,704
	1,832,176	1,530,704
REVENUE FROM ORDINARY ACTIVITIES	13,461,556	13,083,239
EXPENSES		
Workers Compensation Payments	9,877,461	9,857,309
Workers Compensation Administrative & Regulatory	1,792,523	1,868,655
Legal	-	(20)
Finance Costs	250,364	232,321
EXPENSES FROM ORDINARY ACTIVITIES	11,920,348	11,958,265
Operating Profit for the period	1,541,208	1,124,974
Workers Compensation Payments Relating to Prior Year	-	1,897,033
Funds before allocation of additional provision for possible future liabilities	1,541,208	(772,059)
Additional provision for possible future liabilities	149,096	763,633
Funds Transferred to Reserves	1,392,112	(1,535,692)

STATEMENT OF COMPREHENSIVE INCOME

AS AT 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

	Note	2012 \$	2011 \$
REVENUE FROM CONTINUING OPERATIONS			
Sale of Goods - Publications	5(i)	537,462	518,508
Sale of Services	5(ii)	6,645,898	6,375,157
Workers Compensation Fund Premiums & Revenues	5(iii)	11,629,380	11,552,535
First Charge	5(iv)	7,786,787	7,994,017
Race Fields Fees & interest received	5(v)	222,744,554	-
Appearance Fee Receipts	5(vi)	6,460,955	6,871,365
Interest other parties	5(vii)	8,104,482	2,482,464
OTHER INCOME			
Gain / (Loss) on Disposal of Assets	5(viii)	8,240	(22,101)
Conferences and Industry Functions	5(ix)	292,219	656,988
Non-repayable grant prior year adjustment	5(XXXVIII)	-	1,899,842
Non-repayable grant	5(XXXIX)	489,392	431,492
Share of Captive Fund Settlement	5(XXXX)	299,237	956,677
TOTAL REVENUE AND OTHER INCOME		264,998,606	39,716,944
EXPENSES			
Horse Rehabilitation	5(x)	263,611	-
Board	5(xi)	543,255	449,912
Analytical	5(xii)	167,484	165,577
Finance	5(xiii)	451,687	405,286
Administration and Executive	5(xiv)	4,514,443	3,920,635
Legal	5(xv)	(2,217,039)	1,037,797
Licensing	5(xvi)	260,512	223,793
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements	5(xvii)	124,740,338	-
Race Fields	5(xviii)	151,800	139,092
Race Results	5(xix)	15,337	15,297
Cost of Goods Sold - Publications	5(xx)	376,742	391,315
Laboratory	5(XXI)	2,391,543	2,361,137
Handicapping	5(XXII)	533,621	695,342
Stewards	5(XXIII)	3,193,288	3,063,914
Veterinary	5(XXIV)	590,057	673,482
Syndicates	5(XXV)	76,488	114,324
Industry Training	5(XXVI)	835,725	705,160
Stakes Payments	5(XXVII)	286,791	351,133
Information Technology	5(XXVIII)	535,801	385,665
Racing Office	5(XXIX)	183,873	137,395
Appearance Fee (unplaced starters)	5(XXX)	6,460,955	6,871,365
Marketing	5(XXXI)	491,500	358,294
Racing Rewards	5(XXXII)	24,334	399,210
Workers Compensation Fund Expenses	5(XXXIII)	11,819,080	12,489,596
Workers Compensation Fund Expenses Relating to Prior Years		-	1,897,033
Finance Costs	5(XXXIV)	293,310	267,794
Conferences and Industry Functions	5(ix)	178,327	492,169
Royal Randwick Redevelopment monitoring costs	5(XXXV)	167,060	-
BOBS Extra additional funding	5(XXXVI)	750,000	-
Grant to ATC for Royal Randwick Redevelopment	5(XXXVII)	2,634,455	-
TOTAL EXPENSES		160,714,378	38,011,717
Share of profit of associate (RISA)	10	335,755	232,935
PROFIT BEFORE INCOME TAX		104,619,983	1,938,162
INCOME TAX EXPENSE		-	-
PROFIT AFTER INCOME TAX	5(XXXXI)	104,619,983	1,938,162
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		104,619,983	1,938,162

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, 2012

RACING NSW ABN 86 281 604 417

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	7	164,170,655	153,521,318
Trade and Other Receivables	8	94,948,916	29,279,758
Other Current Assets	9	436,094	140,430
TOTAL CURRENT ASSETS		259,555,665	182,941,506
NON-CURRENT ASSETS			
Investment accounted for using the equity method	10	4,086,838	3,751,083
Other Non-Current Receivables	14	4,928,844	4,653,613
Property, Plant and Equipment - Buildings	11	4,228,908	4,324,692
Property, Plant and Equipment - Other	12	2,617,751	1,800,400
Other Non-Current Assets	13	-	72,952
TOTAL NON-CURRENT ASSETS		15,862,341	14,602,740
TOTAL ASSETS		275,418,006	197,544,246
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	15	106,588,433	134,706,557
Breeders and Owners Bonus Scheme	16	12,678,483	11,181,365
Provisions	17	912,951	767,309
Workers Compensation Provisions	18	8,078,501	8,901,817
Other Current Liabilities	19	674,307	685,830
TOTAL CURRENT LIABILITIES		128,932,675	156,242,878
NON-CURRENT LIABILITIES			
Breeders and Owners Bonus Scheme	16	4,437,916	4,967,303
Provisions	17	307,168	336,287
Workers Compensation Provisions	18	38,228,124	37,056,797
Other Non-Current Liabilities	20	164,979	213,820
TOTAL NON-CURRENT LIABILITIES		43,138,187	42,574,207
TOTAL LIABILITIES		172,070,862	198,817,085
NET LIABILITIES		103,347,144	(1,272,839)
EQUITY			
Reserves/Deficit	21	103,347,144	(1,272,839)
Accumulated Surplus	22	-	-
TOTAL EQUITY		103,347,144	(1,272,839)

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, 2012

RACING NSW ABN 86 281 604 417

	Note	Reserves	Accumulated Surplus	Total
		\$	\$	\$
Balance at 30 June 2010		(3,211,001)	-	(3,211,001)
Profit for the Year		-	1,938,162	1,938,162
Total Comprehensive Income for the Year		-	1,938,16	1,938,162
Transfer to Reserves	22	1,938,162	(1,938,162)	-
Balance at 1 July 2011		(1,272,839)	-	(1,272,839)
Profit for the Year		-	104,619,983	104,619,983
Total Comprehensive Income for the Year		-	104,619,983	104,619,983
Transfer to Reserves	22	104,619,983	(104,619,983)	-
Balance at 30 June 2012		103,347,144	-	103,347,144

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, 2012

RACING NSW ABN 86 281 604 417

	Note	2012	2011
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		188,676,736	93,823,362
Payments to suppliers and employees		(133,866,080)	(41,877,777)
Interest received		13,667,642	1,835,662
Finance costs		(293,310)	(267,794)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6(b)	68,184,988	53,513,453
CASH FLOW FROM INVESTING ACTIVITIES			
Short term investment		(60,000,000)	-
Payments for property, plant and equipment		(1,518,784)	(984,970)
Proceeds from sale of plant and equipment		194,151	252,820
NET CASH PROVIDED BY INVESTING ACTIVITIES		(61,324,633)	(732,150)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of loans from related parties		3,788,982	1,575,738
NET CASH USED IN FINANCING ACTIVITIES		3,788,982	1,575,738
NET INCREASE IN CASH		10,649,337	54,357,041
Cash at beginning of the year		153,521,318	99,164,277
CASH AT THE END OF THE YEAR	6(a)	164,170,655	153,521,318

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The financial statements 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.

(c) Property, Plant and Equipment

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

Plant and equipment

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

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

Depreciation

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

Depreciation Rate

Laboratory Equipment	10.0-33.33%
Building Fitout, Furniture & Equipment	10.0-33.33%
Office & Other Equipment	2.50-33.33%
Motor Vehicles	20.0%
Land and Buildings	2.0%

Leases

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

(d) Financial assets

Classification

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

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

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

(ii) Loans and Receivables:

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

Recognition and Derecognition

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

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

Subsequent Measurement

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

Impairment

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

(e) Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. All trade receivables, with the exception of those relating to 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.

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

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

(f) Investments in Associates

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

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

(f) Investments in Associates (cont.)

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

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

(g) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of transactions. 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.

(h) Employee Benefits

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

A liability or asset in respect of defined benefit superannuation is recognised in the provision for employee benefits, and is measured as the difference between the present value of employee's accrued benefits at the reporting date and the net market value of the superannuation fund's assets at that date. The present value of accrued benefits is based on expected future payments which arise from membership of the fund to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employees' departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows. The amount charged to the profit or loss in respect of superannuation represents the contributions made by Racing NSW to the superannuation fund, adjusted by the movement in the liability.

(i) Cash and Cash Equivalents

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

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(k) Trade, Stakes Payments and Other Payables

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

(l) 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.

(m) Finance Costs

Finance costs are expensed when incurred.

(n) Workers Compensation Insurance

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

(o) Goods and Services Tax (GST)

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

(p) Government Grants

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

(q) Provisions

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

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

(r) Critical Accounting Estimates and Judgements

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

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

(s) 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 2012. It is anticipated that they will have only a disclosure impact in the period of initial application.

- AASB 12 (Issued August 2011): combines existing disclosures from IAS 27, IAS 28 and IAS 31;
- AASB 9 (Issued December 2009 and amended December 2010): Financial Instruments;
- AASB 13 (Issued September 2011): Impacting Fair Value Measurement;
- AASB 119 (Issued September 2011) Defined Benefit Plans.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

NOTE 2: CONSOLIDATED OPERATIONS

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

NOTE 3: INCOME TAX

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

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

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

NOTE 5: STATEMENT OF COMPREHENSIVE INCOME

- (i) Sale of Goods - Publications represents income derived from the sale of advertising space in the NSW Racing Magazine as well as subscriptions to NSW Racing Magazine by industry participants and customers.
- (ii) Sale of Services represents income derived from the sale of services to the racing industry - including stewards, handicapping, laboratory, veterinary, race results, syndicates and stakes payments.
- (iii) Workers Compensation Fund Premiums and Revenues represents premiums, charges, reinsurance recoveries and other revenues of the Racing NSW Workers Compensation Fund other than those disclosed elsewhere in the profit or loss. (Refer to Note 31).
- (iv) First Charge represents a charge to the industry based on the budgeted expenditure for the year.
- (v) Race Fields fees pursuant to the Race Fields legislation, from 1 September, 2008, Racing NSW required all wagering operators to pay a uniform fee of 1.5% of wagering turnover on New South Wales thoroughbred races above \$5 million ("exempt fee turnover"). The exempt fee threshold was applied uniformly and wagering operators only become liable to pay a fee when their wagering turnover exceeds \$5 million annually.

The Race Fields fees throughout the period from 1 September, 2008 to 30 June, 2012 are detailed as follows:

	1 September to				
	30 June	30 June	30 June	30 June	Total
	2009	2010	2011	2012	\$
Race Fields fees	40,553,762	53,931,662	57,949,265	57,045,185	209,479,874

As a result of the ongoing litigation and the uncertainty this created in respect of the validity of the Race Fields fees charged, the Race Fields fees for the period from 1 September 2008 to 30 June, 2011 (\$152,434,689) were treated as a liability. As a result of the unanimous judgement in Racing NSW's favour in the High Court on 30 March, 2012 there has been a change in accounting estimate and as a result all Race Fields fees to the period ending 30 June, 2012 including prior periods were recognised in the current financial year. In addition to the Race Fields fees charged during period from 1 September, 2008 to 30 June, 2012 Racing NSW also interest income earned on the Race Fields fees detailed above. The interest income on the Race Fields

fees is detailed below:

	1 September to 30 June 2009	30 June 2010	30 June 2011	30 June 2012	Total \$
Race Fields	\$	\$	\$	\$	
Interest Received	485,487	1,788,379	4,666,358	6,324,456	13,264,680

For the reasons detailed directly above regarding the recognition of Race Fields fees, as a result of the High Court judgement on 30 March, 2012 the Interest on the Race Fields fees including prior year periods will be recognised in the current financial year period. Total Race Fields fees & interest received is as follows:

	1 September to 30 June 2009	30 June 2010	30 June 2011	30 June 2012	Total \$
Race Fields fees and	\$	\$	\$	\$	
Interest Received	41,039,249	55,720,041	62,615,623	63,369,641	222,744,554

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

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

	2012	2011
Interest from Cash at Bank	\$ 785,118	\$ 951,760
Interest from Loans to Clubs	761,296	-
Interest from Cash on Deposit	6,558,068	1,530,704
8,104,482	2,482,464	

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

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

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

(xi) Board includes directors fees and office costs associated with the board of Racing NSW. These costs were previously reported under Administration and Executive.

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

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

(xiv) 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.

(xv) Legal represents the cost of managing legal matters and litigation, including staff costs and external representation. In 2012, an amount of \$3,500,000 was taken up in the accounts, representing the estimated fees to be reimbursed in respect of the Race Fields case.

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

(xvii) Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements - during the course of the Race Fields litigation, Racing NSW distributed some of the Race Fields fees in order to sustain the racing industry in New South Wales. Furthermore Racing NSW made payments in respect of obligations arising under various agreements.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

NOTE 5: STATEMENT OF COMPREHENSIVE INCOME

(xvii) (cont.)

These advances and payments were netted-off against the Race Fields fees (previously recognised in the annual financial report as current liability) and were not otherwise previously recognised in the statement of comprehensive income as follows:

	1 September to 30 June 2009	30 June 2010	30 June 2011	30 June 2012	Total
	\$	\$	\$	\$	\$
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements	16,314,934	26,242,860	38,903,248	43,279,296	124,740,338

In respect of the abovementioned payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements, a number of matters arose which gave Racing NSW confidence that it could safely distribute some of the Race Fields fees. For the reasons outlined above in respect of the Race Fields fees, similarly all Race Fields payments for the period from 1 September 2008 to 30 June, 2012 were recognised in the current financial year.

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

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

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

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

(xxii) Handicapping expenditure includes staff and office costs.

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

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

(xxv) Syndicates expenditure includes staffing and office costs.

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

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

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

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

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

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

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

(xxxiii) 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 contact specified that ASWIG were to provide to Racing NSW management services in relation to the insurance fund. From 1 July 2005, the Fund was managed by QBE Insurance. Effective from 1 July 2006 the fund has been managed in-house by Racing NSW. (Refer to Note 31).

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

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

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

(xxxvii) Grant to ATC for Royal Randwick Redevelopment represents a one-off grant to the redevelopment fund to be used towards the Royal Randwick redevelopment.

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

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

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

(xxxxi) Profit after Income Tax

The profit has been determined after :

	2012	2011
	\$	\$
Finance Costs		
Bank Charges	53,763	47,012
Bank Guarantee	239,547	220,782
Total Finance Costs	293,310	267,794
Depreciation and impairment expense of non-current assets		
- Land and Building Depreciation Expense	95,784	95,784
- Plant and Equipment Depreciation Expense	580,234	830,610
Total Depreciation and Impairment Expense	676,018	926,394
Bad and Doubtful Debts		
- Trade Debtors written off	3,470	28,815
Total Bad and Doubtful Debts	3,470	28,815
Rental Expense on Operating Lease	16,056	16,056
Total Gain/(Loss) on disposal of non-current assets:		
- Property, Plant and Equipment	8,240	(22,101)
Total Gain/(Loss) on disposal of non-current assets	8,240	(22,101)

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

2012	2011
\$	\$

NOTE 5: STATEMENT OF COMPREHENSIVE INCOME (CONT.)

(xxxxi) (cont.)

Remuneration of Auditor

- audit services	84,000	84,000
- non-audit services	-	-
Total Remuneration of Auditor	84,000	84,000
Employee Benefits Expense (excluding Superannuation)	9,262,755	8,158,894
Defined Contribution Superannuation Expense	686,759	585,658
Defined Benefit Superannuation Expense	173,671	123,172
Defined Benefit Superannuation Movement	23,911	(39,573)

Insurance Claim Liability Expenses (Refer Note 18):

Gross Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	348,011	2,056,947
Less Gross Increase in Reinsurance Recoveries relating to Insurance Claims Liability as recommended by the Actuary	(198,915)	(1,293,314)
Net Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	149,096	763,633

NOTE 6: CASH FLOW INFORMATION

a) Reconciliation of Cash

Cash and Cash Equivalents	164,170,655	153,521,318
	164,170,655	153,521,318

As at 30 June 2012 Racing NSW had credit facilities in place.

b) Reconciliation of Cash Flow from Operating Activities

Profit / (Loss) after Income Tax	104,619,983	1,938,162
(Gain)/ Loss on Sale of Assets	(8,240)	22,101
Depreciation	676,018	926,394
Share of (profit) in associate (RISA)	(335,755)	(232,935)
Non-repayable grant prior year adjustment	-	(1,899,842)
	104,952,006	753,880
(Increase)/ Decrease in Trade Debtors	50,260	218,758
(Increase)/ Decrease in Prepayments	(295,664)	(97,676)
(Increase)/ Decrease in Stakes Payment Debtors	814,731	2,741,319
(Increase)/ Decrease in Other Debtors	(9,728,867)	(2,049,678)
(Increase)/ Decrease in Other Non-Current Receivables	(275,231)	(946,091)
(Increase)/ Decrease in Other Non-Current Assets	72,952	217,803
Increase/ (Decrease) in Trade Creditors and BOBS Creditors	8,275,813	(991,434)
Increase/ (Decrease) in Stakes Payment Creditors	2,651,595	705,230
Increase/ (Decrease) in Jockeys Welfare	145,833	736,344
Increase/ (Decrease) in Sundry Creditors and Accruals	5,649,072	2,155,523
Increase/ (Decrease) in Leave Provisions	116,523	(22,592)
Increase/ (Decrease) in Redevelopment Grant	62,180,748	12,000,000
Increase/ (Decrease) in Race Fields Fees	(106,772,794)	36,035,120
Increase/ (Decrease) in Insurance Claims Provision	348,011	2,056,947
	(36,767,018)	52,759,573
Cash Flows from operating activities	68,184,988	53,513,453

NOTE 7: CASH AND CASH EQUIVALENTS

Cash at Bank	56,506,458	8,906,090
Cash at Bank - Redevelopment Grant (Restricted)	74,180,748	12,000,000
Cash on Deposit - Workers Compensation	33,483,449	32,038,892
Cash on Deposit - Race Fields	-	100,576,336
Total Cash and Cash Equivalents	164,170,655	153,521,318

The Cash at Bank bears floating interest rates between 4.30% and 5.40% (2011: 4.02% and 4.61%). Cash at Bank - Redevelopment Grant (Restricted) bears interest rates of between 4.72% and 6.10% (2011: 4.42% and 5.63%). The Cash on Deposit - Workers Compensation are pledged as security for the ANZ Bank Guarantee to Work Cover (Note 18).

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

2012	2011
\$	\$

NOTE 7: CASH AND CASH EQUIVALENTS (CONT.)

Racing NSW entered into a Trackside Agreement with TAB Limited to fund the redevelopment of Randwick Racecourse. In the agreement Racing NSW are to receive \$150 million of funds to distribute to the Australian Turf Club solely for the purpose of redeveloping the Randwick Racecourse over the next two financial years. In addition, racing NSW received \$24 million from the New South Wales Government solely for the purpose of the Rosehill Gardens Racecourse redevelopment. Cash at Bank - Redevelopment Grant (Restricted) represents the aforementioned net cash received and paid as at reporting date. Payments to the Australian Turf Club are made on receipt of certified progress claims. These funds will be distributed to the Australian Turf Club solely for the purpose of redeveloping the aforementioned respective racecourses. The accounting treatment has been on a cash basis to reflect when economic benefits and obligations will be received. Refer Note 15.

NOTE 8: TRADE AND OTHER RECEIVABLES

Trade Debtors	1,309,502	1,443,335
Provision for Doubtful Debts	(15,891)	(99,464)
Sundry Debtors	10,359,688	3,373,833
Cash on Deposit - Race Fields (greater than 90 days till maturity)	60,000,000	-
Amounts receivable from associated entities:		
- Racing NSW Country Limited	-	2,808,371
- Racingcorp Pty Limited	16,476	70,900
- Australian Racing Board Limited	558,058	889,981
Reinsurance Recoveries Receivable	1,041,581	1,117,897
Amounts receivable - Loans to Clubs	16,036,458	13,217,130
Stakes Payment Debtors	5,643,044	6,457,775
Total Receivables	94,948,916	29,279,758
Sundry Debtors includes outstanding Race Fields fees, accrued interest, accrued Tabcorp receipts and accrued legal fees incurred in the Race Fields case which are to be reimbursed by Plaintiffs.		
Amounts Receivable - Loans to Clubs is made up of the following:		
- Loan to Australian Turf Club	15,005,277	13,217,130
- Loan to Hawkesbury Race Club	1,031,181	-
	16,036,458	13,217,130

NOTE 9: OTHER CURRENT ASSETS

Prepayments	436,094	140,430
	436,094	140,430

On 21 June, 2012 Racing NSW entered into a contract to purchase Level 11, 51 Druitt Street, Sydney. Level 11 was purchased as an investment that will be held by the Racing NSW workers' compensation fund and was purchased with the intent of diversifying the workers' compensation funds asset base away from cash and increasing the asset base held. The property is intended to be leased for investment purposes. Settlement of the property occurred on 21 September, 2012. Refer to Note 23.

NOTE 10: INVESTMENT IN RISA

	Principal Activity	Country of Incorporation	Reporting Date	2012	2011
Racing Information Services Australia Pty Ltd (RISA)	Maximising benefits of racing information	Australia	30/06/2012		
Ownership Interest				35.0%	35.0%
Voting Power				35.0%	35.0%
Movements in carrying amounts					
At beginning of financial year				3,751,083	1,618,306
Non-repayable grant prior year adjustment				-	1,899,842
Share of RISA profit current year				335,755	232,935
Non-repayable grant accounted for as distribution				-	-
At end of financial year				4,086,838	3,751,083
Total				4,086,838	3,751,083

Summarised financial information of RISA as at 30 June 2012

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

Assets	4,492,698	4,227,224
Liabilities	448,173	518,453
Equity	4,044,525	3,708,771
Revenues	2,560,384	2,306,670
Profit/(Loss)	335,755	232,935

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

	2012 \$	2011 \$
NOTE 11: PROPERTY, PLANT and EQUIPMENT - BUILDINGS		
Land and Buildings - at cost	4,779,320	4,779,320
Less accumulated depreciation	550,412	454,628
Total Land and Buildings	4,228,908	4,324,692
Movement in Carrying Amounts		
Balance at Beginning of Year	4,324,692	4,420,476
Depreciation Expense	(95,784)	(95,784)
Carrying Amount at the end of the year	4,228,908	4,324,692
The Druitt Street property was purchased on 29th September 2006.		
NOTE 12: PROPERTY, PLANT and EQUIPMENT - OTHER		
Plant and Equipment - at cost	8,141,085	7,064,435
Less accumulated depreciation	5,523,334	5,264,035
Total Plant and Equipment	2,617,751	1,800,400
Movement in Carrying Amounts		
Balance at Beginning of Year	1,800,400	1,920,961
Additions	1,591,736	984,970
Disposals	(194,151)	(274,921)
Depreciation Expense	(580,234)	(830,610)
Carrying Amount at the end of the year	2,617,751	1,800,400
Plant and equipment above is comprised of the following categories.		
Laboratory Equipment - at cost	4,066,224	3,242,465
Less accumulated depreciation	2,977,910	2,868,198
Total Laboratory Equipment	1,088,314	374,267
Movement in Carrying Amounts		
Balance at Beginning of Year	374,267	395,702
Additions	823,759	247,437
Depreciation Expense	(109,712)	(268,872)
Carrying Amount at the end of the year	1,088,314	374,267
Building Fit-out, Furniture and Fittings - at cost	951,352	951,352
Less accumulated depreciation	533,650	440,379
Total Building Fit-out, Furniture and Fittings	417,702	510,973
Movement in Carrying Amounts		
Balance at Beginning of Year	510,973	599,659
Additions	-	4,097
Depreciation Expense	(93,271)	(92,783)
Carrying Amount at the end of the year	417,702	510,973
Office and Other Equipment - at cost	2,099,930	1,912,800
Less accumulated depreciation	1,721,853	1,667,037
Total Office and Other Equipment	378,077	245,763
Movement in Carrying Amounts		
Balance at Beginning of Year	245,763	171,611
Additions	307,130	346,371
Disposals	-	-
Depreciation Expense	(174,816)	(272,219)
Carrying Amount at the end of the year	378,077	245,763
Motor Vehicles - at cost	1,023,579	957,818
Less accumulated depreciation	289,921	288,421
Total Motor Vehicles	733,658	669,397
Movement in Carrying Amounts		
Balance at Beginning of Year	669,397	753,988
Additions	460,847	387,064
Disposal	(194,151)	(274,921)
Depreciation Expense	(202,435)	(196,734)
Carrying Amount at the end of the year	733,658	669,397

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

	2012 \$	2011 \$
NOTE 13: OTHER NON CURRENT ASSETS		
Other Assets	- 72,952	<u>72,952</u>

NOTE 14: OTHER NON CURRENT RECEIVABLES

Non Current Reinsurance Recoveries Receivable	4,928,844	4,653,613
	<u>4,928,844</u>	<u>4,653,613</u>

NOTE 15: TRADE AND OTHER PAYABLES

Trade Creditors	7,923,961	551,167
Other Creditors and Accruals	9,615,698	4,122,378
Amounts payable to associated entities:		
- Racing NSW Country Limited	461,677	-
- Jockey's Benefit Scheme Trust	132,587	-
Employee Leave	937,245	798,766
Jockeys Welfare Fund	2,078,751	1,932,918
Stakes Payment Creditors	10,561,282	7,909,687
Redevelopment Fund	74,180,748	12,000,000
Race Fields Fees	-	106,772,794
Benevolent Fund	696,484	618,847
Total Creditors and Accruals	106,588,433	134,706,557

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

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

Redevelopment Fund represents amounts received in relation to redevelopment of Royal Randwick and Rosehill race courses, less progress payments made to 30 June 2012.

	Randwick	Rosehill	Total
Redevelopment funds received to 30 June 2012	75,000,000	24,000,000	99,000,000
Less: Progress payments made to 30 June 2012	(25,129,235)	(2,324,472)	(27,453,707)
Plus: Additional RNSW grant	2,634,455	-	2,634,455
Balance of Redevelopment liability	52,505,220	21,675,528	74,180,748

In prior years, Race Fields Fees represented fees collected previously under the Racing Administration Act 1998 that had not been distributed pending the legal challenges of Betfair Aust Pty Ltd and Sportsbet Pty Ltd in relation to the validity of those fees. As a result of the High Court Judgement on 30 March, 2012 unanimously in favour of Racing NSW, Racing NSW is now at liberty to use the fees collected pursuant to the Race Fields legislation and hence the liability which was previously recognised on the basis that Racing NSW may have been required to refund those fees in the event of an adverse court judgement, is no longer required.

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

	2012 \$	2011 \$
NOTE 16: BREEDERS AND OWNERS BONUS SCHEME		
Current		
Breeders and Owners Bonus Scheme	12,678,483	11,181,365
Total Current	12,678,483	11,181,365
Non-Current		
Breeders and Owners Bonus Scheme	4,437,916	4,967,303
Total Non-Current	4,437,916	4,967,303
	17,116,399	16,148,668

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(l))

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

	2012 \$	2011 \$
NOTE 17: PROVISIONS		
Current		
Employee Benefits	912,951	767,309
Total Current	912,951	767,309
Non-Current		
Employee Benefits	307,168	336,287
Total Non-Current	307,168	336,287
Total Provisions for Employee Benefits	1,220,119	1,103,596
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	2,038,567	2,221,012
Net market value of assets held by the fund to meet future benefit payments	1,923,528	2,023,430
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)	115,039	197,582
NOTE 18: WORKERS COMPENSATION PROVISION		
Current		
Provision for Insurance Outstanding Claims	8,078,501	8,901,817
Total Current	8,078,501	8,901,817
Non-Current		
Provision for Insurance Outstanding Claims	38,228,124	37,056,797
Total Non-Current	38,228,124	37,056,797
Total Provisions for Workers Compensation	46,306,625	45,958,614
Workers Compensation Provisions		
Opening Balance of Workers Compensation Provisions	45,958,614	43,901,667
Gross Movement in Workers Compensation Provisions	348,011	2,056,947
Closing Balance of Workers Compensation Provisions	46,306,625	45,958,614
The movement in the Workers Compensation Provision is shown at a Gross of any Reinsurance Recoveries.		
Gross Movement in Workers Compensation Provisions	348,011	2,056,947
Less Increase in Reinsurance Recoveries	198,915	1,293,314
Net Movement in Workers Compensation Provision	149,096	763,633
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 2012. The ANZ Bank had issued guarantees amounting to \$40,200,000 as at 30 June 2012 (2011:\$39,400,000) 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% (2011: 20%) in respect of the net central estimate of liabilities relating to the specialised insurer's license and a prudential margin of 50% (2011: 50%) in respect of the net central estimate of liabilities relating to the self insurer's license. The directors have determined that these prudential risk margins are appropriate to increase the likelihood that the provision will be adequate to meet the cost of claims. Due to the small amount of claim data and the difficulties in determining a mathematical distribution appropriate to Racing NSW, the probability of adequacy corresponding to the margin cannot be reliably estimated.		
The movement in Workers Compensation Provision is recognised as either income or an expense of the period.		
NOTE 19: OTHER CURRENT LIABILITIES		
Deferred Income	674,307	685,830
	674,307	685,830
Monies received by Racing NSW at the end of the reporting period for products or services not yet provided are classified as current deferred income. These items include subscriptions received for registration of racing colours, license fees, Workers Compensation Insurance premiums and subscriptions to NSW Racing magazine which will be recognised in the next 12 months.		
NOTE 20: OTHER NON CURRENT LIABILITIES		
Deferred Income	164,979	213,820
	164,979	213,820
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.		

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

2012	2011
\$	\$

NOTE 21: RESERVES

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

Reserves

General Reserve	2,029,939	1,694,184
Operating Reserve	731,975	731,975
Industry Distribution Reserve	108,414,565	5,522,449
Workers Compensation Reserve	(7,829,335)	(9,221,447)
Total Reserves	103,347,144	(1,272,839)

Movement in Reserves

General Reserve

Balance at the beginning of the year	1,694,184	1,461,249
Transfers from/(to) accumulated surplus	335,755	232,935
Balance reserve at the end of the year	2,029,939	1,694,184

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	5,522,449	2,281,530
Transfers (to)/from accumulated surplus	102,892,116	3,240,919
Balance reserve at the end of the year	108,414,565	5,522,449

Workers Compensation Reserve

Balance at the beginning of the year	(9,221,447)	(7,685,755)
Transfers to accumulated surplus	1,392,112	(1,535,692)
Balance reserve at the end of the year	(7,829,335)	(9,221,447)

Total Reserves

Total Reserves	103,347,144	(1,272,839)
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The Industry Distribution Reserve, General Reserve and Operating Reserve represent monies that have progressively been accumulated by Racing NSW from its operation since inception, to fund different areas of its general activities segment. The Workers Compensation Reserve represents accumulated losses from Racing NSW Workers Compensation segment.

NOTE 22: ACCUMULATED SURPLUS

Accumulated surplus at beginning of the financial year

Total Funds transferred to/(from) Reserves	104,619,983	1,938,162
Transfer (to)/from General Reserve	(335,755)	(232,935)
Transfer to Operating Reserve	-	-
Transfer to Industry Distribution Reserve	(102,892,116)	(3,240,919)
Transfer (to)/from Workers Compensation Reserve	(1,392,112)	1,535,692
Accumulated surplus at end of the financial year	-	-

NOTE 23: CAPITAL AND LEASING COMMITMENTS

Operating lease Commitments

Non-cancellable operating lease contracted for but not capitalised in the Financial statements

Payable not later than 1 year	55,931	16,056
Payable later than 1 year and not later than 5 years	-	10,704
Accumulated surplus at end of the financial year	55,931	26,760

As detailed in Note 9, Racing NSW entered into a contract to purchase Level 11, 51 Druitt Street, Sydney for the Racing NSW workers' compensation fund in the amount of \$5,900,000 excluding GST and stamp duty. Settlement of the property occurred on 21 September, 2012.

NOTE 24: CONTINGENT LIABILITIES

Racing NSW has entered into a Trackside Agreement with TAB Limited to fund the Redevelopment of Randwick Racecourse. In the agreement Racing NSW are to receive \$150 million of funds to distribute to the Australian Turf Club solely for the purpose of redeveloping the Randwick Racecourse over the course of the next two financial years. The first payment of \$75 million was received on the 1 July, 2011 and the second payment of \$75 million on the 2 July, 2012 post year end. In addition Racing NSW received \$24 million from the New South Wales Government solely for the purpose of the Rosehill Gardens Racecourse development. The accounting treatment will be on a cash basis to reflect when economic benefits and obligations will be received. Payments to the Australian Turf Club (owner of the aforementioned clubs) will be made on receipt of certified progress claims.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

NOTE 24: CONTINGENT LIABILITIES (CONT.)

There are guarantees provided by the ANZ Bank in favour of WorkCover Authority of NSW amounting to \$40,200,000 (2011: \$39,400,000) at the end of the reporting period, against a facility of \$40,200,000 (2011: \$39,400,000). Unused facilities at the end of the reporting period amount to \$0 (2011: \$0).

Assets pledged as security.

The carrying amounts of assets pledged as security for the financial guarantees issued by the ANZ bank in favour of WorkCover are set out in note 7. A registered mortgage debenture over all the assets of Racing NSW is held by the ANZ bank excluding the aforementioned funds held for the purpose of redeveloping Randwick and Rosehill Racecourses.

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

NOTE 25: KEY MANAGEMENT PERSONNEL

a) Key Management Personnel

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

Name	Position Held
John Messara AM	Chairman (from 19 December 2011)
Naseema Sparks	Deputy Chairperson (from 19 December 2011)
Alan Brown	Board member
Ken Brown AM	Board Member
Russell Balding AO	Board Member (from 19 December 2011)
The Hon Kevin Greene	Board Member (from 19 December 2011)
Anthony Hodgson AM	Board Member (from 19 December 2011)
Alan Bell	Board member (until 18 December 2011)
Kim Harding	Board member (until 18 December 2011)
Arthur Inglis	Board member (until 18 December 2011)
Peter V'landys	Chief Executive Officer & Board Member
Ray Murrphy	General Manager - Integrity
Keith Bulloch	General Manager - Regulatory
Scott Kennedy	General Manager - Industry and Analytical
Pete Sweeney	Legal Counsel
John Keledjian	Laboratory Director - Operations
Adam Cawley	Laboratory Director - Scientific
Ariel Paez	General Manager - IT (from 25 July 2011)
Susan Clarkson	General Manager - Finance (from 25 July 2011 until 30 March 2012)
Craig Barnes	General Manager - Finance (from 7 May 2012)
Natalie Tipping	General Manager - Insurance, Special Projects, Asst. Legal Counsel
John Galvin	General Manager - Workers Compensation
Maurice Logue	General Manager - Training

b) Key Management Personnel Compensation

	2012 \$	2011 \$
Salary, Bonuses and Fees	2,909,637	2,756,193
Non-Cash Benefits	115,133	103,800
Other Long Term Benefit	32,821	31,325
Superannuation	256,337	214,296
Total	3,313,928	3,105,614

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

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

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

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

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

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

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

NOTE 26: ENTITY DETAILS

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

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

NOTE 27: SEGMENT REPORTING

	2012			2011		
	Racing NSW	Insurance	Total	Racing NSW	Insurance	Total
Primary Reporting - Business Segments						
Revenue						
External Sales	245,256,504	11,629,380	256,885,884	23,804,204	11,552,535	35,356,739
Other Revenue	6,280,546	1,832,176	8,112,722	929,659	1,530,704	2,460,363
Non-repayable grant prior year adjustment	-	-	-	1,899,842	-	1,899,842
Share of profit of associate (RISA)	335,755	-	335,755	232,935	-	232,935
Total Segment Revenue	251,872,805	13,461,556	265,334,361	26,866,640	13,083,239	39,949,879
Expenditure	147,799,061	12,239,299	160,038,360	24,392,021	12,693,301	37,085,322
Depreciation	646,957	29,061	676,018	897,798	28,597	926,395
Total Segment Expenditure	148,446,018	12,268,360	160,714,378	25,289,819	12,721,898	38,011,717
Segment Result	103,426,787	1,193,196	104,619,983	1,576,821	361,341	1,938,162
Assets						
Segment Assets	231,877,293	39,453,875	271,331,168	155,982,761	37,810,402	193,793,163
Investments in Assets Accounted for using the Equity Method	4,086,838	-	4,086,838	3,751,083	-	3,751,083
Total Assets	235,964,131	39,453,875	275,418,007	159,733,844	37,810,402	197,544,246
Liabilities						
Segment Liabilities	125,500,071	46,570,791	172,070,862	152,589,049	46,228,033	198,817,082
Total Liabilities	125,500,071	46,570,791	172,070,862	152,589,049	46,228,033	198,817,082
Net Assets/(Liabilities)	110,464,060	(7,116,916)	103,347,145	7,144,795	(8,417,631)	(1,272,837)
Purchase of Non-Current Assets	1,518,784	-	1,518,784	984,970	-	984,970
Impairment Losses						
Significant Non Cash Expenses other than Depreciation	-	348,011	348,011	-	2,056,947	2,056,947

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

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

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

NOTE 28: RELATED PARTIES

(a) Key Management Personnel

The key management personnel of the entity are disclosed in note 25(a).

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

A. Brown	K. Brown AM	R. Balding AO (from 19 Dec 2011)
A. Bell (until 18 Dec 2011)	P.N. V'landys	The Hon K Greene (from 19 Dec 2011)
A. Inglis (until 18 Dec 2011)	J. Messara AM (from 19 Dec 2011)	A. Hodgson AM (from 19 Dec 2011)
K. Harding (until 18 Dec 2011)	N. Sparks (from 19 Dec 2011)	

The Rewards program is now in the process of being wound up. The operation of Racing NSW Rewards Club have incurred transaction fees with PinPoint Pty Ltd of \$15,508 for the financial year . Pinpoint Pty Ltd is owned by Kim Harding a former Board member of Racing NSW. All transactions with Pinpoint Pty Ltd are conducted on normal commercial terms.

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

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NOTE 28: RELATED PARTIES (CONT.)

(b) Other Related Parties

Racing NSW undertakes accounting, administrative, banking and payroll services and support for Racing NSW Country Limited, NSW TRB Training Limited, Racingcorp Pty Limited and Australian Racing Board Limited. Refer Notes 8 and 15 for amounts due from/payable to these related entities. Amounts disclosed below detail transactions with these related entities during the year. These transactions are on normal commercial terms. These are summarised as follows:

	Expenses Paid on behalf of entity	Receipts taken on behalf of entity
- Racing NSW Country Limited	55,712,785	57,492,480
- Australian Racing Board Limited	1,912,453	1,915,077
- Racingcorp Pty Limited	126,206	154,903
- NSW TRB Training Limited	836,054	815,509

NOTE 29: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

a) General objectives, policies and processes

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

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

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

b) Credit risk

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

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

	2012 \$	2011 \$
Trade Debtors	1,293,611	1,343,871
Other Receivables	88,012,261	21,478,112
Stakes Payment Debtors	5,643,044	6,457,775
Cash at Bank	130,687,206	8,906,090
Cash on Deposit	33,483,449	144,615,228
	259,119,571	182,801,076

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

Concentration of Debtors

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

BOBS trade debtors as at 30 June 2012 were \$701,225 (2011: \$1,108,497). The Board believes the credit risk is negligible due to control over future winnings attributable to these debtors.

A significant proportion of Trade and Other Receivables comprise amounts receivable from the associated entities as at 30 June, 2012 including Racing NSW Country Limited \$0 (2011: \$2,808,371) Racingcorp Pty Limited \$16,476 (2011: \$70,900) and Australian Racing Board Limited \$558,058 (2011: \$889,981).

Additionally a significant portion of Trade and Other Receivables comprises the loan receivable from the Australian Turf Club Limited and the Hawkesbury Racing Club Limited respectively being \$15,005,278 (2011: \$13,217,130) and \$1,031,181 (2011: \$0) (note 8). The Board believes the credit risk is negligible due to control over the funding through the Racing Distribution Agreement, Inter-Code Agreement and the Intra-Code Agreement

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

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

b) Credit risk (cont.)

Impairment

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

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

2012 Trade and Other Receivables ageing are as follows:

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

2011 Trade and Other Receivables ageing are as follows:

	Total \$	Current \$	30 days \$	60 Days \$	90 Days \$
Maximum Exposure - Trade Debtors	1,443,335	332,186	889,368	13,798	207,983
Maximum Exposure - Stakes Payment Debtors	6,457,775	6,457,775	-	-	-
Maximum Exposure - Other Receivables	21,478,112	21,478,112	-	-	-
	29,379,222	28,268,073	889,368	13,798	207,983
Amount past due but not considered Impaired	1,011,684	-	889,368	13,798	108,518
Amount past due considered Impaired	99,464	-	-	-	99,464
	1,111,148	-	889,368	13,798	207,982
Impairment provision	(99,464)	-	-	-	(99,464)

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.

	2012 \$	2011 \$
Opening Balance	99,464	70,649
Bad Debts written off during year	(86,774)	-
Provision for Doubtful Receivables	3,200	28,815
Closing Balance	15,890	99,464

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.

ANZ Bank	95,137,918	141,331,571
Westpac Bank	1,336,048	12,189,747
Commonwealth Bank	127,696,688	-
Total	224,170,654	153,521,318

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

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

c) Liquidity Risk

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

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

Concentration of Creditors

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

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

Maturity Analysis for Financial Liabilities - 2012

	Carrying Amount	Contractual Cash Flows	< 6 Months	6-12 Months	1-4 years
	\$	\$	\$	\$	\$
Trade and Other Payables	20,314,893	20,314,893	20,314,893	-	-
Stakes Payment Creditors	10,561,282	10,561,282	10,561,282	-	-
Breeders and Owners Bonus Schemes	17,116,399	17,116,399	4,554,210	8,124,273	4,437,916
Redevelopment Funds	74,180,748	74,180,748	74,180,748	-	-
Total	122,173,322	122,173,322	109,611,133	8,124,273	4,437,916

Maturity Analysis for Financial Liabilities - 2011

	Carrying Amount	Contractual Cash Flows	< 6 Months	6-12 Months	1-4 years
	\$	\$	\$	\$	\$
Trade and Other Payables	7,225,309	7,225,309	7,225,309	-	-
Stakes Payment Creditors	7,909,687	7,909,687	7,909,687	-	-
Breeders and Owners Bonus Schemes	16,148,668	16,148,668	3,847,490	7,306,875	4,967,303
Race Fields	106,772,794	106,772,794	106,772,794	-	-
Redevelopment Funds	12,000,000	12,000,000	12,000,000	-	-
Total	150,056,458	150,056,458	137,755,280	7,306,875	4,967,303

Economic Dependency

Racing NSW received 3.00% (2011: 22.33%) of its income via a First Charge on the TAB distributions to the Thoroughbred Racing Industry. This distribution is governed by the NSW Racing Distribution Agreement as entered into by Racingcorp Pty Limited and TAB Limited. Consequently, Racing NSW is economically dependent on TAB Limited.

d) Market Risk

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

Interest Rate Risk

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

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

d) Market Risk (cont.)

Interest Rate Risk

2012	Effective Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing < 1 year	Non Interest Bearing	Total
		\$	\$	\$	\$
Financial Assets:					
Cash at Bank	4.830%	130,687,206	-	-	130,687,206
Cash on Deposit	5.570%	-	33,483,449	-	33,483,449
Receivables	5.500%	16,036,458	60,000,000	18,912,458	94,948,916
Total Financial Assets		146,723,664	93,483,449	18,912,458	259,119,571
Financial Liabilities:					
Breeders and Owners Bonus Scheme	-	-	-	17,116,399	17,116,399
Trade and Other Payables	-	-	-	105,651,188	105,651,188
Total Financial Liabilities measured at amortised cost				122,767,587	122,767,587
2011	Effective Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing < 1 year	Non Interest Bearing	Total
		\$	\$	\$	\$
Financial Assets:					
Cash at Bank	4.345%	8,906,090	-	-	8,906,090
Cash on Deposit	4.857%	-	144,615,228	-	144,615,228
Receivables	4.857%	13,217,130	-	16,062,628	29,279,758
Total Financial Assets		22,123,220	144,615,228	16,062,628	182,801,076
Financial Liabilities:					
Trade and Other Payables	-	-	-	7,225,309	7,225,309
Stakes Payment Creditors				7,909,687	7,909,687
Breeders and Owners Bonus Scheme	-	-	-	16,148,668	16,148,668
Race Fields				106,772,794	106,772,794
Redevelopment Funds				12,000,000	12,000,000
Total Financial Liabilities measured at amortised cost				150,056,458	150,056,458

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 2012, the net profit impact for a 100 basis points movement in interest rates would be \$2,404,072 (2011: \$1,667,384)

2012	Current Weighted Average Rate	Amount	100 basis points Increase in Interest Rate	100 basis points Decrease in Interest Rate
		\$	\$	\$
Cash at Bank	4.830%	130,687,206	1,306,872	(1,306,872)
Cash on Deposit	5.570%	33,483,449	334,834	(334,834)
Receivables	5.500%	16,036,458	760,365	(760,365)
Total		240,207,113	2,402,071	(2,402,071)
2011	Current Weighted Average Rate	Amount	100 basis points Increase in Interest Rate	100 basis points Decrease in Interest Rate
		\$	\$	\$
	4.345%	8,906,090	89,061	(89,061)
Cash on Deposit	4.857%	144,615,228	1,446,152	(1,446,152)
Receivable	4.857%	13,217,130	132,171	(132,171)
Total		166,738,448	1,667,384	(1,667,384)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

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

d) Market Risk (cont.)

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

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

Insurance Risk

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

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

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

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

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

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

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

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

NOTE 30: FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

- a) the interest rate used for discounting is the published ANZ Reference Rate as at 30 June each year. 2012: 10.24% (2011: 11.19%)
- b) payments are made evenly throughout the period.
- c) BOBS has been discounted over 4 years (2011: 4 years) due to the nature of the BOBS agreement.

	Fair Value	2012 Carrying Value	Variance	Fair Value	2011 Carrying Value	Variance
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash at Bank	130,687,206	130,687,206	-	8,906,090	8,906,090	-
Cash on Deposit	33,483,449	33,483,449	-	144,615,228	144,615,228	-
Receivables	94,948,916	94,948,916	-	29,279,758	29,279,758	-
Total Financial Assets	259,119,571	259,119,571	-	182,801,076	182,801,076	-
Financial Liabilities:						
Breeders and Owners Bonus Scheme	16,872,487	17,116,399	(243,911)	15,875,661	16,148,668	(273,007)
Trade and Other Payables	105,651,187	105,651,187	-	133,907,790	133,907,790	-
Total Financial Liabilities measured at amortised cost	122,523,674	122,767,586	(243,911)	149,783,451	150,056,458	(273,007)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

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	2012 \$	2011 \$
NOTE 31: INSURANCE ACTIVITIES		
Premium revenue	11,084,296	9,947,225
Reinsurance recoveries and other recoveries revenue	252,524	245,588
Other Income	292,560	1,359,722
	11,629,380	11,552,535
Interest Income	1,832,176	1,530,704
Movement in market value of Investment Fund	-	-
	1,832,176	1,530,704
Underwriting expenses	1,538,136	1,581,444
Direct claims expense	10,026,558	12,517,975
Outwards reinsurance premium expense	504,750	519,471
	12,069,444	14,618,890
Underwriting result for the financial year excluding investments revenue and expense	(440,064)	(3,066,355)
Operating Assets		
Bank	33,483,449	32,038,892
Reinsurance recoveries	5,970,425	5,771,510
	39,453,874	37,810,402
	39,453,874	37,810,402
Total Assets		
Liabilities		
Outstanding claims	46,306,625	45,958,614
Unearned Premiums	264,166	269,419
	46,570,791	46,228,033
Refer to Note 18 for bank guarantee and other information relating to Workers Compensation Provision.		
a) Outstanding Claims		
Gross undiscounted claim liability	56,988,126	60,802,293
Discount to present value	(17,404,201)	(21,545,619)
Central estimate of the expected present value of future payments for claims incurred	39,583,925	39,256,674
Prudential margin	6,722,700	6,701,940
	46,306,625	45,958,614
Current	8,078,501	8,901,817
Non-current	38,228,124	37,056,797
	46,306,625	45,958,614

The average weighted term to settlement of the outstanding liabilities is 11.2 years (2011: 11.8 years).

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

	2012	2011	2012	2011
	Next Year	Thereafter	Next Year	Thereafter
Inflation rate	3.50%	3.50%	3.75%	4.00%
Discount Rate	3.60%	3.60%	5.35%	5.35%

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

	2012	2011		
	Current Year Incurred	Reassess Prior Years	Current Year Incurred	Reassess Prior Years
	\$	\$	\$	\$
Gross undiscounted incurred claims	14,193,000	(14,166,000)	18,248,000	(7,164,000)
Undiscounted reinsurance & other recoveries	(81,000)	97,000	(23,000)	(1,071,000)
Net undiscounted incurred claims	14,112,000	(14,069,000)	18,225,000	(8,235,000)
Discounting of incurred claims	(2,898,000)	11,227,000	(4,781,000)	7,137,000
Discounting recoveries	18,000	(383,000)	7,000	(243,000)
	11,232,000	(3,225,000)	13,451,000	(1,341,000)
Gross discounted incurred claims	11,295,000	(2,939,000)	13,467,000	(27,000)
Discounted reinsurance & other recoveries	(64,000)	(286,000)	(15,000)	(1,314,000)
Net discounted incurred claim	11,231,000	(3,225,000)	13,452,000	(1,341,000)

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2012

RACING NSW ABN 86 281 604 417

NOTE 32: INSURANCE ACTIVITIES (CONT.)

c) Claim Development

Claims cost estimate	Prior	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
At the end of accident year	\$	5,659,267	5,745,520	7,132,984	8,351,672	8,154,329	8,852,558	13,326,633	10,768,330	14,057,342	12,899,842	94,948,977
One year later	n/a	5,247,415	6,046,826	7,637,118	7,640,157	9,177,341	10,454,049	14,599,553	10,269,359	13,382,008		84,453,824
Two years later	n/a	5,327,736	6,249,429	5,961,684	8,687,932	9,538,730	10,586,406	14,002,698	9,558,991			69,912,706
Three years later	n/a	5,257,470	5,379,526	7,238,938	9,110,498	9,660,750	10,792,657	13,500,384				60,940,223
Four years later	n/a	3,890,939	5,755,785	8,273,813	9,271,091	9,658,166	11,084,453					47,934,247
Five years later	n/a	4,000,405	7,282,263	7,824,281	8,149,674	8,813,519						36,070,143
Six years later	n/a	4,964,264	7,501,846	7,293,066	7,898,883							27,658,059
Seven years later	n/a	5,292,736	6,831,022	7,042,351								19,166,109
Eight years later	n/a	5,206,734	7,461,356									12,668,090
Nine years later	n/a	4,778,176										4,778,176
Current estimate of claims cost	-	4,778,176	7,461,356	7,042,351	7,898,883	8,813,519	11,084,453	13,500,384	9,558,091	13,382,008		12,889,842
Cumulative payments	-	(4,007,945)	(5,526,008)	(4,917,664)	(5,385,836)	(5,502,301)	(7,045,422)	(7,567,648)	(4,053,368)	(4,749,914)		(2,372,525)
Undiscounted central estimate	5,237,751	770,231	1,935,348	2,124,687	2,513,047	3,311,218	4,039,030	5,932,916	5,504,723	8,632,093	10,527,317	50,528,361
Effect of discounting	(1,751,668)	(257,929)	(644,721)	(678,562)	(786,210)	(990,888)	(1,215,201)	(1,661,443)	(1,529,161)	(2,264,024)	(2,468,458)	(14,248,285)
Discounted central estimate	3,486,063	512,301	1,290,627	1,446,125	1,726,837	2,320,330	2,823,830	4,271,473	3,975,362	6,368,070	8,058,859	36,280,076
NSW Legislation adjustment	2,963,153	435,456	1,097,033	1,229,206	1,467,811	1,972,281	2,400,255	3,630,752	3,379,227	5,412,859	6,850,030	30,838,065
Claims handling expense	266,684	39,191	98,733	110,629	132,103	177,505	216,023	326,768	304,130	487,157	616,503	2,775,426
Risk margin	645,967	94,929	239,153	267,967	319,983	429,957	523,504	791,504	736,672	1,180,003	1,493,307	6,722,698
Present value recognised in the statement of financial position	3,875,805	569,577	1,434,919	1,607,802	1,919,897	2,579,743	3,139,534	4,749,024	4,420,030	7,080,020	8,959,840	40,336,189

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

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d) Maturity Analysis for Outstanding Claims

	All Years	< 1 year	1-2 years	2-5 years	> 5 years	All Years	< 1 year	1-2 years	2-5 years	> 5 years	2011
Workers Compensation Claim Payments - Undiscounted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

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.

DECLARATION BY MEMBERS OF THE BOARD

The Members of the Board declare that:

- (1) the financial statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes:
 - (i) give a true and fair view of the financial position of Racing NSW as at 30 June 2012 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 debts as and when they become due and payable.

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



Mr J Messara AM
Chairman



Mr P.N. V'landys
Chief Executive

Dated at Sydney this 9th day of October, 2012.



Grant Thornton

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

We have audited pages 41 to 62 of the accompanying financial report of Racing NSW, which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the declaration by the Members of the Board.

Board Members' responsibility for the financial report

The Members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with the Thoroughbred Racing Act 1996 and Australian Accounting Standards. This responsibility includes such internal controls as the Board Members determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting esti-

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mates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independence

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

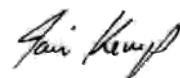
Auditor's Opinion

In our opinion, the financial report of Racing NSW:

- a. presents fairly, in all material respects, the entity's financial position as at 30 June 2012 and of its performance and cash flows for the year then ended; and
- b. complies with the Thoroughbred Racing Act 1996 and Australian Accounting Standards.

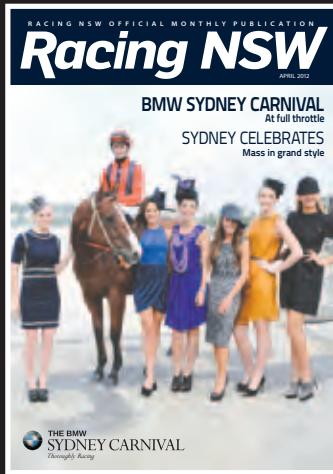
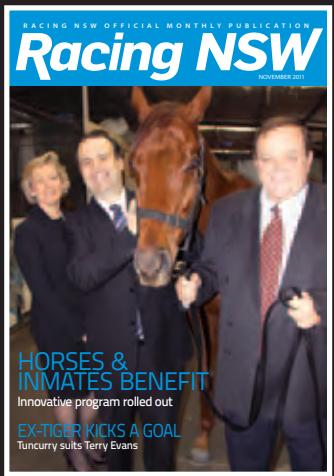
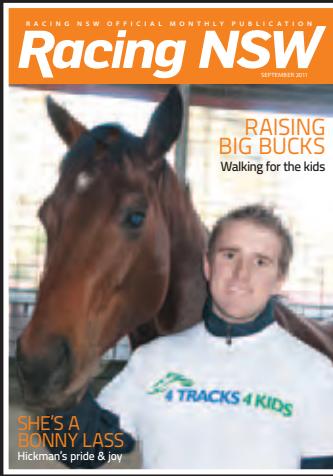
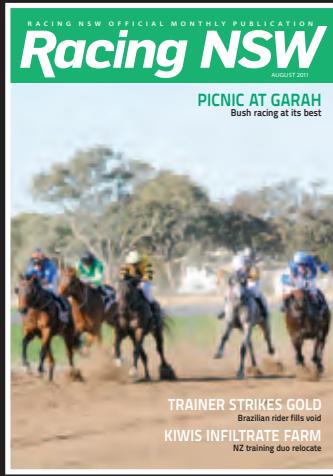


GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner - Audit & Assurance
Sydney, 9 October 2012

NOTES



BACK COVER: Evergreen 15yo Mustard (pictured, white sleeves) in his final race appearance at Gosford in May. The gelding ended his career with 17 wins & 30 placings from 131 starts for more than \$800,000 in prizemoney





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