Racing NSW

ANNUAL REPORT 2016

MISSION STATEMENT

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

VISION

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

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

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

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

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Front cover: Sydney's champions for the 2015/16 racing season (top to bottom): Winx, Rory Hutchings, James McDonald and Chris Waller

CURRENT MEMBERS OF THE BOARD

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

R Balding AO (Russell)
DEPUTY CHAIRMAN
Re-appointed & Appointed Deputy Chairman on 19 December 2015
Attended 8 Meetings

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

The Hon K P Greene (Kevin)
Re-appointed 19 December 2014
Attended 8 Meetings

A G Hodgson AM (Tony)
Re-appointed 19 December 2014
Attended 8 Meetings

Mrs S Cooke (Saranne)
Appointed 19 December 2015
Attended 3 Meetings

Ms C Molyneux-Richards (Carole)
Appointed 19 December 2014
Attended 7 Meetings

Ms J Owen (Jennifer)
Appointed 19 December 2015
Attended 4 Meetings

PAST MEMBERS OF THE BOARD

Ms N Sparks (Naseema)
DEPUTY CHAIRMAN
Appointed 19 December 2011
Attended 4 Meetings

K M Brown AM (Ken)
Appointed 19 December 2011
Attended 4 Meetings

FUNCTIONS OF THE BOARD

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

a) all the functions of the principal club for New South Wales and committee of the principal club for New South Wales under the Australian Rules of Racing,

b) to control, supervise and regulate horse racing in the State,

b1) such functions in relation to the business, economic development and strategic development of the horse racing industry in the State as are conferred or imposed by this Act,

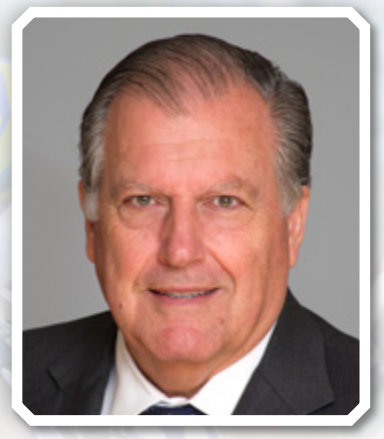
c) to initiate, develop and implement policies considered conducive to the promotion, strategic development and welfare of the horse racing industry in the State and the protection of the public interest as it relates to the horse racing industry,

d) functions with respect to the insuring of participants in the horse racing industry, being functions of the kind exercised by the ATC on the commencement of this section, and such other functions with respect to insurance in the horse racing industry as may be prescribed by the regulations,

e) such functions as may be conferred or imposed on Racing NSW by or under the Australian Rules of Racing or any other Act,

f) such functions with respect to horse racing in New South Wales as may be prescribed by the regulations.

CHAIRMAN'S REPORT



John Messara AM
Chairman

The Hon. Troy Grant MP
Deputy Premier, Minister for Justice and Police,
Minister for the Arts & Minister for Racing
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Minister

In accordance with Section 29 of the Thoroughbred Racing Act 1996, I am pleased to submit to you the 20th Annual Report of Racing NSW covering the period 1 July 2015 to 30 June 2016.

Board meetings were held on eight occasions throughout this period and I again acknowledge the contributions and support of my fellow Board members. The industry is well served by the Board which is comprised of members with an excellent mix of financial, commercial and industry experience.

During the year, former Board members Naseema Sparks and Ken Brown retired, their terms of office having expired, and I thank them for their invaluable contributions to the Board and to the industry during the terms of their appointments. In addition, I congratulate Ms Jennifer Owen and Mrs Saranne Cooke on their appointments to the Board.

The enactment of legislation by your Government to grant tax parity with the Victorian Racing Industry will provide a tremendous boost to the NSW Thoroughbred Racing Industry and will ensure its viability and enhance the livelihoods and welfare of all participants in the Thoroughbred racing industry.

The revenue generated by that decision, together with income derived from its other initiatives has allowed Racing NSW to embark on a far-reaching program of prizemoney increases and other developments throughout the three sectors (Metropolitan, Provincial and Country). Notably, prizemoney payable in New South Wales now stands at $204 million compared with $119 million paid in 2012; a 72% increase thereby greatly reducing the cost burden on owners and reducing the differential between the costs of owning and racing a Thoroughbred horse and the returns to owners by way of prizemoney and other subsidies.

The third running of The Championships was conducted during the year and I am delighted to report that The Championships has continued to grow in status and prestige and is quickly becoming the equal of any of the great racing carnivals around the world. Importantly, the future funding of The Championships has been guaranteed following the Government's action in granting tax parity.

Apart from managing the economic and strategic development of the NSW Thoroughbred Racing Industry, the Board continued to place maximum importance on maintaining the overall integrity of the industry and has continued to develop initiatives aimed at widening its integrity net. Additionally, the Board has announced a major program designed to manage the welfare of all Thoroughbred horses bred and raced in the State.

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

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

Yours Sincerely
John Messara AM
Chairman

CHIEF EXECUTIVE'S REPORT

Peter V'landys AM
Chief Executive

Highlights

The highlight of 2015/16 was the enactment by the NSW State Government of the Betting Tax Legislation Amendment Act 2015 (NSW) which was assented to on 24 November 2015. This legislation reduced the NSW Government's share of revenue generated from punters' bets on the NSW TAB and passed on that share to the three racing codes in NSW.

The legislated changes took effect from 1 July 2015 and will be phased in over a five year period, at which time full revenue sharing parity with the Victorian Racing Industry will have been achieved. As a result of these changes, the NSW Thoroughbred Racing Industry received an additional $18.53 million during the 2015/16 financial year. Over the 5 year phasing-in period the industry will receive an additional $172.8 million.

The revenues received in the five year phasing-in period is as follows:

Year	Racing NSW Proceeds from Parity
FY16	$18.53m
FY17	$33.10m
FY18	$33.10m
FY19	$40.38m
FY20	$47.69m
FY21	$66.12m

This additional revenue allowed Racing NSW to begin implementing all of the initiatives and strategies outlined in its five year Strategic Plan including significant increases in prizemoney throughout all sectors of the industry.

With the proceeds of the parity legislation and funds derived from other Racing NSW initiatives, including PGI payments, Race Field Fees and media rights, the NSW Thoroughbred Racing Industry has been placed on a very sound financial footing and the Industry and its participants can look forward to an era of sustained financial prosperity and on-going viability.

The third running of The Championships, including the Provincial and Country Championships was held during the year and again they proved to be highly successful. Funding for these events was provided from revenue received under the new legislative arrangements, described above.

During the year Racing NSW continued to invest in capital works programs at racecourses throughout the State as well as technological advancements which will greatly assist participants and patrons alike to enjoy their racing experience. These initiatives included the commissioning of several outside broadcast vans and the implementation of a state of the art horse tracking system. The Racing NSW website also provides live coverage of every NSW TAB meeting and most barrier trials. Further all race form contains video replays of the races.

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

Operational Costs and Administrative Charge

Racing NSW reported an operating surplus of $6.56 million. The first charge to the NSW Thoroughbred Racing Industry against the TAB distribution was $8.95 million. This was an increase of 6% on 2014/15, primarily as a result of increased capital expenditure to maintain the Australian Racing Forensic Laboratory at the forefront of racing laboratories worldwide. This is still significantly below the first charge in 2003 which was $11.12 million, which in today's dollars would be $15.2 million. Racing NSW operates at 38% of the cost of Racing Victoria despite conducting 200 more race meetings and servicing a much larger geographical area.

Workers Compensation Division

During 2015/16, the Racing NSW Workers Compensation Fund received 540 new claims. The Fund experienced a claims revenue to claims costs surplus of $2.4 million which is largely attributed to a reduced claims incidence compared to 2014/15 and further improvements in claims and injury management outcomes. Return to work rates and first year claims closure rates continue to improve year on year.

However, a deterioration of $4.3 million in the actuarial valuation of the possible future liability of the Fund at 30 June 2016 (compared to 30 June 2015) and the provision for those potential liabilities, resulted in an overall loss of $1.9 million for the 2015/16 financial year.

It is important to recognise that this deterioration of the actuarial position was found to be predominantly due to external economic factors. In particular, a continuing fall in interest and discount rates as well as amendments to workers compensation legislation which commenced early in the 2015/16 financial year contribute to the actuarial calculation of liability.

The Fund's accumulated losses peaked at $9.2 million at the end of the 2010/11 financial year. This deficit has been eroded by subsequent surpluses and despite the adverse effect of the actuarial valuation of possible future liabilities the Fund currently maintains an accumulated surplus of $200,000.

Parity with Victoria on the State Government Share of TAB Revenue

As identified in the 2014/15 Annual Report, the NSW Government had indicated its intention to legislate for the introduction of parity with the Victorian Racing Industry in respect of the sharing of TAB gross wagering revenue between the NSW Government and the NSW Racing Industry. This announcement followed upon continued representations by Racing NSW seeking this action, which was essential to ensure the future viability and prosperity of the NSW Thoroughbred Racing Industry.

In addition, following further submissions by Racing NSW the Government also indicated that the changes would be implemented by way of legislation and that they would be effective from 1 July 2015.

It was previously envisaged by the NSW Government for the monies to be part of the budget process each year. This however did not provide the essential requirement of certainty of funding.

It was pleasing therefore when the Government introduced the Betting Tax Legislation Amendment Bill into the Parliament on 11 November 2015. The legislation was supported by both sides of Parliament and following its successful passage through Parliament it received the Governor's assent on 24 November 2015.

The legislation provides for a staged reduction of the NSW Government share over 5 years commencing from 1 July 2015 in accordance with the following schedule:

Start Date	NSW Government Share for Every $100 Bet	Government Share Fixed Odds Bets
Previous	$19.11	$10.91
1 Jul-15	$16.20	$9.20
1-Jul-16	$13.50	$7.43
1-Jul-17	$13.50	$7.43
1-Jul-18	$12.17	$6.60
1-Jul-19	$10.70	$5.80

The approximate additional revenues to the NSW Thoroughbred Racing Industry from this scheme are as follows:

Year	Racing NSW Proceeds from Parity
FY16	$18.53m
FY17	$33.10m
FY18	$33.10m
FY19	$40.38m
FY20	$47.69m
FY21	$66.12m

Immediately upon enactment of the legislation, Racing NSW set about implementing the initiatives outlined in its 5 year Strategic Plan. Details of these initiatives are covered later in this report.

Race Fields Legislation

The Race Fields scheme continues to be a critical source of funding for the NSW Thoroughbred Racing Industry. During the year, 307 wagering operators were granted approvals to provide wagering services on NSW Thoroughbred Race Fields and $79.45 million was collected from this source.

Furthermore, it is important that the structure and function of the Race Fields scheme is continually reviewed to ensure that it is performing to its optimum level. Previous amendments included the introduction of higher fees for 'Premium' race meetings (those with at least one race carrying prizemoney of $150,000 or more) and for derivative based bets (Such as best of 3 Totes dividends).

As a result of a further review of the scheme, it has also been amended from 1 July 2016 to include the introduction of a higher fee for 'Premier' race meetings (those with at least one race carrying prizemoney of $1 million or more).

With these changes the fees for the use of NSW Thoroughbred Racing Fields now stand at:

Bet Types	Standard	Premium (Meetings with at least one race of a minimum $150,000 in prizemoney)	Premier (Meetings with at least one race of a minimum $1m in prizemoney)
Derivative Bets	2.50%	3.00%	3.50%
Other (non-derivative) Bets	1.50%	2.50%	3.00%

Strategic Plan

The additional revenue from a more equitable share of TAB gross wagering revenue and the funds derived from other Racing NSW initiatives, including PGI payments, Race Fields Fees and media rights, have enabled Racing NSW to deliver the following key measures detailed in the Strategic Plan:

- Further developing The Championships and a world class Sydney Autumn Racing Carnival into an internationally attractive event;
- Further increasing minimum prizemoney levels throughout New South Wales;
- Increasing feature race prizemoney at all levels throughout the season;
- Reducing costs to owners;
- Developing showcase race meetings in country NSW;
- Developing an integrated industry marketing and branding strategy;
- Improving workplace health and safety across the industry;
- Further boosting the investment in integrity, investigation and surveillance to strengthen public confidence in racing;
- Improving the viability of race clubs; and
- Investing in the future skilled workforce of the industry, and in particular the hiring of 27 Apprentice Greenkeepers to ensure our race tracks are maintained at the highest level.

Prizemoney/Returns to Owners

Racing NSW continued to develop and implement policies aimed at maximising returns to racehorse owners. Despite the financial disadvantage the NSW Thoroughbred Racing Industry had during the year when compared to its Victorian counterpart (as full parity is not achieved until 2020), the NSW industry continued to perform strongly in delivering prizemoney and returns to owners and fared favourably compared to Victoria.

Returns to owners during the year totalled $196.4 million and were made up of the following:

Item	2014/15	2015/16
Prizemoney and BOBS	$173,037,111	$180,566,984
Other payments on behalf of owners (i.e. jockeys riding fees, etc.)	$15,304,149	$15,841,155
Total	**$188,341,260**	**$196,408,139**

Returns to owners will be significantly increased in the 2016/17 financial year as a result of the prizemoney increases which are identified below.

Highway Races

During the year, Racing NSW implemented a program which allowed for the addition of a ninth race at metropolitan Saturday race programs restricted only to country-trained horses.

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

- Restricted to bona fide country-trained and domiciled horses;
- Races programmed at Class 2 or 3 levels, with a mix of handicap and plate races;
- Prizemoney of $40,000 was initially set for these races but was increased to $60,000 from August 2016;
- Run at a variety of distances between 1000m and 1800m inclusive; and
- Run at approximately 40 Sydney Saturday meetings.

The Highway races provided country trainers and owners with the encouragement to compete at the premier race meeting in the State.

Prizemoney Increase

As pointed out earlier, the proceeds of the Parity legislation together with income generated from several other of Racing NSW's initiatives have allowed Racing NSW to provide significant increases in prizemoney which is consistent with the objectives of its Strategic Plan.

A vital component of the Plan is to stimulate the NSW Thoroughbred Racing Industry in order to increase participation. Consistent with this aim, shortly prior to publication of this report, Racing NSW and the Australian Turf Club announced that prizemoney for Saturday races would increase to $100,000 per race, headlining a massive $11.4 million of further stimulus for Thoroughbred racing in NSW.

These increases form part of what is an overall package of $33.5 million annually of increased NSW prizemoney commencing from July 2016. A comparative summary of the increases achieved in the last 5 years is set out below:

Race Category	Prizemoney Before July 2012	Prizemoney July 2012	Prizemoney October 2016
Metropolitan Saturday	$70,000	$85,000	$100,000
ATC Group 2	$175,000	$175,000	$200,000
ATC Group 3	$125,000	$125,000	$150,000
ATC Listed	$100,000	$100,000	$125,000
Metropolitan Midweek	$27,000	$35,000	$40,000
Metropolitan Public Holiday	$40,000	$42,250	$50,000
Provincial (incl. Saturdays)	$16,000	$22,000	$30,000
(Provincial Saturday pre July 2012)	$14,000		
Country TAB	$10,000	$15,000	$20,000
Country Sky 2	$6,000	$8,000	$10,000

The increased prizemoney package of $33.5 million per annum comprised of the following:

- From 1 October 2016, Sydney Saturday prizemoney will increase to a minimum of $100,000 per race, providing an annual $4 million boost to prizemoney;
- From 1 October 2016, prizemoney for ATC feature races will be further boosted with $25,000 per race increase in minimum prizemoney levels for the ATC's Group 2, Group 3 and Listed Races, being an annual increase of more than $1.8 million;
- From 1 October 2016, metropolitan prizemoney will also be boosted by the addition of an eighth race to a total of twelve metropolitan midweek meetings leading in to and out of Carnival periods as well as on the ATC's night race meetings. Night racing will also be further boosted from 21 October 2016 with these meetings carrying additional prizemoney on a selected race of $80,000. The total annual boost to midweek and night racing will be $1.1 million;
- The Highway races were separately increased to $60,000 prizemoney from August 2016;
- Prizemoney for provincial races will be increased to a minimum of $30,000 per race from 1 October 2016 at an annual cost of $3.1 million. This follows the increase by $5,000 per race to $27,000 in prizemoney from 1 July 2016, which added further prizemoney of $5.15 million per year;
- A maiden race carrying $40,000 in prizemoney will be run approximately every two weeks at a provincial race meeting boosting total prizemoney by a further $260,000 per annum;
- In line with the additional prizemoney for maidens on some selected provincial meetings, a maiden race will also be run for $40,000 in prizemoney at 30 Country Showcase meetings. This will add a further $300,000 in prizemoney each year;
- Country TAB races also increased by $5,000 per race to $20,000. This will add further $13 million per annum;
- The introduction of 40 Country Showcase meetings with a minimum of $30,000 per race in prizemoney began in August 2016. This resulted in an annual boost to prizemoney of more than $3.1 million;

- Country Sky 2 meetings will also see an increase in prizemoney to $10,000 per race from their present level of $8,000 per race, or an annual boost of more than $550,000; and
- Racing NSW will introduce a Country Staying Series this summer with participating horses eligible to contest a Final in Sydney, with the series being worth an additional $110,000 in prizemoney to participants.

BOBS

Racing NSW's incentive scheme, BOBS (Breeder Owner Bonus Scheme), has been extremely successful since its inception in 2003.

The scheme has paid out approximately $106 million which now includes the additional benefits of BOBS Double Up and BOBS Extra.

BOBS goes from strength to strength and last season a record 1,178 BOBS bonuses were won with $11 million in cash and BOBS Double Up vouchers redeemed.

Racing NSW has invested almost $25 million in the breeding and ownership of Thoroughbred horses since the introduction of the Double Up program.

During past year, approximately $300,000 was paid out in Double Ups for stallion services. The use of Double Ups for stallion services is an extension of the BOBS Double Up redemptions, which were previously restricted to only the purchase of yearlings or ready to run two year olds, at sales.

Further $200,000 was paid out in bonuses to mare owners, under the mares scheme introduced in 2014.

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

The Championships

The third running of The Championships was conducted during the year and offered prizemoney totalling $20 million following increases in prizemoney for the Group 1 Sydney Cup to $2 million and both of the Country and Provincial Championships Finals to $400,000.

Importantly, the future of The Championships has been guaranteed with the enactment of the Parity legislation, which has provided certainty of funding.

Turnover figures from the two days of The Championships showed strong growth from $110 million to $142 million, an increase of 29%.

In addition to those increased turnover figures, across the two days, a record 258 starters competed at The Championships.

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

Unfortunately, the Newcastle leg of the Provincial Championships was abandoned owing to inclement weather. Nevertheless the remaining Provincial meetings showed a growth in total turnover of 3%.

Racing NSW will review the structure and format of the Provincial and Country Championships before the running of the 2017 series.

Horse Welfare and Rehabilitation Program

Racing NSW has established a Horse Welfare Fund which will be predominately funded by a deduction of 1% of all prizemoney paid in NSW. As it is estimated $204 million of prizemoney will be paid annually from 1 October 2016, approximately $2 million per annum will be directed into the Fund.

In what is believed to be a first anywhere in the world, this initiative will ensure all Thoroughbreds born, raced and domiciled in NSW will be appropriately cared for after retiring from the NSW Thoroughbred Racing Industry.

Resources for the care, re-training and eventual rehoming of all NSW Thoroughbreds are explicitly linked to the overall success of the industry, namely prizemoney. Given prizemoney has risen from $118.9 million in 2012 to an estimated $204 million annually from 1 October 2016, the health of the Horse Welfare Fund is underpinned.

Specifically, Racing NSW will establish a new division with the appointment of a dedicated team to manage the program throughout the State, including qualified Veterinarians. The Horse Welfare Fund will look to establish mutually beneficial partnerships with the Equestrian community including organisational and competition bodies, riding schools and pony clubs. Further, Racing NSW will continue to invest in the broader community with clinics and educational seminars for school groups, Sydney University Department of Animal Science students and charities, who all benefit through interaction with animals at our Canterbury facility. Moreover, positive relationships will continue to develop with charities such as Cana Farm and Homes for Heroes as well as the NSW Mounted Police and the Godolphin Lifetime Care Program who share our commitment towards retired Thoroughbreds.

The existing program involving the joint venture with Corrections NSW continued throughout 2015/16 via various training phases designed to improve skills for Eventing, Dressage and Show Jumping. Furthermore, the program has been successful at re-training many horses to provide excellent companionship as pleasure animals.

With a determined focus on Thoroughbred welfare in 2016/17, Racing NSW is committed to ensure its welfare and rehabilitation programs mature and continue to provide pragmatic and timely solutions for retired Thoroughbreds in NSW.

Australian Racing Forensic Laboratory

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

The ARFL has capitalized on the purchase of world best practice equipment with the relocation of the laboratory to Level 11 of Racing NSW's city premises. The scope of testing performed on both race day surveillance samples and Out of Competition samples has been enhanced throughout

2015/16. Out of Competition samples increased from 388 to 1,294 which included the testing of horses specified under the Racing NSW Equine Biological Passport (EBP) where longitudinal testing of biomarkers is conducted as well as tactical testing strategies. The Equine Biological Passport represents a major paradigm shift in the way drug testing and intelligence is used for racing integrity.

With the greater long term storage capabilities of samples at the new laboratory premises, the ARFL continues to methodically re-test frozen samples held as far back as 2006. Stored urine and blood samples which have been preserved at temperatures of minus 80 degrees Celcius are reanalysed using the current instrumentation. The ARFL is armed with far wider screening capabilities such as a sophisticated 10,000 drug library database and greater sensitivity to detect the presence of any prohibited substances retrospectively that may have been used to enhance the performance of the horse at that time.

As a department of the Principal Racing Authority, the ARFL integrates with Racing NSW Stewards, the Veterinary Department and the Intelligence and Surveillance Unit in a whole-of-organisation approach. To this effect, the ARFL analysed 75 special exhibit samples using analytical methodologies accredited for the testing of these products confiscated by Racing NSW Stewards. Any adverse finding in such exhibits provides corroborative evidence when investigating the origins of a positive swab.

Integrity Studio

2016 saw the introduction of a purpose built integrity studio operating out of Racing NSW head office in Druitt Street Sydney. The studio was built to provide Racing NSW Stewards with state of the art technology utilising both the Hawk-Eye video system and the monitoring of live betting on NSW Racing. The introduction of the studio also included the employment of a full time Betting Analyst who provides Racing NSW Stewards with vital betting information on race day. This information is then captured by Racing NSW to form part of the profiling of wagering trends to assist the Stewards with their investigations and race reviews.

The Hawk-Eye server not only allows the Analyst and Stewards to precisely review races utilising multi camera angles simultaneously but also has the capabilities to zoom in on a particular horse or rider to provide clarity to the Stewards during the review process. Hawk-Eye has also allowed the Stewards on raceday to review incidents prior to the declaration of correct weight and consequently provides greater confidence for people wagering on NSW race meetings.

Capital Development

Racing NSW has continued with racing and training infrastructure improvements under the Race Fields Legislation capital works program. Works have expanded and spread to a larger number of venues during the year. In the past 12 months completed projects have included the new all-weather course proper racing surface at Newcastle Racecourse (due to open in autumn 2017), the course proper reconstruction at Port Macquarie, upgrade of the course proper cambers at Tamworth, completion of a new equine pool at Wyong and upgrades to sand training tracks at Orange and Tamworth. Other capital works commenced include a new 1000 metre chute at Tamworth. Racing NSW has also progressed a series of further projects, commencing from the new reporting year at Albury, Wagga Wagga, Kembla Grange, Goulburn and Dubbo Racecourses.

Turf Management Apprenticeship Scheme

In an endeavour to ensure that suitably qualified curators were available to maintain the State's racecourses, Racing NSW established a turf management apprenticeship scheme which commenced during the year. The Scheme involves the employment of 27 new apprentices throughout NSW who will be trained to obtain a certificate III in sports turf management/greenkeeping through TAFE. The apprentices will also be mentored by qualified and experienced track managers to ensure best practise maintenance for the future upkeep of racing and training surfaces.

Broadcast Improvements

In 2015/16 Racing NSW vastly improved the quality of the broadcast of NSW Thoroughbred races, including:

- Deployment of a new $10 million fleet of outside broadcast vans with the latest equipment to service Thoroughbred racing in NSW. This equipment improves the quality of the broadcast pictures including an increase to high definition;
- Establishment of a dedicated Outside Broadcast team within Racing NSW to manage the new equipment in an effective and cost-efficient manner;
- Launch of Australia's first high definition racing channel, Sky Thoroughbred Central, in conjunction with Sky Racing; and
- Launch of a high definition digital streaming service for NSW thoroughbred races via www.racingnsw.com.au.

NSW Thoroughbred Racing Digital Streaming

After conducting a competitive tender process, terms were reached with William Hill for that company to provide live streaming of NSW Thoroughbred racing on its digital platforms.

Under the agreement, William Hill will be the only Australian corporate bookmaker able to live stream NSW Thoroughbred races.

Racing NSW was cognisant of the need to attract the next generation to Thoroughbred racing and its partnership with William Hill will assist in achieving this objective. It will also generate additional revenue for the NSW Thoroughbred Racing Industry.

Tracking System

In 2015/16 Racing NSW launched a state of the art horse tracking system that has been specifically customised for NSW Thoroughbred racing. The tracking system will be installed at 24 racecourses and be operated portably as part

of the Outside Broadcast team.

The Tracking System allows for significant ongoing benefits to the NSW Thoroughbred Racing Industry, including:

- Publication of sectional times, distances travelled, speed and other performance data for punters to analyse form;
- Integration of live horse positioning into the broadcast of races via a top down view graphical representation of the race as it unfolds;
- Improved integrity via access for Stewards to new performance data; and
- New graphical replay and statistical analysis tools that create a unique way of reviewing races and analysing form.

A new App has also been developed to source all the information. It is expected the App will be functional by December 2016.

Cyber Security

Racing NSW has implemented a best practice cyber security policy to mitigate risks to the industry's IT platform. This new policy incorporates a suite of tools such as firewalls, antivirus and device encryption, but also includes a strict system of internal controls to minimise cyber security risks. Further, Racing NSW has ensured that Racing Australia has conducted a thorough review and implemented an equivalent best practice cyber security policy with regards to its Single National System.

Participants Welfare Programs

Racing NSW administers several programs designed to improve the welfare of jockeys during and after their riding careers. These include:

Jockeys Benefit Scheme Trust

The Jockeys Benefit Scheme Trust which was founded by Racing NSW in February 2011 with the aim of relieving financial stress and improving quality of life for NSW and ACT jockeys, ex-jockeys and their families who are in necessitous circumstances, especially financial hardship caused through a jockey being seriously injured or suffering a severe illness. Funding for the Trust is provided from the jockey welfare 1% of prizemoney allocated from NSW Thoroughbred race meetings and through public donations. Racing NSW also provides secretarial, administrative and marketing support to the Trust at no cost, so that every dollar donated is available to assist jockeys and their families in need. During 2015/16, funds were distributed for payment of medical procedures, rental assistance, clothing and education costs, day-to-day living expenses and specialised purchases.

JBS Discretionary Fund

The JBS Discretionary Fund provides funding towards NSW jockeys with vocational and life skills training, career transition support, business start-up assistance and counselling services. Two sub-programs apply:

Jockeys Assistance Program

Since July 2012, the Jockeys Assistance Program has provided NSW and ACT jockeys, apprentices and their families with free face-to-face counselling sessions and also access to 24 x 7 telephone sessions.

Counselling facilities are available in Sydney and throughout NSW. During the year, 26 people accessed this vital service, dealing with a range of problems from relationship breakdowns, depression and anxiety disorders, to drug and alcohol issues.

Career Assistance Funding and Small Business Start-up Assistance

Since 2012, funding has been provided to assist jockeys in finding alternate careers either in preparation for retirement from riding or after a career ending event due to injury or lack of opportunity.

Funds were distributed from the JBS Discretionary Fund during the 2015/16 Financial Year to jockeys to assist them to undertake career training courses in preparation for their life after racing or to start-up their own small business.

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

Trainers & Other Participants Assistance Program

Since 2014, Racing NSW has engaged David Goldman, Psychologist, to provide free confidential counselling services to trainers and other participants and their families in need of assistance.

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

The Trainers and Participants Assistance Program provides 24 x 7 telephone access to Mr Goldman's services. Counselling facilities are available in Sydney and throughout NSW via Mr Goldman's network of regional associates.

Trainers past and present, other racing participants and their direct family can contact David confidentially at any time. During the year 19 people engaged with the service, dealing with a range of life issues and in periods of bereavement.

Regulation of Veterinarians

Following the announcement by Racing NSW that licensing of veterinarians would commence on 1 July 2015, a regime was successfully negotiated which was accepted by the veterinarians, without compromising Racing NSW's integrity requirements.

As a result a Policy Statement containing Racing NSW's regime was agreed between the Equine Veterinarians Association (EVA) and the Australian Veterinarians Associations (AVA).

The regulation of veterinarians is progressing very smoothly. It extended to Provincial and Country areas from 1 December 2015. Currently, there are 258 veterinarians that have been granted a permit detailed as follows:

Metropolitan area	49
Provincial area	38
Country area	171
Total	**258**

The spirit of cooperation exhibited by the EVA is most encouraging given that the joint focus of both Racing NSW and the EVA is the health and welfare of the horse.

Vale

Very sadly this year, racing lost the following administrators and participants:

Ross Cribb OBE joined the TAB Board in 1984 and was Chairman for a decade from 1987 before being Deputy Chairman from 1997. Ross was also part of the Board that oversaw the TAB's privatisation in 1998. He was also a passionate owner/breeder as proprietor of Jay-R Stud, Tahmoor.

John Clift who died aged 91. John provided decades of service to the Tamworth Jockey Club and other race clubs in the North-West and was also a past Deputy Chairman of Racing NSW Country. Founding The Dip Stud near Tamworth and later the owner of Kia-Ora Stud near Scone, Mr Clift was well known as the breeder of champion racehorse Gunsynd.

Bede Murray was a dominant trainer for many decades and a very dedicated and astute horseman. His highly-decorated career included Group 1 wins with Universal Prince (AJC Australian Derby, Spring Champion Stakes, Canterbury Guineas & Ranvet Stakes), Victory Vein (AJC Sires' Produce & Champagne Stakes), Half Hennessy (Queensland Derby), Hussar's Command (Doomben Cup) and Coniston Bluebird (New Zealand Derby).

Col Tidy was a former leading Sydney rails bookmaker and prominent racehorse owner. Col was highly respected throughout the racing industry not just as an astute bookmaker, but as an absolute gentleman. He worked for a long time in a tough and competitive bookmaking industry. Col and his wife Helen also enjoyed great success as owner/breeders notably with champion sprinter Zeditave, who won 14 of his 17 races and later made his mark as a stallion.

Paul Sutherland was one of Sydney's leading trainers for many years and rarely a Saturday race meeting went by when he didn't train a winner. Paul was a likeable character with a great sense of humour and extremely popular amongst his peers. He prepared a long list of top notch horses during his long career including Red Anchor, Sound Horizon, Royal Troubador, Wong, All Chant, Tuna Too, Merry Ruler, Noble Connection, Yir Tiz, Mother Duck and Tross.

Mark Webbey, a former Racing NSW Chief Handicapper, was a highly-respected individual who possessed an excellent understanding of handicapping systems worldwide. Mark conscientiously served the racing industry for many years, having also been a member of the Australian Pattern Committee and later the ANZ Classification Panel, subsequently being appointed Chairman. Mark also had stints as Racing Manager for both the Gai Waterhouse and John Thompson stables.

Margaret Keenan was an institution at Gundagai-Adelong Race Club, dedicating an incredible 70 years continual service to the club with Gundagai Racecourse being Margaret's home away from home for six decades. Margaret was both an inspiration and a treasure. To remain with the one race club for 70 years was astounding and testimony to her dedication and work ethic.

Stuart Brown was a popular picnic jockey who travelled all around NSW to ply his trade and was quite successful on the circuit. Stuart was regarded as one of the tallest jockeys in Australia, standing 187cm or six-foot 1 inches, but his height was not an obstacle as he forged out a successful riding career at picnic race meetings. Stuart won several NSW Approved Rider Premierships and would compete anywhere from Mungindi in the north, Bourke in the west and Lockhart to the south.

Timothy Bell 22, was a talented young jockey who died in Singapore where he was on a three-month riding contract. Tim was not only popular with his peers but also anyone he came into contact with. He was raised in Narrabri in the north west of NSW and commenced his riding career in Tamworth where he was apprenticed to trainer Sue Grills. He enjoyed his best season in 2013/14 when he won the Brisbane Jockeys' Premiership, riding 135 winners and won his first Group 1 on Tinto in the Queensland Oaks in May 2014.

Acknowledgements

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

I particularly thank the Chairman, John Messara AM whose inspirational leadership goes from strength to strength. His passion, commitment and drive for the betterment of the Thoroughbred Racing Industry is without parallel.

In addition, I must thank former Board members, Ken Brown AM and Naseema Sparks AM for their valued contribution during their terms of office as members of the Board of Racing NSW.

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

Finally, I acknowledge and thank the executive and staff of Racing NSW for their continued loyalty, dedication and conscientiousness. The combined efforts of these officers have contributed largely to the continued viability of the NSW Thoroughbred Racing Industry. In particular I would like to acknowledge Ray Murrihy who retired as Chairman of Stewards after a long and successful career in the racing industry. I wish Ray a long and healthy retirement.

Peter V'landys AM
Chief Executive

Scott Kennedy
General Manager –
Industry & Analytical

Racing in New South Wales

Thoroughbred racing in NSW recorded another strong year in 2015/16.

From a racing viewpoint the year was highlighted by increases to total prizemoney, the success of The Championships and the introduction of Highway races.

During the 2015/16 year, NSW conducted 615 Thoroughbred TAB race meetings.

This figure was slightly below the total for the previous year, impacted partly by an extremely wet June 2016 and also the closure of Port Macquarie Racecourse for most of the year for reconstruction.

While many meetings were rescheduled elsewhere on the North Coast, some meetings were absorbed during this period.

In many cases, race meetings initially lost to wet weather were postponed and run or replaced. Notably this occurred with meetings from Warren, Dubbo, Coonamble, Albury and Kempsey.

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

By way of example, the drainage works undertaken at Coffs Harbour saw that Club completing a 12-month period without losing a race meeting.

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

NSW RACE MEETINGS HELD

SECTOR	09/10	10/11	11/12	12/13	13/14	14/15	15/16
Metropolitan	123	126	120	124	117	114	116
Provincial	121	122	120	118	134	130	131
Country TAB	293	279	291	315	328	312	304
Country Saturday TAB	38	68	70	65	61	65	64
Country Non-TAB	150	107	109	110	108	100	93
Picnic	27	27	31	28	29	27	27
TOTAL	**752**	**729**	**741**	**760**	**777**	**748**	**735**

NSW RACES RUN

SECTOR	09/10	10/11	11/12	12/13	13/14	14/15	15/16
Metropolitan	934	951	917	931	890	863	913
Provincial	958	959	934	919	1,037	1,010	1,020
Country TAB	2,285	2,137	2,228	2,391	2,468	2,360	2,291
Country Saturday TAB	265	427	443	416	393	416	418
Country Non-TAB	784	575	590	596	584	533	504
Picnic	155	154	174	161	165	159	159
TOTAL	**5,381**	**5,203**	**5,286**	**5,414**	**5,537**	**5,351**	**5,305**

Total NSW race starters again declined in the 2015/16 year, partly in line with the number of race meetings and races held.

However, as identified in previous reports, diminishing foal crops in recent years have been a factor impacting the total number of horses in work.

The increase in horses exported to Asia for racing, especially Hong Kong, also impacts the number of starters, especially those of Metropolitan standard.

NSW RACE STARTERS

SECTOR	09/10	10/11	11/12	12/13	13/14	14/15	15/16
Metropolitan	9,280	9,162	8,954	8,925	8,731	8,125	9,082
Provincial	9,803	9,418	9,140	9,124	10,074	9,338	9,176
Country TAB	25,951	23,628	24,787	26,016	26,662	25,226	24,304
Country Saturday TAB	2,916	4,468	4,601	4,317	4,171	4,296	4,289
Country Non-TAB	6,869	4,920	4,942	4,926	4,754	4,356	4,121
Picnic	1,007	948	1,082	994	1,054	993	902
TOTAL	**55,826**	**52,544**	**53,506**	**54,302**	**55,446**	**52,374**	**51,874**

However, it is pleasing that despite these factors, the field sizes for Metropolitan races increased in the year to 9.95 starters per race.

While this figure was assisted by the addition of Highway races which had an average field size of 11.76 starters, the Metropolitan average field increased to 9.88 starters after excluding the Highway races.

NSW AVERAGE FIELD SIZES

SECTOR	09/10	10/11	11/12	12/13	13/14	14/15	15/16
Metropolitan	9.94	9.63	9.76	9.59	9.81	9.41	9.95
Provincial	10.23	9.82	9.79	9.93	9.71	9.25	9.00
Country TAB	11.36	11.06	11.13	10.88	10.80	10.71	10.61
Country Saturday TAB	11.00	10.46	10.39	10.38	10.61	10.33	10.26
Country Non-TAB	8.76	8.56	8.38	8.27	8.14	8.17	8.18
Picnic	6.50	6.16	6.22	6.17	6.39	6.25	5.67
TOTAL	**10.37**	**10.10**	**10.12**	**10.03**	**10.01**	**9.81**	**9.78**

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

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

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

Racing Highlights

The third staging of The Championships was once again the pinnacle of racing in NSW, with Sydney blessed by pleasant weather after the rainy starts to the first two years.

Racegoers witnessed the mighty mare Winx record an outstanding win in the $3 million Doncaster Mile on Day 1, whilst Lucia Valentina produced a breathtaking finish to take out the $4 million Queen Elizabeth Stakes on Day 2.

Both days of The Championships drew 129 runners, a sharp increase over the previous year and higher than the inaugural running.

The total race starters were boosted by an increase in runners from interstate and New Zealand – indicating the growing status of the event.

The Country and Provincial Championships in their second year also proved to be both dramatic and memorable.

The Country Championships Series belonged to Scone trainer Greg Bennett who quinellaed the Hunter and North West heat with Clearly Innocent and All Summer Long, before both came down with hoof injuries in the days before the Final.

While All Summer Long missed the Final, Clearly Innocent recovered to produce a sizzling win before replicating Artlee's feat from 2014 in winning at Listed level in his next start.

In the Provincial Championships the Kris Lees-trained Danish Twist defeated stablemate Powerline and then went on to record a further four consecutive wins, three at black type level.

A key programming innovation by Racing NSW was the introduction of Highway races on Metropolitan Saturday's restricted to country-trained horses at Class 2 or Class 3 level.

These races commenced in mid-October 2015 as the ninth race added on a Metropolitan Saturday program.

The Highway races not only added a race to the primary race meeting of the week in NSW, but have created the opportunity for a fresh set of owners to compete at Royal Randwick or Rosehill Gardens.

The races have also provided a great opportunity for country trainers to build their profile by starting in these races and adapt to travelling their horses to Sydney.

Punters and racegoers have been able to track the form through Highway races with many horses having multiple starts in these races, most notably the Nowra-trained King's Officer who took until his seventh Highway start to snare one of these events before making it two in succession at his very next outing.

The Highway races have also emerged as a pathway for country-trained horses to race in general Metropolitan races, with four Highway winners also winning Metropolitan Saturday Benchmark races as well as several other horses coming out of Highway races to be placed in Metropolitan Saturday Benchmark races.

NSW trainers were once again the most dominant by picking up 31 of the 72 Group 1 races during the 2015/16 season.

Chris Waller continued his outstanding achievements by producing 15 Group 1 winners. Of these, there were seven winners in both NSW and Victoria with one in Perth.

The next most successful trainers were John O'Shea and Team Hawkes each with three Group 1 winners. Eight other individual NSW-based trainers had Group 1 wins.

The brilliant racemare Winx dominated the Group 1 scene recording a staggering five Group 1 wins for the season.

Her wins in the Epsom Handicap and Doncaster Mile were accompanied by WFA victories in W.S. Cox Plate, Chipping Norton Stakes and George Ryder Stakes.

Chautauqua recorded three Australian Group 1 wins in the Manikato Stakes, VRC Lightning Stakes and a second T.J. Smith Stakes at The Championships, before heading to Hong Kong and producing a whirlwind finish to capture the Group 1 Chairman's Sprint.

Preferment also recorded three Group 1 wins in the Turnbull Stakes, Australian Cup and The BMW.

NSW horses were quite prominent in the Australian Classifications categories. Top-rated horses were Capitalist (Champion 2yo), Yankee Rose (2yo Filly), Exosphere and Holler (Joint 3yo Sprinter), English (3yo Sprinter Filly), Single Gaze (3yo Intermediate Filly), Chautauqua (Older Sprinter), First Seal (Older Sprinter Mare) and Winx (Older Mile Mare & Older Intermediate Mare).

James McDonald won the Metropolitan Jockeys' Premiership despite spending two months at the back end of the season in England riding successfully for Godolphin. Hugh Bowman and Blake Shinn were second and third.

Brenton Avdulla was the most successful jockey in the NSW State Premiership from Greg Ryan and Grant Buckley.

Samantha Clenton was the most successful apprentice rider in NSW, whilst Rory Hutchings won the Metropolitan Apprentices' title, repeating his previous apprentice premiership in New Zealand.

Chris Waller won his sixth Metropolitan Trainers' Premiership and was also the leading trainer across NSW.

Interestingly, the leading Metropolitan trainer, jockey and apprentice are all originally from New Zealand.

Industry Support

During 2016, further enhancements were made to the Quarantine Approved Premises ('QAP') at Canterbury Racecourse in response to feedback received from international participants during last year's inaugural operations.

These works included increasing the number of stables (up to 12 horses can now be accommodated), expanding tack & gear storage capacity, doubling shower-in/shower-out capacity, turfing of the track crossing and streamlining operations for private veterinarians.

Collectively, these improvements have enhanced the overall effectiveness of the QAP and going forward, provide the capacity to enable additional International horses to contest the Sydney Autumn Racing Carnival including The Championships.

The Department of Agriculture & Water Resources conducted a series of pre and post-quarantine audits, with the positive results achieved demonstrating the Department's confidence in Racing NSW's ability to successfully manage and operate the QAP.

Racing NSW has continued with racing and training infrastructure improvements under the Capital Works Program funded from accumulated Race Fields monies, summarised below.

Newcastle Jockey Club – reconstruction of the course proper to an 'all-weather' turf surface was completed in June 2016. The track has had cambers improved with a 25 metre width and has a circumference of 2016 metres.

The new kikuyu surface will be grown-in through to early 2017 to ensure the plants mature and for a suitable standard to allow racing.

Port Macquarie Race Club – the course proper was reopened in June 2016 after a full reconstruction to an 'all-weather' turf surface with new cambers and widening of the track on the home straight from 14 metres to 17.5 metres.

Tamworth Jockey Club – the course proper was reopened in March 2016 after cambers were improved to a total of almost 900 metres of track. The new 1000 metre chute is currently under construction.

Racing Orange – new sand training track was constructed in the infield area and the previous training track, located on the outside of the course proper reinstated as a grass surface.

Goulburn & District Racing Club – designs for improvements to the training track and course proper drainage system are complete. Works will commence in December 2016.

Ballina Jockey Club – working toward approvals under environmental and planning policies as well as further external funding.

Hawkesbury Race Club – designs for the construction of a synthetic training track are being completed. Works are proposed to commence prior to summer 2016/17.

Illawarra Turf Club – master planning works were recently completed for a new training track, the upgrade to the B-grass to cater for racing whilst the course proper is being upgraded and the reconstruction of the course proper to an 'all-weather' turf surface. A development application was submitted for these works in August 2016.

Albury Racing Club – works are due to commence on camber and drainage works to the course.

Dubbo Turf Club – quotations have been obtained for a new slow work training track and a detention dam to store water enabling best practise maintenance of the racing and training surfaces. Works are proposed to commence in spring 2016. Tenders have also been called for drainage upgrade works to the course proper.

Murrumbidgee Turf Club – design works and quotations have been obtained to refurbish the sand training tracks.

Roll-out of the Longines Positioning System (LPS) is continuing, with equipment now in-place at all Metropolitan and four Provincial racecourses as well as at Scone.

Preparatory civil works have also been undertaken at a further five Country racecourses with more to follow shortly. The LPS will revolutionise the way live racing information is presented to viewers.

The introduction of a turf management apprenticeship scheme has also progressed and commenced in the new reporting year.

This includes 27 new apprentices throughout the State that will be trained to obtain a certificate III in sports turf management/greenkeeping through TAFE.

The apprentices will also be mentored alongside qualified and experienced track managers to ensure best practice maintenance for the future upkeep of racing and training surfaces.

In terms of Work Health & Safety (WHS), during late 2015/early 2016 Racing NSW conducted a series of 16 free WHS Training Seminars for Race Clubs throughout Regional NSW in support of the Online WHS Management System which is in operation at Provincial and Country Race Clubs plus a scaled-down Kit-based version in use at Country Non-TAB (Community) and Picnic clubs.

This training is seen as vital in providing instruction to new industry participants, as well as refresher training to existing Club Managers.

In consideration of feedback provided by participants, it is envisaged that ongoing seminars will be provided and the widespread travel undertaken in delivery of the presentations is designed to make club attendance as convenient as possible.

Additionally, the underlying WHS Management System continues to be streamlined with the objective of simplifying operations for Club staff in this important facet of their operations.

Racing NSW continues its support of Race Club racing and training track maintenance programs for course proper and training facilities through its Racecourse Maintenance Manager.

Wagering on Racing

Wagering on NSW Thoroughbred racing grew steadily during the 2015/16 financial year.

Turnover with interstate wagering operators on NSW Thoroughbred racing was particularly strong, increasing by more than 5% while NSWTAB turnover on thoroughbred racing increased at a modest rate from year-to-year.

The Championships was not only a racing highlight, but

also achieved an outstanding wagering result with combined growth of 30% in turnover with interstate TABs and corporate bookmakers.

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

Payments to Race Clubs from TAB Funding and Returns to Owner

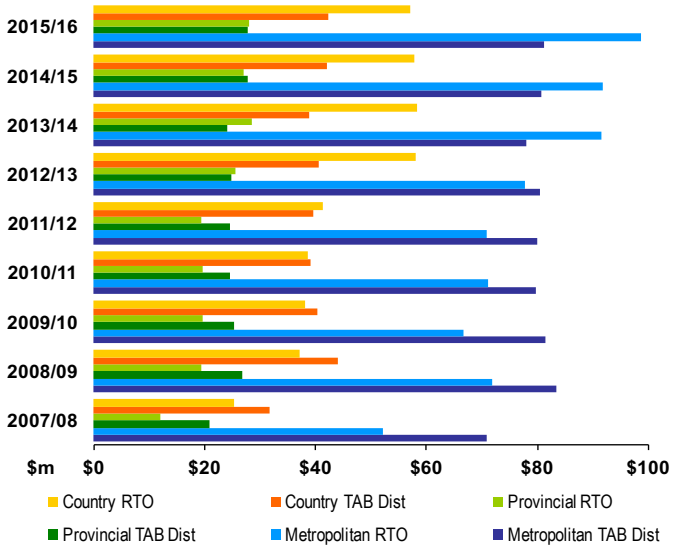
TAB distributions to NSW Race Clubs in 2015/16 increased to $151.2 million following the strong result recorded in 2014/15.

Total prizemoney and returns to owners in NSW grew in 2015/16 on the back of increases in prizemoney by the ATC for selected races in the spring and autumn carnivals as well as increases in prizemoney with the addition of Highway races from mid-October 2015.

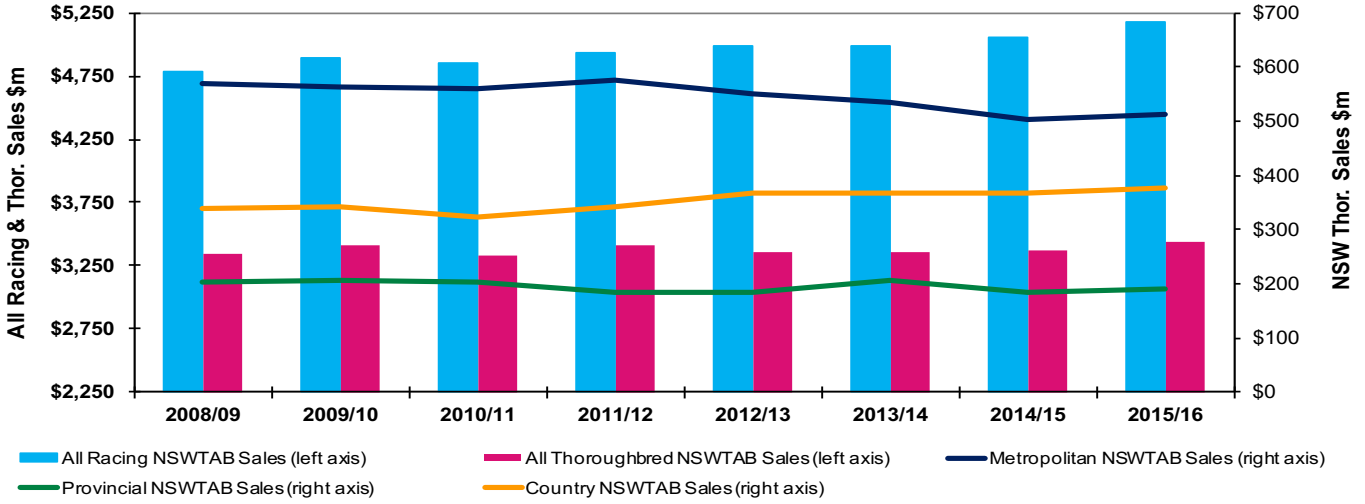
The total prizemoney of $169.56 million was a record for NSW Thoroughbred racing exceeding the $164.92 million paid in 2013/14. Total returns to owners including BOBS and appearance fees increased to $196.4 million.

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

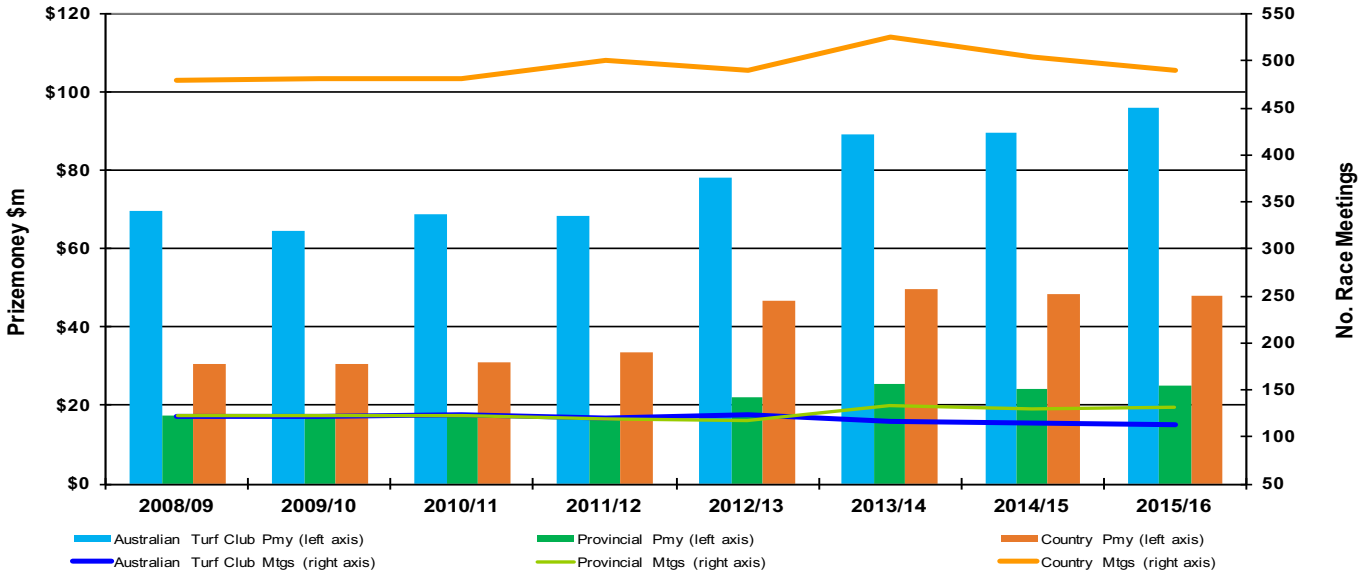
TAB DISTRIBUTIONS AND RETURNS TO OWNER BY SECTOR



RACING WAGERING SALES ON NSWTAB



NSW PRIZEMONEY AND RACE MEETINGS



Keith Bulloch
General Manager – Regulatory

BACKGROUND

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

- Race Fields Legislation – Wagering operators approval to use NSW Race Fields Information, and payment of required fees;
- Licensing Department – licensing of racing industry personnel;
- Registration – NSW functions including changes of horse ownership; transfers, leases and syndicates, racing colours (jockey silks);
- Handicapping;
- Industry Training Department, Australian Racing Equine Academy and Racing NSW partnership with TAFE Western Sydney Institute;
- Syndications, Licensed Promoters and ASIC communication;
- Stablehand 1.5% prizemoney bonus scheme;
- Chairman Racing NSW Licensing Committee;
- Trustee, NSW Jockeys' Trust;
- Chairman, NSW Jockeys' Governance Advisory Committee;
- Alternate Member, NSW Animal Care and Ethics Committee;
- Alternate Director, Racing Australia;
- Member, AREA/TAFE Governance Partnership Committee;
- Rules of Racing, betting and some disciplinary enquiries in conjunction with Stewards;
- Project work as assigned;
- Chairman – number of Racing NSW Show Cause Hearings;
- Barrier Draw auditing; and
- Swab sample quality transport and storage auditing.

The 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:

Racing NSW Race Fields Information Use – Changes to the Standard Conditions

On 1 August 2015 there was an amendment to the Race Fields Information Use Standard Conditions to provide for the introduction of the product category: Totalizator Derived Odds.

This product and variations of it is popular with punters and offered by the majority of corporate bookmakers and some on-course bookmakers.

As a result of the change, from 1 August 2015 bets taken at Totalizator Derived Odds attract a higher product fee payable by the wagering operators to the NSW racing industry than regular fixed odds bets.

On 1 July 2016 a new category of meeting was introduced – Premier race meetings – classified as a meeting that carries a race with $1 million + prizemoney. Premier meetings attract higher fees than Premium (race of $150,000+) and the Standard category (all other).

Standard Conditions were amended and advised to licensed wagering operators detailing each effective date. Both changes followed amendments by the NSW Government to the Betting and Racing Regulation 2012.

Industry Training – Australian Racing and Equine Academy initiatives

The renewal contract for the Racing NSW partnership with TAFE WSI was executed in 2015. Known as AREA, the Australian Racing and Equine Academy partnership is responsible for coordinating the delivery and assessment of training to new and existing industry licensees.

To support the new contract, a number of initiatives were then introduced to reinvigorate the training approach.

- **The Horsesafe Industry Induction program**
  An on-line safety introduction to racing program has been developed. Stakeholder testing was carried out before the final version was released. The program is a basic level introduction to the horse and to the racing industry. It focuses on safety, minimising injury to horse and people, incident response process, WHS Legislative requirements, communications and regulations of the NSW industry.
  Completion of the Horsesafe Industry Induction by

new participants is via online learning materials or can be conducted as a face-to-face training program by an AREA Workplace Trainer and Assessor. The AREA Governance Committee recommended and endorsed this program to Racing NSW as a mandatory requirement for all new licensees joining the industry in NSW. Agreement and implementation of a roll-out/communication strategy across the State followed.

- **Enrolment Fees**
  Due to Federal Government funding changes, the enrolment fees for students and trainees increased dramatically in 2015. Courses affected include CII / CIII (Trainee) Stablehand and CIV (Apprentice) Jockey and others. The Board of Racing NSW responded to the changes by providing financial support for trainers, approving the advance payment of enrolment fees on a trainer's behalf. If the trainee completes milestones and incentive payments are paid to the trainer from the Federal Government scheme, the fees are recovered. In the case of apprentice jockeys, the fees are paid from the Racing NSW Career Benefit Fund on behalf of each apprentice.

- **Training linked to 1.5% Stablehand Bonus Scheme**
  The Board of Racing NSW also decided that the importance of safety and training should be emphasised by linking the requirement for training to the 1.5% Stablehand Bonus Scheme. To be eligible to receive the 1.5% bonus, new entrants that qualify for the Federal Government Incentive payment must be enrolled in the relevant course or have successfully completed it. Once enrolled the new entrant is paid 50% of their 1.5% prizemoney bonus with 50% retained. When the new entrant successfully completes the training the retained funds are paid to them and they receive 100% thereafter.

- **Training of Track Maintenance staff**
  The importance of skilled workers at NSW racecourses has also been the focus of attention. Racing NSW Country has linked track funding to the CIII Track Maintenance qualification for its race clubs' applicable track employees. In correspondence with AREA, a selection of Units of Competency have been designed and implemented across NSW. Modes of delivery were finalised before the training program was rolled out to provide skills training to these important industry workers.

New Apprenticeships – Future Racecourse Curators and Managers

As a direct result of the additional income the industry will receive from the tax parity initiative, Racing NSW has generated 27 new positions in the racing industry at locations across NSW. These new roles will ensure the ongoing production of qualified racecourse curators and future track managers.

Employed by Racing NSW as apprentice greenkeepers, the apprentices will be mentored alongside qualified and experienced track managers on a day-to-day basis and overseen by Racing NSW Track Management expert, David Hodgson, to ensure best practice maintenance for the future upkeep of racing and training surfaces.

The 27 new positions are based at Albury, Armidale, Ballina, Bathurst, Grafton, Coffs Harbour, Dubbo, Gilgandra, Gosford, Goulburn, Hawkesbury, Kembla Grange, Lismore, Moree, Moruya, Muswellbrook, Murrumbidgee, Newcastle, Port Macquarie, Queanbeyan, Scone, Nowra, Tamworth Taree, Murwillumbah, Wellington and Wyong.

Whilst employed, the apprentices will be trained in a Certificate III in sports turf green keeping through TAFE NSW.

The NSW Government and Hon. Troy Grant's decision to introduce tax parity (better returns to racing from monies bet on the TAB) provided the funds to create these jobs. The key use of the funds in this instance will develop future racecourse curators and managers to sustain our skill base in this important area.

Benchmark Programming and Handicapping Review

Metropolitan field sizes and Country participation

Racing NSW undertook a detailed review and analysis on Metropolitan field sizes. An extensive consultation period was then undertaken after determining changes which were recommended to stem the problem.

After considering options and taking into account input from the consultation process, the Board of Racing NSW resolved to implement changes from 1 October 2015, detailed below:

- **Spread of Weights – Benchmark and Open Handicap Weight Scale**
  For Benchmark and open handicap races in NSW, increase the Benchmark weight and minimum topweight from 59kg to 61kg (and increase the minimum topweight to 60kg at acceptance time). The changes did not apply to two-year-old, maiden class 1-3 races and black type races.
- **Country Participation in Metropolitan Racing**
  The Handicapping Panel has the discretion to weight Country-trained and performed horses up to 6kg below the equivalent of their Benchmark level weight when racing at Metropolitan meetings. In reverse, handicapper's increase the weight of Metropolitan-trained and/or performed horses against their benchmark level when contesting Country races.
- **Handicapping and Changes to Benchmarks**
  The Handicapping Panel is allowed discretion of 1kg in weight against a horse's Benchmark level where a horse has nominated at a distance the handicapper believes the horse has previously shown itself to be less effective. The Handicapping Panel is to take more account of whether they believe that a horse has demonstrated improvement in their performance, when determining whether to increase its Benchmark. The Handicapping Panel is to take more account of whether they believe that a horse's performances indicates that it is having difficulty in running to its Benchmark level, and be more aggressive in determining whether to decrease its Benchmark. Provincial Class 1 and Class 2 races are to be

weighted such that the 59kg weight is the equivalent of a Benchmark 62 (previously BM 65) and a Benchmark 66 (from 69) respectively.

- **Metropolitan and Provincial Programming Changes**
  The levels of Metropolitan Benchmark races were amended to the following: BM93, BM85, BM78, BM72, BM67, in addition to open handicaps. The programming of races restricted by the number of Metropolitan wins was discontinued.

Statistical review: The above handicapping and programming changes are subject to performance assessment at the time of writing.

Safer Jockey Helmet

Racing NSW was a key driver behind the formation of a National Jockey Safety Review Committee. The purpose of the Committee is to review and recommend important changes or initiatives that can improve the safety and protection of jockeys.

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, 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 injury caused by race falls and impacts.

Under the guidance of UNSW's Professor Andrew McIntosh, a bio-mechanics 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.

The project was successfully completed with the release of the Australian Racing Board Helmet Standard (ARB HS 2012) and now commercial production of a helmet that meets much higher levels of safety than any currently manufactured product.

The key aim of the standard is **to provide better protection for riders against severe head trauma.** In other words, minimise injury to the best efforts when a fall or incident occurs.

Will it prevent severe catastrophic injury? It can't be measured as every incident is individual, but the testing requirements demand better protection by withstanding higher g-force from greater drop heights in the testing lab, without penetrating to the skull area.

It is pleasing to report that the helmet is now commercially available and Racing NSW has been encouraging jockeys to trial the new helmet at no cost.

At the time of writing, many of our licensed jockeys and apprentice riders have been provided two helmets – a raceday helmet and an alternate trackwork/race ride helmet to trial and assimilate.

Feedback will be gathered as we move toward acceptance of the much safer helmet product.

REGULATORY DEPARTMENT REPORTS

LICENSING

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

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

Gary Rudge is Licensing Supervisor, assisted by Matinde James.

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

The Licensing Committee met on seven occasions during 2015/16. 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 2015/16 the Committee at these meetings;

- conducted 18 interviews in relation to licence and other applications;
- considered 28 licence applications that were referred to them by the Licensing Supervisor, of which 15 were approved and 13 refused; and
- considered nine other matters that were referred to them including licensee disciplinary matters and proposed amendments to licensing policy and procedures.

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

- 58 trainers licences;
- 2 trainer partnerships;
- 18 jockey licences;
- 23 applications to register an apprentice jockey;
- 16 applications to transfer the indentures of an apprentice jockey;
- 12 applications from an apprentice jockey to extend their indentures;
- 2 bookmaker licences;
- 6 riders' agent licences;
- 453 stable employee licences (275 declined/did not proceed due to the applicant not obtaining the required Police Certificate, or not obtaining their HorseSafe Certificate); and
- 54 bookmaker clerk's licences (eight declined/did not proceed due to the applicant not obtaining the required Police Certificate).

Comparison Of Licensing Statistics – 2014/15 Vs. 2015/16

The total number of trainers licensed compared to last season saw a reduction of 2%, from 1047 in 2014/15 to 1026 in 2015/16. This represents a small decline as retiring or resigning trainers are replaced by new applicants.

Jockey numbers have been reasonably static (148 vs 150). Apprentice numbers were slightly down (66 vs 60).

There has been a steady decrease in the number of registered Bookmakers over previous seasons (this season down by 6.5% 168 – 157).

As the current population of bookmakers age and resignations occur it appears that they are not being replaced by the younger generation, no doubt the market share captured by corporate bookmakers and smaller raceday crowds outside of carnival periods also being a relevant factor.

REGISTRATION

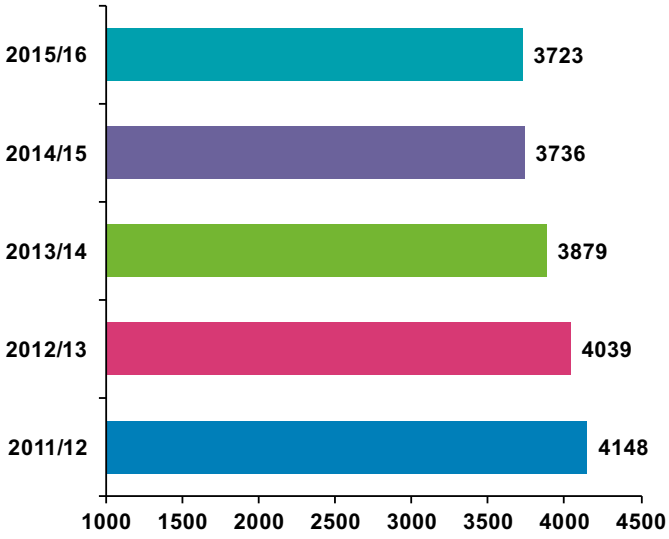
Racing NSW acts as Deputy Registrar for NSW registration functions, which include Transfers of Ownership, Leases, Syndicates and Registration of Racing Colours (silks).

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

Horse Registration – NSW

At the end of the 2015/16 Financial Year the Registrar of Racehorses (ROR) had registered 11,731 new horses, of which 3,723 are owned in NSW. NSW remains the largest contributor to the national figure as this number represents 32% of the total number of horses registered, as identified having the manager (first named owner) located in NSW.

NSW REGISTRATION FIGURES



LICENCES WITH THE EXPIRY DATE 30 JUNE 2016 (1/7/2015 TO 30/6/2016)

	Metropolitan		Provincial		Country		Total	
	Total 14/15	Total 15/16	Total 14/15	Total 15/16	Total 14/15	Total 15/16	Total 14/15	Total 15/16
Trainers	99	**89**	180	**171**	768	**766**	1,047	**1,026**
Jockeys	87	**96**	24	**25**	183	**198**	294	**319**
Apprentice Jockeys	20	**24**	11	**10**	105	**95**	136	**129**
Trial Apprentice	4	**1**	4	**2**	11	**7**	19	**10**
Appr Riders (Picnic)	-	**-**	-	**-**	33	**33**	33	**33**
Trial AR (Picnic)	-	**-**	-	**-**	6	**9**	6	**9**
Bookmakers	45	**44**	9	**9**	114	**104**	168	**157**
Rider Agents	27	**23**	6	**7**	15	**15**	48	**45**

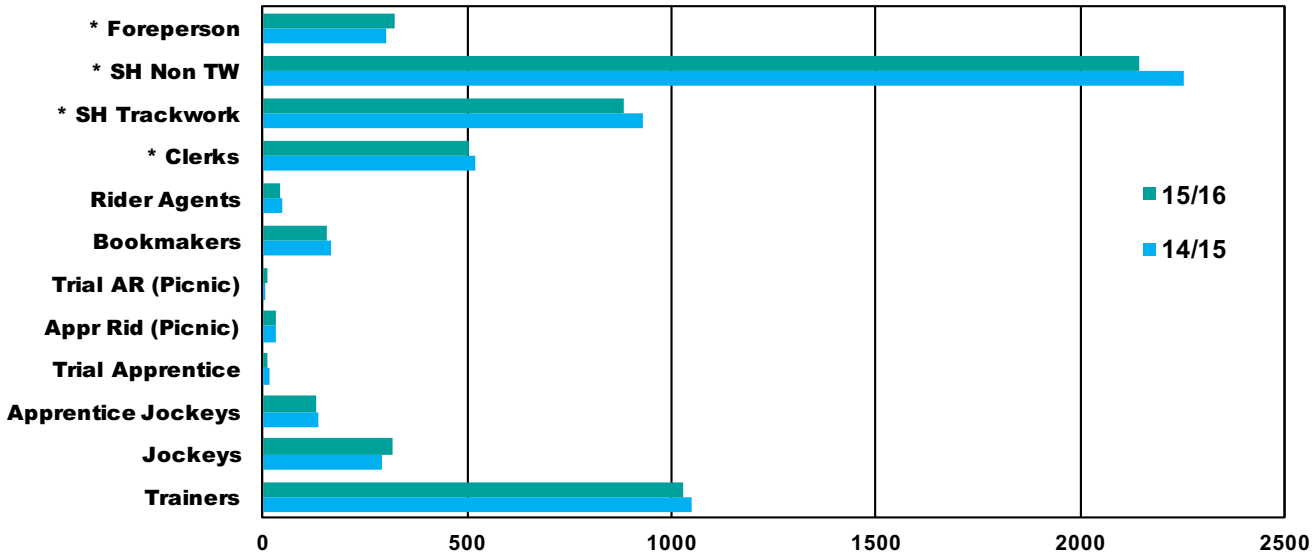
NB – *All jockeys or apprentices who ride in NSW are required to hold a licence in this state. As such the above statistics include those who are based interstate. Resident NSW jockeys – (148) 150; apprentices – (66) 60*

LICENCES WITH THE EXPIRY DATE 31 OCTOBER 2016 (1/11/2015 TO 31/10/2016)

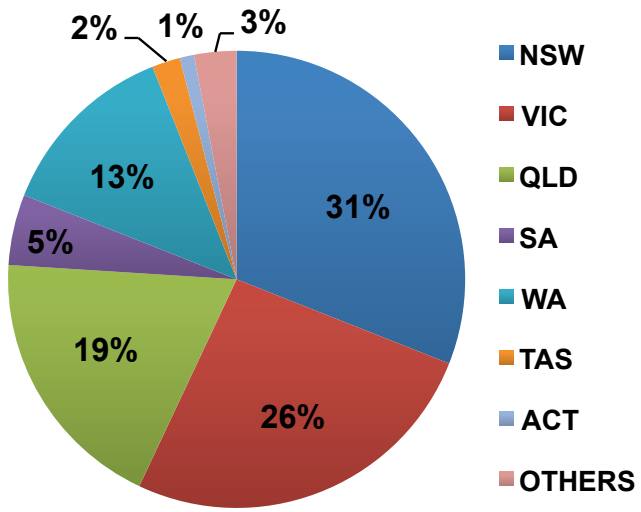
	Metropolitan			Provincial			Country			Total		
	YTD 14/15	Total 14/15	YTD 15/16	YTD 14/15	Total 14/15	YTD 15/16	YTD 14/15	Total 14/15	YTD 15/16	YTD 14/15	Total 14/15	YTD 15/16
Bookmaker Clerks	264	267	**260**	45	45	**37**	213	222	**207**	522	534	**504**
SH-Trackwork	374	393	**309**	139	143	**127**	419	462	**448**	932	998	**884**
SH-Non Trackwork	851	937	**816**	367	397	**333**	1,033	1,100	**994**	2,251	2,434	**2,143**
Foreman	114	124	**124**	47	49	**46**	140	148	**152**	301	321	**322**

NB – *Year to date (YTD) figures as at 31 July. Total figures 14/15 as at 31 October*

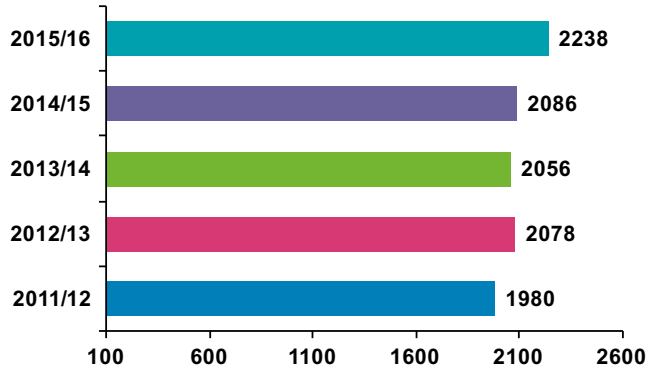
TOTAL LICENCES – 2015 VS. 2016



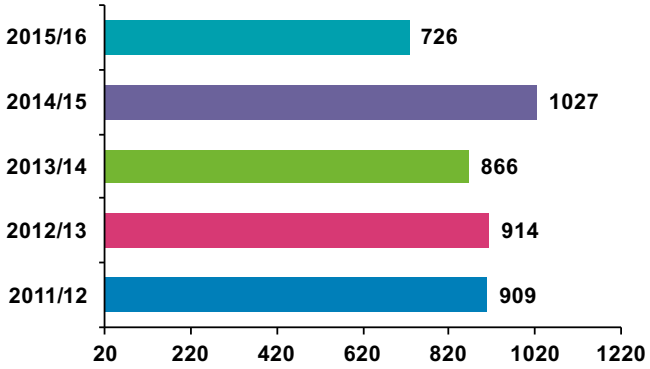
REGISTRATION FIGURES BY STATE



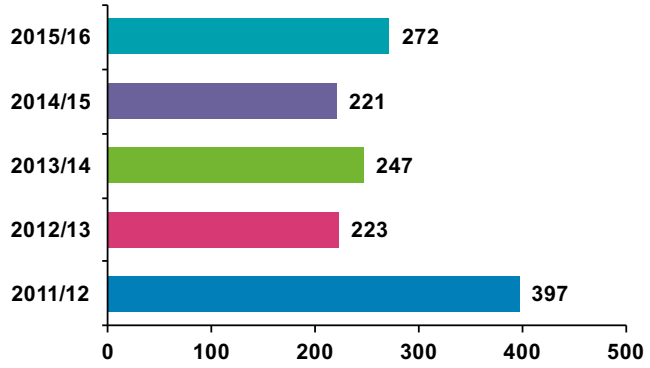
NSW TRANSFERS



NSW LEASES



NSW SYNDICATES



Transfers/Leases/Syndicates – NSW

The regulatory department recorded 2,238 Transfers of Ownership for the 2015/16 financial year, an increase of 7% from the previous season.

726 Lease Agreements were recorded which is a decrease of 29% on the previous season, however, the previous season was seen to be an exaggerated due the number of leases that were processed from Godolphin following its decision to change from the Darley brand.

NSW registered 242 Syndicates during the 2015/16 season which is a 23% increase on the previous season.

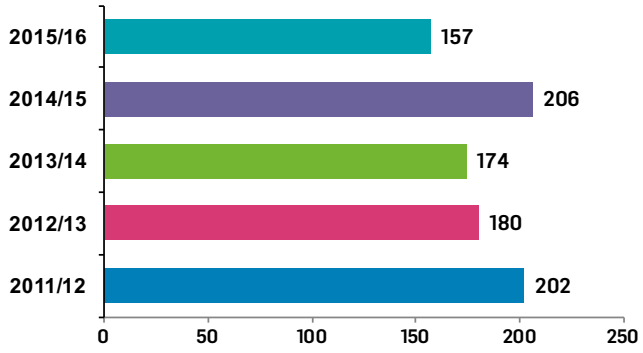
Of NSW registered syndicates this season, 89% of those were 'ordinary' syndicates made up of a group of up to 20 persons. The remaining 11% of syndicate registrations comprise Company, Firm or Stud Syndicates.

Racing Colours – NSW

Racing NSW registered 157 new sets of jockey silks during the 2015/16 Financial Year. There are a total of 3,111 sets of colours currently registered in NSW.

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

NSW COLOURS – NEW APPLICATIONS



INDUSTRY TRAINING

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

The department is funded by TAFE NSW – Western Sydney Institute under a partnership agreement with Racing NSW, named the Australian Racing and Equine Academy.

In return, TAFE receives Government incentive funding for each trainee engaged in training, as do their employers (licensed trainers).

Karlie Triffitt is Training Manager based at Richmond TAFE campus with Dan Power, Amy Breckenridge (Richmond), Mal Fitzgerald (Port Macquarie) and Jamie Whitney (Canberra) operating as Workplace Trainers and Assessors (full-time) and Jenny Schott (Tamworth), Michael Donoghue (Wagga) and Antoinette Pholi (Ballina) (part-time).

Phillip O'Brien is eLearning, Web and Digital Media Officer, and Casual Apprentice Jockey Mentors are Ron Quinton, Malcolm Johnston, Pat Webster and Rodney Quinn.

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

Apprentice Jockey Mentors, Ron Quinton, Malcolm Johnston, Pat Webster and Rodney Quinn attend Apprentice Jockey Schools across NSW.

As well as regular classwork, a recent focus in these workshops has seen an increase in the diversity of guest presenters relevant to professional jockeys.

This has included sessions on financial planning and decision making, superannuation matters, personal fitness, healthy eating and diet, professional media presentation.

Safety is a critical part of the Industry Training Program. The new HorseSafe program commenced at the start of 2016 for all new licence applicants.

Since its introduction more than 500 people have successfully completed the online program which has a particular focus on safety and industry awareness.

The objectives of the Industry Training Department include:-

- Assist the Department of Education to develop training packages to cover all vocations within the racing industry;
- Assisting people entering the racing industry to find their most suitable career path;
- Ensuring participants are informed about the national Racing Industry Training Package;
- Providing equitable training throughout the Country, Provincial and Metropolitan areas;
- Gain State and Federal funding to assist with the delivery of training for the racing industry; and
- Managing the annual Rising Star Apprentice Race Series.

Promotions and Recruitment

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

Included in the careers market drive was presence via a stall at the Sydney Royal Easter Show held at Sydney Olympic Park in March 2016.

Rising Star Series

The 17th consecutive staging of the Rising Star Series was staged between August and July with 25 competitive heats held.

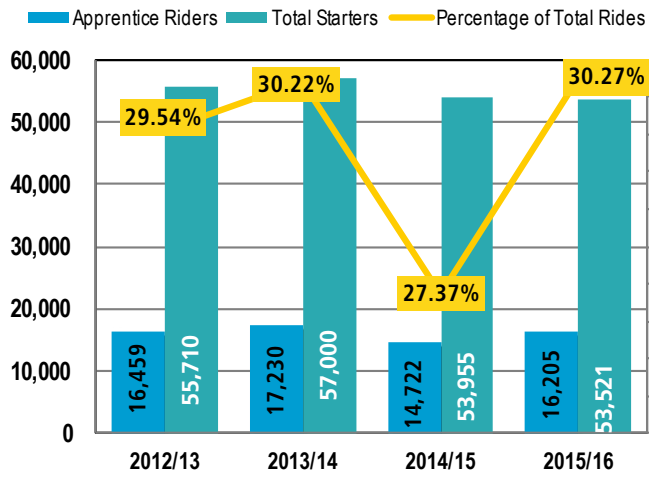
One race on the program at each of these 25 race meetings is dedicated to 'Apprentice Riders Only' (with NSW-based apprentices given preference). In 2015/16 Travis Wolfgram won the series for the first time.

APPRENTICE WINNING RIDES

TOTAL	11/12	12/13	13/14	14/15	15/16
Winning Rides	1,624	1,398	1,523	1,318	1,486

Apprentice Rides

The overall apprentice ride summary for the 2012/13, 13/14 and 14/15 seasons in comparable with that of the



15/16 season. This table includes Metropolitan, Provincial and Country statistics.

APPRENTICE JOCKEY NUMBERS

	11/12	12/13	13/14	14/15	15/16
Total Races	74	72	76	66	**60**
Total Winning Rides	13	23	15	19	**10**

Other Student Numbers

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

The year also saw an expansion of online learning resources and an increase in the diverse range of delivery methods for all of courses. Enrolments have increased in the latter half of the period (last six months).

The new requirement to be eligible to receive the 1.5% stablehand bonus prizemoney linked to training has seen a positive response and a pick-up in numbers after a slow first half of the year.

The Horsesafe Induction Course too has been accepted by the industry and has had over 500 participants complete it.

CIV Racehorse Trainer is constantly increasing in numbers and delivery methods. AREA is currently designing a new online resource hub for students to improve their knowledge of horse health and welfare, the Rules of Racing and operating a small business.

Included is an annual Racehorse Trainer Workshop at Richmond Campus for new trainers enrolled in CIV.

ENROLMENT FIGURES

	11/12	12/13	13/14	14/15	15/16
Cert II Stablehand	61	13	43	27	**10**
Cert III Advanced Stablehand	31	101	83	105	**47**
Cert III Track Rider	20	77	78	80	**34**
CIV Jockey			63	55	**45**
Cert IV Racehorse Trainer	15	63	97	125	**129**
Cert II Racing Administration	1	0	8	0	**0**
Cert III Racing Administration	4	3	11	3	**3**
Cert CIV Racing Administration	No Stats	No Stats	No Stats	7	**0**
Cert III Racing Steward	1	2	4	3	**0**
Cert CIV Racing Steward	No Stats	No Stats	No Stats	4	**4**
Cert III Track Maintenance	7	8	21	17	**16**
Barrier Attendant Skill Set	0	268	129	67	**42**
Approved Rider (Picnic Race Jockeys) Skill Set	No Stats	No Stats	No Stats	7	14

Race Fields Legislation – Management Of Legislative Requirements

The Racing Administration Act 1998 (the Act) provides that wagering operators (which includes Bookmakers, TABs, Corporate Bookmakers and Betting Exchanges) must seek the approval of Racing NSW to use NSW Thoroughbred Race Fields information. The approval process came into effect on 1 September 2008.

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

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

The Act also provides that Racing NSW may impose conditions on approval holders who use NSW Thoroughbred Race Fields information. The standard conditions which approval holders must comply with include:

- Integrity and quality control processes regarding the recording of betting information and key employee accreditation;
- Payment of a fee determined by the wagering operators full year net accessible turnover; and
- Other conditions designed to enable Racing NSW to administer the Race Fields Information Use legislation.

Approvals are issued annually for a Financial Year (or part thereof). After the initial application process, an ongoing reporting process, annual renewal and review monitoring program is a requirement of continued approval to use NSW Thoroughbred information.

At the end of the 2015/16 period the total number of Australian wagering operators who had been approved to use NSW Thoroughbred Race Fields Information was 301.

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

The department is responsible for the administration of the Race Fields area including initial assessments and recommendations to the General Manager-Regulatory regarding applications, the applicable fee for wagering operators, audit and financial reporting.

Collection of venue by venue turnover figures is arranged for critical assessment by the analytical department of Racing NSW.

HANDICAPPING

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

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

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

Racing Liaison Officer, Kerry Jordan assists the panel by handling all enquiries, allowing handicappers to

properly apply their time to the assessment process.

The Handicapping Department issued the weights and ballot orders for 5,968 races held across the 821 race meetings which were conducted in the 2015/16 racing season.

Weights were released for the 101,373 nominations at these meetings with each of the 54,030 starters being individually re-assessed by the panel and given a new Benchmark rating within an average of two business days after the race.

Feature Race Weights

The Handicapping Panel released weights early for the four major Group One Handicap races conducted in NSW in the 2015/16 racing season: Doncaster Mile, Sydney Cup, Epsom Handicap and The Metropolitan.

Epsom Handicap – Spring carnival

The 2015 Epsom Handicap run at Royal Randwick over 1600m received 93 entries with 23 horses weighted above the limit weight of 52kg and a topweight of 58kg allotted Boban, achieving a 6kg weight spread.

The Metropolitan Handicap – Spring carnival

The Metropolitan of 2015, a 2400m staying test, received 92 entries with 22 horses weighted above the limit weight of 52kg and a topweight of 58kg was given to Our Ivanhowe (Ger), achieving a 6kg weight spread.

Doncaster Mile – Autumn carnival

The Doncaster Mile of 2016 received 163 entries with 64 horses weighted above the limit weight of 50kg and 49kg for three-year-olds. A topweight of 58kg was given to Fawkner, achieving a 9kg weight spread.

Sydney Cup – Autumn carnival

The 2016 Sydney Cup over the time-honoured stayers' distance of 3200m received 82 entries with 26 horses weighted above the limit weight of 50kg and 49kg for three-year-olds. A topweight of 58.5kg was given to Criterion (NZ), achieving a 9.5kg weight spread.

These Group One races are among those at the pinnacle of racing in our State and their handicap status provides the racing industry with open and competitive races.

The result is wide betting markets, in turn promoting public interest and healthy betting turnover for our feature events.

Registered NSW Syndicate Promoters and Authorised Representatives

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

Syndicators are registered by Racing NSW as either Approved Promoters (in which case the applicant also requires an ASIC Australian Financial Services Licence) or as Authorised Representatives (who operate under the licence of an Approved Promoter).

At the end of 2015/16 there were 11 Approved Promoters and 2 Authorised Representatives on the Racing NSW registers.

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

There were a total of 134 approved promotions in the 2015/16 period, a decrease of four from 2014/15.

NUMBER OF HORSES SYNDICATED BRACKETED ON PRICE PER 10% SHARE

Price Range – 10% Share	15/16	14/15	13/14	12/13	11/12	10/11
<$10,000	**31**	33	52	49	39	43
$10,000 to $29,999	**103**	105	78	68	65	54

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

Price Range – Horse	15/16	14/15	13/14	12/13	11/12	10/11
<$10,000	**0**	2	2	2	2	0
$10,000 to $29,999	**8**	7	17	8	7	3
$30,000 to $59,000	**19**	21	27	32	26	26
$60,000 to $99,000	**44**	46	35	38	30	39
$100,000 +	**63**	62	49	37	39	29

The number of horses sold for over $100,000 for the purpose of syndication and the number of shares sold for over $10,000 per 10% share remained significantly higher for a second season, indicating the confidence of Registered Promoters to syndicate horses in the higher price range.

Marc Van Gestel
General Manager - Integrity/ Chairman of Stewards

Functions

The activities of Stipendiary Stewards include:

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

Personnel Changes

In June 2016 Racing NSW Chairman of Stewards, Ray Murrihy, retired following some 46 years working as a Steward, with 19 of those being as Chairman of Stewards in NSW.

Ray was also the Chairman of the Racing Australia National Chairman of Stewards Advisory Group for a significant period of time during his tenure at Racing NSW and was instrumental in a number of safety initiatives and rule changes being affected.

The retirement of Ray Murrihy resulted in the appointment of Marc Van Gestel as Chairman of Stewards, who was Deputy Chairman of Stewards under Ray Murrihy for 10 years after commencing his career as a Steward in 1989.

Betting Steward, Terry Griffin, who had been employed by Racing NSW since 1995, also left Racing NSW in late 2015 to pursue other endeavours and was replaced by Leigh Dalton, who has significant experience in form analysis and wagering. Other personnel changes included:-

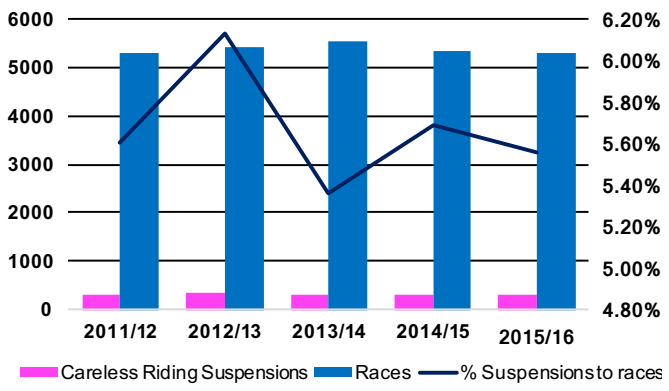
- Mitchell Reid appointed as a Betting Analyst in January 2016;
- Jack Penfold appointed Deputy Chief Steward, Tamworth in August 2015;
- Claire Manley, Joshua Earl and Max Porlezza appointed as Trainee Stewards in late 2015;
- Nathan Daniels appointed as Official Judge in June 2016.

Stewards Inquiries

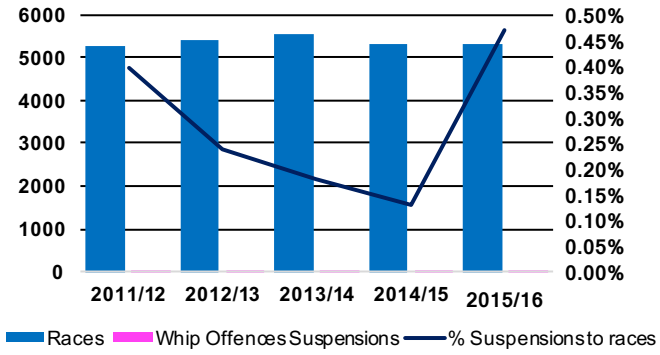
During the 2015/16 year the Stewards panel presided over a broad range of inquiries involving offences under the Rules of Racing. The following periods of suspensions were issued against jockeys during this period:-

- AR137(a): Careless Riding - 295 suspension of licence
- AR137(b): Failure to ride horse out to finish - 2 suspensions of licence
- AR137A(5): Whip related offences - 25 suspensions of licence
- AR145: Weighing in overweight - 4 suspensions of licence
- AR135 (b): Failure to take all reasonable and permissible measures to win or obtain the best possible placing - 1 suspension of licence

AR137(A) CARELESS RIDING



WHIP OFFENCE SUSPENSION



On 1 December 2015, AR137A(5) was amended to not differentiate between backhand and forehand whip strikes, which has resulted in an increase to suspension numbers.

New Developments

Integrity Studio: In early 2016 Racing NSW developed an integrity studio operating on NSW race meetings.

The studio is operating out of Racing NSW head office in Druitt Street, Sydney and provides Racing NSW Stewards with state-of-the-art technology utilising both the Hawk-Eye video system and the monitoring of live betting.

Mitchell Reid, who has a strong background in wagering analysis, heads up the operation which is used to complement the on-track presence by Stewards.

The Studio provides Stewards with betting trends on each race which is then utilised by Stewards to assist with inquiries or investigations.

Hawk-Eye: The Hawk-Eye video review system was rolled out across the State this year to provide Racing NSW Stewards with the best available technology to review races.

The system uses multi-camera angles simultaneously and also has the capabilities to zoom in on a particular horse or rider to provide clarity to the Stewards during the review process.

Hawk-Eye has also allowed the Stewards on raceday to review incidents as they occur live, such as the potential for protests or incidents at the start, without delaying the declaration of correct weight and consequently providing greater confidence for people wagering on NSW race meetings.

MAJOR INQUIRIES

Cobalt

On 2 July 2015, Racing NSW Stewards issued 52 charges against six individuals in respect to the racehorse Midsummer Sun being presented to race in the Gosford Cup conducted on 9 January 2015.

The inquiry, which was co-chaired by Ray Murrihy and The Honourable Mr Keith Mason AC QC, handed down penalties of significant disqualification against all individuals.

On 20 June 2016, the Racing NSW Appeal Panel handed down the following decisions, some of which are now subject to appeals to the Racing Appeals Tribunal:-

Mr A Corby: Appeal upheld

Dr A Matthews: 5 years 6 month disqualification reduced to 6 month

Mr S Kavanagh: 9 years 3 month disqualification reduced to 6 years 3 month; $3,000 fine confirmed

Dr T Brennan: 6 years disqualification reduced to 4 years

The Racing Appeals Tribunal on 10 August 2015 confirmed the decision of the Stewards to disqualify trainer Darren Smith for a period of 15 years for cobalt offences in respect to 21 horses that were presented to race when they had cobalt administered to them.

On 2 December 2015 the Racing Appeals Tribunal confirmed the decision of the Stewards to disqualify trainer Kevin Moses for a period of 12 months for presenting the racehorse Felix Bay with cobalt in its system when it raced at Hawkesbury on 16 April 2015.

Trainer Stephen Farley had his appeal on severity dismissed by the Racing NSW Appeals Panel in respect to a charge of presenting the horse Di's Diamond with cobalt above that excepted by AR178C(1)(l) in its system when it raced at Taree on 28 February 2016. A 12-month disqualification was confirmed by the panel.

Grafton trainer Wayne Lawson was also disqualified for a period of 12 months for presenting the racehorse Stella's Chance to race at Grafton on 21 March 2016 with a level of cobalt above that excepted by AR178C(1)(l).

Lil Caesar

In March 2016 the Stewards issued periods of disqualification and a $10,000 fine against an owner and a period of disqualification against a licensed foreman in respect to their dishonest and fraudulent actions regarding the sale of the racehorse Lil Caesar.

In addition, a jockey who was involved in the sale of the horse was fined the sum of $20,000 for a breach of AR85C.

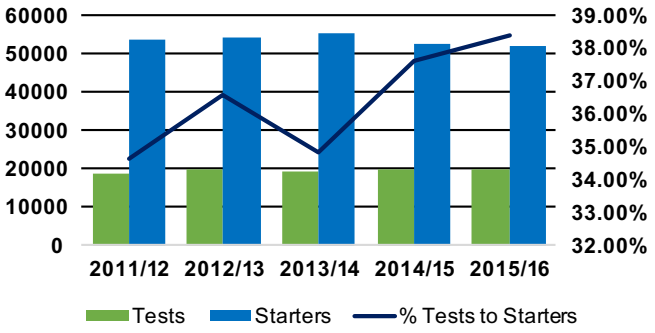
Drug Testing

During 2015/16 a total number of 19,909 tests were performed by the Australian Racing Forensic Laboratory (ARFL) on raceday samples to be analysed for prohibited substances in accordance with the Rules of Racing.

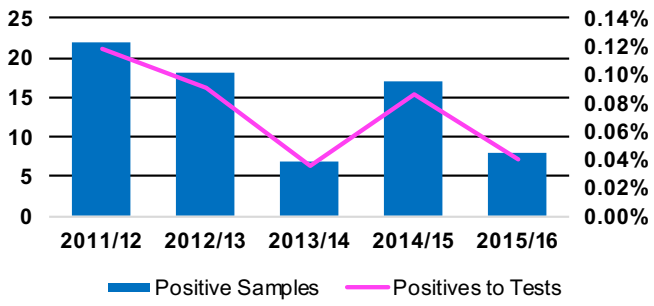
This figure is slightly up on the 2014/15 figure of 19,680. In addition, all Metropolitan and selected Provincial and Country samples were sent to the National Measurement Institute to be analysed for trace metals including cobalt.

Eight samples returned positive to prohibited substances, a reduction from the 17 recorded in 2014/15. Substances detected in these samples included cobalt, oxazepam, phenylbutazone and methylamphetamine.

ARFL – ANALYTICAL STATISTICS



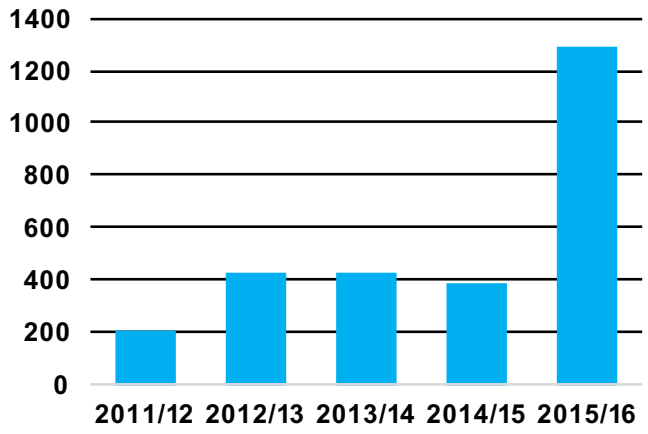
POSITIVE SAMPLES (EQUINES)



2016 also saw Racing NSW Stewards increase their non-raceday presence with the analysis of 1,294 non-raceday samples, whereby Stewards ordered samples to be analysed for substances banned to be in a horse's system at any time in accordance with AR177B.

This figure demonstrates the number of out-of-competition samples tripled from last year which is primarily due to the Equine Biological Passport program and tactical testing strategies introduced in 2015.

OUT OF COMPETITION SAMPLES



Licensee Sampling

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

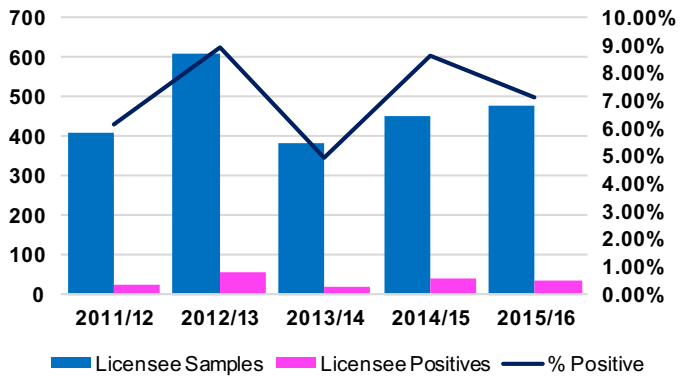
This involved urine sampling of 478 licensed persons for a range of banned substances, with 34 offences detected and penalties of suspension or disqualification of licence handed down.

Over 200 breath tests were also carried out on licensed persons at trackwork and on raceday.

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

Pleasingly, the percentage of positive tests to samples taken reduced from 8.61% in 2014/15 to 7.11% this year.

LICENSEE SAMPLING



Surveillance and Investigation Unit

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

The Unit this year introduced several new initiatives including the use of covert and electronic surveillance in addition to maintaining its strong presence around stables.

In addition, the strong relationship with the NSW Police was maintained and the continuation of the Unit's liaison with the Australian Criminal Intelligence Division under the memorandum of understanding played an integral part in the unit providing valuable intelligence to the Stewards.

Members of the Surveillance and Investigations Unit also this year expanded their coverage of Provincial and Country regions, particularly during the major country carnivals and qualifying heats of the Country Championships.

Conferences and Tribunals

During 2015/16 the then Chairman of Stewards, Ray Murrihy, presided as the Chairman of the Racing Australia National Chairman of Stewards Advisory Group (NCOS).

The NCOS met in November 2015 in Melbourne, chaired by Ray Murrihy and April 2016 in Sydney, chaired by Marc Van Gestel.

Ray Murrihy also represented the National Stewards at Racing Australia and at Integrity and Welfare Executive Committee level. Marc Van Gestel also chaired the Racing NSW Stewards Conference conducted in July 2015.

Liaisons and Contacts

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

- NSW Racehorse Owners Association
- Racing Australia, including Keeper of the Stud Book
- NSW Trainers and Jockeys' Associations
- NSW Bookmakers' Co-operative Ltd
- Australian Equine Veterinary Association
- Royal Society of Prevention of Cruelty to Animals
- Racing NSW Integrity Assurance Committee
- Veterinary and Analysts Committee
- Licensing Enforcement Agency
- National Jockey Safety Review Committee
- Australian Racecourse Managers Association
- Interstate and Overseas Principal Racing Authorities
- Australian Jockeys' Association
- Australian Criminal Intelligence Division
- National Crime Commission
- NSW Police Casino and Racing Investigation Unit

VETERINARY SERVICES

Dr Craig Suann
BVsc, Dip VSC, Dip LAS, MACVSc
Senior Official Veterinarian – assisted by Dr Tania Selig

Role of the Racing NSW Veterinary Department

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

Key Operational Activities and Achievements

- Collaborated with the ARFL and the Stewards in the management of routine and strategic drug control issues, including the implementation of the equine biological passport and the tactical out-of-competition testing program;
- Participated in and coordinated other veterinarians for the out-of-competition and tactical testing program for horses in racing stables, and the testing for anabolic steroids at the Inglis Australian Easter Yearling Sale, including sampling of horses selected by the Stewards;
- Continued the ongoing approval process for new veterinarians applying to officiate at race meetings, including those attending non-TAB meetings, with 21 new vets approved during the reporting period and updated relevant guideline documents;
- Conducted drug administration trials for the ARFL, and managed the operations of Racing NSW's Animal Care and Ethics Committee which supervises and monitors the health and welfare of the research horses utilised by Racing NSW;
- Participated with ARFL's Science Manager, Dr Adam Cawley in the Racing Australia funded, multi-centre "Gene Doping" project;
- Provided technical advice in a number of matters relating to the detection of elevated levels of cobalt in raceday samples;
- Monitored raceday and non-raceday equine injuries and fatalities throughout the State,
- Continued collaboration with the British Horseracing Authority and the LGC Racing Laboratory, UK, on the phenomenon of unusual findings of testosterone and hydrocortisone in raceday samples;
- Coordinated ongoing surveillance of the Hendra virus situation, including:
  - Updating information on the Hendra virus section on the Racing NSW website dealing with biosecurity guidelines for industry participants, updates from the NSW Department of Primary Industries (DPI), frequently asked questions and fact sheets,
  - Conducting an audit on the risk potential for the occurrence of Hendra virus infection in horses stabled at Randwick.

Racing Australia's Veterinary and Analysts Committee (VAC)

- As the Chairman of Racing Australia's Veterinary and Analysts Committee (VAC), Dr Suann convened a meeting of the Committee in Sydney on 17 and 18 August 2015 where the following matters were considered:
  - Testing for therapeutic substances, including a review of new screening limits in urine and plasma for therapeutic substances,
  - Welfare matters, including responses to racing in hot weather,
  - Unusual testosterone and hydrocortisone concentrations in raceday urine samples,
  - The regulation of the abuse of cobalt, including the introduction of threshold levels in urine and plasma,
  - National racing laboratory research and development,
  - New gene technologies and gene doping,

- Emerging integrity issues, including new drugs identified by human sports labs,
- Recording of equine incident/injury data,
- Hendra virus and Hendra vaccination,
- Modifying AR.80E (medications in racing stables rule),
- Modification of the list of substances specified for the purposes of the out-of-competition testing Rule (AR.177B),
- Implementation of the ban on all injections within one clear day before competition,
- Publication of advisory charts to assist industry compliance regarding pre-competition "clear day" restrictions for injections, administration of alkalinising agents and control of race day medications.

- Dr Suann also facilitated VAC's out-of-session review of the following matters:
  - Wholesale review of the Australian Rules of Racing, especially with respect to the regulation of prohibited substances and prohibited practices,
  - The drafting of various industry notices advising of the implications regarding various rule changes, including the one clear day pre-race ban for injections, the new cobalt thresholds in urine and plasma, and facilitation of special requests for blood sampling for health tests within the one clear day,
  - The incorporation of new international thresholds and screening limits in urine and plasma for the purposes of the Australian Rules of Racing.

International Federation of Horseracing Authorities (IFHA)

- As one of two international veterinary members on the International Federation of Horseracing Authorities (IFHA) Advisory Council on Equine Prohibited Substances and Prohibited Practices and the IFHA Welfare Committee, Dr Suann represented Racing Australia and Racing NSW at meetings of both committees held in Hong Kong in December 2015. Matters considered included:
  - Updates to the IFHA list of harmonised International Screening Limits in urine and plasma for a range of therapeutic medications commonly used in horses,
  - Modifications to Article 6 (Biological Integrity of the Horse) of the IFHA International Agreement to also include prohibited practices in racing and gene doping,
  - International harmonisation of and best practice for testing for anabolic steroids, including the testing of hair samples,
  - The development of urine and blood threshold levels for cobalt,
  - "Residue limits" for environmental and feed contaminants,
  - Development of international guidelines for out-of-competition testing,
  - The potential effects of bisphosphonates on bone quality,
  - Development of international guideline standards for racehorse welfare practices.
- The ongoing assistance and commitment of veterinary colleagues providing official veterinary services at racetracks around NSW is gratefully acknowledged.

Racing NSW Animal Care and Ethics Committee (ACEC)

The Racing NSW Animal Care and Ethics Committee (ACEC) was established in compliance with the requirements of the NSW Animal Research Act 1985 to monitor and supervise the team of research horses used for drug administration trials conducted as part of the research and development program of the Australian Racing Forensic Laboratory (ARFL), as well as to approve other relevant research and population studies required to maintain the integrity of the drug control process.

The Committee is chaired by Racing NSW Chief Executive, Mr Peter V'landys AM, and its external members are Mr Tony Gregory (Category C member), Mr John Muir (Category D member), and Mrs Adrienne Clark (horse carer). Category A member is Senior Official Veterinarian Dr Craig Suann and Category B member is Dr Adam Cawley, Science Manager at ARFL.

The Committee approved three research proposals during the reporting period. Included in these proposals was one that facilitated ongoing drug administration trials that would assist the Laboratory in improving its drug testing capabilities, as well as proposals for studies into designer anabolic steroids and biological markers.

On 12 April 2016, 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 also attended a meeting of the Committee on 17 May 2016.

The site inspection was deemed satisfactory, with commendations for the high standard of housing, care and management of the horses, refinement of methods for oral administrations, non-invasive urine collection, and for record keeping.

A number of follow-up recommendations arising from the inspection due to changes to the national Code of Practice are currently being addressed.

AUSTRALIAN RACING FORENSIC LABORATORY

John Keledjian
General Manager - ARFL

Function and Accreditation

The primary role of the Australian Racing Forensic Laboratory (ARFL) is to provide accurate and independent analytical services to Racing NSW Stewards to assist in upholding the relevant rules pertaining to prohibited substances in the sport of Thoroughbred racing.

Similar services may be provided under contract to other racing codes or competitive animal sports organisations.

As an arm of the integrity functions of Racing NSW, the laboratory serves to control the use of prohibited substances by the provision of sampling kits and protocols of their use, analysis of received samples, and participation in research programs to improve capabilities, respond to new challenges as they arise and assist veterinarians in the legitimate use of medications.

ARFL is accredited by the National Association of Testing Authorities to the ISO/IEC 17025 standard, and also by the Association of Official Racing Chemists.

It is one of only five laboratories in the world accredited to analyse samples for the Fédération Equestre Internationale (FEI), the others being in the United Kingdom, France, Hong Kong and the United States.

Sampling Kits

With the relocation of the ARFL to Racing NSW headquarters, the assembling, packaging and dispatch of sampling kits has been taken over by Beehive Industries Co-operative.

In an enrichment of an already 12-year partnership with Racing NSW, the additional contract work has allowed Beehive Industries to support a greater number of seniors and persons with a disability.

Sampling kits for urine and blood collection are distributed to all racing regional areas 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.

Non-compliance with sampling protocols during the collection process is monitored and reported to the Stewards for investigation.

Analysis of Samples

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

Negative samples are generally reported within 10 working days of receipt at ARFL. Positive findings are confirmed on the 'A' sample and then by referee analysis of the 'B' sample at another accredited racing laboratory.

TABLE 1 – ANIMAL SAMPLE STATISTICS 1 JULY 2015 TO 30 JUNE 2016

	Total urine	Total Blood	TCO2 tests	OC tests	Cob tests	Prohibited Substances Detected
Metro Th'breds NSW	1,886	5,106	3,085	-	1,698	3
Provincial Th'breds NSW	1,433	1,520	1,129	-	87	0
Country Th'breds NSW	3,564	1,503	683	-	179	3
Other clients	7,870	5,608	3,676	-	-	82
TOTAL	**14,753**	**13,737**	**8,573**	**-**	**1,964**	**88**
Out-of-competition Th'breds				1,294		0
Out-of-competition Others				420		0
TOTAL				**1,714**		**0**

OC – Out of Competition tests, Cob – Cobalt tests

Human urine samples collected from jockeys, track riders and stablehands are also tested for banned substances in accordance with AR.81B.

Horse handlers were tested this year in accordance with AR.81BB. Approximately 8.2% of these samples were found to contain banned substances.

This year the ARFL reported a first time detection of a designer stimulant in a jockey sample (Table 2).

TABLE 2 – HUMAN SAMPLES STATISTICS 1 JULY 2015 TO 30 JUNE 2016

Human Samples	Urine	Banned Substances Detected
Metropolitan NSW	68	10
Provincial NSW	71	6
Country NSW	279	16
Other Racing NSW	10	2
Other clients	50	5
TOTAL	**478**	**39**

ARFL also performs referee counter analyses to confirm the findings of other Australian and International racing laboratories. From 1 July 2015 to 30 June 2016 this totalled 60 analyses.

Research

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

The quality of ARFL research is reflected by publication of seven papers in leading international peer-reviewed journals and conference proceedings during the past year.

The ARFL research portfolio currently has seven major collaborations involving six different institutions and four PhD students. This covers a diverse range of science; from novel psychoactive substances to designer steroids and gene doping.

In the area of novel psychoactive substances the ARFL has partnered with the University of Technology Sydney (UTS) to develop and implement novel strategies for the detection of unknown doping agents in racing on top of the +10,000 drug screen currently in use.

For designer steroids, the ARFL has built on work conducted with the Australian National University (ANU) over the past 10 years to detect the administration of new black market products.

The ARFL is project managing a major new national initiative funded by Racing Australia to detect gene doping in racehorses with world-leading research performed in collaboration with the National Measurement Institute and University of Sydney.

Racing NSW Equine Biological Passport (EBP)

The development and implementation of the analytical component for the Racing NSW Equine Biological Passport (EBP) continued in 2015/16.

There are currently 15 biomarkers used to provide Racing NSW Stewards with intelligence concerning novel doping threats.

This includes an enhanced steroid profile developed from research funded by Racing Australia for the ARFL to investigate elevated testosterone levels in Thoroughbred geldings.

In addition, at the request of Racing NSW Stewards, samples are frozen at -80 degrees Celsius for re-testing at a later stage when additional biomarkers are included in the EBP.

Quality Assurance

ARFL holds Australian and international accreditation to ISO 17025/ILAC G7, and accordingly participates in internal and external quality assurance programs to monitor its performance.

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

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.

The ARFL scored 100% in the 2016 Proficiency Testing Program used to assess all Racing Laboratories internationally.

Key Milestones

With the retirement of Cary Murphy (Quality Manager) after 28 years of exemplary service, the ARFL was fortunate to recruit Nicole Hudson who worked the last three years for the National Association of Testing Authorities (NATA) the accrediting body of the laboratory.

Coupled with five years prior experience at the ARFL, Nicole brings significant knowledge and an acute understanding of the requirements for a comprehensive quality management system required by racing laboratories.

Following intelligence from Racing Stewards, ARFL increased its scope of testing this year with the capability to detect both xenon and formaldehyde in equine urine samples.

To the best of our knowledge, the ARFL was responsible for the world-first reporting of the central stimulant meclofenoxate in a number of canine urine samples.

The presence of meclofenoxate was confirmed at a very low level using one of the three instruments purchased by Racing NSW in 2015 from the proceeds of Race Fields funding.

A central stimulant, the drug is the first generation of substances classified as nootropics ('smart drugs') with the potential to increase alertness.

The scope of testing conducted on blood samples at the ARFL was increased this year. This included additional testing performed on out-of-competition samples as well as testing to accommodate the rule banning the use of anabolic steroids (AR.178H) for both Racing NSW and external clients.

At the request of Racing NSW Stewards, equine urine samples were analysed by the National Measurement Institute to detect the presence of cobalt in accordance with AR.178(C).1(I) against the threshold level of 200 micrograms per litre in urine.

Additional Clients

ARFL's major external clients during the July 2015/June 2016 period were Harness Racing NSW and Greyhound 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, Show Horse Council of Australia and Inglis Bloodstock.

BREEDER OWNER BONUS SCHEME (BOBS)

The Racing NSW Breeder Owner Bonus Scheme has become the most popular racing incentive scheme in Australia since it began paying bonus prizemoney back in 2003.

BOBS has entered its 14th year and goes from strength to strength and last season a record 1,178 BOBS bonuses were won with $11 million in cash and BOBS Double Up vouchers redeemed.

Racing NSW has invested almost $25 million in the breeding and ownership of Thoroughbred horses since the introduction of the Double Up program.

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

Second, the fact that BOBS bonuses can be won at all NSW tracks (except in Group and Listed Races), means that trainers and owners racing outside of the Metropolitan tracks are able to continue to race their horses closer to home, reducing travel and increasing the competition and class of racing at Provincial and Country racecourses.

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

- Racing NSW has paid out more than $100 million in bonus prizemoney since BOBS began 13 years ago;
- Of the BOBS bonuses won, two-year-old horses won 175 (14%) and three-year-old horses accounted for 1052 (86%) wins;
- In 2015/16, BOBS Extra bonuses were won on 149 occasions with a total of $973,000 having been distributed through BOBS Extra;
- Nine of the 11 leading sires by value of bonuses are Australian-bred;
- Since the Double-Up option was introduced in January 2005, nearly $25 million has been put back into the NSW breeding industry through this scheme, benefiting not just breeders, but also owners and trainers.

BOBS BONUSES WON BY NUMBER PER MONTH

	12/13	13/14	14/15	15/16
August	64	69	48	43
September	71	68	59	66
October	74	90	83	82
November	98	104	89	85
December	90	112	81	88
January	85	110	99	106
February	94	102	95	110
March	116	127	122	115
April	119	97	109	134
May	120	154	137	139
June	121	150	136	126
July	175	150	120	133
Total	**1227**	**1333**	**1178**	**1227**

BOBS EXTRA BONUSES WON BY NUMBER PER MONTH

	12/13	13/14	14/15	15/16
August	15	23	16	26
September	20	25	19	11
October	14	21	30	14
November	21	20	26	19
December	21	14	23	15
January	16	16	17	8
February	13	22	11	8
March	14	15	11	14
April	11	13	18	11
May	6	15	19	6
June	6	13	12	5
July	9	14	13	12
Total	**166**	**211**	**215**	**149**

SEASON 2015/16 – BOBS BONUS WINNERS SIRES BY VALUE

Stallion	Standing at	Total Bonuses	Wins
Snitzel	Arrowfield Stud	46	$375,000
Fastnet Rock	Coolmore Stud	36	$305,000
Not A Single Doubt	Arrowfield Stud	35	$300,000
Lonhro	Godolphin	34	$300,000
Sebring	Widden Stud	33	$300,000
More Than Ready (USA)	Vinery Stud	36	$275,000
High Chaparral (Ire)	Coolmore Stud	35	$260,000
Exceed And Excel	Godolphin	39	$235,000
Redoute's Choice	Arrowfield Stud	27	$215,000
I Am Invincible	Yarraman Park Stud	34	$210,000
Star Witness	Widden Stud	33	$210,000
Medaglia D'Oro (USA)	Godolphin	30	$205,000

SEASON 2015/16 – BOBS EXTRA BONUS WINNERS SIRES BY VALUE

Stallion	Standing at	Total Bonuses	Wins
High Chaparral (Ire)	Coolmore Stud	5	$70,000
Casino Prince	Vinery Stud	9	$55,000
Danewin	Arrowfield Stud	6	$46,250
Redoute's Choice	Arrowfield Stud	4	$45,000
Choisir	Coolmore Stud	4	$35,000
Shamardal (USA)	Darley Stud	3	$35,000

BREEDER OWNER BONUS SCHEME (BOBS)

SEASON 2016/16 – BOBS BONUS WINNING HORSES BY VALUE

Horse	Sire	Trainer	Bonuses	Wins
Pioneering	Sebring	Chris Waller	4	$70,000
Sir Bacchus	Sebring	Chris Waller	4	$70,000
Ravi	Redoute's Choice	Peter & Paul Snowden	4	$50,000
River Wild	Fastnet Rock	Gai Waterhouse	3	$45,000
Last Witness	Star Witness	Peter & Paul Snowden	5	$40,000
Kangarilla Joy	Lonhro	Peter & Paul Snowden	3	$40,000
Rodrico	High Chaparral (Ire)	Chris Waller	3	$40,000
Tsaritsa	Dane Shadow	Chris Waller	3	$40,000
Yuma Desert	Not A Single Doubt	Peter & Paul Snowden	3	$40,000
Conchita	Uncle Mo (USA)	Paul Perry	2	$40,000
Scarlet Rain	Manhattan Rain	Gai Waterhouse	2	$40,000
Yankee Rose	All American	David Vandyke	2	$40,000

SEASON 2015/16 – BOBS EXTRA BONUS WINNING HORSES BY VALUE

Horse	Sire	Trainer	Bonuses	Wins
Herne's Oak	High Chaparral (Ire)	Bjorn Baker	2	$40,000
Kontiki Dane	Danewin	Gai Waterhouse	2	$30,000
Halfway To Heaven	Dylan Thomas (Ire)	Bob Haire	3	$20,000
He's Dreamin'	Dream Ballad	Rod Northam	3	$20,000
Citations	Redoute's Choice	Gregory Hickman	2	$20,000
Supercoach	Casino Prince	Bjorn Baker	2	$20,000
Diamondsinthenight	Fastnet Rock	David Pfieffer	1	$20,000
Frespanol	Choisir	Gai Waterhouse	1	$20,000
Just A Blur	Dane Shadow	Barbara Joseph & Paul Jones	1	$20,000
Mardi	Redoute's Choice	Gai Waterhouse	1	$20,000
Medcaut	Commands	John O'Shea	1	$20,000
Our Boy Nicholas	More Than Ready (USA)	Toby Edmonds	1	$20,000
Quick Strike	High Chaparral (Ire)	Chris Waller	1	$20,000
Sebrina	Sebring	Bjorn Baker	1	$20,000
Sweet Fire	Shamardal (USA)	Chris Waller	1	$20,000

SEASON 2015/16 – LEADING BOBS WINNING TRAINER

Trainer	Location	Bonuses	Value
Chris Waller	Rosehill	72	$745,000
Peter & Paul Snowden	Randwick	82	$685,000
John O'Shea	Warwick Farm	78	$670,000
Gai Waterhouse	Randwick	59	$520,000
Paul Perry	Newcastle	49	$310,000
Bjorn Baker	Warwick Farm	54	$305,000
Michael, Wayne & John Hawkes	Rosehill	30	$290,000
Gerald Ryan	Rosehill	46	$280,000
Kris Lees	Newcastle	32	$170,000
James Cummings	Randwick	18	$145,000

SEASON 2015/16 – LEADING BOBS EXTRA WINNING TRAINER

Trainer	Location	Bonuses	Value
Bjorn Baker	Warwick Farm	6	$85,000
Gai Waterhouse	Randwick	4	$70,000
Chris Waller	Rosehill	3	$50,000
Gregory Hickman	Warwick Farm	6	$45,000
Ross Stitt	Taree	6	$35,000
David Pfieffer	Rosehill	2	$30,000

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 Ross Clugston (Principal Member) *– until 26 June 2016*	
Mr Richard Beasley SC (Principal Member) *– from 27 June 2016*	
Mr Richard Beasley SC	Mr David Campbell SC
Mr Thomas Carlton	Mr Cliff Clare
Mr Ross Clugston	Mr John Fletcher
Mr Tim Hale SC	Mr Kevin Langby
Mr David McKee	

Executive for Appeal Panel

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

Avenue of Appeal

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

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

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

Appeal Panel

The Sydney-based Appeal Panel sat on 25 occasions during 2015/16, Mr Ross Clugston chaired the Panel on 23 occasions, Mr Richard Beasley SC and Mr Tim Hale SC both chaired the Panel on one occasion each.

Within those 25 sittings there were 64 charges Appealed. The Appeals on a further four charges were withdrawn either prior to, or at the time of hearing.

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

Decision on Charges

AREA	UPHELD	DISMISSED	PENALTY VARIED	WITHDRAWN	$200 REFUNDED	TOTAL
Appeal Panel	15	49	15	4	1	**68**
Racing Association	1	-	1	-	1	**1**

Summary of Charges Applicable to Appeal Cases Lodged

RULE	DESCRIPTION	AMOUNT
AR80E	Any person commits an offence if he has in his possession or on his premises any substance or preparation that has not been registered or labelled, or prescribed, dispensed or obtained, in compliance with the relevant State and Commonwealth legislation.	1
AR135(b)	The rider of every horse shall take all reasonable and permissible measures throughout the race to ensure that his horse is given full opportunity to win or to obtain the best possible place in the field.	2
AR137(a)	Any rider may be penalised if, in the opinion of the Stewards he is guilty of careless, reckless, improper, incompetent or foul riding.	11
AR140(a)(ii)(a)	The trainer of a horse that is included in the final acceptors for a race must report to the Stewards by acceptance time, any occurrence, condition, or treatment that may affect or impact on the horse's performance in the race where the occurrence takes place, condition is present or treatment is administered before acceptance time.	1
AR175(o)(i)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalise any person in charge of a horse who in their opinion fails at any time to exercise reasonable care, control or supervision of a horse to prevent an act of cruelty to the animal.	1
AR175(a)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) 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.	3
AR175(f)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalise any person who refuses or fails to attend or give evidence at any investigation, inquiry or appeal when directed or requested by the Principal Racing Authority, or other person authorised by the Principal Racing Authority, to do so.	1
AR175(g)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalise any person who gives at any interview, investigation, inquiry, hearing and/or appeal any evidence which is false or misleading in any particular.	1
AR175(h)(i)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalize any person who administers, or causes to be administered, to a horse any prohibited substance for the purpose of affecting the performance or behaviour of a horse in a race or of preventing its starting in a race.	1

RULE	DESCRIPTION	AMOUNT
AR175(h)(ii)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalise any person who administers, or causes to be administered, to a horse any prohibited substance which is detected in any sample taken from such horse prior to or following the running of any race.	1
AR175(k)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalise any person who has committed any breach of the Rules, or whose conduct or negligence has led or could have led to a breach of the Rules.	8
AR175(l)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalise any person who attempts to commit, or conspires with any other person to commit, or any person who connives at or is a party to another committing any breach of the Rules.	5
AR175(q)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalize any person who in their opinion is guilty of any misconduct, improper conduct or unseemly behaviour.	2
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
AR177B(5)	Any person who has in his possession any substance or preparation that could give rise to an offence under this rule if administered to a horse at any time shall be guilty of an offence and may be penalised.	2
AR177B(6)	Any person who, in the opinion of the Stewards, administers, attempts to administer, causes to be administered or is a party to the administration of, any prohibited substance specified in subrule (2) to a horse being trained by a licensed trainer must be penalised in accordance with AR196(5).	8
AR178	Subject to AR 178G, when any horse that has been brought to a racecourse for the purpose of engaging in a race and a prohibited substance is detected in any sample taken from it prior to or following its running in any race, the trainer and any other person who was in charge of such horse at any relevant time may be penalised.	7
AR178AA	A person must not administer an alkalinising agent, in any manner, to a horse which is engaged to run in any race, official trial or jump-out at any time on the day of the scheduled race, official trial or jump out and prior to the start of such event.	2
AR178E(1)	Notwithstanding the provisions of AR 178C(2), no person without the permission of the Stewards may administer or cause to be administered any medication to a horse on race day prior to such horse running in a race.	8
AR178F	A trainer must record treatment and medication administered to each horse in his or her care by midnight on the day on which the administration was given.	1
LR82B	Any person employed by or assisting a trainer in the training, care or superintendence of a racehorse upon any racecourse, training centre or registered stable commits an offence and may be penalised if he/she refuses or fails to deliver a sample as directed.	1
TOTAL		**68**

REPRESENTATION TABLE

	Dismissed	Upheld
Represented by Solicitor/Master	40	15
Represented Self	9	-
Total	**49**	**15**

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

Racing Appeals Tribunal

Racing Appeals Tribunal comprised of:-
David Armati, *Racing Appeals Tribunal*
Edward Selwyn OAM, *Acting Racing Appeals Tribunal*
Peter V'landys AM, *Secretary Racing Appeals Tribunal*
Kathy Reece, *Appeals Coordinator*

There were four Appeals lodged to the Racing Appeals Tribunal during 2015/16 which comprised 45 charges:

Presided Over By	Dismissed	Upheld	Withdrawn
Mr D Armati	43	1	
Mr E Selwyn OAM			1
Total	**43**	**1**	**1**

Maurice Logue
General Manager – Jockey Safety & Welfare

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

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

Jockey Safety Officer – Role

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

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

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

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

JOCKEY SAFETY OFFICER INCIDENT REPORTS

	13/14	14/15	15/16
August	10	8	7
September	10	10	9
October	11	10	11
November	17	10	19
December	9	7	24
January	13	11	20
February	9	5	19
March	6	4	9
April	5	5	14
May	7	9	11
June	7	10	11
July	9	4	12
Total	**113**	**93**	**166**

Riding Skills Panel

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

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

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

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

RIDING SKILLS PANEL HEARINGS

	13/14	14/15	15/16
August	0	0	0
September	1	0	0
October	0	1	0
November	0	1	0
December	0	0	0
January	1	0	0
February	1	1	0
March	1	0	1
April	1	0	0
May	1	1	0
June	1	0	0
July	1	0	2
Total	**8**	**4**	**3**

Jockeys Benefit Scheme

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

The Jockeys Benefit Scheme comprises;

(a) The Jockeys Benefit Scheme Trust, a public charitable trust established to provide financial assistance to former and current NSW and ACT jockeys and their families who are in necessitous circumstances; and

(b) The JBS Discretionary Fund from which funding is provided for programs and initiatives to benefit jockeys' welfare both during their riding career and upon retirement.

NSW Jockeys Trust

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

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

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

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

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

The following Trustees were in office during the 2016 Financial Year:

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

During 2015/16 $22,603 was distributed for payment of medical procedures, rental assistance, clothing and education costs, day-to-day living expenses and specialised purchases as determined appropriate.

The Trust continues to raise awareness of its aims and objectives through advertising and marketing strategies. Further information can be obtained by contacting the Trust Secretary or at – www.nswjockeystrust.com

JBS Discretionary Fund

The JBS Discretionary Fund provides funding for programs and initiatives to benefit jockeys' welfare both during their riding career and in retirement.

During 2015/16, $145,482 was distributed from the JBS Discretionary Fund towards providing NSW jockeys with vocational and life skills training, career transition support, business start-up assistance and counselling services.

Jockeys Assistance Program

Since July 2012, the Jockeys Assistance Program has provided NSW and ACT jockeys, apprentices and their families with free face-to-face counselling sessions and also access to 24 x 7 telephone sessions. Counselling facilities are available in Sydney and throughout NSW.

During the year, 26 people accessed this vital service, dealing with a range of problems from relationship breakdowns, depression and anxiety disorders, to drug and alcohol issues.

Career Assistance Funding and Small Business Start-up Assistance

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

In total $71,552 was distributed from the JBS Discretionary Fund during the 2015/16 Financial Year to jockeys to assist them to undertake career training courses in preparation for their life after racing or to start-up their own small business.

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

The program is gaining momentum each year as jockeys start training in new fields, such as small business management, aged care, child care, fitness and racehorse trainer.

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

FUNCTIONS

Racing NSW's marketing department is responsible for 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 nurture and develop The Championships into a world-class concept; and
- To generate positive brand identity for Racing NSW.

ACHIEVEMENTS

The Championships

2016 was the third year of The Championships – the Grand Finals of Australian racing – held at Royal Randwick on 2 and 9 April, and featuring 10 The Championships races.

Inaugurated in 2014, these two exceptional days of racing now provide prizemoney totalling $20.2 million following an upgrade of both the Arrowfield 3yo Sprint and Percy Sykes Stakes by $100,000 to $600,000.

It is the ultimate aim of The Championships to have all 10 Championship races at Group 1 level offering a minimum of $1 million prizemoney each.

Complementing these events was the second running of the Country & Provincial Championships Finals, with the concept proving highly successful right across the State.

Canterbury Park Racecourse was successfully refurbished in 2015 and approved as an international quarantine facility, which will attract and accommodate International contenders from overseas.

Due to injuries and some sub-par runs overseas, an interim four-horse contingent from Japan was reduced to the sole contender, Tosen Stardom. Unfortunately, Tosen Stardom bled while being prepared at Canterbury Park and could not start during The Championships.

Other strategies and achievements for 2016 included:

- The publishing of a The Championships brochure that was distributed internationally (pictured at right) and domestically; and
- The procurement of marketing assets to include teardrop banners, saddle cloths, strapper's bibs, floral garlands, corflute signage and uniform items to enhance all The Championships events.

In contrast to 2015, both days of this year's The Championships at Royal Randwick were staged in glorious sunshine resulting in excellent crowds that witnessed some of the world's greatest racing including the highest-rated mare on the planet, Winx (The Doncaster Mile).

The Country & Provincial Championships

The Country & Provincial Championships goes from strength to strength. Launched in 2015, the first two Country Championships proved resounding successes for the racing industry and generated unprecedented interest and coverage.

In fact last year's total attendance was up 66% on the 2015 figure which demonstrates how Country racegoers have embraced the concept.

An initiative of Racing NSW and supported by the Government of NSW, the Country Championships was created to support and promote NSW racing in country areas, ensuring that horses from across the State are part of The Championships in Sydney during the autumn.

A series of eight Country and five Provincial qualifying races, each worth $100,000 (rising to $150,000 in 2017) were held in February-April 2016 with the qualifying horses competing for a final $400,000 race in Sydney – up $100,000 from the previous year.

Both Final winners – Clearly Innocent (Country) and Danish Twist (Provincial) – have since franked the form by going on to Stakes race success.

2016 COUNTRY CHAMPIONSHIPS

DATE	VENUE	DISTANCE	REGION
Sat 20 February	Goulburn	1400m	South-East
Sun 21 February	Scone	1200m	Hunter & North West
Sat 27 February	Wagga Wagga	1400m	Southern Districts
Sun 28 February	Taree	1400m	Mid North Coast
Sun 6 March	Grafton	1400m	Northern Rivers
Sun 13 March	Wellington	1400m	Central Districts
Sun 20 March	Dubbo	1400m	Western
Sun 27 March	Muswellbrook	1280m	Wild Card
Sat 2 April	**ROYAL RANDWICK**	**1400m**	**FINAL**

2016 PROVINCIAL CHAMPIONSHIPS

DATE	VENUE	DISTANCE
Thurs 3 March	Wyong	1350m
Fri 11 March	Kembla Grange	1400m
Wed 16 March	Beaumont Newcastle	1350m
Thurs 24 March	Gosford	1200m
Thurs 31 March	Hawkesbury	1400m
Sat 9 April	**ROYAL RANDWICK**	**FINAL**

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

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

Interest in the series was enormous, proving an extremely successful concept and generating strong increases in attendance and wagering throughout.

ADDITIONAL PROJECTS

Weekly Communications – Front Runner, Media Update & Owners Email

The weekly e-Newsletter Frontrunner is sent to over 12,000 subscribers each week with a mix of stories, raceday selections and insights into the industry.

Open rates of the newsletter have continued to remain strong in 2016 as we have focused on providing more interesting information delivered in a timely manner each Thursday.

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

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

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

Form

As well as the development of a vastly better online form that is now available through the Racing NSW website, the marketing team also worked in partnership with the print form guide providers, such as The Daily Telegraph and The Sydney Morning Herald.

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

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

Website and Digital Enhancements

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

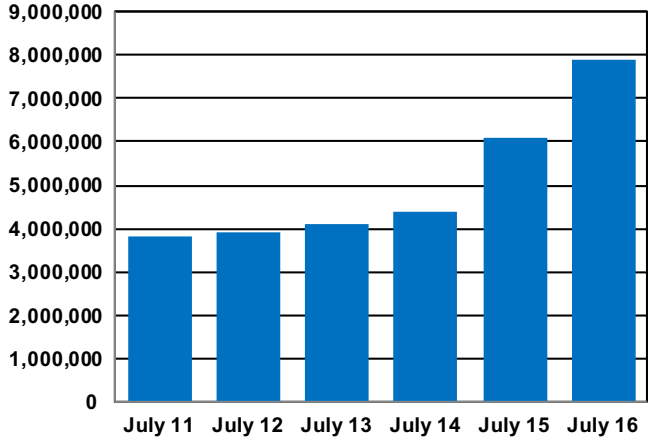
These improvements include video form, race replays on all NSW TAB race meetings, barrier trials and the inclusion of live racing integrated on the home page of

racingnsw.com.au, and the re-launch of the Racing NSW App and mobile website.

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

From 3.8 million visits in 2010/11, the Racing NSW website this year received more than 7.9 million visits.

TOTAL WEBSITE VISITS (IN MILLIONS)



TAB Saddle Up Sundays

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

In 2015/16 there were 12 Clubs selected to host a TAB Saddle Up Sunday race meeting:

DATE	HOST CLUB	FEATURE RACE
12/08/2015	Muswellbrook Race Club	Bengalla Cup
23/08/ 2015	Taree-Wingham Race Club	Taree Cup
14/09/2015	Moree Race Club	Moree Cup
18/10/2015	Shoalhaven City Turf club	Mollymook Cup
8/11/2015	Warren & District Jockey Club	Meeting cancelled
22/11/2015	Goulburn & District Racing Club	Goulburn Cup
20/12/2015	Moruya Jockey Club	Community Christmas Cup
31/01/2016	Albury Racing Club	TAB SUS Handicap
14/02/2016	Bathurst Thoroughbred Racing	Bathurst Cup
10/04 2016	Gundagai-Adelong Cub	Gundagai Cup
8/05/2016	Gunnedah Jockey Club	Gunnedah Cup
26/06/2016	Coonamble Jockey Club	Meeting cancelled

During 2015/16 new Saddle Up Sunday meetings were conducted at Taree, Albury, Bathurst, Gundagai and Gunnedah, all being clubs which had not previously hosted a comparative meeting.

Media, Public Relations and Websites

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

The department also handles media calls and inquiries and constantly seeks positive media coverage, providing a range of Metro, Provincial & Country press releases each day.

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

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

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

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

The award will forever honour the late Mr Bart Cummings AM, one of Australia's greatest ever racehorse trainers, who passed away in late August 2015, aged 87.

Final standings – 2015/16 Bart Cummings Medal	
Chris Waller	**80**
Hugh Bowman	**52**
James McDonald	**43**
Blake Shinn	**35**
John O'Shea	**33**
Peter & Paul Snowden	**32**
Jason Collett	**29**
Tommy Berry	**20**
Kris Lees	**20**
Sam Clipperton	**17**
Brenton Avdulla	**19**
Kris Lees	**19**

Racing NSW also provides other awards such as the TJ Smith award (top Sydney trainer-Chris Waller), George Moore award (leading Sydney jockey-James McDonald) and Theo Green award (top apprentice-Rory Hutchings).

Another popular award now into its sixth year is the Sydney Strapper of the Year award which was won by Ali Iftikhar from the Chris Waller stable. The award is jointly coordinated by Australian Racing Christian Chaplaincy.

The final two awards given out by Racing NSW at the annual 'Night of Champions' is the BOBS Horse of the Year (won jointly by Sir Bacchus and Pioneering with each claiming four BOBS bonuses totalling $70,000) and the NSW Racing Writers' Personality of the Year.

This year former Racing NSW Chairman of Stewards, Ray Murrihy was honoured, having received a commanding number of votes from racing writers to take out the award with the media stating: "This award was selected by the NSW Racing Writers' Association and is our way of recognising Ray Murrihy. Over the years Ray has taught many journalists more about racing than they care to admit. The media has always found Ray approachable and at all times we knew where we stood."

Social Media (Twitter, Facebook and Instagram)

Racing NSW maintains a strong presence on Twitter with more than 10,300 followers. Since the introduction of the service more than 13,300 tweets have been published and this will rise exponentially as we continue to grow our social media expertise and deliver on our broader consumer strategy.

You can follow Racing NSW News via the handle @racing_nsw and also Racing NSW Magazine which has more than 640 followers @RacingNSWMagaz

Racing NSW Stewards also regularly post news and updates on their Twitter account with over 2,200 followers. The Stewards' handle is @RNSWStewards

Our Handicapping Department is also part of Twitter enabling fans and participants a 'direct line' to the handicappers.

This has quickly proven to be a popular service since launching with more than 1,350 followers. You can find the handicappers via – @RNSWHandicappers

Racing NSW also recently created a Facebook page that has grown to 1100 likes.

Additionally, The Championships has a large following on twitter with 3,535 followers and a popular Facebook page with 6,100 likes and growing. Racing NSW's Instagram account is also in its infancy with 728 followers.

Young Professionals in Racing

Young Professionals in Racing (YPR) is an exciting Sydney-based organisation that actively engages the younger demographic of racing fans and provides a stepping stone into the sport for newcomers.

YPR members have access to raceday events at premier Australian Turf Club venues, as well as stable and stud tours, trips to country race clubs, punting previews, millinery and fashion showcases and other social gatherings.

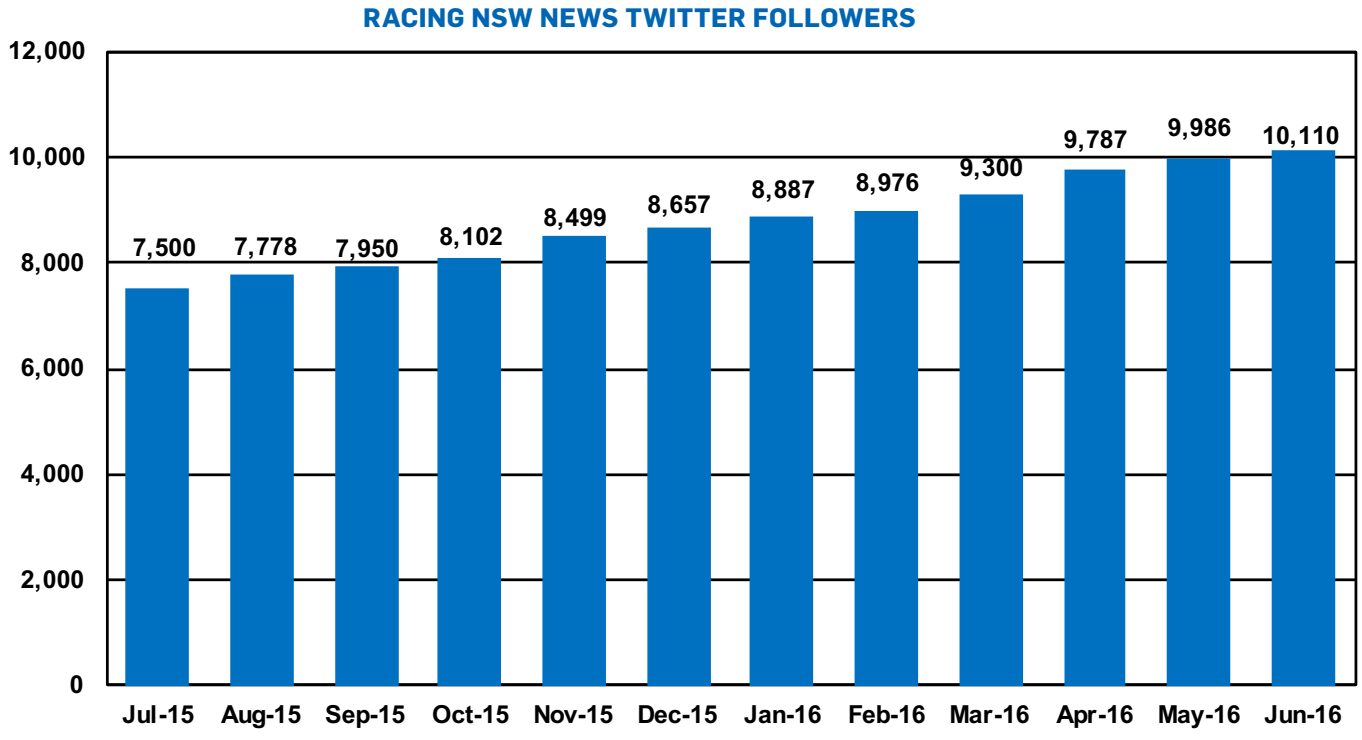
These functions provide an opportunity to make personal and professional connections in a fun and relaxed environment. The raceday parties are particularly popular and at least two are held during each of the major carnivals in spring and autumn.

YPR operates with the support of Racing NSW and is governed by an independent board of dynamic young professionals who are passionate about the growth and sustainability of Thoroughbred horse racing in Australia.

Now in its fourth year of operation, YPR is growing healthily and recorded a 30% increase in membership in the financial year to June 2016.

It has a strong social media presence with a following of 6,000 across Facebook, Twitter and Instagram.

YPR also distributes an electronic newsletter which notifies subscribers of upcoming events, racing industry news, tips, fashion, special offers and more.



John Galvin
General Manager –
Workers Compensation

WORKERS COMPENSATION

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

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

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

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

2015/16 Performance

The Fund experienced a claims revenue to claims costs surplus of $2.4 million during 2015/16 which reflects our continuing strong claims and injury management performance.

A reduced claims incidence during the year and further improvement in return to work rates were the primary drivers of the surplus.

However, a deterioration of $4.3 million in the actuarial valuation of the possible future liability of the Fund at 30 June 2016 (compared to 30 June 2015) and the provision for those outstanding liabilities, resulted in an overall loss of $1.9 million for the 2015/16 Financial Year.

The deterioration of the actuarial position was found to be driven by external economic and legislative factors which are detailed later in the report.

The claims revenue to costs surplus for 2015/16 can be largely attributed to the following factors:

- 6.9% reduction in the new claims incidence compared to 2014/15;
- 2.4% reduction in the open claims portfolio;
- Continuing improvements in return to work outcomes. This has resulted in the earlier finalisation of claims and the consequent containment of claims costs. 66% of all claims received during 2015/16 have been resolved. The first year claim finalisation rate has risen significantly in recent years (from 40% in 2010) and is limiting the Fund's exposure to increased claims costs as claims develop over time;
- Third party insurance recoveries have been fully identified and actively pursued as have reinsurance recoveries where claims costs have reached the Fund's claims cost retention level; and
- It should be noted that the remaining recovery potential from the liquidators of the collapsed HIH Group is close to being extinguished. In the years leading up to its collapse, HIH was the workers compensation reinsurer for Racing NSW. The dividends received during 2015/16 totalled approximately $126,000 compared to $1.37 million during 2014/15 and only some nominal further dividend is anticipated.

The Fund's accumulated cash operating losses peaked at $9.2 million at the end of the 2010/11 financial year. This deficit has been eroded by subsequent surpluses and despite the adverse effect of the valuation for the 2015/16 year, the Fund currently maintains an accumulated surplus of $0.6 million.

2015/16 Actuarial Assessment

The actuarial central estimate of Racing NSW's The 2015/16 actuarial assessment was conducted by Finity Consulting Pty Ltd ("Finity"). The actuarial central estimate of Racing NSW's outstanding workers compensation claims liability as at 30 June 2016 is $35.7 million (net of reinsurance recoveries and including an allowance for claims handling expenses).

The estimate of the outstanding claims liability includes an allowance for future inflation of claims payments at 3% per annum (down from 3.25% in 2015) and is discounted at 2.3% per annum (a reduction of 0.9% from 2015) to allow for future investment income earned between the valuation date and expected payment date. The reduction

SUMMARY OF ACTUARIAL ESTIMATE OF OUTSTANDING CLAIMS LIABILITIES

	Estimate of Liability as at 30 June 2016 ($m)	Projected Estimate of Liability as at 30 June 2016 (2015 Valuation) ($m)	Estimate of Liability as at 30 June 2015 ($m)	Projected Estimate of Liability to 30 June 2017 (2016 Valuation) ($m)
Net Central Estimate[1]	35.7	33.5	32.2	36.8
Risk Margin	7.1	6.7	6.4	7.4
Outstanding Claims Provision[2]	42.9	40.2	38.6	44.2

1 - Including claims handling expense and net of reinsurance and other recoveries 2 - Including risk margin of 20% of the net central estimate
Note: Amounts referred to have been rounded

in the discount rate implies reduced investment earnings and increases the assessed liability.

At 30 June 2016 the net provision for outstanding claims liability inclusive of a mandated 20% prudential margin is $42.9 million. This represents an increase of $2.7 million on the projection of $40.2 million made in the 2015 valuation. The valuation of $42.9 million represents an increase of $4.3 million on the Fund's assessed liability of $38.6 million as at 30 June 2015.

Finity found that the claims experience of the Fund during 2015/16 had been generally favorable. The claims incidence, the size of the open claims portfolio, the rate of claims finalistaion and the aggregate case estimates of outstanding liability improved measurably compared to the 2014/15. The claims experience improvement was estimated to have had a favourable impact on the valuation of $1.8 million.

However, Finity found that the overall increase in the outstanding claims liability, relative to projected, was primarily and in equal parts due to a lower discount rate and to amendments to NSW workers compensation legislation early in the 2015/16 financial year. The decrease in the discount rate was estimated to have had an adverse impact on the 2015/16 valuation of $2.3 million.

The legislative amendments were estimated to have had an adverse impact on the valuation of $2.2 million. Significant changes included:

- Increases in permanent impairment benefits ranging from 146% to 262%;
- Amendments to caps on claiming medical expenses;
- Amendments to the work capacity assessment provisions; and
- Introduction of minimum rates of weekly compensation for workers of highest needs.

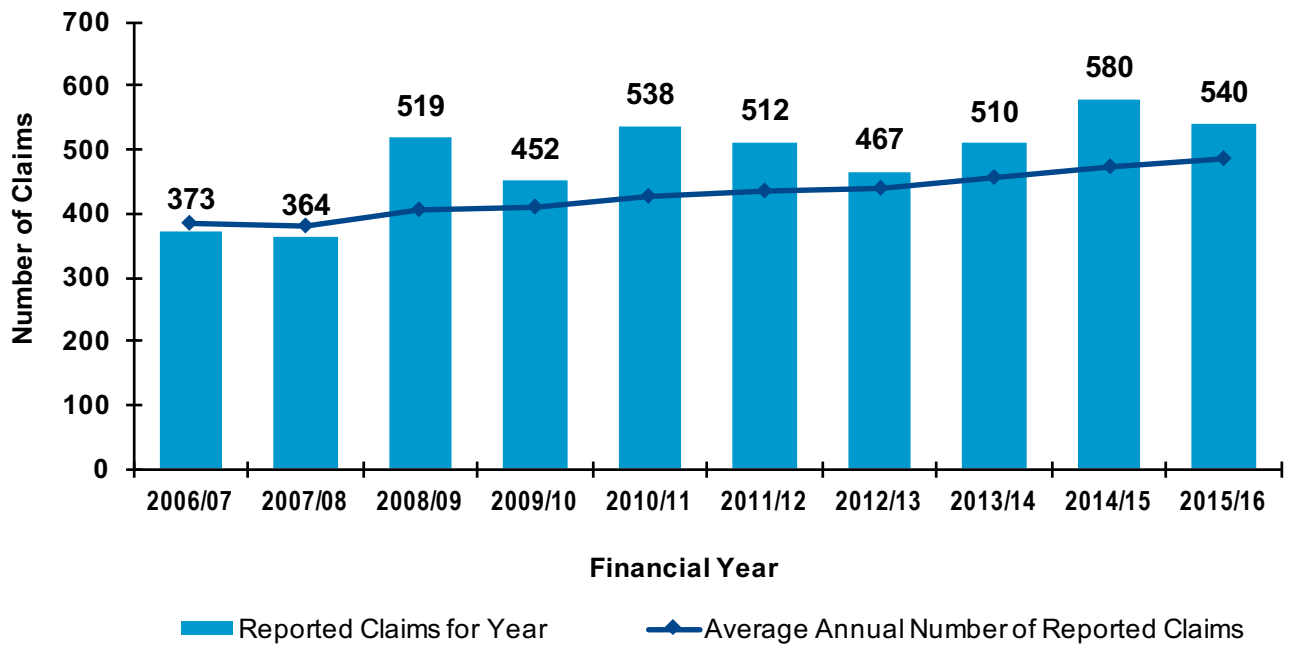
Claims Incidence

There were 540 workers compensation claims received during 2015/16 which represented a 6.9% decrease on the 580 claims received during 2014/15.

The claims incidence during 2015/16 was 3.4% higher than the average claims incidence of 522 claims across the last five claim years.

The size of the open claims portfolio reduced to 248 claims as at 30 June 2016. This is a reduction of 2.4% on the 254 claims that were open at 30 June 2015 and a reduction of 8.1% on the 270 claims that were open at 30 June 2014.

INCURRED CLAIMS BY FINANCIAL YEAR



Claim Profiles

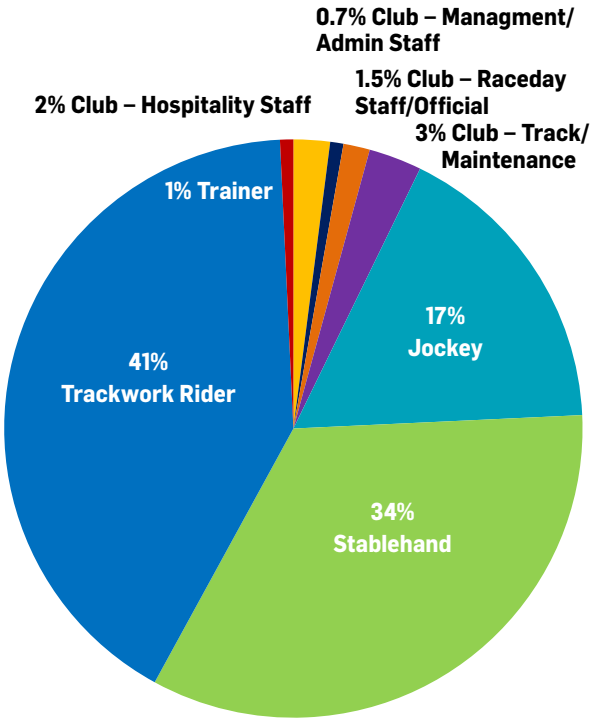
Racing NSW is committed to identifying injury trends and formulating prevention strategies specific to the thoroughbred racing industry to ensure the welfare and safety of participants. Analysis of claims data by injury type, claimant characteristics and body part are crucial to Racing NSW's ongoing development of risk mitigation strategies and industry safety standards. The following charts provide important insight into the nature of workers compensation claims lodged in 2014/15.

2015/16 CLAIMS BY MECHANISM OF INJURY		
Falls from a horse (or other height)	189	32.59%
Being struck by a horse	203	35.00%
Muscular stress while lifting, carrying or handling	52	8.97%
Being trapped between stationary and moving objects	24	4.14%
Falls on the same level (slips and falls)	20	3.45%
Contact with machinery or moving objects	14	2.41%
Hitting stationary objects	12	2.07%
Muscular stress with no objects being handled	8	1.38%
Being bitten by a horse	7	1.21%
Being hit by falling objects	4	0.69%
Rubbing and chafing	1	0.17%
Exposure to chemicals or poison	1	0.17%
Other or unspecified mechanisms of injury	5	0.86%
TOTAL	**540**	**100.00%**

2015/16 CLAIMS BY INJURY TYPE		
Sprain, Strain or Soft Tissue Injury	208	38.52%
General Fractures	84	15.56%
Contusion, bruising and superficial crushing	50	9.26%
Trauma to joints and ligaments	49	9.07%
Laceration or open wound	36	6.67%
Trauma to muscles and tendons	34	6.30%
Concussion	24	4.44%
Fractured skull and facial bones	17	3.15%
Superficial injury	11	2.04%
Multiple injuries	9	1.67%
Dislocation	8	1.48%
Internal injury of chest, abdomen or pelvis	5	0.93%
Fractured vertebrae	4	0.74%
Foreign body in eye	1	0.19%
TOTAL	**540**	**100.00%**

2015/16 CLAIMS BY BODY PART		
Back	72	13.33%
Shoulder	66	12.22%
Leg	55	10.19%
Hand/Fingers	44	8.15%
Knee	43	7.96%
Foot/Toes	42	7.78%
Face/Nose	31	5.74%
Neck	26	4.81%
Head (simple frank injury)	21	3.89%
Ankle	20	3.70%
Head with concussion	16	2.96%
Specified multiple locations	16	2.96%
Wrist	15	2.78%
Mouth/Tooth	13	2.41%
Chest/Trunk	11	2.04%
Hip	11	2.04%
Abdomen	9	1.67%
Elbow	8	1.48%
Pelvic Bones, Muscles and Tendons	7	1.30%
Arm	6	1.11%
Internal Organs	4	0.74%
Eye	3	0.56%
Ear	1	0.19%
TOTAL	**540**	**100.00%**

2015/16 CLAIMS BY OCCUPATION OF INJURED WORKER



The profile of the 2015/16 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 (41.3% of injuries);
- the most common mechanisms of injury are falls from horses (32.6%) and being struck in some manner by a horse (35%); and
- injuries most commonly sustained are sprains, strains and soft tissue injuries (38.5% of all injuries).

Work, Health and Safety

As a licensed specialised insurer Racing NSW must meet strict compliance standards set by the WorkCover Authority of NSW in relation to work, health and safety. Specifically, Racing NSW must maintain a Work Health and Safety Loss Management Program which complies with the requirements of the State Insurance Regulatory Authority ("SIRA"). Compliance is the subject of formal audit by the Regulator. Racing NSW underwent audit in November 2013 and was certified by the Regulator as satisfying the compliance requirements.

The certified level of compliance was such that Racing NSW was placed on the maximum 3 year audit cycle. The Work Health and Safety Loss Management Program will be subject to further formal audit by SIRA in late 2016.

General Insurance and Public Liability

In 2015/16 Racing NSW again negotiated annual placement of public liability, property and other business insurance on behalf of Thoroughbred race clubs registered in NSW and also the Canberra Racing Club. The Racing NSW Insurance Program:

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

In addition to placement of policies on behalf of Thoroughbred Race Clubs, Racing NSW also works with their insurance brokers to provide claims and risk management services on an ongoing basis.

Racing NSW continues to maintain an excellent claims history through the ongoing management of risks and implementation of minimum standards.

NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE $	WINNER	TRAINER
1	GOLDEN ROSE STAKES	1400	1,000,000	**EXOSPHERE**	John O'Shea
1	GEORGE MAIN STAKES	1600	500,000	**KERMADEC (NZ)**	Chris Waller
1	EPSOM HCP	1600	1,000,000	**WINX**	Chris Waller
1	THE METROPOLITAN	2400	750,000	**MAGIC HURRICANE (IRE)**	John O'Shea
1	FLIGHT STAKES	1600	500,000	**SPEAK FONDLY**	Gai Waterhouse
1	SPRING CHAMPION STAKES	2000	500,000	**VANBRUGH**	Chris Waller
1	CHIPPING NORTON STAKES	1600	600,000	**WINX**	Chris Waller
1	RANDWICK GUINEAS	1600	1,000,000	**LE ROMAIN**	Kris Lees
1	CANTERBURY STAKES	1300	500,000	**HOLLER**	John O'Shea
1	COOLMORE CLASSIC	1500	600,000	**PEEPING**	Ron Quinton
1	GOLDEN SLIPPER STAKES	1200	3,500,000	**CAPITALIST**	P & P Snowden
1	GEORGE RYDER STAKES	1500	1,000,000	**WINX**	Chris Waller
1	RANVET STAKES	2000	700,000	**THE UNITED STATES (IRE)**	Robert Hickmott
1	ROSEHILL GUINEAS	2000	600,000	**TARZINO (NZ)**	Mick Price
1	THE GALAXY	1100	700,000	**GRIANTE**	Davis Brideoake
1	THE BMW	2400	1,500,000	**PREFERMENT (NZ)**	Chris Waller
1	VINERY STUD STAKES	2000	500,000	**SINGLE GAZE**	Nick Olive
1	DONCASTER HANDICAP	1600	3,000,000	**WINX**	Chris Waller
1	T J SMITH STAKES	1200	2,500,000	**CHAUTAUQUA**	M, W & J Hawkes
1	ATC AUSTRALIAN DERBY	2400	2,000,000	**TAVAGO (NZ)**	T Busuttin & N Young
1	ATC SIRES PRODUCE STAKES	1400	1,000,000	**YANKEE ROSE**	David Vandyke
1	QUEEN ELIZABETH STAKES	2000	4,000,000	**LUCIA VALENTINA (NZ)**	Kris Lees
1	ATC OAKS	2400	1,000,000	**SOFIA ROSA (NZ)**	Stephen Marsh
1	SYDNEY CUP	3200	2,000,000	**GALLANTE (IRE)**	Robert Hickmott
1	QUEEN OF THE TURF STAKES	1600	1,000,000	**AZKADELLIA (NZ)**	Ciaron Maher
1	CHAMPAGNE STAKES	1600	500,000	**PRIZED ICON**	James Cummings
1	ALL AGED STAKES	1400	600,000	**ENGLISH**	Gai Waterhouse
2	MISSILE STAKES	1200	175,000	**BURBERO (NZ)**	Bjorn Baker
2	WARWICK STAKES	1400	250,000	**ROYAL DESCENT**	Chris Waller
2	SILVER SHADOW STAKES	1200	175,000	**SPEAK FONDLY**	Gai Waterhouse
2	THE RUN TO THE ROSE	1200	175,000	**EXOSPHERE**	John O'Shea
2	CHELMSFORD STAKES	1600	250,000	**COMPLACENT**	John O'Shea
2	FURIOUS STAKES	1200	175,000	**SPEAK FONDLY**	Gai Waterhouse
2	TRAMWAY HCP	1400	175,000	**HOOKED**	John P Thompson
2	THEO MARKS STAKES	1300	200,000	**WINX**	Chris Waller
2	HILL STAKES	2000	200,000	**PREFERMENT (NZ)**	Chris Waller
2	THE SHORTS	1100	200,000	**REBEL DANE**	Gary Portelli
2	TEA ROSE STAKES	1400	175,000	**PEARLS**	John O'Shea
2	STAN FOX STAKES	1500	200,000	**PRESS STATEMENT**	Chris Waller
2	SHANNON STAKES	1500	175,000	**VASHKA**	John O'Shea
2	GOLDEN PENDANT	1400	400,000	**PEEPING**	Ron Quinton
2	PREMIERE STAKES	1200	300,000	**TERRAVISTA**	Joseph Pride
2	ROMAN CONSUL STAKES	1200	300,000	**EXOSPHERE**	John O'Shea
2	VILLIERS STAKES	1600	250,000	**HAPPY CLAPPER**	Patrick Webster
2	EXPRESSWAY STAKES	1200	200,000	**OUR BOY MALACHI**	M, W & J Hawkes

NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE $	WINNER	TRAINER
2	BREEDERS' CLASSIC	1200	175,000	**AMICUS**	Chris Waller
2	APOLLO STAKES	1400	250,000	**WINX**	Chris Waller
2	LIGHT FINGERS STAKES	1200	175,000	**PERIGNON**	Gerald Ryan
2	SILVER SLIPPER STAKES	1100	250,000	**ASTERN**	John O'Shea
2	HOBARTVILLE STAKES	1400	400,000	**PRESS STATEMENT**	Chris Waller
2	MILLIE FOX STAKES	1300	175,000	**FIRST SEAL**	John Thompson
2	SURROUND STAKES	1400	175,000	**GHISONI**	John O'Shea
2	SKYLINE STAKES	1200	175,000	**GOOD STANDING**	James Cummings
2	SWEET EMBRACE STAKES	1200	175,000	**SCARLET RAIN**	Gai Waterhouse
2	GUY WALTER STAKES	1400	175,000	**SOLICIT**	Gerald Ryan
2	CHALLENGE STAKES	1000	500,000	**ENGLISH**	Gai Waterhouse
2	REISLING STAKES	1200	300,000	**FRENCH FERN**	David Payne
2	TODMAN STAKES	1200	300,000	**KISS AND MAKE UP**	Gai Waterhouse
2	PHAR LAP STAKES	1500	175,000	**HATTORI HANZO**	Michael Kent
2	AJAX STAKES	1500	175,000	**IT'S SOMEWHAT (USA)**	John O'Shea
2	MAGIC NIGHT STAKES	1200	175,000	**CALLIOPE**	John O'Shea
2	PAGO PAGO STAKES	1200	175,000	**SOUCHEZ**	John O'Shea
2	TULLOCH STAKES	2000	175,000	**OLD NORTH**	John O'Shea
2	EMANCIPATION STAKES	1500	175,000	**ZANBAGH**	John P Thompson
2	CHAIRMAN'S HANDICAP	2600	300,000	**LIBRAN (IRE)**	Chris Waller
2	ARROWFIELD 3YO SPRINT	1200	500,000	**JAPONISME**	Chris Waller
2	SAPPHIRE STAKES	1200	300,000	**TWO BLUE**	Kristen Buchanan
3	SAN DOMENICO STAKES	1100	125,000	**JAPONISME**	Chris Waller
3	UP AND COMING STAKES	1300	125,000	**SHARDS**	John O'Shea
3	SHOW COUNTY QUALITY HCP	1200	125,000	**DECISION TIME**	Clarry Conners
3	TOY SHOW F-&-M QLTY HCP	1300	125,000	**AMICUS**	Chris Waller
3	CONCORDE STAKES	1000	125,000	**SHIRAZ**	Tony Mcevoy
3	MING DYNASTY QUALITY HCP	1400	125,000	**METALLIC CROWN**	Chris Waller
3	KINGSTON TOWN STAKES	2000	125,000	**SILVERBALL (FR)**	Chris Waller
3	SHERACO STAKES	1200	125,000	**CATKINS**	Chris Waller
3	SPRING STAKES	1600	125,000	**DEVIL HAWK**	Chris Waller
3	CAMERON HCP	1500	150,000	**FORGET**	Kim Waugh
3	NEWCASTLE CUP	2300	175,000	**BEYOND THANKFUL (IRE)**	Chris Waller
3	TIBBIE STAKES	1400	125,000	**SHE'S CLEAN**	Chris Waller
3	BILL RITCHIE HANDICAP	1400	125,000	**SADLER'S LAKE**	Chris Waller
3	GLOAMING STAKES	1800	200,000	**VANBRUGH**	Chris Waller
3	COLIN STEPHEN QUALITY	2400	125,000	**AMELIE'S STAR**	Peter Moody
3	CRAVEN PLATE	2000	125,000	**COMPLACENT**	John O'Shea
3	ANGST STAKES	1600	125,000	**CASINO DANCER**	Mike Van Gestel
3	THE NIVISON	1200	125,000	**NAYELI**	P & P Snowden
3	SUMMER CUP	2000	125,000	**MIGHTY LUCKY**	Fred Cowell
3	BELLE OF THE TURF STAKES	1600	125,000	**AMMIRATA**	Joseph Pride
3	WIDDEN STAKES	1100	150,000	**HONESTY PREVAILS**	Rick Worthington
3	CANONBURY STAKES	1100	150,000	**TESSERA**	John O'Shea
3	ESKIMO PRINCE STAKES	1200	150,000	**SPILL THE BEANS**	Gerald Ryan

NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE $	WINNER	TRAINER
3	SOUTHERN CROSS STAKES	1200	150,000	**BIG MONEY**	Rodney Northam
3	TRISCAY STAKES	1200	150,000	**SULTRY FEELING**	James Cummings
3	LIVERPOOL CITY CUP	1300	150,000	**CHARLIE BOY**	P & P Snowden
3	ASPIRATION QUALITY	1600	150,000	**HEAVENS ABOVE**	Tim Martin
3	WENONA GIRL HANDICAP	1200	150,000	**SAVOUREUX**	Kris Lees
3	BLACK OPAL STAKES	1200	275,000	**DEFCON**	P & P Snowden
3	KEITH F NOLAN CLASSIC	1600	200,000	**SINGLE GAZE**	Nick Olive
3	SKY HIGH STAKES	2000	350,000	**SIR JOHN HAWKWOOD (IRE)**	David Vandyke
3	MAURICE McCARTEN STAKES	1100	150,000	**ALBERTO MAGIC**	Allan Denham
3	NEWCASTLE NEWMARKET HCP	1400	125,000	**ARTISTRY**	P & P Snowden
3	BIRTHDAY CARD STAKES	1200	150,000	**SULTRY FEELING**	James Cummings
3	EPONA STAKES	1900	150,000	**VERGARA**	Anthony Cummings
3	N E MANION QUALITY CUP	2400	150,000	**LIBRAN (IRE)**	Chris Waller
3	SEBRING STAKES	1200	150,000	**MALAGUERRA**	L & A Freedman
3	T L BAILLIEU HANDICAP	1400	150,000	**ATTENTION**	P & P Snowden
3	NEVILLE SELLWOOD STAKES	2000	150,000	**IT'S SOMEWHAT (USA)**	John O'Shea
3	DONCASTER PRELUDE	1500	150,000	**HAVANA COOLER**	John O'Shea
3	ADRIAN KNOX QLTY STAKES	2000	200,000	**DIAMOND MADE**	Bruce Cross
3	CARBINE CLUB STAKES	1600	200,000	**HE'S OUR ROKKI (NZ)**	D Hayes & T Dabernig
3	KINDERGARTEN STAKES	1100	200,000	**ASTERN & EL DIVINO (D.Ht)**	John O'Shea/Gai Waterhouse
3	P J BELL STAKES	1200	200,000	**TEMPT ME NOT**	James Cummings
3	PERCY SYKES STAKES	1200	500,000	**MISSROCK**	Robbie Laing
3	JAPAN RACING ASSOC PLATE	2000	150,000	**GUARDINA (FR)**	L & A Freedman
3	FRANK PACKER PLATE	2000	150,000	**HE'S OUR ROKKI (NZ)**	D Hayes & T Dabernig
3	JAMES H B CARR STAKES	1400	150,000	**YATTARNA**	James Cummings
3	HALL MARK STAKES	1200	150,000	**MUSIC MAGNATE (NZ)**	Bjorn Baker
3	HAWKESBURY GOLD CUP	1600	200,000	**AMOVATIO**	Chris Waller
3	GODOLPHIN CROWN	1300	175,000	**NANCY**	P & P Snowden
3	HAWKESBURY GUINEAS	1400	200,000	**SPILL THE BEANS**	Gerald Ryan
3	DARK JEWEL CLASSIC	1400	200,000	**DANISH TWIST**	Kris Lees
LR	WINTER CHALLENGE	1500	100,000	**KEEPIT TO YOURSELF (NZ)**	J & G Lee
LR	THE ROSEBUD	1200	100,000	**SEBRING SUN**	Gary Portelli
LR	ROWLEY MILE	1600	100,000	**THE OFFER (IRE)**	Gai Waterhouse
LR	PREMIER'S CUP	1800	100,000	**MAGIC HURRICANE (IRE)**	John O'Shea
LR	WYONG GOLD CUP	2100	150,000	**BEYOND THANKFUL (IRE)**	Chris Waller
LR	MONA LISA STAKES	1350	100,000	**VERGARA**	Anthony Cummings
LR	HERITAGE STAKES	1100	100,000	**COUNTERATTACK**	Chris Waller
LR	REGINALD ALLEN QLTY HCP	1400	100,000	**ALART**	Pat Farrell
LR	DULCIFY 3YO QUALITY HCP	1600	100,000	**AMBIENCE**	John O'Shea
LR	BREEDERS' PLATE	1000	150,000	**CAPITALIST**	P & P Snowden
LR	GIMCRACK STAKES	1000	150,000	**CALLIOPE**	John O'Shea
LR	CITY TATT'S CLUB CUP	2400	100,000	**RULING DYNASTY**	James Cummings
LR	CITY TATTS LIGHTNING HCP	1100	150,000	**DOTHRAKI**	P & P Snowden
LR	BRIAN CROWLEY STAKES	1200	150,000	**COUNTERATTACK**	Chris Waller

NSW GROUP & LISTED WINNERS

GR	FEATURE RACE	DIST	PRIZE $	WINNER	TRAINER
LR	STARLIGHT STAKES	1100	100,000	**DUBLIN LASS**	P & P Snowden
LR	ATC CUP	2000	100,000	**TELEPATHIC (NZ)**	Chris Waller
LR	FESTIVAL STAKES	1500	150,000	**MIGHTY LUCKY**	Fred Cowell
LR	RAZOR SHARP HCP	1200	100,000	**CRADLE ME**	David Pfieffer
LR	CHRISTMAS CUP	2400	100,000	**SIR JOHN HAWKWOOD (IRE)**	David Vandyke
LR	CANTERBURY CLASSIC	1200	100,000	**CRADLE ME**	David Pfieffer
LR	TATTERSALLS CLUB CUP	2400	100,000	**VILANOVA (NZ)**	Chris Waller
LR	GOSFORD GOLD CUP	2100	150,000	**DESTINY'S KISS**	Joseph Pride
LR	TAKEOVER TARGET STAKES	1200	100,000	**HOWMUCHDOYOULOVEME**	Con Karakatsanis
LR	CARRINGTON STAKES	1400	100,000	**ZIN ZAN EDDIE**	Matthew Smith
LR	AUSTRALIA DAY CUP	2400	100,000	**DESTINY'S KISS**	Joseph Pride
LR	LONHRO PLATE	1100	125,000	**TELPERION**	John O'Shea
LR	PARRAMATTA CUP	1900	125,000	**ARAB DAWN (GB)**	John O'Shea
LR	FIREBALL STAKES	1100	125,000	**REDZEL**	P & P Snowden
LR	RANDWICK CITY STAKES	2000	125,000	**LIBRAN (IRE)**	Chris Waller
LR	CANBERRA CUP	2000	200,000	**HIPPOPUS (NZ)**	Gai Waterhouse
LR	NATIONAL SPRINT	1400	125,000	**COSMIC CUBE (NZ)**	David Vandyke
LR	CANBERRA GUINEAS	1400	125,000	**ITALY**	John O'Shea
LR	ALBURY CUP	2000	170,000	**TOM MELBOURNE**	L & A Freedman
LR	DARBY MUNRO STAKES	1200	125,000	**SOUTHERN LEGEND**	Les Bridge
LR	GOSFORD GUINEAS	1200	150,000	**LADY SNIPER**	Bjorn Baker
LR	SOUTH PACIFIC CLASSIC	1400	150,000	**HANDFAST**	John O'Shea
LR	FERNHILL HANDICAP	1600	150,000	**PRIZED ICON**	James Cummings
LR	WAGGA WAGGA GOLD CUP	2000	150,000	**MESSENE**	M, W & J Hawkes
LR	LORD MAYOR'S CUP	2000	100,000	**ECUADOR (NZ)**	Gai Waterhouse
LR	SCONE CUP	1600	200,000	**PAJARO (NZ)**	P & P Snowden
LR	LUSKIN STAR STAKES	1300	140,000	**CLEARLY INNOCENT**	Greg Bennett
LR	WOODLANDS STAKES	1100	140,000	**MANAYA**	Michael Costa
LR	DENISE'S JOY STAKES	1100	140,000	**ALUCINARI**	John O'Shea
LR	ORTENSIA STAKES	1100	140,000	**KAEPERNICK**	M, W & J Hawkes
LR	W J MCKELL CUP	2400	100,000	**ECUADOR (NZ)**	Gai Waterhouse
LR	JUNE STAKES	1100	100,000	**DANISH TWIST**	Kris Lees
LR	CIVIC STAKES	1350	100,000	**NINTH LEGION**	Peter Robl
LR	WINTER CUP	2400	100,000	**TUCANCHOO (NZ)**	M, W & J Hawkes
LR	WINTER CUP	2400	100,000	**TUCANCHOO (NZ)**	M, W & J Hawkes
LR	RAMORNIE HANDICAP	1200	160,000	**SMART VOLATILITY**	John Sargent
LR	GRAFTON CUP	2350	160,000	**REDNAV**	Sally Taylor
LR	WINTER STAKES	1400	150,000	**OXFORD POET**	Kim Waugh
LR	WINTER CHALLENGE	1500	150,000	**MARENOSTRO (NZ)**	Chris Waller

(RACING INDUSTRY CONSULTATION GROUP)

The Racing Industry Consultation Group (RICG) was established by legislation under the Thoroughbred Racing Act to consult and make recommendations to Racing NSW on matters relating to horse racing in NSW.

RICG is comprised of representatives of the following groups:-

- Racing NSW Country – Bob Pavitt, Chairman
- NSW Racehorse Owners Association – Peter Beer, Vice Chairman
- Australian Turf Club – Darren Pearce, James Heddo, Steve, McMahon and James Ross
- NSW Jockey's Association – Paul Innes
- Thoroughbred Breeders NSW – Trevor Lobb
- Unions NSW – Russ Collison
- Provincial Racing Association of NSW – David Jewell
- NSW Trainers Association – Glenn Burge

In the past 12 months RICG has met 11 times and the Racing NSW Chief Executive Officer has attended nine times for discussion and to provide information to the group.

During 2015/16 RICG made submissions and recommendations to Racing NSW on the following matters:-

- Owners and Trainers Agreement;
- Whip Rules;
- Racing NSW Strategic Plan;
- NSW Ambulance;
- NSW Heat Policy; and
- Rules of Australian Racing.

Discussions were also held on a number of racing topics which included:-

- The Championships;
- Taxation Parity;
- Owners Costs (including nomination and acceptance fees); and
- The I.G Act (Commonwealth 2001).

Some of the matters are ongoing and will be further pursued, in particular, safety and welfare of horses and industry participants at race meetings.

A sub-committee of RICG has also been formed to examine future training facilities, their location and funding. The work of this sub-committee is ongoing.

I would like to thank all members of RICG for their time and valuable input and to Steve McMahon, the previous Chairman for his significant contribution.

I also express appreciation to Peter V'landys AM, Racing NSW's CEO for his input to RICG and we look forward to continuing making positive contributions to racing in NSW.

- Bob Pavitt (Chairman)

Ariel Paez
General Manager –
Information Technology (IT)

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

The primary role of 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, and
- Project co-ordination and implementation.

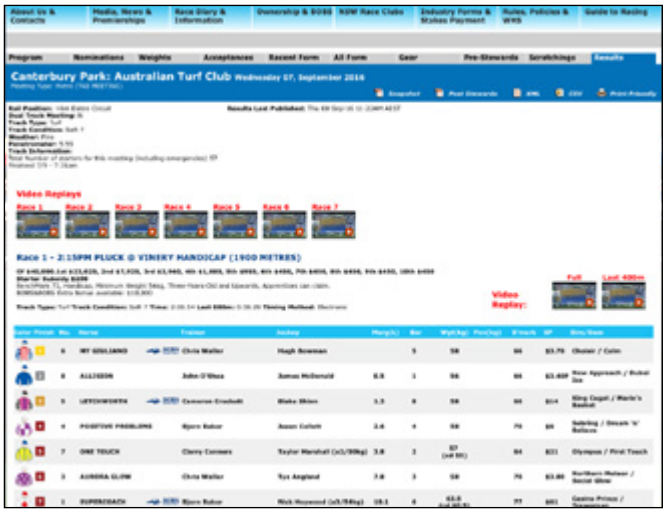
Objectives achieved include:

- Relocation of the Australian Racing Forensic Laboratory;
- Website enhancements;
- Smart device security implementation;
- Stablehand portal update and improvements, and
- Network Security revamp.

Snapshot

Racing NSW IT staff work diligently every day to support the technology needs of its end users that encompass all those involved in the racing industry and the public.

The daily functions of the IT department plays a part in nearly every aspect of racing, from website updates, administration and assisting Stewards on the track.



Video Stream and Replays

Some 800+ online video replays were encoded and made available to the public. These can be accessed by going into the Race Diary, selecting the date of the race.

Each of the races has the 'Full' and 'Last 400m' options available to be played on a computer or smart device.

The mobile site and apps also have these avaialable, by going to the Results tile and then selecting the race date.

http://m.racingnsw.com.au can be accessed with any smart devices web browser, which will have the same look and feel of the smart devices native app.

New HD Streaming

With the introduction of High Definition cameras, our live stream has the option to switch from Standard Definition (SD) to High Definition (HD).

The quality of both the SD and HD can be changed to suit your internet connection speeds or data plan limitations.

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Racing NSW

PROFIT/LOSS STATEMENT - GENERAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2016 **RACING NSW ABN 86 281 604 417**

	Note	2016 $	2015 $
REVENUE			
Revenue from Operating Activities			
Sale of Goods - Publications	4(i)	407,111	386,661
Sale of Services	4(ii)	6,334,191	6,765,839
		6,741,302	**7,152,500**
Revenue from Non Operating Activities			
Interest - General	4(viii)	1,794,135	1,723,120
		1,794,135	**1,723,120**
First Charge	4(iv)	8,933,316	8,446,657
Racing Australia ("RA") Payment	4(xi)	1,027,619	1,017,810
REVENUE		**18,496,372**	**18,340,087**
EXPENSES			
Horse Rehabilitation	4(xxii)	392,091	376,969
Board	4(xxiii)	710,015	600,096
Analytical	4(xxiv)	187,211	186,930
Finance	4(xxv)	396,191	411,308
Administration and Executive	4(xxvi)	4,071,991	3,745,568
Legal	4(xxvii)	92,163	87,365
Licensing	4(xxviii)	288,150	281,458
Race Fields	4(xxx)	96,916	111,343
Race Results	4(xxxi)	15,535	15,553
Publications	4(xxxii)	392,387	405,017
Laboratory	4(xxxiii)	3,129,294	2,853,654
Handicapping	4(xxiv)	596,635	587,160
Stewards & Integrity	4(xxxv)	4,142,469	3,822,406
Veterinary	4(xxxvi)	677,627	676,008
Syndicates	4(xxxvii)	146,462	177,438
Stakes Payments	4(xxxviii)	242,478	301,079
Information Technology	4(xxxix)	641,985	559,063
Racing Office	4(xl)	106,453	100,561
Marketing and promotions	4(xli)	716,379	970,883
Financing Costs	4(xliv)	15,934	15,090
Racing Australia Contributions	4(xlvii)	(52,758)	304,480
Loss on Disposal of Assets	4(ix)	7,594	25,412
EXPENSES		**17,013,202**	**16,614,841**
OPERATING (LOSS)/PROFIT		**1,483,170**	**1,725,246**

PRIZEMONEY PROFIT/LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016 **RACING NSW ABN 86 281 604 417**

	Note	2016 $	2015 $
REVENUE			
Race Fields Fees	4(v)	79,337,441	66,184,776
Race Fields interest received	4(v)	1,440,162	2,861,111
TAB distribution - prizemoney subsidies	4(vii)	5,845,600	6,032,995
Parity Funds/ Championships Grant from NSW Government	4(x)	18,531,227	10,000,000
REVENUE		**105,154,430**	**85,078,882**
EXPENSES			
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements & obligations	4(xxix)	93,177,613	90,407,888
EXPENSES		**93,177,613**	**90,407,888**
PRIZEMONEY SURPLUS / (DEFICIT)		**11,976,817**	**(5,329,006)**
MONIES CARRIED FORWARD FOR PRIZEMONEY COMMITMENTS/DRAWDOWN ON RACE FIELDS PROVISION		**11,976,817**	**(5,329,006)**

WORKERS' COMPENSATION FUND PROFIT/LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
REVENUE			
Revenue from Operating Activities			
Workers' Compensation Premiums & Revenue	4(iii)	12,450,401	13,594,085
		12,450,401	**13,594,085**
Revenue from Non Operating Activities			
Rent received/ Outgoings recovered	13	131,039	49,729
Interest - Workers' Compensation Fund	4(viii)	1,196,199	1,327,107
		1,327,238	**1,376,836**
REVENUE		**13,777,639**	**14,970,921**
EXPENSES			
Workers' Compensation Payments	4(xliii)	9,035,144	9,423,478
Workers' Compensation, Administrative, Regulatory & Reinsurance	4(xliii)	2,009,018	1,779,962
Financing Costs	4(xliv)	123,214	135,264
Investment Property Expenses	13	65,966	137,825
Investment Property Depreciation Expense	13	136,379	136,378
EXPENSES		**11,369,721**	**11,612,907**
Funds surplus before allocation of additional provision for possible future liabilities		**2,407,918**	**3,358,014**
Additional/ (Reduction in) provision for possible future liabilities		4,390,467	(1,519,805)
Funds Transferred to Reserves		**(1,982,549)**	**4,877,819**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016 **RACING NSW ABN 86 281 604 417**

	Note	2016 $	2015 $
REVENUE FROM CONTINUING OPERATIONS			
Sale of Goods - Publications	4(i)	407,111	386,661
Sale of Services	4(ii)	6,734,191	7,115,839
Workers' Compensation Fund Premiums & Rental income	4(iii)	12,581,440	13,643,814
First Charge	4(iv)	8,933,316	8,446,657
Race Fields Interest	4(v)	1,440,162	2,861,113
Race Fields Fees	4(v)	79,337,441	66,184,776
Appearance Fee Receipts	4(vi)	1,154,400	1,193,200
TAB distribution - Prizemoney Subsidies	4(vii)	5,845,600	6,032,995
Interest other parties	4(viii)	2,990,334	3,050,227
Tax Parity receipts	4(x)	18,531,227	10,000,000
Outside Broadcast	4(xlvi)	1,541,146	-
OTHER INCOME			
Non-repayable grant	4(xi)	-	34,601
TOTAL REVENUE AND OTHER INCOME		**139,496,368**	**118,949,883**
EXPENSES			
Management of Race Fields Capital Expenditure	4(xxi)	539,665	487,875
Horse Rehabilitation	4(xxii)	392,091	376,969
Board	4(xxiii)	710,015	600,096
Analytical	4(xxiv)	187,211	186,930
Finance	4(xxv)	396,191	411,308
Administration and Executive	4(xxvi)	4,071,991	3,745,568
Legal	4(xxvii)	92,163	87,365
Licensing	4(xxviii)	288,150	281,458
Payments made to sustain minimum prizemoney and in respect of obligations arising under various agreements	4(xxix)	110,470,008	97,674,346
Race Fields	4(xxx)	96,916	111,343
Race Results	4(xxxi)	15,535	15,553
Cost of Goods Sold - Publications	4(xxxii)	392,387	405,017
Laboratory	4(xxxiii)	3,129,294	2,853,654
Handicapping	4(xxxiv)	596,635	587,160
Stewards & Integrity	4(xxxv)	4,142,469	3,822,406
Veterinary	4(xxxvi)	677,627	676,008
Syndicates	4(xxxvii)	146,462	177,438
Stakes Payments	4(xxxviii)	242,478	301,079
Information Technology	4(xxxix)	641,985	559,063
Racing Office	4(xl)	106,453	100,561
Marketing	4(xli)	716,379	970,883
The Championships	4(xlii)	2,060,294	2,309,311
Outside Broadcast	4(xlvi)	1,490,566	12,525
Workers' Compensation Fund Expenses	4(xliii)	11,246,506	11,477,642
Financing Costs	4(xliv)	139,148	150,354
Racing Australia Contribution	4(xlvii)	(52,758)	304,480
Redevelopment monitoring costs - Rosehill	4(xlv)	85,500	-
Loss on Disposal of Assets	4(ix)	7,594	25,412
Drawdown on Race Fields Provision	17(b)	(7,394,093)	(13,179,870)
Write back of Race Fields Provision	17(b)	(6,067,000)	(13,250,000)
Additional/(Reduction in) provision for possible future Workers' Compensation liabilities	(18)	4,390,467	(1,519,805)
TOTAL EXPENSES		**133,958,329**	**100,762,129**
Share of profit of associate (Racing Australia "RA")	10	1,027,619	983,209
PROFIT BEFORE INCOME TAX		**6,565,658**	**19,170,963**
INCOME TAX EXPENSE		**-**	**-**
PROFIT AFTER INCOME TAX		**6,565,658**	**19,170,963**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**6,565,658**	**19,170,963**

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016 **RACING NSW ABN 86 281 604 417**

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	6	17,445,363	39,017,418
Trade and Other Receivables	7	19,180,780	21,508,127
Financial Assets	9	113,562,280	110,797,056
Other Current Assets	8	39,692	53,282
TOTAL CURRENT ASSETS		**150,228,115**	**171,375,883**
NON-CURRENT ASSETS			
Investment Accounted for Using the Equity Method	10	7,291,409	6,263,790
Other Non-Current Receivables	14	6,916,228	26,689,746
Property, Plant and Equipment - Buildings	11	8,310,788	8,503,160
Property, Plant and Equipment - Other	12	15,262,736	5,650,398
Investment Property	13	2,086,931	1,882,043
TOTAL NON-CURRENT ASSETS		**39,868,152**	**48,989,137**
TOTAL ASSETS		**190,096,267**	**220,365,020**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	15	28,526,163	55,164,363
Breeder Owner Bonus Scheme	16	20,603,683	17,671,762
Employee Provisions	17(a)	1,350,591	1,264,237
Race Fields Provisions	17(b)	19,000,000	11,750,000
Workers' Compensation Provisions	18	11,062,016	10,779,446
Other Current Liabilities	19	507,237	465,288
TOTAL CURRENT LIABILITIES		**81,049,690**	**97,095,096**
NON-CURRENT LIABILITIES			
Breeder Owner Bonus Scheme	16	4,746,376	4,777,115
Employee Provisions	17(a)	231,102	191,374
Race Fields Provisions	17(b)	27,595,303	48,306,396
Workers' Compensation Provisions	18	40,122,877	40,242,387
Other Non-Current Liabilities	19	138,355	105,746
TOTAL NON-CURRENT LIABILITIES		**72,834,013**	**93,623,018**
TOTAL LIABILITIES		**153,883,703**	**190,718,114**
NET ASSETS		**36,212,564**	**29,646,906**
EQUITY			
Reserves	20	36,212,564	29,646,906
Accumulated Surplus	21	-	-
TOTAL EQUITY		**36,212,564**	**29,646,906**

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 2016 **RACING NSW ABN 86 281 604 417**

	Note	Reserves	Accumulated Surplus	Total
		$	$	$
Balance at 1 July 2014		**10,475,943**	**-**	**10,475,943**
Profit for the year		-	19,170,963	19,170,963
Total Comprehensive Income for the Year		-	19,170,963	29,646,906
Transfer to Reserves	20	19,170,963	(19,170,963)	-
Balance at 30 June 2015		**29,646,906**	**-**	**29,646,906**
Profit for the year		-	6,565,658	6,565,658
Total Comprehensive Income for the Year		-	6,565,658	6,565,658
Transfer to Reserves	20	6,565,658	(6,565,658)	-
Balance at 30 June 2016		**36,212,564**	**-**	**36,212,564**

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 2016

	Note	2016	2015
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		245,371,810	202,957,757
Payments to suppliers and employees		(275,563,180)	(203,889,882)
Interest received		5,501,933	7,236,625
Finance costs		(139,148)	(150,354)
NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES	**5(b)**	**(24,828,585)**	**6,154,146**
CASH FLOW FROM INVESTING ACTIVITIES			
Short term investment		(2,765,224)	(1,370,722)
Payments for property, plant and equipment		(11,614,833)	(4,683,366)
Proceeds from sale of plant and equipment		238,941	233,749
NET CASH USED IN INVESTING ACTIVITIES		**(14,141,116)**	**(5,820,339)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of loans to/(from) Stakeholders including ATC		17,397,645	(3,232,585)
NET CASH (USED)/PROVIDED BY FINANCING ACTIVITIES		**17,397,645**	**(3,232,585)**
NET (DECREASE) IN CASH		**(21,572,055)**	**(2,898,778)**
Cash at beginning of the year		39,017,418	41,916,196
CASH AT THE END OF THE YEAR	**5(a)**	**17,445,363**	**39,017,418**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The financial statements cover Racing NSW as an individual entity. Racing NSW is a not-for-profit entity was established by the Thoroughbred Racing Act, 1996 of the NSW State Parliament.

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

Cost is based on the fair values of the consideration given in exchange for assets.

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

(b) Accounting Policies

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

(c) Property, Plant and Equipment

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

Plant and equipment

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

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

Depreciation

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

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

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

(d) Financial assets

Classification

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

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

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

(ii) Loans and Receivables:

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

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Racing NSW commits to purchase or sell the asset. Financial Assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the profit or loss. Financial assets carried at fair value through the profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Racing NSW has transferred substantially all the risks and rewards of ownership.

Subsequent Measurement

Loans and receivables are carried at amortised cost using the effective interest method. Financial assets designated at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets designated at fair value through the profit or loss' category are presented in the profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets designated at fair value through the profit or loss is recognised in the profit or loss as part of revenue from continuing operations when Racing NSW's right to receive payments is established. Details of how the fair value of financial instruments is determined is disclosed in Note 29.

Impairment

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

(e) Receivables

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

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

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

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

(f) Investment in Associates

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

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

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

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

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

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

(g) Foreign Currency Transactions and Balances

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

(h) Employee Benefits

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

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

(i) Cash and Cash Equivalents

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

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable, where in most cases, the consideration is in the form of cash or cash equivalents. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised using the effective interest rate method applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Please refer to note 4(v) in respect of Race Fields revenue recognition. All revenue is stated net of the amount of goods and services tax (GST).

(k) Trade, Stakes Payments and Other Payables

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

(l) Breeder Owner Bonus Scheme

Racing NSW administers the Breeder Owner Bonus Scheme ("BOBS"). BOBS is an incentive scheme designed to develop the NSW racing and breeding industry. Stallions standing in New South Wales and their progeny conceived in New South Wales are eligible to be nominated for the scheme. Stallion owners pay a fee to nominate their stallion to participate in BOBS.

Owners of eligible progeny of participating stallions also pay nomination fees in respect of each eligible progeny which participates in the scheme. Racing NSW supplements the scheme funds with a First Charge from the TAB distributions.

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

(m) Finance Costs

Finance costs are expensed when incurred.

(n) Workers' Compensation Insurance

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

(o) Goods and Services Tax (GST)

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

(p) Government Grants

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

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

(q) Provisions

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

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

(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 30)

(ii) Control of Workers' Compensation Fund: Management have determined that Racing NSW ultimately has the underwriting risk of the workers compensation fund and therefore has control of the fund.

(iii) Race Fields provision (Refer Note 17(b))

(s) Investment Property

Investment Properties are held to generate long-term rental yields and/or for capital appreciation. All tenants leases are on an arm's length basis. Investment properties are carried at cost less accumulated depreciation calculated at a straight line depreciation rate of 2.00% (Refer Note 13).

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

(t) New and revised standards effective for these financial statements

The entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the entity.

Accounting standards and interpretations issued but not yet effective

New/revised pronouncement	Impact on the financial statements
AASB 9 Financial Instruments	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	When these amendments are first adopted for the year ending 30 June 2017, there will be no impact on the financial statements.
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	When this Standard is first adopted for the year ending 30 June 2016, there will be no impact on the financial statements.
IFRS 15 – Revenue from Contracts with Customers	When this standard is first adopted for the year ending 30 June 2018, there will be no material impact on the transactions and balances recognised in the financial statements.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.
AASB 16 - Leases	The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted foir the year ending 30 June 2020.

NOTE 2: CONSOLIDATED OPERATIONS

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

NOTE 3: INCOME TAX

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

NOTE 4: STATEMENT OF COMPREHENSIVE INCOME

(i) Sale of Goods - Publications represents income derived from the sale of advertising space in the NSW Racing Magazine as well as subscriptions to NSW Racing Magazine by industry participants and customers.

(ii) Sale of Services represents income derived from the sale of services to the racing industry - including stewards, handicapping, laboratory, veterinary, race results, syndicates and stakes payments.

(iii) Workers' Compensation Fund Premiums and Rental income 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 30).

(iv) First Charge represents a charge to the industry based on the budgeted expenditure for the year.

NOTE 4: STATEMENT OF COMPREHENSIVE INCOME (CONT.)

(v) Race Fields fees and interest - the approved holder to whom the Race Fields Information Use Approval is granted by Racing NSW, must pay Racing NSW a fee between 1 July 2015 to 30 July 2015 in respect of the approved period as follows:

1) 1% of the approval holder's Under Exempt Threshold Turnover;

2) as to the approval holder's over exempt threshold turnover;

a) 1.5% in respect of any race held at a Standard Race meeting

b) 2.0% in respect of any race held at a Premium Race meeting

Revenue is recognised by Racing NSW when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to Racing NSW. Race Fields interest income is recognised using the effective interest rate method.

On 31 July 2015 the NSW Government released details of an amendment to the regulations that govern approvals to use Race Field information. Commencing 1 August 2015, the Racing Administration Amendment (Race Fields Information Fees) Regulation 2015 amended the Racing Administration Regulation 2012 to provide for an increase of fees as follows:

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

- Standard Race Meetings:

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

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

- Premium Race Meetings:

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

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

	2016 $	2015 $
Total Race Fields fees received	79,337,441	66,184,776
Total Race Fields interest received	1,440,162	2,861,111
Total Race Fields fees & interest received	**80,777,603**	**69,045,887**

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

(vii) TAB distribution - prizemoney subsidies is the amount of industry charge that is used to subsidise increased prizemoney levels in accordance with changes effective 1 July 2012.

(viii) Interest other parties represents interest income as follows:

Interest from Cash at Bank	1,467,800	1,126,926
Interest from Loans to Clubs	326,335	596,194
Interest from Cash on Deposit	1,196,199	1,327,107
	2,990,334	3,050,227

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

Interest other parties - general	1,794,135	1,723,120
Interest other parties - Workers' Compensation	1,196,199	1,327,107
Interest Race Fields	1,440,162	2,861,111
	4,430,496	5,911,338

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

(x) The tax parity received from NSW Government. The Championships grant of $10million is no longer provided by the NSW government as tax parity arrangement is now in place.

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

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

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

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

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

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

(xxvi) Administration and Executive represent the administrative costs of Racing NSW including executive, property, human resources, appeals, consultants as well as support to the Provincial Association and Racing NSW Country.

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

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

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

NOTE 4: STATEMENT OF COMPREHENSIVE INCOME (CONT.)

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

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

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

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

(xxxiv) Handicapping expenditure includes staff and office costs.

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

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

(xxxvii) Syndicates expenditure includes staffing and office costs

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

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

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

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

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

(xliii) Workers' Compensation Insurance Fund. This Fund is designed to provide workers compensation insurance cover for employees of NSW Racing Clubs, Associations, owners and trainers of racehorses against liability relating to injury, loss or damage either sustained or caused by jockeys, apprentices, stable hands, workers, servants, employees or agents in their employment or acting on their behalf pursuant to NSW Work Cover legislation. Effective from 1 July 2006 the fund has been managed in-house by Racing NSW. (Refer to Note 30).

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

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

(xlvi) Outside broadcast include staffing, travel costs associated with the set-up of Broadcasting facilities. Outside broadcast revenue include revenue from clubs for providing broadcasting services, revenue from Sky Racing television network and revenue from providing broadcasting equipment for hire.

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

The profit has been determined after:

	2016 $	2015 $
Finance Costs		
Bank Charges	21,168	19,827
Bank Guarantee	117,980	130,527
Total Finance Costs	**139,148**	**150,354**
Depreciation and impairment expense of non-current assets		
- Land and Building Depreciation Expense	192,372	192,372
- Plant and Equipment Depreciation Expense	1,486,590	772,753
- Investment Property Depreciation Expense	64,482	136,378
Total Depreciation and Impairment Expense	**1,743,444**	**1,101,503**
Bad and Doubtful Debts		
- Trade Debtors written off / (recovered)	19,861	81,435
Total Bad and Doubtful Debts	**19,861**	**81,435**
Rental Expense on Operating Lease	**-**	**-**
Total (Loss)/Gain on disposal of non-current assets:		
- Property, Plant and Equipment	7,594	25,412
Total (Loss)/Gain on disposal of non-current assets	**7,594**	**25,412**
Remuneration of Auditor		
- audit services	94,800	92,000
Total Remuneration of Auditor	**94,800**	**92,000**
Employee Benefits Expense (excluding Superannuation)	**12,180,579**	**11,181,520**
Defined Contribution Superannuation Expense	**835,112**	**688,693**
Defined Benefit Superannuation Expense	**(361,835)**	**334,626**
Insurance Claim Liability Expenses (Refer Note 18):		
Gross (Decrease)/ Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	**163,060**	**(2,748,953)**
Less Gross Increase / (Decrease) in Reinsurance Recoveries relating to Insurance Claims Liability as recommended by the Actuary	**4,227,407**	**1,229,148**
Net (Decrease) in Provision relating to Insurance Claims Liability as recommended by the Actuary	**4,390,467**	**(1,519,805)**

	2016 $	2015 $
NOTE 5: CASH FLOW INFORMATION		
a) Reconciliation of Cash		
Cash and Cash Equivalents	17,445,363	39,017,418
	17,445,363	**39,017,418**
As at 30 June 2016, Racing NSW had no credit facilities in place.		
b) Reconciliation of Cash Flow from Operating Activities		
Profit after Income Tax	6,565,658	19,170,963
Loss on Sale of Assets	7,594	25,412
Depreciation	1,743,444	1,101,503
Share of (profit) in associate (RA)	(1,027,619)	(983,209)
	7,289,077	**19,314,669**
(Increase)/ Decrease in Trade Debtors	(1,781,244)	6,729,991
(Increase)/ Decrease in Prepayments	13,590	37,957
(Increase)/ Decrease in Other Non-Current Receivables	6,899,390	(590,195)
Increase/ (Decrease) in Trade Creditors and Other Creditors	(26,710,123)	7,355,126
Increase/ (Decrease) in Breeder Owner Bonus Scheme	2,901,182	2,399,147
Increase/ (Decrease) in Race Fields Provision	(13,461,093)	(26,429,871)
Increase/ (Decrease) in Workers' Compensation Provision	163,060	(2,748,952)
Increase/ (Decrease) in Other Liabilities	74,557	(159,551)
Increase/ (Decrease) in Other Provisions	(216,981)	245,825
	(32,117,662)	**(13,160,523)**
Cash Flows from operating activities	**(24,828,585)**	**6,154,146**
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash at Bank	16,463,122	18,063,036
Cash at Bank - Redevelopment Grant (Restricted)	982,241	20,954,382
Total Cash and Cash Equivalents	**17,445,363**	**39,017,418**

The Cash at Bank bears floating interest rates between 1.05% and 2.40% (2015: 1.75% and 2.90%). Cash at bank - Redevelopment Grant (Restricted) bears interest rates of between 1.05% and 1.90% (2014: 2.00% and 2.90%). The Cash on Deposit - Workers' Compensation are pledged as security for the Commonwealth Bank of Australia Limited ("CBA") to Work Cover (Note 18).

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

NOTE 7: TRADE AND OTHER RECEIVABLES		
Trade Debtors	6,316,510	6,240,053
Provision for Doubtful Debts	(299,339)	(279,623)
Sundry Debtors	5,436,957	2,314,685
Amounts receivable from associated entities		
- Racing NSW Country Limited	2,693,881	6,876,121
Reinsurance Recoveries Receivable	1,793,460	2,646,362
Amounts receivable - Loans to Clubs	220,000	220,000
Stakes Payment Debtors	3,019,311	3,490,529
Total Receivables	**19,180,780**	**21,508,127**
Sundry Debtors includes outstanding Race Fields fees, accrued interest, accrued Tabcorp receipts.		
Amounts Receivable - Loans to Clubs is made up of the following:		
- Loan to Ballina Jockey Club	180,000	180,000
- Loan to Lismore Turf Club	40,000	40,000
	220,000	**220,000**
NOTE 8: OTHER CURRENT ASSETS		
Prepayments	39,692	53,282
	39,692	**53,282**
NOTE 9: FINANCIAL ASSETS		
Cash on Deposit - Workers' Compensation Insurance (maturity of greater than 90 days at time of investment)	39,041,850	37,846,732
Cash on Deposit - Race Fields (maturity of greater than 90 days at time of investment)	74,520,430	72,950,324
	113,562,280	**110,797,056**

Other financial assets include term deposits with maturity of greater than 90 days. A portion of this balance is subject to bank guarantees as stated in Note 23.

	2016 $	2015 $

NOTE 10: INVESTMENT IN RACING AUSTRALIA PTY LIMITED ("RA")

Investment in RA	7,291,409	6,263,790
	7,291,409	**6,263,790**

Racing NSW has one material joint venture

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

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

Summarised financial information for RA is set out below:

Current assets (a)	7,289,801	7,815,175
Non-current assets	27,237,621	27,109,143
Total assets	**34,527,422**	**34,924,318**
Current liabilities (b)	5,961,480	5,786,572
Non-current liabilities (c)	7,777,903	11,285,762
Total liabilities	**13,739,383**	**17,072,334**
Revenue	13,074,866	12,658,325
Profit for the year	2,936,055	2,740,334
Depreciation and amortisation	851,076	731,538
Interest income	76,816	78,633

a) Includes cash and cash equivalents

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

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

Movement in carrying amounts:

At the beginning of the financial year	6,263,790	5,280,581
Adjustment to RA profit prior year	-	24,092
Share of RA profit current year	1,027,619	959,117
At the end of the year	7,291,409	6,263,790

NOTE 11: PROPERTY, PLANT and EQUIPMENT - BUILDINGS

Land and Buildings - at cost	9,608,724	9,608,724
Less accumulated depreciation	(1,297,936)	(1,105,564)
Total Land and Buildings	**8,310,788**	**8,503,160**
Movement in carrying amounts		
Balance at beginning of year	8,503,160	4,037,340
Transfers from investment to owner-occupied property	-	4,658,192
Depreciation expense	(192,372)	(192,372)
Carrying Amount at the end of the year	**8,310,788**	**8,503,160**

The Druitt Street property was purchased on 29 September 2006.

NOTE 12: PROPERTY, PLANT and EQUIPMENT - OTHER

Plant and Equipment - at cost	22,921,164	12,013,553
Less accumulated depreciation	(7,658,428)	(6,363,155)
Total Plant and Equipment	**15,262,736**	**5,650,398**
Movement in Carrying Amounts		
Balance at Beginning of Year	5,650,398	1,998,947
Additions	10,179,401	4,683,366
Disposals	(246,536)	(259,161)
Depreciation Expense	(1,486,590)	(772,754)
Trasfer from WIP	1,600,962	-
Movement in WIP	(434,899)	-
Carrying Amount at the end of the year	**15,262,736**	**5,650,398**

	2016 $	2015 $
NOTE 12: PROPERTY, PLANT and EQUIPMENT - OTHER (CONT.)		
Plant and equipment above is comprised of the following categories:		
Laboratory Equipment - at cost	5,228,318	4,441,158
Less accumulated depreciation	(4,192,020)	(3,888,197)
Total Laboratory Equipment	**1,036,298**	**552,961**
Movement in carrying amounts		
Balance at beginning of year	552,961	840,006
Additions	787,160	22,243
Disposals	-	-
Depreciation expense	(303,823)	(309,288)
Carrying Amount at the end of the year	**1,036,298**	**552,961**
Building Fit-out, Furniture and Fittings - at cost	3,752,954	2,768,252
Less accumulated depreciation	(1,163,466)	(812,844)
Total Building Fit-out, Furniture and Fittings	**2,589,488**	**1,955,408**
Movement in carrying amounts		
Balance at beginning of year	1,955,408	231,905
Additions	984,702	1,816,900
Depreciation expense	(350,622)	(93,397)
Carrying Amount at the end of the year	**2,589,488**	**1,955,408**
Office and Other Equipment - at cost	2,093,279	1,679,010
Less accumulated depreciation	(1,523,108)	(1,316,273)
Total Office and Other Equipment	**570,171**	**362,737**
Movement in carrying amounts		
Balance at beginning of year	362,737	225,829
Additions	414,269	296,029
Disposals	-	-
Depreciation expense	(206,835)	(159,121)
Carrying Amount at the end of the year	**570,171**	**362,737**
Outside broadcast Equipment - at cost	9,561,939	431,509
Less accumulated depreciation	(416,872)	-
Total Outside broadcast Equipment	**9,145,067**	**431,509**
Movement in carrying amounts		
Balance at beginning of year	431,509	-
Additions	9,130,430	431,509
Disposals	-	-
Depreciation expense	(416,872)	-
Carrying Amount at the end of the year	**9,145,067**	**431,509**
Motor Vehicles - at cost	1,118,611	1,092,662
Less accumulated depreciation	(362,963)	(345,841)
Total motor vehicles	**755,648**	**746,821**
Movement in carrying amounts		
Balance at beginning of year	746,821	701,207
Additions	463,802	515,722
Disposals	(246,536)	(259,161)
Depreciation expense	(208,439)	(210,947)
Carrying Amount at the end of the year	**755,648**	**746,821**
Capital Works in Progress - at cost	2,767,025	1,600,962
Less Transfer from WIP	(1,600,962)	-
Total WIP	**1,166,063**	**1,600,962**
Movement in carrying amounts		
Balance at beginning of year	1,600,962	-
Additions	1,166,063	1,600,962
Disposals	-	-
Transfer from WIP	(1,600,962)	-
Carrying Amount at the end of the year	**1,166,063**	**1,600,962**
NOTE 13: INVESTMENT PROPERTY (COST MODEL)		
Level 6, 51 Druitt St Sydney NSW 2000 - at cost	575,361	575,361
Less accumulated depreciation	(40,575)	(29,068)
	534,786	**546,293**
Level 11, 51 Druitt St Sydney NSW 2000 - at cost	1,414,169	1,414,169
Additions	269,370	-
Less accumulated depreciation	(131,394)	(78,419)
	1,552,145	**1,335,750**
Total Investment Property - at cost	**2,086,931**	**1,882,043**

NOTE 13: INVESTMENT PROPERTY (COST MODEL) (CONT.)

	2016 $	2015 $
Level 6, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	**546,293**	**557,801**
Depreciation expense	(11,507)	(11,508)
Carrying Amount at the end of the year	**534,786**	**546,293**
Level 11, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	**1,335,750**	**6,022,225**
Transfers from owner occupied to investment	269,370	-
Transfers from investment to owner-occupied property	-	(4,658,191)
Depreciation expense	(52,975)	(28,284)
Carrying Amount at the end of the year	**1,552,145**	**1,335,750**

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

Level 11 was originally purchased with the intent of leasing out to external parties, however due to a change in circumstances, the Australian Racing Forensic Laboratory was relocated from Royal Randwick to Level 11. In 2015 Level 11 was reclassified from solely being an investment property to 77% of floor being classified as PPE for operational purposes. The remaining 23% of Level 11, is leased to Racing Australia on arms length terms and classified as an investment property. Level 6 is also leased to Racing Australia on arms length terms and classified as an investment property.

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

NOTE 14: OTHER NON CURRENT RECEIVABLES

Non Current Reinsurance Recoveries Receivable	6,505,031	9,879,536
Loan to Bookmakers Co-op	170,000	-
Loan to Australian Turf Club	-	17,153,273
Deferred Superannuation Asset/(Liability)	241,257	(343,063)
	6,916,288	**26,689,746**

NOTE 15: TRADE AND OTHER PAYABLES

Trade Creditor	1,908,406	2,010,751
Other Creditors and Accruals	10,844,645	14,994,434
Amounts payable to associated entities:		
- Racing Australia	70,891	73,649
- RacingCorp Pty Limited	(74,327)	14,642
- Jockey's Benefit Scheme Trust	96,444	6,444
Employee Leave	1,265,324	1,221,287
Jockeys Welfare Fund	2,733,948	2,962,720
Stakes Payment Creditors	9,982,135	12,216,649
Rosehill Redevelopment Fund	982,241	20,954,382
Benevolent Fund	716,456	709,405
Total Creditors and Accruals	**28,526,163**	**55,164,363**

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

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

Redevelopment Fund represents amounts received in relation to redevelopment Rosehill racecourses, less progress payments made to 30 June 2016.

	Rosehill $
Redevelopment funds received to 30 June 2014	24,000,000
Less: Progress payments made to 30 June 2016	(23,017,759)
Balance of Redevelopment liability	**982,241**

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

NOTE 16: BREEDER OWNER BONUS SCHEME

Current		
Breeder Owner Bonus Scheme	20,603,683	17,671,762
Non-Current		
Breeder Owner Bonus Scheme	4,746,376	4,777,115
	25,350,059	**22,448,877**

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

	2016 $	2015 $
NOTE 17(a): EMPLOYEE PROVISIONS		
Current		
Employee Benefits	1,350,591	1,264,237
Non-Current		
Employee Benefits	231,102	191,374
Total Employee Provisions	**1,581,693**	**1,455,611**
Superannuation Fund		
Three 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	(2,232,155)	(2,136,125)
Net market value of assets held by the fund to meet future benefit payments	2,593,990	2,470,751
Excess of the present value of employees accrued benefits over assets held to meet future benefit payments. (included within employee benefits provision)	**(361,835)**	**(334,626)**
NOTE 17(b): RACE FIELDS PROVISIONS		
Current		
Race Fields provision	19,000,000	11,750,000
Non-Current		
Race Fields provision	27,595,303	48,306,396
Total Race Fields Provisions	**46,595,303**	**60,056,396**
Balance at beginning of the year	60,056,396	86,486,267
Provisions made during the year	86,623,202	75,078,881
Provisions used during the year	(94,017,295)	(88,258,752)
Provisions reversed during the year	(6,067,000)	(13,250,000)
Balance at end year	46,595,303	60,056,396

Of the $98,004,216 Race Fields provision raised as at 30 June 2012, the following amounts were subsequently written back due to the assets being provided for the development of the Industry by Racing NSW rather than part of the Race Fields Capital development program (Refer to Note 31 for further information).

Purpose	Amount $	Year
Purchase of Outside Broadcast Equipment & Laboratory Equipment	13,250,000	2015
Tracking & Timing system for tracks throughout NSW	6,067,000	2016
Total	**19,317,000**	

NOTE 18: WORKERS' COMPENSATION PROVISION		
Current		
Provision for Insurance Outstanding Claim	11,062,016	10,779,446
Non-Current		
Provision for Insurance Outstanding Claim	40,122,877	40,242,387
Total Provisions for Workers Compensation	**51,184,893**	**51,021,833**
Worker's Compensation Provisions		
Opening Balance of Workers' Compensation Provisions	51,021,833	53,770,786
Gross Movement in Workers' Compensation Provisions	163,060	(2,748,953)
Closing Balance of Workers' Compensation Provisions	51,184,893	51,021,833
The movement in the Workers' Compensation Provision is shown at a Gross of any Reinsurance Recoveries		
Gross Movement in Workers' Compensation Provisions	163,060	(2,748,953)
Less Decrease/ (Increase) in Reinsurance Recoveries	4,227,407	1,229,148
Net Movement in Workers Compensation Provisions	4,390,467	(1,519,805)

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 2016 in the amount of $42,900,000. The CBA Bank had issued guarantees amounting to $38,600,000 as at 30 June 2016 (2015:$38,600,000) 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% (2015: 20%) in respect of the net central estimate of liabilities relating to the specialised insurer's license and a prudential margin of 20% (2015: 20%) in respect of the net central estimate of liabilities relating to the self insurer's license.

The increase in the Workers' Compensation provision for outstanding claims has been predominantly due to changes to NSW Workers' Compensation legislation and decrease in interest rates.

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.

	2016 $	2015 $

NOTE 19: OTHER LIABILITIES

Current		
Deferred Income	507,237	465,288
Non-Current		
Deferred Income	138,355	105,746
Total Other Current Liabilities	**645,592**	**571,034**

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 for registration of racing colours, license fees, Workers' Compensation Insurance premiums and subscriptions to NSW Racing magazine.

NOTE 20: RESERVES

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

Reserves		
General Reserve	5,553,196	4,525,577
Operating Reserve	731,975	731,975
Industry Distribution Reserve	29,701,033	22,180,445
Workers' Compensation Reserve	226,360	2,208,909
Total Reserves	**36,212,564**	**29,646,906**
Movement in Reserves		
General Reserve		
Balance at the beginning of the year	4,525,577	3,542,368
Transfers from/(to) accumulated surplus	1,027,619	983,209
Balance reserve at the end of the year	5,553,196	4,525,577
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	22,180,445	8,870,510
Payments to Industry Participants	-	-
Transfers to accumulated surplus	8,910,070	13,880,527
Transfers from accumulated surplus	(1,389,482)	(570,592)
Balance reserve at the end of the year	29,701,033	22,180,445
Workers Compensation Reserve		
Balance at the beginning of the year	2,208,909	(2,668,910)
Transfers to accumulated surplus	(1,982,549)	4,877,819
Balance reserve at the end of the year	226,360	2,208,909
Total Reserves	**36,212,564**	**29,646,906**

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 profit/losses from Racing NSW Workers Compensation segment.

NOTE 21: ACCUMULATED SURPLUS

Accumulated surplus at beginning of the financial year	-	-
Total Funds transferred to/(from) Reserves	6,565,658	19,170,963
Transfer (to)/from General Reserve	(1,027,619)	(983,209)
Transfer to Operating Reserve	-	(570,592)
Transfer to Industry Distribution Reserve	(7,520,588)	(12,739,343)
Transfer (to)/from Workers Compensation Reserve	1,982,549	(4,877,819)
Accumulated surplus at end of the financial year	**-**	**-**

NOTE 22: 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	55,654	46,449
Payable later than 1 year and not later than 5 years	-	-
	55,654	**46,449**

Capital commitments

As shown in Note 31 Racing NSW Board has approved to spend up to $13.25 million from the accumulated Race Fields provision on the Outside Broadcast Equipment and Laboratory Equipment. The board has also approved to spend $6.067 million on tracking/timing project equipment.

NOTE 22: CAPITAL AND LEASING COMMITMENTS (CONT.)

Capital commitments (Cont.)

	2016 $	Cumulative spending total $	Remaining Commitment as at 30 June 2016 $
Laboratory Equipment	1,069,360	3,198,474	51,526
Outside Broadcast Equipment	8,100,080	9,561,939	-
Tracking/timing project Equipment	1,114,021	1,114,021	-
Total	**10,283,461**	**13,874,434**	**51,526**

NOTE 23: CONTINGENT LIABILITIES

Of the $24,000,000 received from the New South Wales Government for the purpose of the Rosehill Gardens Racecourse development, $982,241 remained on hand as at 30 June, 2016 and was due to be paid out subsequent to year end. The accounting treatment will be on a cash basis to reflect when economic benefits and obligations will be received. Payments to the Australian Turf Club (owner of the aforementioned Rosehill Racecourse) will be made on receipt of certified progress claims.

There are currently guarantees provided by the CBA in favour of WorkCover Authority of NSW amounting to $38,600,000 (2015: $38,600,000) at the end of the reporting period, against a term deposit of $39,041,850 (2015: $37,846,731). Based on the most recent actuarial valuation, Racing NSW expects Workcover NSW to vary the guaranteed amount to $42,900,000 an increase of $4,300,000 subsequent to year end. Unused facilities at the end of the reporting period amount to $0 (2015: $0). Racing NSW has pledged to CBA to maintain a minimum balance of 100% cash cover security for the Workcover NSW bank guarantee (2016: $38,600,000).

NOTE 24: 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
Russell Balding AO	Deputy Chairman from 18 December 2015
Naseema Sparks	Deputy Chairman (retired 17 December 2015)
Ken Brown AM	Board Member (retired 17 December 2015)
Saranne Cooke	Board Member (commenced 18 December 2015)
Kevin Greene	Board Member
Anthony Hodgson AM	Board Member
Carole Molyneux-Richards	Board Member
Jennifer Owen	Board Member (commenced 18 December 2015)
Peter V'landys AM	Chief Executive Officer
Ray Murrihy	General Manager - Integrity (retired 3 June 2016)
Marc Van Gestel	Chairman of Stewards (from 4 June 2016)
John Keledjian	Laboratory Director - Operations
Adam Cawley	Laboratory Director - Scientific
Keith Bulloch	General Manager - Regulatory
Scott Kennedy	General Manager - Industry & Analytical
Pete Sweney	Legal Counsel
John Galvin	General Manager - Workers Compensation
Maurice Logue	General Manager - Training
Ariel Paez	General Manager - Information Technology
Craig Barnes	General Manager - Finance
Matthew Orr	Assistant Legal Counsel (commenced 20 July 2015)
Graeme Hinton	Special Projects Manager

b) Key Management Personnel Compensation

	2016 $	2015 $
Salary, Bonuses and Fees	3,552,381	3,361,012
Non-Cash Benefits	142,359	137,800
Other Long Term Benefits	62,758	75,766
Superannuation	288,082	272,982
Total	**4,045,580**	**3,847,560**

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

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

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

The remuneration of the Chief Executive is subject to a contract for executive services, with the level of remuneration subject to annual review by the Board of Racing NSW. The remuneration of the other key management personnel is determined by the Chief Executive Officer, with the level of remuneration subject to annual review by the Chief Executive Officer.

Remuneration whilst being performance based, is not tied to the achievement of specific objectives and no formal bonus structure is in place.

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

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

NOTE 25: 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 26: SEGMENT REPORTING

	2016			2015		
	Racing NSW	Insurance	Total	Racing NSW	Insurance	Total
Primary Reporting - Business Segments						
External Sales	123,917,000	12,581,440	136,498,440	102,230,430	13,643,814	115,874,244
Other Revenue	1,801,729	1,196,199	2,997,928	1,748,532	1,327,107	3,075,639
Share of profit of associate (Racing Australia "RA")	1,027,619	-	1,027,619	983,209	-	983,209
Total Segment Revenue	**126,746,348**	**13,777,639**	**140,523,987**	**104,962,171**	**14,970,921**	**119,933,092**
Expenditure	116,591,076	15,623,809	132,214,885	89,705,168	9,955,458	99,660,626
Depreciation	1,607,065	136,379	1,743,444	963,859	137,644	1,101,503
Total Segment Expenditure	**118,198,141**	**15,760,188**	**133,958,329**	**90,669,027**	**10,093,102**	**100,762,129**
Segment Result	**8,548,207**	**(1,982,549)**	**6,565,658**	**14,293,144**	**4,877,819**	**19,170,963**
Assets						
Segment Assets	131,067,897	51,736,961	182,804,858	158,885,824	55,558,469	214,444,293
Investments in Assets Accounted for using the Equity Method	7,291,409	-	7,291,409	6,263,790	-	6,263,790
Total Assets	**138,359,306**	**51,736,961**	**190,096,267**	**165,149,614**	**55,558,469**	**220,708,083**
Liabilities						
Segment Liabilities	102,559,610	51,324,093	153,883,703	138,030,303	53,030,874	191,061,177
Total Liabilities	**102,559,610**	**51,324,093**	**153,883,703**	**138,030,303**	**53,030,874**	**191,061,177**
Net Assets/(Liabilities)	**35,799,696**	**412,868**	**36,212,564**	**26,992,311**	**2,654,595**	**29,646,906**
Purchase of Non-Current Assets	**11,614,834**	**-**	**11,614,834**	**4,683,365**	**-**	**4,683,365**
Impairment Losses	**-**	**-**	**-**	**-**	**-**	**-**
Significant Non Cash Expenses other than Depreciation	**-**	**163,060**	**163,060**	**-**	**(2,748,953)**	**(2,748,953)**

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 27: RELATED PARTIES

(a) Key Management Personnel

The key management personnel of the entity are disclosed in note 24(a).

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

J. Messara AM	R. Balding AO
N. Sparks	The Hon K Greene
S. Cooke	A Hodgson AM
K. Brown AM	P.N. V'landys AM
C Molyneux-Richards	J.Owen

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 is also a director of Racing Australia.

(b) Other Related Parties

Racing NSW undertakes accounting, administrative, banking and payroll services and support for Racing NSW Country Limited, NSW TRB Training Limited, Racingcorp Pty Limited, Jockeys Benefit Scheme Trust and NSW Thoroughbred Rehabilitation Trust. Refer Notes 7 and 14 for amounts due from/payable to these related entities. Amounts disclosed below detail transactions with these related entities during the year. These transactions are on normal commercial terms. These are summarised as follows:

	Expenses Paid on behalf of entity	Receipts taken on behalf of entity
- Racing NSW Country Limited	73,186,927	76,461,466
- Racing Australia	26,717	-
- Racingcorp Pty Limited	126,064	125,290
- NSW TRB Training Limited	762,575	646,277
- The Jockeys Benefit Scheme Trust	22,639	100,488
- Thoroughbred Horse Rehabilitation Trust	-	27,487

NOTE 28: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

a) General objectives, policies and processes

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

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

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

b) Credit risk

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

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

	2016 $	2015 $
Trade Debtors	6,017,171	5,960,430
Other Receivables	17,060,586	39,089,977
Other Financial Assets	113,562,280	110,797,056
Stakes Payment Debtors	3,019,311	3,490,529
Cash at Bank	17,445,363	39,017,418
	157,104,711	**198,355,410**

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

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

Concentration of Debtors

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

BOBS trade debtors as at 30 June 2016 were $1,095,000 (2015: $743,340). 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, 2016 including Racing NSW Country Limited $2,693,881 (2015: $6,876,121). The Board believes the credit risk is negligible due to control over the funding through the Racing Distribution Agreement, Inter-Code Agreement and the Intra-Code Agreement.

Impairment

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

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

NOTE 28: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

b) Credit risk (Cont.)

	Total $	Current $	30 days $	60 Days $	90 Days $
2016 Trade and Other Receivables ageing are as follows:					
Maximum Exposure - Trade Debtors	6,316,510	5,811,601	182,744	164,452	157,714
Maximum Exposure - Stakes Payment Debtors	3,019,311	2,173,903	452,897	150,966	241,545
Maximum Exposure - Other Receivables	17,060,586	17,060,586	-	-	-
Maximum Exposure - Other Financial Assets	113,562,280	113,562,280	-	-	-
	139,958,687	**138,608,370**	**635,641**	**315,418**	**399,259**
Amount past due but not considered Impaired	1,366,396	315,418	635,641	315,418	99,920
Amount past due considered Impaired	299,339	-	-	-	299,339
	1,665,735	**315,418**	**635,641**	**315,418**	**399,259**
Impairment provision	(299,339)	-	-	-	(299,339)
2015 Trade and Other Receivables ageing are as follows:					
Maximum Exposure - Trade Debtors	6,240,053	5,463,483	599,350	5,901	171,319
Maximum Exposure - Stakes Payment Debtors	3,490,529	2,513,182	533,579	174,526	279,242
Maximum Exposure - Other Receivables	39,089,977	39,089,977	-	-	-
Maximum Exposure - Other Financial Assets	110,797,056	110,797,056	-	-	-
	159,617,615	**157,863,698**	**1,122,929**	**180,427**	**450,561**
Amount past due but not considered Impaired	1,654,722	180,427	1,122,929	180,427	170,939
Amount past due considered Impaired	279,622	-	-	-	279,622
	1,934,344	**180,427**	**1,122,929**	**180,427**	**450,561**
Impairment provision	(279,622)	-	-	-	(279,622)

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

Trade debtors are primarily Race Fields fees receivable and are subject to 'Information Use' agreements. The Board does not believe there is any material credit risk on the debtor balances that are past due but not considered impaired due to the mutually beneficial ongoing business associations in place.

Allowance for Impairment Loss

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

	2016 $	2015 $
Opening Balance	279,622	204,831
Bad Debts written off during year	75	-
Provision for Doubtful Receivables	45,065	82,920
Add back money recovered	(25,423)	(8,129)
Closing Balance	**299,339**	**279,622**

Concentration of Investments

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

Institution		
Westpac Bank (A-1+ rated by S&P)	-	1,424,318
Commonwealth Bank (A-1+ rated by S&P)	79,796,948	120,787,742
National Australia Bank (A-1+ rated by S&P	51,210,199	27,602,414
Total	**131,007,147**	**149,814,474**

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.

NOTE 28: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

c) Liquidity Risk (Cont.)

Concentration of Creditors

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

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

	Carrying Amount	Contractual Cash Flows	< 6 Months	6-12 Months	1-4 years
	$	$	$	$	$
Maturity Analysis for Financial Liabilities - 2016					
Trade and Other Payables	16,296,463	16,296,463	16,296,463	-	-
Stakes Payment Creditors	9,982,135	9,982,135	9,982,135	-	-
Breeder Owner Bonus Scheme	25,350,059	25,350,059	2,108,237	18,495,447	4,746,376
Redevelopment Funds	982,241	982,241	982,241	-	-
Total	**52,610,898**	**52,610,898**	**29,369,076**	**18,495,447**	**4,746,376**
Maturity Analysis for Financial Liabilities - 2015					
Trade and Other Payables	20,698,396	20,698,396	20,698,396	-	-
Stakes Payment Creditors	12,216,649	12,216,649	12,216,649	-	-
Breeder Owner Bonus Scheme	22,448,877	22,448,877	2,110,765	15,560,997	4,777,115
Redevelopment Funds	20,954,382	20,954,382	20,954,382	-	-
Total	**76,318,304**	**76,318,304**	**55,980,192**	**15,560,997**	**4,777,115**

Economic Dependency

Racing NSW received 5.97% (2015: 6.39%) of its income via a First Charge on the TAB distributions to the Thoroughbred Racing Industry. This distribution is governed by the NSW Racing Distribution Agreement as entered into by Racingcorp Pty Limited and TAB Limited. Consequently, Racing NSW is economically dependent on TAB Limited

d) Market Risk

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

Interest Rate Risk

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

Objectives and Policies	Process for Managing the Risk	Methods used to Measure the Risk
Board policies require that Racing NSW review and negotiate interest rates on Cash at Bank on a regular basis in order to maximise their return.	Racing NSW negotiates an interest rate in line with market rates.	Racing NSW checks interest rates received against market leading interest rates offered by competing financial institutions of a similar credit rating.
Board policies require that Racing NSW review and negotiate interest rates on Cash on Deposit on roll-over of the deposit.	Racing NSW negotiates an interest rate in line with market rates at the time of roll-over.	Racing NSW checks interest rate received against market leading rates offered by competing financial institutions of a similar credit rating.

2016	Effective Weighted Average Interest	Floating Interest Rate	Fixed Interest Maturing < 1 year	Non Interest Bearing	Total
		$	$	$	$
Financial Assets:					
Cash at Bank	1.500%	17,445,363	-	-	17,445,363
Other Financial Assets	2.950%	-	113,562,280	-	113,562,280
Other Receivables - including Loan to Bookmakers co-op	2.400%	170,000	-	25,927,068	26,097,068
Total Financial Assets		**17,615,363**	**113,562,280**	**25,927,068**	**157,104,711**
Financial Liabilities:					
Breeder Owner Bonus Scheme	-	-	-	25,350,059	25,350,059
Trade and Other Payables	-	-	-	27,260,839	27,260,839
Total Financial Liabilities measured at amortised cost		**-**	**-**	**52,610,898**	**52,610,898**
Net financial assets/(liabilities)		**17,615,363**	**113,562,280**	**(26,683,830)**	**104,493,813**

NOTE 28: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

d) Market Risk (Cont.)

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

Interest Rate Sensitivity

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

Based on the calculations as at 30 June 2016, the net profit impact for a 100 basis points movement in interest rates would be $1,311,777 (2015: 1,669,678)

2016	Current Weighted Average Rate	Amount	100 basis points Increase in Interest	100 basis points Decrease in Interest
		$	$	$
Cash at Bank	1.500%	17,445,363	174,454	(174,454)
Other Financial Assets	2.950%	113,562,280	1,135,623	(1,135,623)
Loan to Bookmakers Co-op	3.500%	170,000	1,700	(1,700)
Total		**131,177,643**	**1,311,777**	**(1,311,777)**
2015				
Cash at Bank	2.000%	39,017,418	390,174	(390,174)
Other Financial Assets	3.400%	110,797,056	1,107,971	(1,107,971)
Other Receivables - including Loan to ATC	2.900%	17,153,273	171,533	(171,533)
Total		**166,967,747**	**1,669,678**	**(1,669,678)**

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.

NOTE 28: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

d) Market Risk (Cont.)

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

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

NOTE 29: FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

a) the interest rate used for discounting is the published CBA Reference Rate as at 30 June each year 2016: 8.71% (2015: 9.33%)

b) payments are made evenly throughout the period.

c) BOBS has been discounted over 4 years (2015: 4 years) due to the nature of the BOBS agreement.

	2016			2015		
	Fair Value	Carrying Value	Variance	Fair Value	Carrying Value	Variance
	$	$	$	$	$	$
Financial Assets:						
Cash at Bank	17,445,363	17,445,363	-	39,017,418	39,017,418	-
Other Financial Assets	113,562,280	113,562,280	-	110,797,056	110,797,056	-
Other Receivables	26,097,068	26,097,068	-	48,540,936	48,540,936	-
Total Financial Assets	**157,104,711**	**157,104,711**	**-**	**198,355,410**	**198,355,410**	**-**
Financial Liabilities:						
Breeder Owner Bonus Scheme	25,141,351	25,350,059	(208,708)	22,224,359	22,448,877	(224,518)
Trade and Other Payables	27,260,839	27,260,839	-	53,943,076	53,943,076	-
Total Financial Liabilities measured at amortised cost	**52,402,190**	**52,610,898**	**(208,708)**	**76,167,435**	**76,391,953**	**(224,518)**

NOTE 30: INSURANCE ACTIVITIES

	2016	2015
	$	$
Premium revenue	11,179,554	11,337,278
Reinsurance recoveries and other recoveries revenue	1,140,398	2,056,314
Other Income	268,488	250,222
	12,581,440	**13,643,814**
Interest Income	1,196,199	1,327,107
Movement in market value of Investment Fund	-	-
	1,196,199	**1,327,107**
Underwriting expenses	1,984,577	1,839,429
Direct claims expense	9,035,144	9,423,478
Outwards reinsurance premium expense	350,000	350,000
	11,369,721	**11,612,907**
Underwriting result for the financial year excluding investments revenue and expense	1,211,719	2,030,907
Investments		
Investment Property	2,086,931	1,882,043
	2,086,931	**1,882,043**
Operating Assets		
Bank	41,351,539	41,150,528
Reinsurance recoveries	8,298,491	12,525,898
	49,650,030	**53,676,426**
Total Assets	**51,736,961**	**55,558,469**

NOTE 30: INSURANCE ACTIVITIES (CONT.)

	2016 $	2015 $
Liabilities		
Outstanding claims	51,184,893	51,021,831
Unearned Premiums	139,200	127,000
Investment Property costs funded by General Activities	-	1,882,043
	51,324,093	**53,030,874**

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

a) Outstanding Claims

Gross undiscounted claim liability	52,543,056	56,118,505
Discount to present value	(8,505,896)	(11,536,048)
Third party recoveries	(3,009,013)	(5,909,017)
Reinsurance recoveries	(5,289,478)	(6,616,881)
Central estimate of the expected present value of future payments for claims incurred	35,738,669	32,056,559
Prudential margin	7,147,733	6,439,376
	42,886,402	**38,495,935**
Current	9,268,556	8,133,084
Non-current	33,617,846	30,362,851
	42,886,402	**38,495,935**

The average weighted term to settlement of the outstanding liabilities is 7.6 years (2015: 8.2 years).

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

	2016		2015	
	Next Year	Thereafter	Next Year	Thereafter
Inflation rate	3.00%	3.00%	3.25%	3.25%
Discount Rate	2.29%	2.29%	3.20%	3.20%

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

	2016		2015	
	Current Year Incurred $	Reassess Prior Years $	Current Year Incurred $	Reassess Prior Years $
Gross undiscounted incurred claims	15,620,646	(9,932,802)	15,687,035	(9,965,595)
Undiscounted reinsurance & other recoveries	(760,188)	4,150,354	(875,839)	(4,147,388)
Net undiscounted incurred claims	**14,860,458**	**(5,782,448)**	**14,811,196**	**(14,112,983)**
Discounting of incurred claims	(1,648,121)	6,101,972	(2,126,470)	4,932,179
Discounting recoveries	110,313	(622,580)	127,508	1,817,344
	(1,537,808)	**5,479,392**	**12,812,234**	**(7,363,460)**
Gross discounted incurred claims	13,972,524	(3,831,831)	13,560,564	(5,033,416)
Discounted reinsurance & other recoveries	(649,876)	3,527,773	(748,330)	(2,330,044)
Net discounted incurred claims	**13,322,648**	**304,058**	**12,812,234**	**(7,363,460)**

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

NOTE 30: INSURANCE ACTIVITIES (CONT.)

a) the interest rate used for discounting is the published CBA Reference Rate as at 30 June each year 2015: 9.33% (2014: 9.38%)

b) payments are made evenly throughout the period.

c) Claim Development

		Accident Year										
Claims cost estimate	**Prior**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
	$	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	
At the end of accident year	n/a	8,154	8,853	13,327	10,768	14,058	12,900	11,168	11,499	11,661	11,693	
One year later	n/a	9,177	10,454	14,600	10,269	13,382	10,839	10,719	9,786	11,117		
Two years later	n/a	9,539	10,586	14,003	9,558	12,415	9,567	8,198	8,976			
Three years later	n/a	9,661	10,793	13,500	9,517	10,588	8,602	7,245				
Four years later	n/a	9,658	11,084	12,233	7,620	10,343	8,178					
Five years later	n/a	8,814	9,904	12,585	7,338	10,041						
Six years later	n/a	8,093	9,944	11,590	7,292							
Seven years later	n/a	8,769	9,754	10,761								
Eight years later	n/a	7,804	9,575									
Nine years later	n/a	7,788										
Current estimate of claims cost	-	7,788	9,575	10,761	7,272	10,041	8,178	7,245	8,976	11,117	11,693	
Cumulative payments	-	(6,283)	(8,563)	(9,724)	(5,340)	(7,365)	(5,027)	(5,218)	(4,499)	(4,906)	(3,256)	
Undiscounted central estimate	**5,866**	**1,505**	**1,012**	**1,038**	**1,932**	**2,676**	**3,151**	**2,027**	**4,477**	**6,211**	**8,438**	**38,332**
Effect of discounting	(1,129)	(282)	(171)	(171)	(298)	(382)	(429)	(232)	(615)	(833)	(1,005)	(5,545)
Discounted central estimate	4,738	1,223	842	867	1,634	2,294	2,723	1,794	3,862	5,378	7,432	32,788
Claims handling expense	426	110	76	78	147	206	245	161	348	484	669	2,951
Risk margin	1,033	267	183	189	356	500	594	391	842	1,172	1,620	7,148
Present value recognised in the statement of financial position	**6,197**	**1,600**	**1,101**	**1,134**	**2,138**	**3,001**	**3,561**	**2,347**	**5,052**	**7,035**	**9,721**	**42,886**

d) Maturity Analysis for Outstanding Claims

	2016					2015				
	All Years	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**	**All Years**	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Workers' Compensation Claim Payments - Undiscounted	38,332,345	7,162,602	5,047,689	8,290,786	17,831,269	37,011,572	8,692,156	430,677	9,303,452	18,585,287

This table shows the maturity analysis for the remaining contractual maturities of the workers compensation liabilities. The management of insurance risk and liquidity risk are disclosed in Note 29.

Amounts shown are undiscounted and exclude claims handling expenses.

NOTE 31: RACE FIELDS DEVELOPMENT PROGRAM

As result of Race Fields High Court case decision of 30 March, 2012 the Board of Racing NSW commenced a capital development program for the State's racecourses over a sustained period of time. The focus of the program is improvements to racing surfaces and training facilities at major provincial and country racecourses throughout the State. In the year ended 30 June, 2016 the following clubs benefited from the program in the current financial year and since the High Court case as follows:

	2016	Cumulative Total	Racing NSW Board approved project balance remaining
	$	$	$
- Albury Racing Club	19,950	42,936	1,157,064
- Australian Turf Club (Kensington Track)	-	1,697,620	-
- Quarantine facility	69,136	1,001,490	6,998,510
- Ballina Jockey Club	130,374	153,470	2,016,530
- Bathurst Thoroughbred Racing	88,837	577,843	172,157
- Coffs Harbour Racing Club	291,425	1,175,434	-
- Dubbo Turf Club	10,000	10,000	1,540,000
- Goulburn & District Racing Club	519,090	869,557	2,080,443
- Gosford Race Club	-	238,600	238,600
- Hawkesbury Race Club (Home Straight)	-	4,503,495	246,505
- Hawkesbury Race Club (Polytrack)	-	-	4,000,000
- Illawarra Turf Club	-	106,952	9,393,048
- Muswellbrook Race Club	-	463,188	86,812
- Murrumbidgee Turf Club	-	574,054	725,946
- Newcastle Jockey Club	6,347,301	11,123,458	76,542
- Racing Orange	1,148,362	1,245,863	54,137
- Port Macquarie Race Club	3,024,071	3,615,336	-
- Scone Race Club	8,558	294,295	185,705
- Tuncurry Forster Jockey Club	-	871,582	-
- Taree-Wingham Racing Club	9,900	43,346	1,156,654
- Tamworth Jockey Club	1,165,413	1,198,621	951,379
- Wyong Race Club	415,809	1,090,861	409,139
- ATC Capital Development Fund	4,000,000	4,000,000	-
- Moruya Jockey Club		-	500,000
	17,248,228	34,898,003	31,989,170
- Quantity Surveyor & monitoring costs incurred by Racing NSW	85,500	101,900	
	17,333,728	**34,999,903**	**31,989,170**
Total Accumulated Race Fields Funds as at June 2012		98,004,216	
Total written back in the 2015 Financial Year to spend on Laboratory equipment and Outside Broadcast equipment (Ref Note 17(b))		(13,250,000)	
Total written back in the 2016 Financial Year to spend on Tracking/Timing system project (Ref Note 17(b))		(6,067,000)	
Less future fund		(10,000,000)	
Net Accumulated Race Fields funds		**68,687,216**	
Less:			
- Actual Capital Expenditure incurred above		(34,999,903)	
- Expenditure commitments approved by Racing NSW Board		(31,989,170)	
- Expenditure commitments under consideration by Racing NSW Board		(360,000)	
- Loan to Australian Turf Club		-	
Total		**(67,349,072)**	
Total Race Fields funds available for spending		**1,338,144**	

The Race Fields funding to clubs was provided by way of interest free interminable loans with certain conditions attached allowing Racing NSW to recover these funds should these conditions be breached. The above amounts have been utilised from the Race Fields provision for the year ended 30 June 2016 on the basis that it is not probable that these loans will ever be recovered by Racing NSW.

NOTE 32: RACECOURSE REDEVELOPMENT FUND LOANS TO THE ATC

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

NOTE 33: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

DECLARATION BY MEMBERS OF THE BOARD

The Members of the Board declare that:

(1) the financial statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes:

(i) give a true and fair view of the financial position of Racing NSW as at 30 June 2016 and its performance for the year ended on that date.

(ii) are in accordance with the *Thoroughbred Racing Act 1996 (NSW)* and comply with Accounting Standards.

(2) as at the date of this declaration there are reasonable grounds to believe that Racing NSW will be able to pay its debts as and when they become due and payable.

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

Mr J Messara AM
Chairman

Mr P N V'landys AM
Chief Executive

Dated at Sydney this 19th October, 2016

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

We have audited pages 52 to 75 of the accompanying financial report of Racing NSW (the "entity") which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Members of the Board.

Responsibility of the Directors for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's Opinion

In our opinion, the financial report of Racing NSW:

i presents fairly, in all material respects, the entity's financial position as at 30 June 2016 and of its performance and cash flows for the year then ended; and

ii complies with Australian Accounting Standards and the Thoroughbred Racing Act 1996.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A G Rigele
Partner - Audit & Assurance
Sydney, 19 October 2016

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RACING NSW MAGAZINE

Pera Pera and Aaron Bullock go for home in the 2016 Country Championships Qualifier in front of a large crowd at Wellington. Picture by Janian McMillan

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