



Racing NSW

ANNUAL REPORT 2018



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.

MISSION STATEMENT

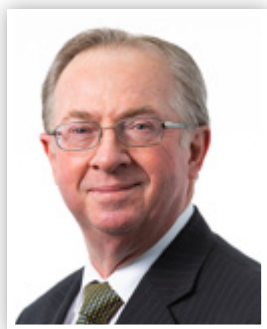
To establish a dynamic NSW Thoroughbred Racing Industry which advances participation, ensures integrity and delivers quality racing at all levels.

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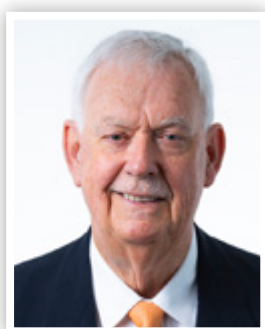
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Front cover: Sydney's champions for the 2017/18 racing season – Winx, Rachel King, Brenton Avdulla and Chris Waller

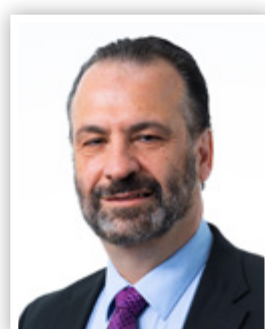
CURRENT MEMBERS OF THE BOARD



R Balding AO (Russell)
CHAIRMAN
Re-appointed
19 December 2015
Attended 11 meetings



A G Hodgson AM (Tony)
DEPUTY CHAIRMAN
Re-appointed
19 December 2016
Attended 11 meetings



P N V'landys AM (Peter)
RACING NSW CHIEF EXECUTIVE
Appointed 23 February 2004
Attended 11 meetings



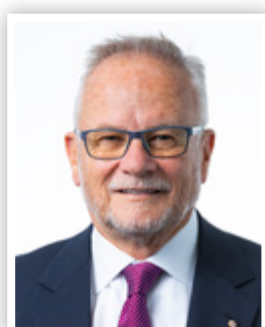
The Hon K P Greene (Kevin)
Re-appointed
Re-appointed 19 December 2017
Attended 11 meetings



Mrs S Cooke (Saranne)
Appointed 19 December 2015
Attended 11 meetings



S Tuxen (Simon)
Appointed 3 November 2016
Attended 11 meetings



A Shepherd AO (Anthony)
Appointed 1 January 2017
Attended 11 meetings



The Hon G Souris AM (George)
Appointed 19 December 2017
Attended 5 meetings

PAST MEMBERS OF THE BOARD

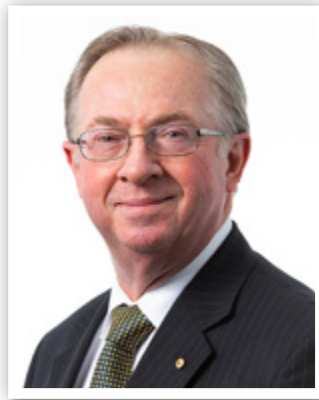


Ms C Molyneux-Richards (Carole)
Appointed 19 December 2014
Attended 5 meetings

FUNCTIONS OF THE BOARD

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

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



Russell Balding AO
Chairman

The Hon Paul Toole, MP
Minister for Lands and Forestry,
and Minister for Racing
Parliament House, Macquarie Street
Sydney, NSW 2000

Dear Minister

In accordance with Section 30 of the Thoroughbred Racing Act 1996, I am pleased to submit to you the 22nd Annual Report of Racing NSW (formerly the NSW Thoroughbred Racing Board) covering the period 1 July 2017 to 30 June 2018.

Board meetings were held on 11 occasions throughout this period and I again acknowledge the contributions and support of my fellow Board Members.

The Board is comprised of Members with an excellent mix of financial, commercial and industry experience and has worked effectively in the interests of the NSW Thoroughbred Racing Industry which supports some 21,232 full-time equivalent positions and contributes \$2.6 billion to the NSW economy (IER Report 2014).

At all times, the Board has looked to develop strategies and policies designed to improve the financial well-being of the many thousands of persons who participate in the industry in New South Wales and I am delighted that returns to owners increased by 11.46% during the year to \$253.8 million. This takes the return to owners to 48.4% of their total costs.

The additional revenue generated following the enactment of legislation by your Government to grant tax parity with the Victorian Racing Industry continues to flow to the industry.

This additional revenue has allowed the introduction of major prizemoney increases which have in turn reinvigorated NSW racing, particularly in the Provincial and Country regions of the State.

Apart from the significant increases in prizemoney and other returns to owners, Racing NSW continues to place strong emphasis on programs designed to protect the integrity of the industry.

Racing NSW also extends its thanks to the NSW Government following the announcement that legislation is to be enacted in the later part of 2018 to introduce a Point of Consumption Tax in New South Wales and that part of the proceeds from the tax will be shared with the NSW Racing Industry.

Without doubt the major highlight of the year was the inaugural running of *The Everest* at Royal Randwick on 14 October 2017, with entry being eligible to persons or syndicates who purchased slots entitling them to participate.

The race, with initial prizemoney of \$10 million, was held over 1200 metres making it the richest race in Australia and the richest 1200 metres race in the world. It also became the equal highest rating 1200 metre race in the world and the richest race in the world conducted on turf.

The Everest has quickly established itself as one of Australia's major events and the instant acceptance of the concept by

racing participants, racegoers and the media and the public has been phenomenal.

Therefore, in view of the success of the inaugural event, the Board approved prizemoney for the race being increased to \$13 million for 2018 then increasing by \$1 million per year until it reaches \$15 million.

In addition, the Board is committed to seeing *The Everest* reclassified to Group 1 status and will continue pursuing that goal during the 2018/19 year.

During the year, Racing NSW also announced the conduct of *The Kosciuszko*, a new race designed specifically for NSW country-trained horses with prizemoney of \$1.3 million. This race, which will be conducted at Royal Randwick Racecourse on the same day as *The Everest* will also be open to slot holders.

The race is being conducted in conjunction with Tabcorp and the Australian Hotels Association (AHA) and an art union is being conducted with slots in the event allocated to the winning ticket holders who will then be able to enter into arrangements with owners and trainers to acquire a starter in the race. Like *The Everest* this is a totally new concept for Australian racing.

The year also saw the fifth running of The Championships which were again conducted successfully and have earned their place as the grand final of Australian Thoroughbred Racing.

As in previous years, the Provincial and Country Championships series played an important role in the success of the overall event.

In accordance with its commitment to initiate and maintain a strong focus on equine welfare, the Board approved the purchase of a 2,600-acre property at Capertee for the rehabilitation, retraining and rehoming of Thoroughbreds.

Throughout the year significant improvements have been made to ensure that this property continues to remain a first-class facility.

In accordance with its obligations under the Thoroughbred Racing Act 1996, Racing NSW also commenced the development of a new Strategic Plan and has consulted extensively with race clubs and participant groups in developing the Plan.

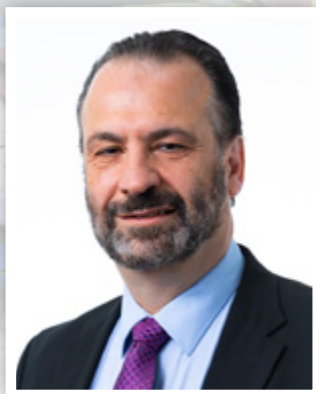
It is anticipated that the Plan will be available for distribution during the first six months of the new financial year.

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

Peter is possessed with exceptional drive and energy and he and his team continue to provide outstanding service to the NSW Thoroughbred Racing Industry and must be congratulated on their 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 and I look forward to working with you during the upcoming year for the further development of the New South Wales Thoroughbred Racing Industry.

Yours Sincerely
Russell Balding AO



Peter V'landys AM
Chief Executive

Highlights

The 2017/18 year was again an extremely successful year for the NSW Thoroughbred Racing Industry with several new initiatives implemented or announced for future years. Also, additional benefits from previous initiatives such as parity flowed through to the industry. These include:

- Returns to owners during the year totaling \$253.8 million (an overall increase of 11.46% from the previous year). Returns to owners has increased by \$113 million since 2010 which is an 81% increase.
- Consistent with the central objective of the 2018 Strategic Plan to defray owners' costs, Racing NSW announced prizemoney increases, totalling \$22.75 million per annum which will commence on 1 September 2018, with the vast majority for horses finishing fourth to tenth, thus distributing prizemoney to a much wider network of owners, trainers, jockeys and strappers. This will take the return to owners to in excess of \$277 million per annum.
- The inaugural running of *The Everest* carrying prizemoney of \$10 million, making it Australia's richest race and the world's richest race on turf. *The Everest* was further enhanced by the announcement that prizemoney for the 2018 event would be \$13 million, \$14 million in 2019 and \$15 million in 2020.
- The development of *The Kosciuszko*, a \$1.3 million race for country trained horses to be run on the same day as *The Everest*. The race in the majority is funded by punters purchasing Sweepstakes tickets to become a slot owner in the race or win proceeds from a Calcutta.
- The impending introduction of a Point of Consumption Tax in New South Wales from 1 January 2019 which is estimated to generate an additional \$29 million for the NSW Thoroughbred Racing Industry.

Financial Performance

Racing NSW reported an exceptionally strong operating surplus of \$15.8 million in the current

financial year (up from \$6.2 million in 2017), in addition to paying \$27 million more in increased prizemoney.

The most pleasing aspect this year is that Racing NSW has set aside an additional \$20 million to fund Capital Expenditure at NSW Thoroughbred Race Clubs. This Capital Expenditure Fund will provide for the continuing upgrade and maintenance of NSW thoroughbred racecourses, training and customer facilities, which will be detailed in Racing NSW's 2018 Strategic Plan. The Capital Expenditure Fund was funded from Parity payments, Race Field Fees and the continuing operational efficiency of Racing NSW.

Racing NSW recorded a first charge to the NSW Thoroughbred Racing Industry against the TAB distribution of \$9.561 million, a modest increase of 4% from the previous year (\$9.118 million in 2017). This allows for the continuing increases in funding to NSW Thoroughbred Race Clubs and Owners.

Workers Compensation Division

The Racing NSW Workers Compensation Fund (the Fund) operates on a not for profit basis and its objective is to collect sufficient premiums to cover claims costs and future liabilities.

During 2017/18, the Fund received 547 new claims which replicated the new claims incidence for 2016/17.

The Fund experienced a revenue to costs surplus of \$2.4 million. The result was attributable to the containment of claims costs during 2017/18 and a reduction in other expenses comparative to the previous financial year.

The actuarial valuation of the possible future liability of the Fund at 30 June 2018 was assessed at \$42.2 million which was a decrease of \$100,000 on the valuation at 30 June 2017 of \$42.3 million and \$2.6 million below the actuarial forecast of \$44.9 million for 30 June 2018. The improvement in the actuarial position was attributed to a better than expected average claims cost, an improved claims costs experience for older claims and the rate of claims finalisation which continues to improve year on year.

The costs to revenue surplus combined with the decreased actuarial valuation of future liabilities allowed for \$2.5 million to be transferred to reserves which are maintained to ensure funds are available in a year(s) the Fund returns a deficit. The Fund currently maintains a reserve of \$3.9 million. The Fund has now performed soundly over several years having overcome a deficit which peaked at \$9.2 million at the end of the 2010/11 financial year.

Revenue

Race Fields Legislation

The Race Fields scheme continues to be a critical source of funding for the New South Wales Thoroughbred Racing Industry. During the year, 267 wagering operators were granted approvals to provide wagering services on NSW Thoroughbred Race Fields and \$118.08 million was collected from this source.

The concept of Race Fields fees developed from an earlier legal move of Racing NSW in March 2004 to enforce copyright to ensure payment was received from wagering operators. These wagering operators in 2004 were generating \$1 billion in turnover, now \$15.3 billion. These operators were paying nothing to racing in NSW and were targeting NSW punters. The legal move to enforce copyright ultimately led to Race Fields Legislation. Racing NSW's successful defence of the Race Fields Legislation in the High Court of Australia provided certainty in charging wagering operators.

It now applies to over \$15.3 billion of turnover generated by wagering operators annually nationally and will generate over \$1 billion for the NSW Thoroughbred Racing Industry in the next ten years and over \$3 billion in revenue nationwide.

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.

The scheme was amended from 1 July 2017 to increase the rate applied to standard other (non-derivative) bets to 2%.

With this change the fees for the use of NSW Thoroughbred Race Fields 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	2.00%	2.50%	3.00%

An annual review was again conducted in June 2018. Following the 2018 review, no changes to the

fees structure were made. However, Racing NSW will continue to review the scheme to measure its performance and make changes where optimal.

Parity with Victoria on Sharing of TAB's Gross Wagering Revenue

Following the enactment of the Betting Tax Legislation Amendment Act 2015, the NSW Thoroughbred Racing Industry is now receiving the benefits of parity with the NSW Government reducing the share it takes of the NSW TAB's gross wagering revenue to bring into line with Victoria.

The legislation provided for a staged introduction of the concessions over 5 years commencing from 1 July 2015 in accordance with the following schedule:

Year	Racing NSW Proceeds from Parity
FY16	\$18.53 million
FY17	\$35.76 million
FY18	\$36.84 million
FY19	\$44.00 million
FY20	\$51.00 million
FY21	\$70.00 million

The 2018 financial year was the third year of wagering tax parity and the NSW thoroughbred industry's 77.3% share was \$36.84 million taking the total amount received to date to \$91.129 million. We are still, however, receiving approximately \$34 million less per annum than the Victorian Racing Industry, which further highlights the significance of the increases to prizemoney and returns to owners, achieved in NSW.

Point of Consumption Tax

Following the handing down of the NSW State Budget in May 2018, the NSW Government announced that it would introduce a Point of Consumption Tax (PoCT).

Racing NSW supported the introduction of a PoCT by the NSW Government to bring it into line with the Governments of other Australian States and Territories, which had already introduced such a tax or had stated their intention of doing so.

At the present time, when a NSW resident places a wager with a wagering operator located in another Australian State or Territory, no tax is payable to the NSW Government in respect of those bets. Currently only the NSW TAB pays a wagering tax to the NSW Government.

Whilst the NSW racing industry receives a race field fee in respect of bets on NSW races, no fee is payable when the bet is placed on interstate or overseas races.

Currently, a large proportion of betting by

NSW residents is made with interstate corporate bookmakers or betting exchanges who pay no tax to the NSW Government. Therefore, the introduction of a PoCT will enable the NSW Government to collect revenue from all wagering operators (NSW and Interstate) who accept wagers from NSW residents and not only the NSW TAB.

In supporting the introduction of the PoCT tax, Racing NSW was strongly of the view that the tax should be assessed on all wagering revenue of all wagering operators.

However, Racing NSW was concerned that the NSW Racing Industry should not be worse off as a result of the introduction of a PoCT. In this respect, the PoCT will add to the operating costs of wagering operators resulting in the NSW Racing Industry losing its pricing power when setting the rate of Race Field fees. Accordingly, to offset this potential loss of a future revenue source, Racing NSW recommended that the NSW Racing Industry should receive a share of the PoCT. Furthermore, Racing NSW maintained that it was paramount that the NSW Racing Industry's share of the POCT is enshrined in the legislation (as it also did in respect of parity) to enable the NSW Racing Industry to budget for the future with certainty, without being part of the annual consideration by Treasury in its budget process.

The new tax will commence on 1 January 2019. It is estimated that the NSW Racing Industry will receive in excess of \$40 million annually from the

PoCT. Of that amount, the NSW Thoroughbred Racing Industry should receive approximately \$29 million in additional revenue per annum.

Prizemoney>Returns to Owners

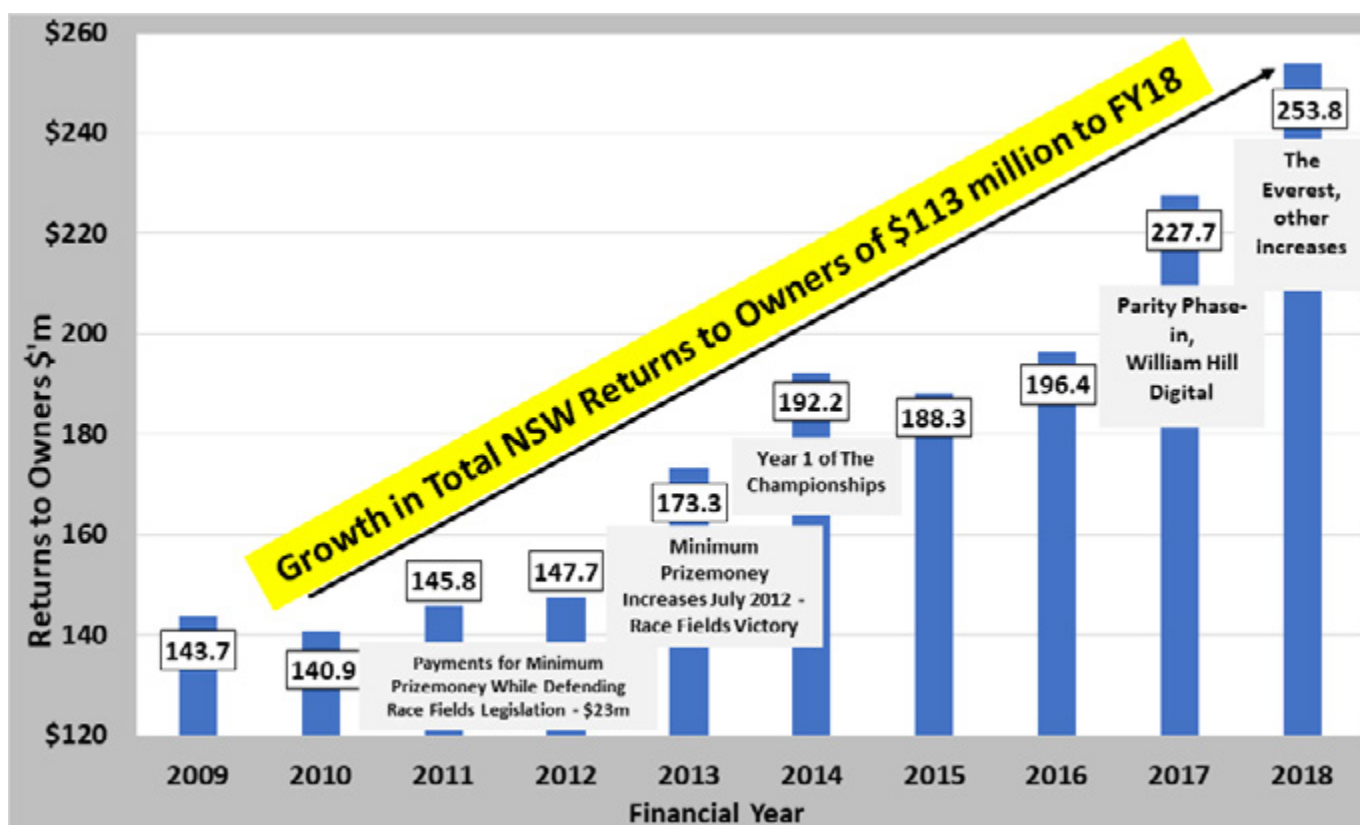
Racing NSW continued to develop and implement policies aimed at maximising returns to racehorse owners and continued to perform strongly in delivering prizemoney and other financial returns to owners.

Returns to owners during the year totaled \$253.8 million (an overall increase of 11.46% from the previous year) and were made up of the following.

Item	2016/17	2017/18
Prizemoney and BOBS	\$210,790,364	\$234,996,303
Other payments on behalf of owners (i.e. jockeys riding fees, etc.)	\$17,010,612	\$18,821,593
Total	\$227,719,976	\$253,817,897

Total returns to owners paid in NSW has grown by \$113 million per annum since 2010 as summarised in the chart below.

GROWTH IN TOTAL NSW RETURNS TO OWNERS OF \$113M



It should also be noted that not all of the prizemoney increases have gone to the upper end of the industry. Seventy-five non-TAB meetings have been converted to TAB meetings. This has meant those meetings have gone from \$36,000 in prizemoney to \$60,000 in prizemoney, a 66% increase. This is on top of non-TAB prizemoney increase from \$3,500 per race to \$6,000 per race, a 70% increase.

2018 Strategic Plan

Racing NSW consulted widely and over a long period of time on its new Strategic Plan. After giving careful consideration to the matters raised by industry participants, the integral objectives of the Plan are defraying the costs of owners, enabling trainers to improve their cash flow and business viability as well as providing a stimulus for improving field sizes, especially for Metropolitan and Provincial racing, and in procuring industry staff.

In order to immediately address the central objective of defraying owners costs, Racing NSW announced that from 1 September 2018, minimum prizemoney for Saturday Metropolitan races increased by \$25,000 to \$125,000 per race, which headlines the increases summarised in the table below.

The majority of the increase in prizemoney is on horses finishing fourth to tenth in races bolstering returns to a much wider network of owners, trainers, jockeys and strappers.

Further, in order to improve the cash flow for trainers, part of the increased prizemoney paid for horses finishing in these positions is paid by Racing NSW directly to the trainer, with these amounts to be

credited as a prepayment to the owner's accounts. This provides a \$13.1 million improvement to trainers' cash flows.

In addition, trainers themselves receive an additional \$2.4 million a year in trainer's commissions from the above increased prizemoney.

With the prizemoney paid down to tenth position, jockeys also collectively receive a widespread increase in their prizemoney percentages of \$1.2 million annually. For example, a jockey whose horse finishes tenth in a Saturday metropolitan race receives an extra \$75 in addition to the ride fee, an increase of almost 38% on that fee.

The Strategic Plan also included increases in prizemoney to two of The Championship races, namely the Percy Sykes Stakes and the Arrowfield 3 Year Old Sprint, which have an additional \$400,000 added to take them to \$1 million per race. This means that the 10 Championship races now carry a minimum of \$1 million per race.

Following these increases in prizemoney, NSW now pays \$260 million annually in prizemoney and bonuses, which is the highest of any State in Australia.

As highlighted by the table below, prizemoney in NSW has increased by more than \$130 million annually across a seven-year period. The success of thoroughbred racing in NSW over this time is due in no small part due to the thousands of hard-working industry participants and the many thousands of owners that continue to subsidise the industry.

In addition to the increase in prizemoney, Racing NSW's Strategic Plan also includes significant investment in our tracks and training facilities and on our integrity operations.

Race Type	At June 2012	Prior to September 2018 increases	September 2018	% Increase to September 2018
Metropolitan Saturdays	\$70,000	\$100,000	\$125,000	78.6%
Metropolitan Midweek	\$27,000	\$40,000	\$50,000	85.2%
Metropolitan Public Holiday	\$40,000	\$50,000	\$60,000	50.0%
TAB Highways	N/A	\$60,000	\$75,000	–
Provincial	\$16,000	\$30,000	\$35,000	118.8%
Country TAB	\$10,000	\$20,000	\$22,000	120.0%
Country Showcase (were TAB)	\$10,000	\$30,000	\$30,000	200.0%
Sky 2	\$6,000	\$10,000	\$10,000	66.7%
Non-TAB	\$3,500	\$6,000	\$6,000	71.4%

BOBS

Racing NSW's incentive scheme, BOBS (Breeder Owner Bonus Scheme), had another strong year with a total of \$13.3 million paid out in bonuses and double up vouchers.

Some quick facts on BOBS: -

- In 2017/18, 1307 BOBS bonuses were paid;
- Racing NSW has paid out more than \$129 million in bonus prizemoney since BOBS began 16 years ago;
- Of the BOBS bonuses won, two-year-old horses won 186 (14%) and three-year-old horses accounted for 1121 (86%) wins;
- Fifteen of the eighteen leading sires by value of bonuses are Australian-bred, and
- Since the double-up option was introduced in January 2005, more than \$37 million has been put back into the NSW Breeding Industry through this scheme, benefiting not just breeders, but also owners and trainers.

Mares Bonus

BOBS Mares Bonuses commenced in August 2017 and in accordance with a proposal from the Thoroughbred Breeders of NSW, the conditions of BOBS were altered to pay bonuses to the owners of mares breeding to BOBS-eligible stallions.

This replaces the existing bonus payment made to owners of nominated stallions, with these stallion owners agreeing to forego that bonus to create a larger payment to the broodmare owners.

This change added a further \$2 million annually to bonus payments from BOBS to the owner of mares. Racing NSW funds \$1 million of the additional monies to broodmare owners.

The Everest

Without doubt, the highlight of the 2018 financial year was the overwhelming success of the inaugural running of *The \$10 million Everest*, which was Australia's richest race and the richest race on turf in the world.

The Everest was unique to Australian racing in that it was open to local and international buyers to buy a slot in the race at a price of \$600,000. Twelve slots were sold in *The Everest* entitling the owner the opportunity to nominate a horse in the race. The slot owners did not need to own the horses and, they could negotiate with owners of horses to contest the event with arrangements between themselves to share the prizemoney. Slot holders committed their participation for three years with a rolling one-year option. After the success of the first running of *The Everest*, all of the slot holders exercised the option for 2020.

The Everest was run at Royal Randwick Racecourse over 1200 metres on 14 October 2017. The inaugural event was won by Redzel, trained by

the father-and-son team of Peter and Paul Snowden. Redzel won for the JHB Everest slot headed by bloodstock agent James Harron and his group of investors. The slot holder partnered with the owners of Redzel, being a Triple Crown syndicate of 17 everyday Australians which included a taxi driver, electrician and doctor.

The public embraced the new race with 33,512 race fans attending Royal Randwick to witness its first running, the biggest crowd in the last 15 years. *The Everest* was particularly attractive to the younger demographic with 76.5% of attendees being under 35 years of age.

The Everest was by far the highest rating Sydney race meeting on Channel Seven in 2017.

Nationally, *The Everest* had a 25% larger national audience than Golden Slipper Day which was the next highest race day. In Sydney, *The Everest* audience on Channel 7 was 51% higher than Golden Slipper Day.

In addition, *The Everest* race day audience on Sky Thoroughbred Central was 126% higher than the comparative race day in 2016 and *The Everest* race day audience on Sky 1 (home viewers) was 37% higher than the comparative race day in 2016. Total turnover on the meeting was \$76 million (double the turnover for the previous year's meeting)

Other records established by *The Everest* included:

- Highest NSW TAB turnover for a single day ever outside of Melbourne Cup (\$6 million/11% higher than 2016 Derby Day)
- Highest NSW TAB revenue for a single day ever outside of Melbourne Cup (\$2.3 million/23% higher than 2016 Derby Day)
- Highest NSW TAB turnover on a single meeting outside of Melbourne Cup since 2010 Golden Slipper day (\$1.3 million short of record)
- Highest NSW TAB turnover on a single race ever outside of Melbourne Cup (\$80,000/1% higher than 2012 Cox Plate)
- Highest NSW TAB exotic pool ever outside of Melbourne Cup (First Four pool reached \$3.4 million, which was \$1.4 more than 2006 Caulfield Cup Trifecta pool)
- Highest number of NSW TAB customer accounts opened in a single day ever outside of Melbourne Cup (2,559 new customers, 975 more than Mayweather vs McGregor in August 2017)

The Everest was the highlight of a revitalized Sydney Spring Carnival which featured important enhancements to the program for three-year-old and middle-distance weight-for-age races. The sprinting program leading into *The Everest* was also enhanced and the staying program boosted with the ATC St Leger being revived and added to *The Everest* Day.

In addition to *The Everest*, prizemoney was boosted by close to \$2 million for the 2017 Sydney Spring Carnival which offered more than \$22.5 million in stakes from Saturday 9 September to Saturday, 14 October 2017.

These changes supported a strategy to develop *The Everest* and Spring Carnival into a world

recognised event.

Following the success of the inaugural *The Everest*, Racing NSW and the Australian Turf Club have now announced prizemoney increases for 2018 and future years as follows:

- *The Everest* 2018 will be worth \$13 million in total prizemoney

- *The Everest* 2019 will be worth \$14 million in total prizemoney

- *The Everest* 2020 will be worth \$15 million in total prizemoney

Racing NSW and the Australian Turf Club have always committed to reinvest any incremental profits from *The Everest* back into the race. The success of *The Everest* in 2017 in attracting record betting turnover and commercial revenues has allowed this reinvestment to occur immediately.

The Kosciuszko

During the year, Racing NSW announced that the world's richest country race will now be held on Everest Day at Royal Randwick, with a new \$1.3 million race – *The Kosciuszko* over 1200 metres. The race will be restricted to NSW country trained horses who will get a chance to compete on the biggest day of racing in Australia with more than \$16 million of prizemoney on offer.

Through a promotion with the Australian Hotels Association (AHA), Tabcorp (TAB) and Racing NSW, members of the public will be able to buy \$5 Sweepstakes tickets. There will be 24 winning tickets drawn. The first 12 tickets each win an entry in *The Kosciuszko* and can select a NSW country trained horse to race in their entry, subject to agreeing with the horse's owners as to how they will share the prizemoney for the race, with Racing NSW assisting winning ticket holders in identifying horses for selection. A further 12 winning tickets have an entry in *The Kosciuszko* Calcutta.

Tickets in *The Kosciuszko* promotion were sold through TAB and at all NSW AHA hotels that feature a TAB outlet. Tickets could also be purchased at selected AHA hotels that have dedicated Eftpos terminals that will exclusively sell *The Kosciuszko* tickets.

Racing NSW also contributed \$125,000 from the sale of tickets in *The Kosciuszko* promotion to the Aussie Helpers charity to support NSW farmers.

The Championships

The fifth running of The Championships in 2018 again proved to be a fitting grand final of racing and one of the major highlights of racing in New South Wales. Prizemoney of \$20.4 million was distributed over the 2 days of The Championships.

A crowd of 19,832 attended Day 1 of The Championships which produced a great moment with crowd favourite Happy Clapper, trained by

local legend Pat Webster, winning the prestigious Doncaster Mile. The other highlight of the day was Rosehill trained Trapeze Artist winning the T J Smith Stakes.

On Day 2, 25,822 racegoers attended Royal Randwick Racecourse to witness champion mare Winx winning the Queen Elizabeth Stakes for the second year in a row, and her 25th race in a row.

The Country Championships reaches new highs every year and is the race that trainers and owners target well in advance. Each region creates its own groundswell of interest, with locals following horses that win their respective qualifying races all the way to Royal Randwick Racecourse. In 2018, the regional qualifying heats were each run with prizemoney of \$150,000, with the prizemoney for the Final increased this year to \$500,000 (an increase of \$100,000 on last year).

Total prizemoney for the Country Championships was \$1.6 million. Racing NSW welcomed Newhaven Park Stud as a sponsor for the Country Championships Final for the second successive year in 2018. The Country Championships Final was won by the Jenny Graham trained Victorem.

The Provincial Championships qualifying races were also each run for prizemoney of \$150,000 with the prizemoney for the Final also increased by \$100,000 to \$500,000. Total Prizemoney for the Provincial series totaled \$1.25 million. The final was won by Serene Miss trained by Kris Lees.

The Provincial Championships was revamped in 2018, with the five qualifying races run across successive Saturdays leading into the Final, with each qualifier and the Final sponsored for the first time by Polytrack.

The revamp proved successful with many more locals able to attend due to the events being held on a Saturday. Attendances and wagering increased overall from the previous year.

As mentioned in last year's Report, greater use is made of social media in the promotion of both the Country and Provincial Championships via Twitter, Facebook and Instagram which is a much more cost effective medium than print advertising. Also, we can geographically target a particular audience with Facebook and Instagram so as to obtain maximum audience penetration.

Equine Welfare Program – Rehoming of Horses

During the year, Racing NSW furthered its commitment to the development and maintenance of programs for the welfare of thoroughbred horses.

On 1 October 2017 Racing NSW enacted Local Rule 114 – Equine Welfare. This rule was established to ensure the welfare of thoroughbred horses from birth, during their racing careers and on retirement, which includes horses that have never made it to the race track. Included in this rule are:

- ◆ Obligations on persons in custody of any horse

to provide a minimum standard of care at all times;

- ◆ Requirements for all horses that have been domiciled in New South Wales for the majority of their lives to be suitably rehomed on retirement and for Racing NSW to be advised of the new location.

A new Retirement of Racehorses Form has been implemented by Racing Australia to capture the additional information required under LR114. Racing NSW has actively monitored the program to ensure compliance.

In keeping with the program, Racing NSW acquired Princes Farm from the Cummings family as an investment for the NSW Thoroughbred Racing Industry and as a property for retraining horses and undertaking industry training. The property at Castlereagh in Sydney's West is fully equipped with 1,000 metre sand training track, 137 acres of fully fenced paddocks, stable blocks, undercover round yards and multiple staff residences.

Racing NSW has continued to develop the Capertee Farm purchased in 2017, including pasture improvements and installation of a new bore for irrigation. It was very pleasing that in drilling the very first bore significant water was found with potential of having 1000 megalitres per annum from this bore alone. The second bore drilled on a different part of the property yielded equally as much water. This alone has added significant value to the property.

Capital Development

During the year, Racing NSW's Capital Works Program maintained momentum with a number of significant projects either completed or currently in-progress. The most significant achievement was the commissioning of the new \$4 million Polytrack® all-weather synthetic training surface at Hawkesbury Racecourse. Hawkesbury Race Club is extremely pleased with the performance of the new surface and it has attracted favorable comment from trainers. Feedback has been overwhelmingly positive with horses routinely conducting full gallops and trainers reporting improved performance. Racing NSW continues to carefully monitor the performance of this new surface.

Other projects commenced or finalised during the year include:

- **Dubbo Turf Club** – Completion of drainage improvements to the Course Proper comprising a combination of sand slit drainage and longitudinal sand grooving.
- **Goulburn & District Race Club** – Stage 1 of a new racecourse irrigation system is nearing completion.
- **Hawkesbury Race Club** – Preparation of design documentation & specifications for the construction of fifty new stables plus wash bays, storage, tack/feed rooms and associated

amenities.

- **Illawarra Turf Club** – Design development for a new synthetic fast work training surface, upgrading of the "B" grass track, drainage improvements to the Course Proper plus upgrading of the racecourse irrigation system.
- **Clarence River Jockey Club** – Resurfacing of undercover betting ring and public area.
- **Manning Valley Race Club** – Design development for proposed construction of new race day/tie-up stalls including associated trade waste disposal systems.
- **Murrumbidgee Turf Club** – Completion of drainage improvements to the Course Proper consisting of sand slit drainage & sand grooving.
- **Sapphire Coast Turf Club** – Commissioning of a new 16 box stables complex.
- **Wyong Race Club** – Re-curbing works to the 'slow work' sand training track.

NSW Thoroughbred Digital Streaming

As advised in the 2017 Annual Report, Racing NSW negotiated an agreement with William Hill for that company to provide live streaming of NSW Thoroughbred Racing on its digital platforms.

The revenue under that agreement provided valuable funding for prizemoney increases together with significant marketing spend to grow interest in the NSW Thoroughbred Racing Industry in the young demographic.

William Hill was acquired by CrownBet in April 2018, which subsequently rebranded itself to BetEasy. Racing NSW successfully negotiated both a novation of the William Hill agreement (which was due to expire on 30 September 2018) and a further two year agreement, expiring on 30 September 2020, thereby securing this valuable source of revenue and marketing spend.

Channel Seven Free to Air Media Rights Agreement

In February 2018, Racing NSW and ATC agreed to terms with Channel 7 for increased coverage of NSW race meetings on free to air television. This agreement relates to 21 feature Saturday Metropolitan race meetings which are predominantly broadcast on Channel 7.

The agreement includes significant cross-promotion on *The Everest*, *The Championships* and *the Golden Slipper*. The benefits of the increased coverage and significant cross-promotion was crucial in promoting NSW thoroughbred races to the broader public in 2018.

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 world class analytical testing services to control the misuse of prohibited substances for Racing NSW Stewards and external clients.

The scope of testing performed on both race-day and out-of-competition samples was increased throughout 2017/18. An additional 8,746 enhanced tests were undertaken on top of routine surveillance tests on race day samples. In addition, 2,817 out-of-competition tests were performed which included the analyses of samples from horses specified under the EBP tactical testing strategies. The benefits of this scope of testing is designed to detect any misuse of performance enhancing substances during training and to monitor closely compliance of veterinary treatment records following the administration of legitimate therapeutic substances.

Anabolic and androgenic steroids (AASs) are a class of prohibited substances banned in horseracing at all times. To provide greater surveillance and even longer detection periods for the misuse of AASs than is observed in blood and urine, the ARFL has enhanced its scope of testing by incorporating methods for detection in equine hair. Hair analysis is crucial as the longer detection windows allow for the identification of synthetic forms of steroids which can provide unequivocal proof of administration.

ARFL capabilities were further enhanced in 2017/18 with the procurement of a highly sensitive triple quadrupole liquid chromatography mass spectrometer (LCMS) for blood, peptide and hair analysis and a sophisticated automated extraction unit to implement high-throughput testing.

As a department of Racing NSW, the ARFL integrates with Racing NSW Stewards, Veterinary Department and the Intelligence and Surveillance Unit in a whole-of-organisation approach. To this effect, the ARFL analysed 150 special exhibit samples using accredited analytical methodologies 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.

Drought Relief

Racing NSW is aware of the devastating effects of the drought which is occurring throughout New South Wales and the effects it is having on many NSW Thoroughbred Racing participants. Accordingly, during the upcoming year we will establish a drought relief fund to assist those participants who are in severe financial stress due to the drought.

Initially, Racing NSW will contribute \$1 million to this fund to aid those who are most affected. In addition, Racing NSW will look at other programs which it may initiate to help participants in their time of need.

Acknowledgements

I would like to thank the Chairman, Russell Balding, AO and members of the Board for their leadership, support and friendship during the year. Collectively, the members of the Board have a vast range of experience in the public and private sectors and their experience, knowledge and dedication have contributed greatly to the many achievements realised by Racing NSW over the past twelve months. In particular, I thank Russell for his leadership, guidance and mentoring during the year which has greatly assisted me in carrying out my functions and responsibilities.

I again acknowledge and thank the executive and staff of Racing NSW for their continued loyalty and dedication. The combined conscientious efforts of all Racing NSW's staff have contributed largely to the continued success and viability of the NSW Thoroughbred Racing Industry.

I also thank the many other persons involved in the industry, including Club Committees and participant groups who give freely of their time and effort mostly in a voluntary capacity in the various administrative and other roles which contributed to the success of the industry in New South Wales.

Finally, I offer my sincere condolences to the families of those participants who sadly passed away during the year. Full details are shown on page 44.

Peter V'landys AM
Chief Executive





Scott Kennedy

General Manager –
Industry & Analytical

Racing in New South Wales

Highlighted by the inaugural running of *The Everest*, 2017/18 was another successful year on many fronts for Thoroughbred racing in NSW.

In recent years it has been reported that the NSW Thoroughbred Racing Industry continues to be the largest and most expansive of any Australian State.

This was highlighted during the 2017/18 year, which featured a record number of TAB meetings run across NSW. The combined total number of Metropolitan and Provincial status meetings of 249 was the highest since 2003/04.

Similarly, the Country schedule saw the addition of new TAB meetings, including the conversion of non-TAB meetings.

Consistent with the drought conditions across much of NSW, the year was also one of the driest for many years on record. Hence, there were relatively few meetings lost to wet weather in the past year which also contributed to the large number of meetings being run.

The number of non-TAB and picnic meetings held was also high due to the climatic conditions. Although total non-TAB meetings declined, this is more than attributable to the conversion of these to Sky 2 TAB fixtures.

There were numerous successes among these conversions including: -

- Gilgandra reducing its total number of meetings to stage only its Cup and Sky 2 meetings, generating an extra \$160,000 of income for the industry;
- Griffith successfully staged its first TAB meeting in September 2017;
- Corowa's Melbourne Cup non-TAB meeting was held as a Sky 2 TAB twilight meeting on the Monday prior, attracting holiday-makers to the Murray River and generating excellent wagering that matched the sole NSW meeting earlier that afternoon; and
- Conversion of various non-TAB meetings in the Central-West to Sky 2 fixtures including the December twilight meeting at Warren and October meeting at Forbes.

NSW RACE MEETINGS HELD

SECTOR	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Metropolitan	120	124	117	114	116	113	116
Provincial	120	118	134	130	131	130	133
Country TAB	291	315	328	312	304	318	342
Country Saturday TAB	70	65	61	65	64	58	75
Country Non-TAB	109	110	108	100	93	87	83
Picnic	31	28	29	27	27	26	31
TOTAL	741	760	777	748	735	732	780

Consistent with the high number of race meetings held, the total number of NSW races held was the highest for more than 15 years. The number of TAB races held exceeded 5,000 for the first time.

NSW RACES RUN

SECTOR	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Metropolitan	917	931	890	863	913	929	955
Provincial	934	919	1,037	1,010	1,020	1,010	1,039
Country TAB	2,228	2,391	2,468	2,360	2,291	2,411	2,560
Country Saturday TAB	443	416	393	416	418	381	481
Country Non-TAB	590	596	584	533	504	481	462
Picnic	174	161	165	159	159	152	179
TOTAL	5,286	5,414	5,537	5,351	5,305	5,364	5,676

The total NSW race starters in 2017/18 year also increased in line with the number of meetings held after falling for the three previous years. The increase in race starters was attributable to the increased number of meetings 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	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Metropolitan	8,954	8,925	8,731	8,125	9,082	8,735	8,864
Provincial	9,140	9,124	10,074	9,338	9,176	8,542	8,436
Country TAB	24,787	26,016	26,662	25,226	24,304	25,792	26,781
Country Saturday TAB	4,601	4,317	4,171	4,296	4,289	3,924	4,842
Country Non-TAB	4,942	4,926	4,754	4,356	4,121	3,723	3,288
Picnic	1,082	994	1,054	993	902	925	1,034
TOTAL	53,506	54,302	55,446	52,374	51,874	51,641	53,245

Metropolitan and Provincial field sizes both declined markedly in 2017/18 compared to the previous year.

There has been an increase in the number of Metropolitan, and particularly Provincial-trained horses, contesting Country TAB meetings.

This is especially the case with Country tracks that are readily accessible by Metropolitan and Provincial-trained horses, in turn translating increased field sizes for Country TAB races.

Although the number of total starters increased, the average field size declined with the starters spread across the high number of meetings and races held.

NSW AVERAGE FIELD SIZES

SECTOR	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Metropolitan	9.76	9.59	9.81	9.41	9.95	9.40	9.28
Provincial	9.79	9.93	9.71	9.25	9.00	8.46	8.12
Country TAB	11.13	10.88	10.80	10.71	10.61	10.70	10.46
Country Saturday TAB	10.39	10.38	10.61	10.33	10.26	10.30	10.07
Country Non-TAB	8.38	8.27	8.14	8.17	8.18	7.74	7.12
Picnic	6.22	6.17	6.39	6.25	5.67	6.09	5.78
TOTAL	10.12	10.03	10.01	9.81	9.78	9.63	9.38

During the year Racing NSW consulted widely with the industry in regard to developing handicapping and programming policies, with a view to improving Metropolitan and Provincial field sizes. These policies are being implemented early in 2018/19.

Racing Highlights

Racing in Sydney took a further bold step onto the world stage with the running of *The \$10 million Everest* on 14 October 2017.

Playing to the strength of Australian racing as a 1200m sprint race, *The Everest* captured the imagination of the Australian and worldwide racing community as the world's richest race on turf.

The Everest's race rating put it immediately alongside the world's best sprint races in 2017.

Congratulations to the team behind the five-year-old gelding Redzel who won the inaugural *The Everest*.

Redzel is an example of the wonderful stories that come from racing. Orphaned as a foal, Redzel was bought by Triple Crown Syndications for a group of 17 owners from all walks of life and they became part of this life-changing experience.

The fifth running of The Championships highlighted the

Sydney Autumn Racing Carnival and racegoers were treated to champion mare Winx equalling Black Caviar's winning streak of 25 consecutive wins in her second \$4 million Queen Elizabeth Stakes.

Seven days earlier, the ever-popular Happy Clapper joined some of the greatest ever 'milers' by adding a decisive win the \$3 million Doncaster Mile to his spring Epsom Handicap win over the Randwick 1600m.

High class 3yo Trapeze Artist got the better of Redzel in the \$2.5 million TJ Smith Stakes.

Evergreen stayer Who Shot Thebarman broke through in the \$2 million Sydney Cup at his fifth attempt in the race, having run second in the race on two previous occasions.

The \$2 million ATC Australian Derby saw a stirring duel between Victorian Derby winner Ace High and Victorian visitor Levendi; the latter getting the decision by a nose and then withstanding a protest.

The \$3.5 million Golden Slipper was a triumph for Team Hawkes when Estijaab won under Brenton Avdulla's front running ride.

Other Group 1 winners at Rosehill Gardens included Almandin (Tancred Stakes), Gailo Chop (Ranvet Stakes), D'argento (Rosehill Guineas), Winx (George Ryder Stks – three in a row), In Her Time (The Galaxy) and Hiyaam (Vinery Stud Stakes).

2018 saw the fourth runnings of the Country and Provincial Championships. The Country Championships Final went to Victorem for Port Macquarie trainer Jenny Graham.

Victorem also won the Mid North Coast heat leading home a Jenny Graham triffecta beating Awesome Pluck and Portatorio.

Thanks to Newhaven Park, not only for their sponsorship of the Country Championships Final, but also for hosting an event at the Doncaster Hotel the evening prior to the Final – a gesture greatly appreciated by participants.

The Polytrack Provincial Championships Final was won by the Kris Lees-trained Serene Miss who beat Newsfan and Plaisir.

For the first time, the Provincial Championships series was held on Saturdays with the qualifier being showcased on each day, run after the conclusion of the Sydney meeting that afternoon.

This was a tremendous success with the meetings enjoying increased attendances and wagering turnover growth.

NSW trainers had another outstanding season winning 37 of the 72 Group 1 races during the 2017/18 season.

Chris Waller had another phenomenal season training 13 Group 1 winners including Winx (six wins) and seven other individual winners: Shillelagh (Cantala Stakes), D'argento (Rosehill Guineas), Unforgotten (ATC Australian Oaks), Who Shot Thebarman (Sydney Cup), Comin' Through (Doomben Cup), Youngstar (Queensland Oaks) and The Autumn Sun (JJ Atkins Stks). The Godolphin team headed by James Cummings prepared four Group 1 winners.

Winx was the leading Group 1 winner again during the season with six wins (George Main Stakes, Turnbull Stakes, WS Cox Plate, Chipping Norton Stakes, George Ryder Stakes and Queen Elizabeth Stakes).

Happy Clapper broke through for three Group 1 wins (Canterbury Stakes in addition to the Epsom/Doncaster

double) along with Trapeze Artist who had three Group 1 wins (Golden Rose, TJ Smith and All Aged Stakes).

Alizee (Flight Stakes and Queen of the Turf) and Ace High (Spring Champion and Victoria Derby) were the only other multiple Group 1 winners.

NSW horses were prominent in the Australian Classifications categories. Top-rated horses were Estijaab (Joint Champion 2yo and 2yo Filly), Trapeze Artist (Champion 3yo Sprinter and Mile), Alizee (3yo Mile Filly and 3yo Champion Filly), D'argento (Leading 3yo Intermediate), Unforgotten (Leading 3yo Long/Extended Filly), Redzel (Joint Leading Older Sprinter), In Her Time and English (Joint Leader Older Sprinter Mare), Happy Clapper (Leading Older Mile Male), Winx (Leading Older Mile and Intermediate Mare) and Single Gaze (Leading Older Long/Extended Mare).

From the 19 separate categories, NSW-trained horses were outright or joint winner in 12 categories.

During the season Winx obtained a rating of 132 placing her as the best racehorse in the world by rankings. Winx joins Black Caviar as the only Australian-trained horses to achieve the 'world's best' ranking.

Brenton Avdulla capped an outstanding season by taking out his first Sydney Jockeys' Premiership with 92 wins from Blake Shinn (80 wins) and Tye Angland (72 wins).

Brenton also won the Provincial Jockeys' Premiership with 70 wins and made it the trifecta as the leading rider in the State with 164 wins from Tye Angland (138 wins) and Greg Ryan (136 wins). Brenton also won the Golden Slipper on Estijaab.

Jean Van Overmeire was the most successful apprentice rider in the State with 78 wins and 3 dead-heats. Jean was also crowned the Rising Star Series winner.

Chris Waller topped the Sydney Trainers' Premiership for the eighth consecutive year with a new record of 189 wins. Chris also prepared 258 winners statewide to take the NSW trainers' title. He also won his eighth successive Bart Cummings Medal.

Industry Support

Racing NSW plays an important role in facilitating sound Work Health & Safety (WHS) practices at race clubs throughout NSW.

During the year, Racing NSW conducted a series of 15 free WHS Training Seminars for race clubs throughout Regional NSW.

These seminars are supported by an online WHS Management System which is in operation at Provincial and Country clubs plus a kit-based version for Country non-TAB and picnic clubs.

The content of this system is regularly updated and streamlined where possible to simplify understanding and facilitate its implementation.

This training is critical in providing instruction to new industry participants, as well as providing updates to existing club managers.

These Seminars are conducted every two years and represent an important initiative to assist clubs in managing WHS responsibilities.

The presentations are held throughout the State to ensure ease of access even for remote clubs and provide both 'refresher' tuition for previous attendees plus instruction for new Secretary/Managers who have joined the industry

recently.

System improvements and enhancements are introduced on an ongoing basis to make the Club's WHS Management System(s) as easy as possible to use.

Racing NSW has continued with its program of racing and training infrastructure improvements and upgrades under the capital works program funded from accumulated Race Fields monies.

The most important project completed during the year was the new Polytrack all-weather synthetic training surface at Hawkesbury Racecourse. This \$4 million installation was funded by Racing NSW and Hawkesbury Race Club.

Feedback has been overwhelmingly positive with horses routinely conducting full gallops and trainers reporting improved performance. Racing NSW continues to carefully monitor the performance of this new surface.

Other race fields capital projects include: -

Hawkesbury Race Club – preparation of design documentation and specifications for the construction of 50 new stables plus wash bays, storage, tack/feed rooms and associated amenities, which will build training capacity in the Sydney basin.

Wyong Race Club – re-kerbing works to 'slow' sand training track, to ensure the retention of material and minimising the risk of contamination of the training surface.

Illawarra Turf Club – design development for a new synthetic all-weather training surface at Kembla Grange, upgrading of the 'B' grass track, drainage improvements to the Course Proper plus upgrading of the irrigation system.

Dubbo Turf Club – completion of drainage improvements to the course proper comprising a combination of sand slit drainage and longitudinal sand grooving.

Clarence River Jockey Club – contributed to the resurfacing of the undercover betting ring and public area at Grafton Racecourse.

Goulburn & District Racing Club – new racecourse irrigation system is nearing completion.

Manning Valley Race Club – design development for proposed construction of new raceday/tie-up stalls at Taree Racecourse including associated trade waste disposal systems.

Murrumbidgee Turf Club – completion of drainage improvements to the Wagga course proper consisting of sand slit drainage and sand grooving.

Sapphire Coast Turf Club – commissioning of a new 16-box stable complex.

During 2018, further enhancements were made to the approved quarantine premises at Canterbury Racecourse in response to feedback received from international participants during last year's inaugural operations.

This included increasing the number of stables and making the facilities more serviceable for visiting horses. These enhancements are in addition to the Australian Turf Club constructing an all-weather training surface at Canterbury.

Racing NSW continues its support of racing and training track maintenance programs spearheaded by its Racecourse Maintenance Manager.

This program includes the conduct of an annual series of five Regional Racecourse Managers Seminars. Racing NSW facilitates topsoil and water sampling programs to assist Clubs with week-to-week track maintenance.

The Turf Management Apprenticeship Scheme completed its first full year, with apprentices employed at locations throughout the State.

The program includes the apprentices undertaking a Certificate III in Sports Turf management/greenkeeping through TAFE, in addition to their duties at the Club. Apprentices are actively mentored both by experienced track managers and Racing NSW's Racecourse Maintenance Manager.

The scheme promises to significantly build the depth of skilled staff able to fit into senior track management roles.

Wagering on Racing

Wagering on NSW Thoroughbred racing grew very strongly throughout the 2017/18 financial year.

Total turnover on NSW Thoroughbred racing was almost

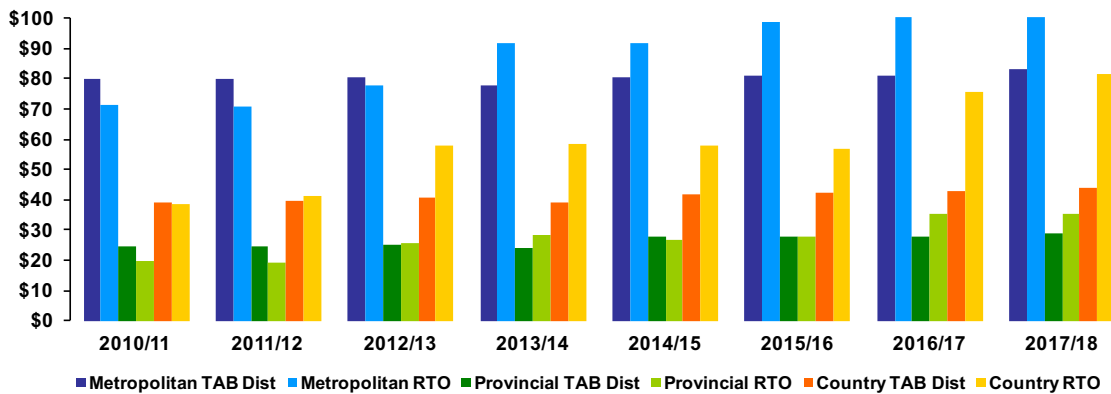
13% higher than the 2016/17 year.

Growth in turnover with interstate wagering operators, including corporate bookmakers and betting exchange, continued to be strong with the NSW TAB also recording its best turnover growth on NSW Thoroughbred racing for several years. Pleasingly, the Race Fields fee income grew at an even higher rate than that of turnover for the financial year.

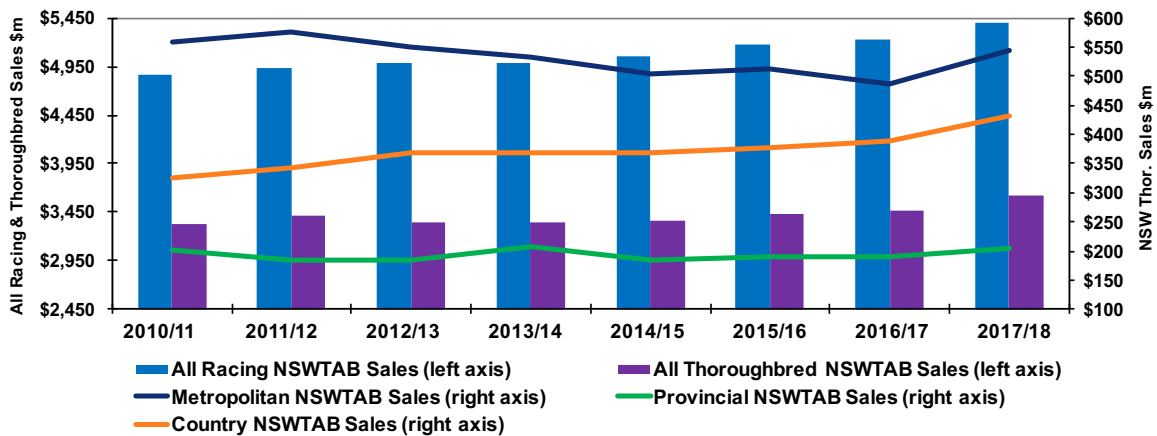
The growth in turnover was spearheaded by the inaugural staging of *The Everest* race meeting and other changes to the Spring Racing Carnival in Sydney. The increased number of race meetings held during a very dry year also contributed to the increased turnover.

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

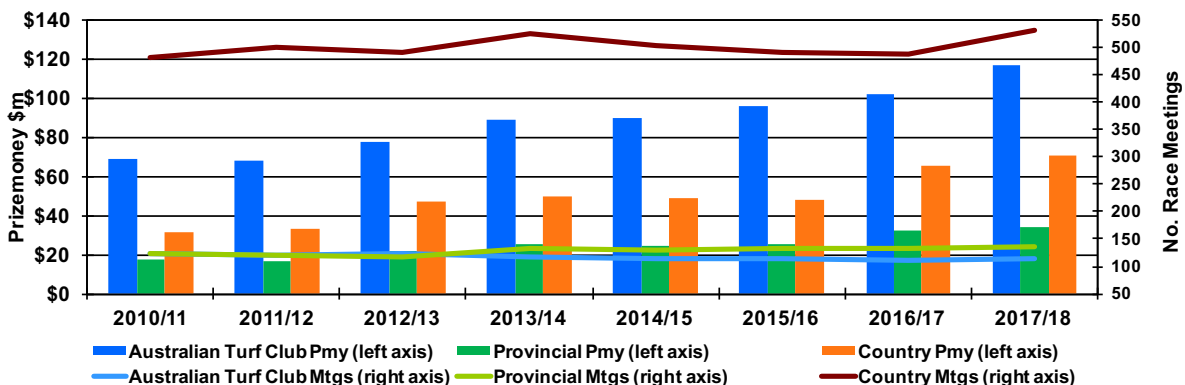
TAB DISTRIBUTIONS AND RETURNS TO OWNER BY SECTOR



RACING WAGERING SALES ON NSW TAB



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/Racing NSW partnership with TAFE Western Sydney Institute;
- Syndications, Licensed Promoters and ASIC communication;
- Stablehand 1.5% prizemoney bonus scheme;
- Welfare funding and support to participants in necessitous circumstances or flood/drought relief;
- Chairman Racing NSW Licensing Committee;
- Trustee, NSW Jockey's Trust;
- Chairman, NSW Jockey's 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, and
- Barrier Draw auditing.

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

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

Jockey Coaching

A review of apprentice jockey training resulted in Racing NSW appointing Jockey Coaches in regional areas and a Head Jockey Coach/Manager at Racing NSW, Sydney.

A Statewide consistent strategy was introduced focused on coaching and improving our young and new riders in the saddle.

The coaches – all experienced and successful former jockeys – attend race meetings, apprentice school, trackwork and barrier trials to provide skills improvement advice and coaching to the apprentices. Assistance in the Stewards' room and with the trainers and owners is also important.

An outline of the coach's role:

Requirements

Provide technical guidance and contribute to the personal development of pre-apprentices/apprentices through coaching, instruction and assessment.

Key Responsibilities

Support the development of both pre-apprentice and apprentice jockeys in the field by attending trackwork, jump outs, official trials and race meetings when deemed necessary.

Attend apprentice school when required, assisting in the training to further educate the riders.

Key Strategies

Video Analysis

- More explicit individual instruction and feedback on riding performance (for both apprentices and pre-apprentices)
- One-on-one video analysis with written feedback via set marking criteria report card
- Peer analysis and development of ability to self-evaluate and assess riding performance post-raceday
- Feedback verbally via phone, in person or email

Raceday Preparation

- Form analysis – individual or small group instruction
- Pre-race preparation planning. This includes definitive education in accurate analysis of speed maps, track bias and race tactics

Riding style and technique

- Individualise feedback on personal riding style and correct riding techniques. This includes the riding out of horses, both hands and heels, and more importantly usage of the whip

Raceday Etiquette

- Assisting with professionalism and etiquette in interactions with trainers and owners

Stewards Room, Inquiries and Media

- Assist with greater confidence and composure in the Stewards' room during inquiries (how to read stewards footage and be more articulate and assertive in their review of video evidence)
- Assist with education of riders when engaging with the media

Health and Safety

- Importance of safety during race riding in all track and weather conditions, and awareness of their fellow riders
- Fitness and diet

Professional Development

- Demonstrate commitment to racing industry values, ethical behaviour and well-being
- This type of coaching can provide a higher success rate of apprentices graduating to become successful senior jockeys.

More accomplished riders should develop who will have the ability to achieve satisfaction from a career path that they are passionate about.

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

The structure and function of the Race Fields scheme is continually reviewed by Racing NSW and when amended, changes are included in the Standard Conditions and advised to wagering operators.

In 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, bets taken at Totalizator Derived Odds attracts a higher product fee payable by wagering operators to the NSW Racing Industry than regular fixed odds bets.

As a result of the 2016 review, the category of a 'premier' meeting category was introduced from 1 July 2016, which applies to race meetings with at least one race carrying advertised prizemoney of \$1 million or greater.

The fee for Premier meetings is set at 3.5% for derivative bets and 3.0% for other (non-derivative) bets.

Following a 2018 review, no changes to the fees structure were made, however, more definitive clarifications were required in the minimum bet category.

This clarified that only specific bet types approved by Racing NSW are allowed – these approvals have an integrity focus and eliminate spot betting that can be open to manipulation by individuals.

Also added were further guidelines around reasons wagering operators should not avoid accepting a minimum bet, and recognition of the new NSW Official Betting Prices (NOP) was included in the Standard Conditions.

The 2018/19 Standard Conditions were therefore amended and advised to licensed wagering operators detailing each effective date.

Trainers Insurances – Renewal of Policies

Different to the National Jockeys' policy, the trainers' policy is NSW centric, held by the NSW Trainer's Association. This has been the case since 2008 when the NSWTA formed and sought better insurance cover for NSW trainers.

Racing NSW attended two meetings with the NSWTA and the insurance brokers regarding the renewals of Trainer Personal Accident policy and Public Liability Insurance policy.

Racing NSW's role is to check the terms of each policy with the objective to provide optimum protection possible within favourable terms for all trainers.

After pricing the market and receiving quotes for each type, the policies were renewed for 2018/19 with existing underwriters for equal or improved terms to the previous year's coverage (2016/17).

No increase in fees was required so trainers will pay the same monthly or per starter fees for this important insurance.

Jockeys Insurances – Renewal of Policies

Racing NSW, as a member of the Racing Australia Jockey Insurance Sub-Committee, reached agreement on the renewals of Jockey Personal Accident and Public Liability Insurance policies. Extensive consultation with the Australian Jockeys Association balances the policy objectives, achieving best coverage for reasonable premium costs.

Benchmark Programming and Handicapping Review

Metropolitan Field Sizes and Country Participation

After a detailed review of the Handicapping and Programming changes implemented in October 2015, and following extensive consultation with the NSW Trainer's Association, Racing NSW decided on major changes to the system, implemented in December 2016 and continued in 2017/18.

- **Spread of Weights - Benchmark and Open Handicap Weight Scale - Metropolitan Area**

Introduction of an 8kg weight spread in NSW Metropolitan races with a minimum weight of 53kgs and a topweight of 61kgs

- **Reduction of Weights - Benchmark and Open Handicap Weight Scale – all Sectors**

A reduction of weights in all NSW non-feature races if there is no horse on the minimum weight in a particular

race. For example, if the lowest weighted horse has been allocated 55kgs in a Metropolitan race it would be taken down to 53kgs and if the topweight in that race was allocated 61kgs this would be taken down to 59kgs. All weights in such circumstances would be taken down at declaration of weights until there is a horse on the minimum weight (subject to the minimum topweight requirements of the Australian Rules of Racing)

• **Country Participation in Metropolitan Racing**

An additional initiative aimed at increasing the competitiveness of Country horses in the Metropolitan area realised the introduction of an indicative secondary benchmark rating for country horses. This secondary Country rating provides an indication of the horse's likely rating in the Metropolitan area. Similarly, a Country rating will apply to Metropolitan horses nominating for Country races, providing a truer and fairer indication of the relativity between sectors. This was implemented from 16 January 2017.

Further, the Board determined that the Benchmark System currently being used in NSW will remain in place as a means of providing the most level playing field for all horses. However, it also resolved to implement changes to further improve the Benchmark System, including:

- ◆ Setting new criteria for reducing benchmark ratings for unplaced horses, so as to bring the rating down at a quicker rate;
- ◆ Setting new criteria for the increase of benchmark ratings, so as a horse's rating is not increased rapidly; and
- ◆ Introducing special conditions two-year-old races in the Metropolitan area.

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 and Legal Division. The Committee is chaired by the General Manager - Regulatory.

The role of the Licensing Committee with oversight of the Chief Executive and Board is to make recommendations on licence applications and to recommend licensing policy and procedure for Racing NSW.

The Licensing Committee met on nine occasions during 2017/18. Licence applications are reviewed and applicants for licences may be further interviewed at these meetings.

In 2017/18 the Committee at these meetings: -

- ◆ conducted 22 interviews in relation to licence and other applications
- ◆ considered 49 licence applications that were referred to them by the Licensing Supervisor, of which 25 were approved and 24 unsuccessful
- ◆ considered 5 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: -

- ◆ 42 trainers licences
- ◆ 2 trainer partnerships
- ◆ 21 jockey licences
- ◆ 27 applications to register an apprentice jockey
- ◆ 16 applications to transfer the indentures of an apprentice jockey
- ◆ 18 applications from an apprentice jockey to extend their indentures
- ◆ 2 bookmaker licences
- ◆ 8 rider's agent licences
- ◆ 465 stable employee licences (173 declined/did not proceed due to the applicant not obtaining the required Police Certificate, or not obtaining their HorseSafe Certificate)
- ◆ 31 bookmaker clerk's licences (8 declined/did not proceed due to the applicant not obtaining the required Police Certificate)

LICENCES WITH THE EXPIRY DATE 30 JUNE 2018 (1/7/2017 TO 30/6/2018)

	Metropolitan		Provincial		Country		Total	
	Total 16/17	Total 17/18	Total 16/17	Total 17/18	Total 16/17	Total 17/18	Total 16/17	Total 17/18
Trainers	84	81	169	166	747	719	1000	966
Jockeys	47	46	24	21	75	73	146	140
Apprentice Jockeys	12	12	10	9	31	34	53	55
Trial Apprentice	1	1	-	4	5	5	6	10
Approved Rider (Picnic)	-	-	-	-	41	36	41	36
Trial AR (Picnic)	-	-	-	-	4	6	4	6
Bookmakers	39	39	9	7	96	89	144	135
Rider Agents	20	23	7	6	17	19	44	48

NB – Jockeys/Apprentices NSW-based

LICENCES WITH THE EXPIRY DATE 31 OCTOBER 2018 (1/11/2017 TO 31/10/2018)

	Metropolitan			Provincial			Country			Total		
	YTD 16/17	Total 16/17	YTD 17/18	YTD 16/17	Total 16/17	YTD 17/18	YTD 16/17	Total 16/17	YTD 17/18	YTD 16/18	Total 16/17	YTD 17/18
Bookmaker Clerks	235	241	227	31	31	29	163	165	146	429	437	402
SH-Trackwork	315	358	322	121	127	119	363	401	390	799	886	831
SH-Non Trackwork	663	774	705	323	343	324	858	942	882	1844	2059	1911
Foreperson	105	110	113	51	52	46	137	141	155	293	303	314

NB – Year to date (YTD) figures as at 30 June. Total figures 16/17 as at 31 October
 The 2016/17 licence season for forepersons, stablehands and bookmaker’s clerks did not commence until 1 January 2017 to assist participants with the adjustment of the then new process to renew their licence online. The amended expiry date makes the comparisons provided in the table and graphs below somewhat misleading due to the shorter licensing period for these categories in 2016/17.

Comparison of Licensing Statistics – 2018/17 vs 2017/16

The total number of trainers licensed compared to last season saw a reduction of 3.4%, from 1000 in 2016/17 to 966 in 2017/18.

This represents a similar decline as experienced in recent seasons as retiring or resigning trainers are replaced by new applicants. Jockeys’ numbers were down slightly (140 vs 146), whilst apprentice jockey numbers were up (55 vs 53).

There has been a steady decrease in the number of registered bookmakers over previous seasons (this season down by 6.25% 144 – 135).

It is evident that the influence of corporate bookmakers and the effect they have had on on-course turnover is dramatically affecting the viability of the on-course bookmaker resulting in the small number of new applicants.

REGISTRATION

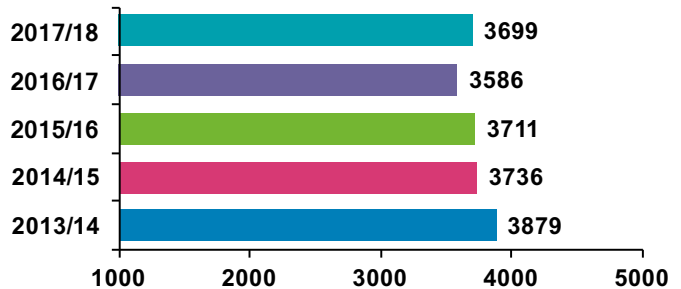
Racing Australia manages the Registrar of Racehorses which processes all new horse registrations nationally. Racing NSW is a stakeholder in Racing Australia.

Racing NSW acts as Deputy Registrar for NSW registration functions, which include Transfers of

Ownership, Leases, Syndicates and Registration of Racing Colours (silks).

Horse Registrations – NSW

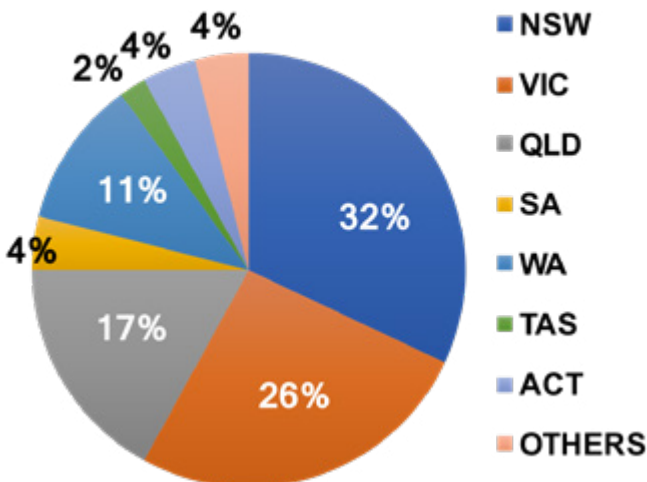
NSW REGISTRATION FIGURES



At the end of the 2017/18 financial year the Registrar of Racehorses (ROR) had registered 11,375 new horses, of which 3,699 are owned in NSW. This represents a slight increase in both numbers for the season compared to the previous year.

NSW remains the largest contributor to the national figure, representing 32% of the total number of horses registered, as identified having the Manager (first named owner) located in NSW.

REGISTRATION FIGURES BY STATE



Transfers/Leases/Syndicates – NSW

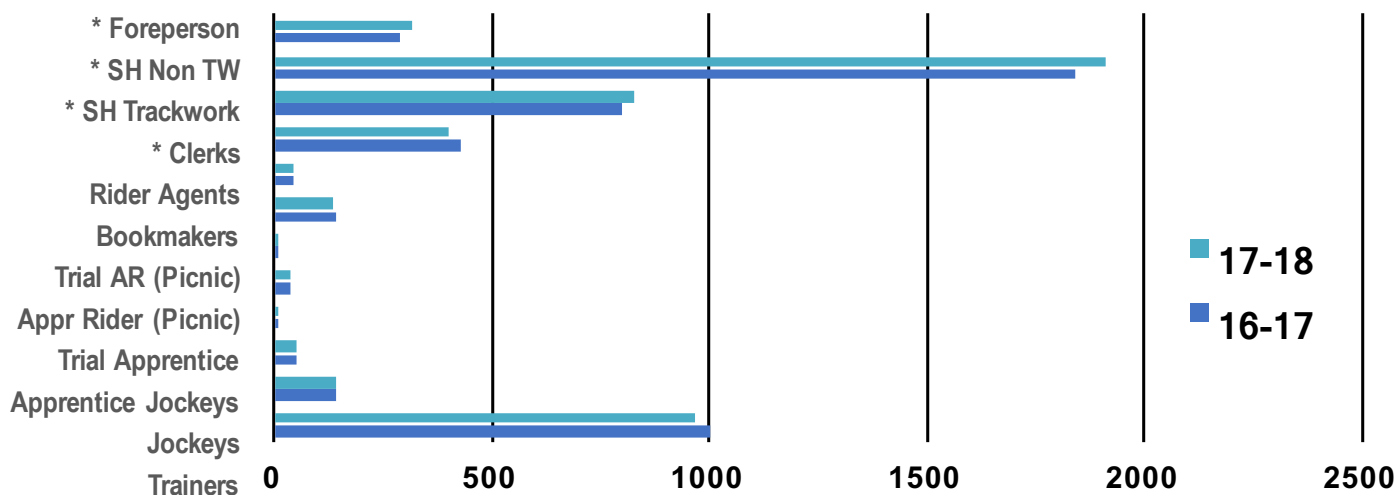
The regulatory department recorded 2,391 Transfers of Ownership for the 2017/18 financial year, an increase of 5% from the previous season.

681 Lease Agreements were recorded which was a decrease of 4% on the previous season.

NSW registered 433 Syndicates during the 2017/18 season which is a 31% increase on the previous season. The steady increase in these numbers over the past few seasons points to the success of attracting first time owners by promoting a more affordable ownership option in larger groups.

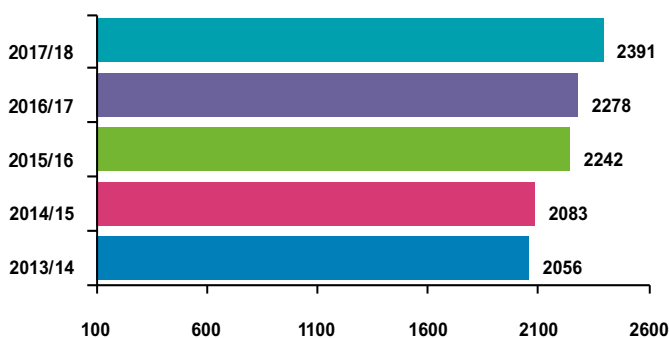
Of NSW Registered Syndicates this season, 91% of those were ‘Ordinary’ Syndicates made up of a group of up to

TOTAL LICENCES

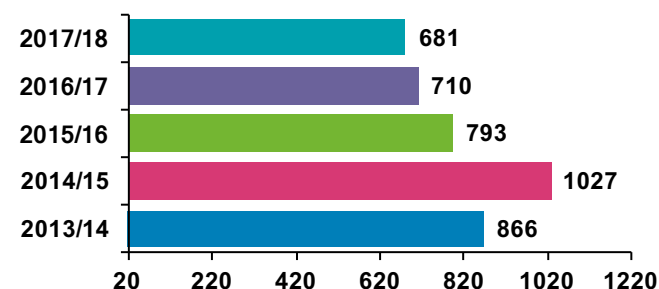


20 persons (or up to 50 persons for publicly promoted syndicates). The remaining 9% of syndicate registrations comprise Company, Firm or Stud Syndicates.

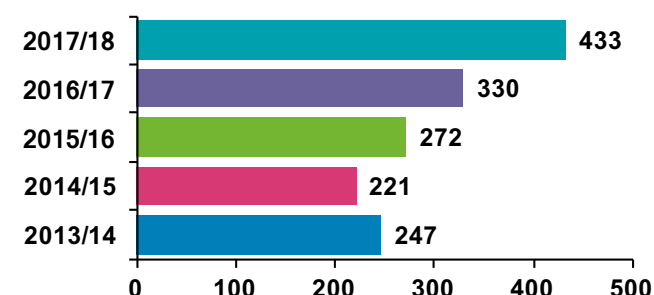
NSW TRANSFERS



NSW LEASES



NSW SYNDICATES

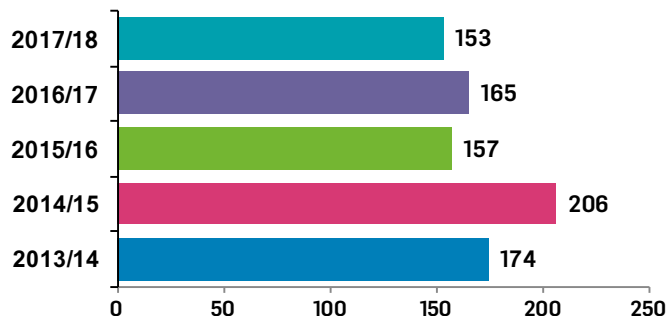


Racing Colours – NSW

Racing NSW registered 153 new sets of jockey silks during the 2017/18 financial year. There is a total of 3,006 sets of colours currently registered in NSW.

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

NSW COLOURS – NEW APPLICATIONS



INDUSTRY TRAINING

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

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

The training is managed by TAFE NSW-Western Sydney Region under a partnership agreement with Racing NSW.

The partnership arrangement sees training conducted by specialist Workplace Trainers and Assessors (“WTA’s”) employed by Racing NSW.

By working under educational supervision of TAFE NSW Western Sydney staff the WTAs provide training and assessment services to apprentices, trainees and work experience placements which results in the learners gaining a range of qualifications awarded by TAFE NSW.

This highly successful training partnership – Australian Racing and Equine Academy (“AREA”) – has been operating since 2010.

Karlie Triffitt is Training Manager based at Richmond TAFE campus with Dan Power, Tracy O’Hara (Richmond),

Jenny Schott (Tamworth) and Jamie Whitney (Canberra) operating as Workplace Trainers and Assessors (full-time) and Michael Donoghue (Wagga) part-time.

Phillip O'Brien, based in Bathurst, manages AREA's eLearning, Web and Digital Media programs (including HorseSafe).

Apprentice Jockey Coaches are Pat Webster, Rodney Quinn, Dale Jeffries, Brad Clark, Scott Thurlow, Cassie Schmidt, and managed by Head Jockey Coach, Leeann Olsen.

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 and racehorse trainers.

The AREA partnership has produced several new fee-free Taster Courses.

A Basic Stablehand Skill Set was established to equip new participants with basic skills to safely start working at an entry level.

A Horse Welfare Skill Set was created to provide people with basic skills to assess the general welfare of their horses.

AREA also developed a Basic Track Riding Skill Set enabling employers to send new staff to the Richmond Campus to be assessed on their level of riding skills before commencing trackwork.

Across NSW, Apprentice Jockey Schools now include a stronger focus on financial planning and tax education.

Emphasis on jockey health and well-being has expanded by placing more focus on fitness, nutrition and drug & alcohol awareness.

Additionally, with the assistance of Racing NSW Stewards, the apprentice schools also provide assistance in the areas of protests, inquiries and appeals.

The apprentices themselves requested more on this important component of their role, in response AREA expanded its teaching to these subjects, included more guest speakers and enhanced its mock protest, media and steward's inquiry scenarios.

In 2015 the CIV in Racing (Racehorse Trainers) national qualification was linked as a requirement for a NSW Trainers Licence.

This has proved to be a successful step in providing new racehorse trainers with skills and knowledge of small business, horse welfare and the rules and regulations associated with this career.

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.

There is an on-line compulsory induction program for new entrants and since its introduction, all new entrants who seek registration or licensing have successfully completed the HorseSafe program which has a focus on safety and industry awareness.

The objectives of the industry training department include: -

- Assisting people entering the racing industry to find their most pertinent career path;
- Ensuring participants are informed about the National Racing Industry Training Package;
- Providing equitable training throughout the Country, Provincial and Metropolitan areas;

- Seeking State and Federal funding to assist with the delivery of training for trainees and apprentices in the racing industry, and
- Managing the Racing NSW Rising Star apprentice race series.

Promotions and Recruitment

This year staff from AREA have endeavoured to raise the profile of careers in the racing industry by attending school careers markets (each attracting between 2,000 and 7,000 students).

The AREA team has also been involved with AgVision and Career Readiness at the NSW Royal Easter Show.

Racing NSW Rising Star Series

The 19th consecutive staging of the Rising Star Apprentice Series was held between August 2017 and July 2018 with 25 competitive heats run.

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 2017/18, Jean Van Overmeire won the series for the first time to cap what was a very successful season for him.

APPRENTICE WINNING RIDES

TOTAL	14/15	15/16	16/17	17/18
Winning Rides	1318	1486	1255	1186

Apprentice Rides

The overall apprentice ride summary for the 17/18 seasons is comparable with that of the previous year. This table includes Metropolitan, Provincial and Country statistics.

COMPARISON OF APPRENTICE RIDERS TO TOTAL STARTERS

TOTAL	14/15	15/16	16/17	17/18
Apprentice Rides	14772	16205	13409	12830
Total Starters	53955	53521	54488	54871
Percentage of Total Rides	27.37%	30.27%	24.60%	23.38%

Other Student Numbers

This year through AREA, the department continued delivering training and assessment services to a range of qualifications covering many other facets of the racing industry including track maintenance, barrier attendant and approved (picnic) rider.

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 remained in line with recent years with a slight increase in advanced stablehands and track riders.

The recent requirement to be eligible to receive the 1.5% stablehand bonus prizemoney linked to training has seen a positive response.

The HorseSafe Induction Course too has been accepted

by the industry and now has had over 2900 participants complete it. CIV Racehorse Trainer is steady, however, it is likely that a peak has been reached during the year.

ENROLMENT FIGURES

	12/13	13/14	14/15	15/16	16/17	17/18
Cert II Stablehand	13	43	27	10	8	10
Cert III Advanced Stablehand	101	83	105	47	55	59
Cert III Track Rider	77	78	80	34	46	57
CIV Jockey		63	55	45	40	26
Cert IV Racehorse Trainer	63	97	125	129	118	63
Cert II Racing Administration	0	8	0	0	0	0
Cert III Racing Administration	3	11	3	3	0	6
Cert CIV Racing Administration	No Stats	No Stats	7	0	0	0
Cert III Racing Steward	2	4	3	0	0	8
Cert III Track Maintenance	8	No Stats	17	16	20	26
Barrier Attendant Skill Set	268	129	67	42	28	16
Approved Rider (Picnic Race Jockeys) Skill Set	No Stats	No Stats	7	14	19	16

The Betting & Racing 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 can identify, 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 operator's full year net accessible turnover;
- Other conditions designed to enable Racing NSW to administer the Race Fields Information Use legislation.

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

At the end of the 2017/18 period the total number of Australian wagering operators who had been approved to use NSW Thoroughbred Race Fields Information was 269.

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 Handicapper Ben Dunn and Handicapper Nathan Bryant, Cadet Handicapper/Racing Office Assistants, Harry Smithers, Josh Edwards and Sam Reed.

The Handicapping Department issued the weights and ballot orders for 5,858 races held across the 805 race meetings which were conducted in the 2017/18 racing season.

Weights were released for the 97,022 nominations at these meetings with each of the 54,871 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 1 Handicap races conducted in NSW in the 2017/18 racing season: Doncaster Mile, Sydney Cup, Epsom Handicap and The Metropolitan.

Epsom Handicap – Spring carnival

The 2017 Epsom Handicap run at Royal Randwick over 1600m received 89 entries with 36 horses weighted above the limit weight of 50.0kg (48.0kg for 3yos). A topweight of 58.0kg was given to Black Heart Bart, Humidor and Le Romain achieving a 10.0kg weight spread at the time weights were released.

The Metropolitan Handicap – Spring carnival

The Metropolitan of 2017, a 2400m staying test, received 73 entries with 37 horses weighted above the limit weight of 50.0kg (49.0kg for 3yos). A topweight of 58.0kg was given to Tavago (NZ), achieving an 8.0kg weight spread at the time weights were released (no 3yos were nominated).

Doncaster Mile – Autumn carnival

The Doncaster Mile of 2018 received 181 entries with 63 horses weighted above the limit weight of 50.0kg (49.0kg for 3yos). A topweight of 58.0kg was given to Humidor (NZ), achieving a 9.0kg weight spread at the time weights were released.

Sydney Cup – Autumn carnival

The 2018 Sydney Cup over the time-honoured stayers' distance of 3200m received 117 entries with 38 horses weighted above the limit weight of 50.0kg (49.0kg for 3yos). A topweight of 58.0kg was given to Fame Game (Jpn), achieving a 9.0kg weight spread.

These Group 1 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.

The previous Class Order CO 02-319 was rescinded in late 2016 and replaced by the Horse Instrument 2016-790. The new Instrument had an effective date of 1 January 2017 and governs the regulatory relationship between Racing NSW and ASIC.

Promoters (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).

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.

At the end of 2017/18 there were 19 Approved Promoters and 13 Authorised Representatives on the Racing NSW registers. This is a significant increase on the 14 Approved Promoters and 5 Authorised Representatives that were registered last season.

This increase is largely due to the agreement made prior to the commencement of 2017/18 season between Principal Racing Authorities that PDS applications are to be submitted to the PRA in the State in which the horse will be trained rather than the State where the Promoter is registered.

There was a total of 207 approved promotions in the 2017/18 period, an increase of 32 from 2016/17.

NUMBER OF HORSES SYNDICATED BRACKETED ON PRICE PER 10% SHARE

Price Range – 10% Share	17/18	16/17	15/16	14/15	13/14	12/13
<\$10,000	57	31	33	52	49	39
\$10,000 to \$29,999	118	103	105	78	68	65

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

Price Range - Horse	17/18	16/17	15/16	14/15	13/14	12/13
<\$10,000	34	15	8	9	19	10
\$10,000 to \$29,999	46	44	19	21	27	32
\$30,000 to \$59,999	47	49	44	46	35	38
\$60,000 to \$99,999	36	40	43	27	37	33
\$100,000 +	207	175	134	138	130	117

There was again a significant increase in the number of horses offered for syndication by promoters this season.

This result can be largely explained by the decision on where a PDS is required to be submitted. However, the continued success of a number of syndicated horses, including in some high-profile races, as well as changes to ASIC regulations in regard to the number of shares permitted to be sold in each horse (increased to 50 in January 2017) has led to a strong and steady growth in numbers over the past two seasons.



Marc Van Gestel

General Manager - Integrity/ Chairman of Stewards

Functions

Acting with the delegated authority of Racing NSW, the Stewards are responsible for taking all steps to safeguard the image, interests, welfare and integrity of the NSW Thoroughbred Racing Industry.

To ensure these obligations are met, the Stewards are responsible for completing the following functions: -

- 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;
- Inquiring into the 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

There were a number of personnel changes made to the Racing NSW Stewards Panel, including: -

Tom Moxon was re-appointed to the Metropolitan Stewards Panel after accepting an appointment with Racing Victoria in early 2017. His appointment was following the resignation of Senior Steward Raymond Livingstone who accepted a position with Racing Victoria and left Racing NSW in May 2018.

Nathan Daniels was appointed as Deputy Chief Steward NRRA after completing his traineeship with CDRA/WRA Stewards based in Dubbo.

Ian Grimes was appointed to the position of Stipendiary Steward based in Dubbo, following completion of his traineeship with Racing NSW.

This year the integrity department increased its investment in the training of Stewards with the appointment of six full-time trainee Stewards based in the Metropolitan area.

In 2017/18, Matthew Purse, Rachel Debels, Ruben Loughlin, Tilan Lee, Frazer Dale and Courtney McIntosh all commenced employment with Racing NSW.

All Trainee Stewards are currently completing a Certificate IV in Racing Administration (Stewards) which provides each trainee with a formal qualification at the completion of their traineeship.

In addition to this qualification, all trainees are provided

with on-the-job training and specific training in the conduct of Stewards inquiries and investigations.

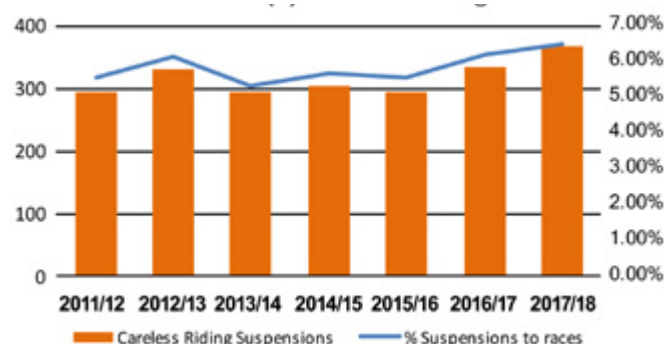
Further, trainees are seconded to the Investigations and Surveillance Unit for a period of their traineeship to gain skills in non-raceday investigative functions.

Stewards Inquiries

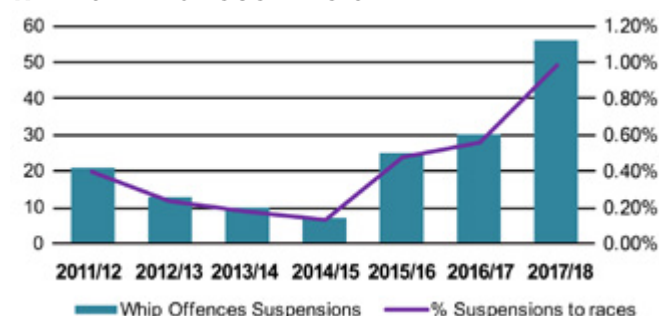
During the 2017/18 year, the Stewards panel presided over a broad range of inquiries involving offences under the Rules of Racing. The following periods of suspension were issued against jockeys during this period: -

- AR137(a): Careless Riding - 396 suspensions of licence
- AR137(b): Failure to ride horse out to finish - 23 suspensions of licence
- AR137A(5): Whip related offences - 56 suspensions of licence
- AR145: Weighing in overweight - 3 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



Horse Welfare

The Stewards this year have conducted a number of investigations and inquiries to deal with matters that relate to horse welfare.

The powers delegated to the Stewards allow them to enter properties to inspect horses, requiring production of veterinary and treatment records, take possession of horses and to make such orders that are necessary to ensure the welfare of the horse.

New Developments

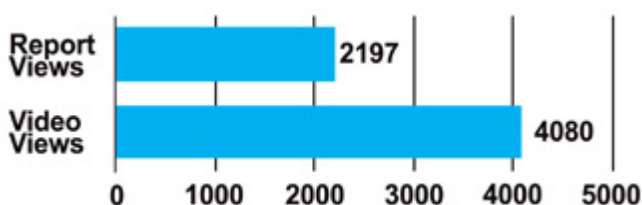
Transportation of Swab Samples: This year saw Racing NSW Stewards introduce a number of major initiatives to enhance the security and transportation of equine and human swab samples. This included: -

- **Sample Kit Utility Carrier (SKUC)** – New sample kit carriers were designed by Stewards that have a high level of insulation to ensure that samples remain at a constant cool temperature when they are transported to the Australian Racing Forensic Laboratory. Samples that are able to be stored and transported at cool temperatures are received in a better condition for the ARFL to detect prohibited or banned substances. The SKUC also provides a fourth level of security for each sample transported to the ARFL.
- **GPS Tracking** – Each SKUC is installed with a GPS monitor. The GPS unit records the location of the SKUC in real time which allows Racing NSW to monitor the location of the SKUC utilising a software package.
- **Temperature Monitoring** – As part of ensuring the integrity of each sample, each SKUC is fitted with a temperature recording device, which can also be monitored in real time. The device allows Racing NSW to ensure that best practice is being used in the transportation of samples.
- **World Courier Contract** – All Metropolitan and Provincial samples are now transported at the conclusion of each meeting using the dedicated refrigerated services of World Courier. This provides continuity with the transportation process and ensures a strict chain of custody is maintained.

Reporting of Inquiries – During the course of this year Racing NSW Stewards initiated the production of a number of videos to explain Stewards decisions with the aid of the Stewards patrol films. The Stewards also used the Punters Intel information to validate the decisions made by the Stewards, by demonstrating positioning on the track during various stages of the race. The use of this technology was able to reach a larger audience than the traditional method of issuing written Stewards' reasons and has modernised this process.

SOCIAL MEDIA STATISTICS

WAYANKA V INTERLOCUTER PROTEST - 9 SEPTEMBER 2017



MAJOR INQUIRIES

Mr Paul Murray Cobalt Inquiry – In a first for Racing NSW, Racing NSW Stewards successfully defended at appeal a disqualification issued against Kembla Grange trainer Mr Paul Murray following Racing NSW Stewards ordering the retesting of a stored sample taken from Alma's Fury after being placed second in the Doncaster Prelude conducted at Royal Randwick on 13 April 2013. The Appeal Panel found Mr Murray guilty of the offence and the result now has set a precedent in assisting Racing NSW Stewards in prosecuting the analysis of stored samples.

Godolphin Strangles – In August 2017, Racing NSW Stewards handed down their findings in respect to charges issued against Mr Henry Plumtre and licensed trainer Mr John O'Shea for failing to report a case of strangles at the Godolphin stables. Mr Plumtre pleaded guilty to a charge under AR64K(2) and was fined \$15,000. Mr O'Shea was found guilty of two charges under AR175(l) and AR175(g) and was fined the sum of \$30,000.

Mr Carl Poidevin AR178AB – In May 2018, Racing NSW Stewards disqualified licensed trainer Mr Carl Poidevin for a period of 22 months after pleading guilty to offences under AR178AB of injecting two horses within one clear day of racing and providing false evidence to the Stewards, subsequent to Racing NSW Stewards conducting stable inspections on the morning of 7 April 2018.

Mr Kym Healy AR178E & AR175(l) – In June 2018, Racing NSW Stewards disqualified licensed South Australian trainer Mr Kym Healy after being found guilty of offences under AR178AB and AR178E, for administering medication on raceday. In addition, Mr Healy was also disqualified for conspiring to stomach tube horses on raceday. In total, Mr Healy was disqualified for a period of 10 months.

Mr Liam Birchley & Mr Ben Currie: Nominations Refused – During 2017/18, Racing NSW Stewards elected to refuse the nominations of licensed Queensland trainers Mr Liam Birchley and Mr Ben Currie following both being found guilty by Stewards of serious offences in jurisdictions of Victoria and Queensland respectively. The decisions were made to protect the image, interests and integrity of racing in NSW.

Drug Testing

Racing NSW Stewards and the Australian Racing Forensic Laboratory continued their unique association in sharing intelligence regarding the use of prohibited substances.

Throughout the year a number of strategy meetings were conducted which assist in the Stewards ensuring that intelligence is provided to investigators as well as ensuring Racing NSW efficiently utilises its resources.

During 2017/18, a total number of 22,779 tests were performed by the ARFL on raceday samples to be analysed for prohibited substances in accordance with the Rules of Racing.

This figure is an increase of the 2016/17 tests, where there was a 12% increase on the 2015/16 sampling figures. 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.

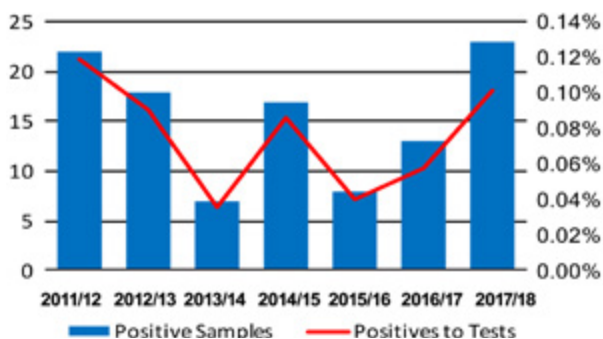
23 samples returned positive to prohibited substances, a small increase on the 2016/17 season. Substances

detected in these samples included cobalt, caffeine, ketamine, methylamphetamine and valerianic acid.

ARFL – ANALYTICAL STATISTICS



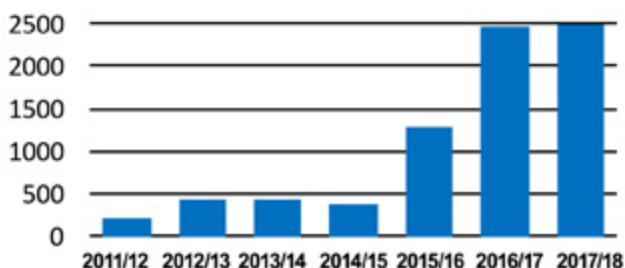
ARFL – ANALYTICAL STATISTICS POSITIVE SAMPLES (EQUINES)



In 2017/18, Racing NSW Stewards continued their high presence taking 2483 out-of-competition 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 includes horses placed on the Equine Biological Passport program as well as horses tested at barrier trials and stables whereby Stewards order samples be analysed for compliance of the rules. In addition, a number of samples taken non raceday were analysed as compared to their raceday samples to ascertain if there was any change in biomarkers.

OUT OF COMPETITION SAMPLES



Licensee Sampling

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

This year, 854 samples were taken from licensed persons to be analysed for substances banned by AR81B.

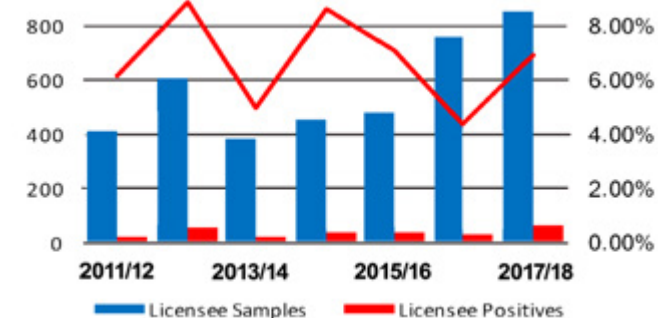
There were 59 recorded offences for the detection of banned substances and penalties of suspension or disqualification of licence handed down. Over 200 breath

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

The 854 samples taken represented a significant increase on last year's figure of 759 samples.

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.

LICENSEE SAMPLING



Investigation and Surveillance Unit

The Racing NSW Investigation and Surveillance Unit was proactive during the year, conducting raceday and one clear day stable inspections.

This year alone, the unit conducted in excess of 5000 inspections of horses racing, in addition to the thousands of inspections conducted by the Stewards.

Members of the unit continued their close association with the Australian Criminal and Intelligence Commission and NSW Police in providing intelligence to the Stewards.

In addition, the anonymous complaints and reporting form on the Racing NSW website continued to play a vital role in the units gathering of intelligence.

Conferences and Tribunals

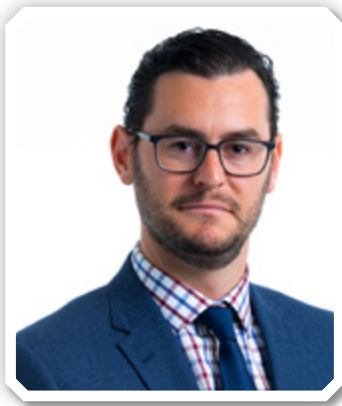
During 2017/18, Marc Van Gestel, attended the Asian Racing Conference conducted in Seoul, where he presented on the Stewards use of Video Reasons for Decision and attended a number of integrity related sessions.

In addition, Mr Van Gestel attended the Racing Australia National Chairman of Stewards Advisory Group (NCOS) meeting conducted in November 2017 in Hobart, Tasmania.

Liaisons and Contacts

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

- Australian Criminal and Intelligence Commission
- NSW Police Casino and Racing Investigation Unit
- NSW Racehorse Owners Association
- Racing Australia
- 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
- National Jockey Safety Review Committee
- Australian Racecourse Managers Association
- Interstate and Overseas Principal Racing Authorities
- Australian Jockeys' Association



Dr Toby J. Koenig

BVSc (Hons)

Senior Official Veterinarian – assisted by Dr James Mizzi

Role of the Racing NSW Veterinary Department

- The provision and supervision of veterinary services at Metropolitan and Provincial Thoroughbred racetracks, whilst overseeing and supervising the veterinary services provided around greater NSW, providing gold standard welfare for our equine participants;
- Implement and monitor the sample collection and accreditation processes for all Metropolitan and Provincial race meetings;
- Provision of expert advice to the Racing NSW Board and industry pertaining to veterinary, equine health and welfare matters, whilst also advising regarding prohibited substances and their detection;
- To assist the Australian Racing Forensic Laboratory (ARFL) in the development and refinement of substance detection methods, through the conduction of drug administration trials;
- Represent Racing NSW on national and international groups and committee, where policy matters are considered pertaining to veterinary, equine welfare, emergency animal disease and substance control policy matters;
- The provision of expert advice and evidence in Stewards' inquiries, appears and other hearings as required, and
- Facilitation of veterinary supervision of Canterbury Park Approved Quarantine Facility, including the strict adherence and compliance with biosecurity procedures and the conduct of mandatory disease testing.

Personnel Changes

- Dr Craig Suann retired as Senior Official Veterinarian following over 30 years of service to the NSW Thoroughbred Industry. Craig commenced his career in the industry in 1985 as Official Veterinarian for Australian Jockey Club. During his 33-year career, Craig was widely regarded as the leading regulatory veterinarian in the Australian Thoroughbred Racing Industry and was Chairman of the Racing Australia Veterinary and Analyst Committee (VAC) for the past 12 years, a member of the International Federation of Horseracing Authorities (IFHA) Advisory Council for Prohibited Substances and the IFHA Welfare Committee. Through collaboration with the ARFL, numerous world first detections of prohibited substances were achieved.

- Dr Toby J. Koenig was appointed Chief Veterinary Officer following extensive experience in specialist referral equine, racetrack and primary accession practice, both throughout Australia and overseas. More recently, Dr Koenig was tasked with the management of a large commercial Thoroughbred breeding and racing operation, gaining broad experience in all facets of Thoroughbred racing, before moving into his position with Racing NSW. Dr Koenig has previously undertaken post-graduate training in the field of equine surgery, with a focus on the diagnosis and management of performance limiting conditions in equine athletes, whilst completing and publishing clinical research regarding equine osteoarthritis.
- Dr James Mizzi has also joined Racing NSW as an Official Veterinarian, having worked throughout the State in private primary accession practice. Dr Mizzi previously completed an equine internship in specialist racetrack practice and has been an accredited raceday veterinarian since his days as an intern.
- Dr Tania Selig managed the Veterinary Department during Dr Suann's extended leave and recently departed for a position with the Federal Department of Agriculture and Water Resources (DAWR). We would like to thank Tania for her outstanding contributions.

Key Operational Activities and Achievements

Under the direction of Dr Suann and later Dr Koenig, the Veterinary Services department has:

- Collaborated with ARFL and the Stewards in the management of routine and strategic drug control, including the continued implementation of the equine biological passport and the tactical out-of-competition-testing program;
- Participated in and was responsible for coordinating other veterinarians in the provision of out-of-competition and tactical testing program for horses in racing stables and the testing for anabolic steroids at the Inglis Sale Series, conducted at Inglis Riverside, Warwick Farm;
- Continued approval process for new veterinarians wishing to apply for permits for the provision of veterinary services with Racing NSW and, also, those applying to officiate at race meetings around NSW, both TAB and non-TAB meetings;

- Hence, several policies and guidelines are currently under review in the new season to ensure the welfare of all participants, including:
 - ◆ A guide for official raceday veterinarians in NSW;
 - ◆ Procedures following racetrack equine fatalities – guidelines for Stewards;
 - ◆ Racing NSW in-competition equine urine and blood sample collections – standard operating guidelines;
- Provision of drug administration trials for the ARFL and participating and management of the Racing NSW Animal Care and Ethics Committee;
- Close monitoring and review of raceday and non-raceday equine injuries and fatalities throughout the State;
- Advancement of collaboration with the Pathology Department at the University Veterinary Teaching Hospital Camden (University of Sydney) to perform a retrospective analysis of catastrophic injuries occasioning equine death or euthanasia, from 2003 through 2017.

Equine Post-mortem Program

In the coming months, the detailed collaborative analysis referred to above will seek to identify any trends or correlation, that may allow such incidents to be minimised in the future. It is intended for the analysis to be peer-reviewed and published in due course and to then take this research further, for the betterment of the industry and its participants and the benefit of equine welfare, which is a core role of the Racing NSW Veterinary Department.

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 ARFL, as well as to approve other relevant research and population studies required to maintain the integrity of the drug control process in horse racing.

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 (veterinarian) is Dr Tania Selig and Category B member (researcher) is Mr John Keledjian, ARFL General Manager. ARFL Science Manager, Dr Adam Cawley, is Executive Officer to the Committee.

The Committee approved two research proposals during the reporting period. Included in these proposals was one that facilitated ongoing drug administration trials that would assist the laboratory in improving its drug testing capabilities, as well as a proposal for surveillance testing of gene doping.

Provisions of Permits to Veterinarians to Provide Services in the NSW Thoroughbred Racing Industry

Since the introduction of LR82C in 2015 the number of veterinarians that have been issued a permit by Racing NSW has steadily increased where this year there were a total of more than 320 permitted veterinarians.

LR82C states the following:

LR82C (1) Subject to subrule (2):

- a) No veterinarian shall provide veterinary services to a horse in training and/or competing in New South Wales unless that veterinarian is registered with the Veterinary Practitioners Board of NSW or equivalent interstate body and has been issued a permit by Racing NSW;
 - b) A trainer shall not allow a horse under his care or control in NSW to receive veterinary services from any person other than a veterinarian who is registered with the Veterinary Practitioners Board of NSW or equivalent interstate body and who has been issued a permit by Racing NSW;
- (2) Subrule (1) of this rule does not apply in emergency circumstances where the health or welfare of a horse is at risk if veterinary services are not provided immediately and a veterinarian who has been issued a permit by Racing NSW is not available to provide these services;
- (3) For the purpose of this rule and LR82D: "permit" is a permit as referred to in the definition of "licence" in the Rules and is subject to the Policy Statement that appears at the end of these Local Rules; "veterinary services" means any services (including the prescribing or provision of any medication) provided to or in connection with a horse by a person who is a registered veterinarian.

Racing NSW Veterinarians and Stewards continue to work with holders of Racing NSW Veterinary Permits to ensure compliance under the Rules of Racing and relevant legislation, including;

- Agricultural and Veterinary Chemicals Code Act (Cth) (Agvet Code);
- Poisons and Therapeutic Goods Act and Regulation (NSW);
- Stock Medicines Act (NSW), and
- Veterinary Practice Act and Regulation (NSW).
- The legislation currently includes, but is not limited to, the following obligations:
 - The proper supply of restricted (S4) drugs, including the proper labelling of an S4 that is dispensed to a client, that the quantity of supply and purpose of any prescription is appropriate and that proper records of supply are maintained by the veterinarian;
 - The possession and supply by the veterinarian of an unregistered veterinary chemical product only occur if:
 - ◆ The product does not require registration according to the requirements of the Agvet code or;
 - ◆ The product is supplied to the veterinarian under a permit issued by the APVMA or;
 - ◆ The product is compounded and properly labelled by the veterinarian or a registered pharmacist for the treatment of a specific horse for a particular condition, when no other product registered for veterinary use can effectively treat that condition.

Since the inception of this permit system (2015) there have only been eight instances where trainers have been charged and fined for allowing veterinary services to be provided by a veterinarian without the necessary permit.

These numbers are consistent with very few isolated incidents relating to the integrity of veterinary services.

This should provide the industry reassurance that veterinarians are, overall, compliant with the Rules of Racing whilst also reassuring veterinarians that the permit system in no way creates an impediment to their legitimate veterinary practice concerns.



John Keledjian
General Manager - ARFL

Function and Accreditation

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

Similar services may be provided under contract to other racing codes or competitive animal sports organisations. Non-racing contract work which does not affect the performance of these integrity functions may also be undertaken.

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

ARFL is accredited by the National Association of Testing Authorities to ISO/IEC 17025 standard, assessed to ILAC G7 and is also a member of the Association of Official Racing Chemists.

It is one of only five laboratories in the world selected as an approved reference laboratory 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

Assembling, packaging and dispatch of sample collection kits is performed by Beehive Industries Co-operative.

In an enrichment of an already 14-year partnership with Racing NSW, the 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 26,000 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 2017 TO 30 JUNE 2018

	Total urine	Total Blood	TCO2 tests	OC tests	Cobalt tests	Enhanced testing	Prohibited Substances Detected
Metro T'breds NSW	1910	5534	3235	-	3038	7491	4
Provincial T'breds NSW	1489	1892	1317	-	411	444	1
Country T'breds NSW	3967	2357	1078	-	535	811	18
Other clients	3172	5829	3602	-	581	243	28
TOTAL	10538	15612	9232	-	4565	8989	51
Out-of-competition Th'breds				2483	334		
Out-of-competition Others				1399			
TOTAL				3882			

OC – Out of Competition tests

Human urine samples collected from jockeys, track riders stablehands are also tested for banned substances in accordance with AR.81B. Horse handlers were tested this year in accordance with AR.81BB.

Sample numbers were up by 9.6% on the previous year with approximately 6.9% of these samples found to contain banned substances. (Table 2).

TABLE 2 – HUMAN SAMPLES STATISTICS 1 JULY 2017 TO 30 JUNE 2018

Human Samples	Urine	Banned Substances Detected
Metropolitan NSW	244	16
Provincial NSW	119	7
Country NSW	407	29
Other Racing NSW	12	0
Other clients	72	7
TOTAL	854	59

The ARFL also performs 'B' sample referee counter analyses to confirm the findings of other Australian and international racing laboratories. From 1 July 2017 to 30 June 2018 this totalled 135 confirmatory requests.

The number of special exhibit samples tested by the ARFL this year totalled 150. These included unregistered products seized by Stewards and members of the Surveillance and Intelligence Unit such as powders, feed, syringes and liquids.

Research and Development

ARFL conducts R&D internally and in collaboration with universities, research institutions and other racing laboratories into the detection of new drugs and the improvement of analytical methodology.

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

The ARFL R&D portfolio currently has six major collaborations involving four different institutions, three PhD students and one Honours student. This covers multidisciplinary science ranging from non-targeted mass spectrometry to gene doping.

In the area of non-targeted mass spectrometry, 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.

This work will enhance the Racing NSW Equine Biological Passport (EBP) by establishing a High Resolution-Accurate Mass profile for individual horses, which enables comparison between samples collected from the same horse over time to assess changes that result from doping.

ARFL is project managing a major 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.

Translation of this new test into routine testing will protect the integrity of racing from this sophisticated form of doping in the future.

Quality Assurance

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

Quality control samples are analysed as part of every sample batch to ensure proper operation, and all analytical

data is checked by two analysts to minimise the chance of human error.

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

ARFL scored 100% in the 2018 International Proficiency Testing Program used to assess all Racing Laboratories worldwide.

ARFL also participates in human urine and saliva external proficiency testing programs to monitor human analytical procedures.

Key Milestones

ARFL has invested significant time and resources towards expanding the surveillance coverage of designer anabolic steroids in both raceday blood and urine samples to combat the threat.

Drug screens target a wide range of illicit steroids that can be readily procured over the internet.

From an animal welfare perspective, an elevated testosterone level in a female equine urine sample was investigated by Racing NSW Stewards and Veterinarian identifying an ovarian tumour.

The detection of low level equine prohibited and therapeutic substances and human medications in horse biological fluids has prompted Racing NSW Stewards to notify trainers of the risk of contamination in stables with the need to take suitable precautions to avoid such occurrences.

In a first-time detection, the ARFL reported the presence of a synthetic cannabinoid 'AB-FUBINACA Metabolite 3' in a jockey urine sample.

The scope of testing conducted on blood samples at the ARFL was increased further this year with an enhanced testing program implemented for The Everest and The Championships across the state.

This included additional testing performed on both out-of-competition and raceday samples.

Testing to accommodate the rule banning the use of anabolic steroids (AR.178H.) for both Racing NSW and external clients were again performed.

At the request of Racing NSW Stewards, equine urine and blood samples were analysed by the National Measurement Institute to detect the presence of cobalt in accordance with AR.178C. (1)(I) against the threshold level of 100 micrograms per litre in urine and 25 micrograms per litre in plasma.

Additional Clients

ARFL's major external clients during the July 2017-June 2018 period were Harness Racing NSW, Darwin and Alice Springs Turf Clubs and Equestrian Australia.

Other clients include Canberra Race Club, Royal Agricultural Society, Show Horse Council of Australia and Inglis Bloodstock.

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

ARFL also provides analytical testing services in external non-racing markets such as in the field of workplace drug testing.



Peter Beer
General Manager – Development & Promotions

FUNCTIONS

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

- To raise the profile of and generate engagement with NSW racing as a sport;
- To raise the international profile of NSW racing;
- To nurture and develop *The Everest* and The Championships into world-class concepts, and
- To generate positive brand identity for Racing NSW.

Developments

We are in the second year of a revamped Marketing, Media and Digital department whereby substantial gains have been made in promoting racing to a wider audience through all channels of media and particularly our social media platform.

Racing NSW acknowledges that racing is in a very competitive environment and it is vitally important that we communicate and promote our industry with the younger demographic to grow our industry over the long term.

The highlight of the year was our team's involvement in the inaugural *The Everest* which was, by any standard, an outstanding success.

ACHIEVEMENTS

Launch of Punters Intel app

In September 2017, Racing NSW launched a new app called Punters Intel which provides punters and race fans with a powerful and accurate tool to assess the performance of every horse in a race.

Punters Intel provides the ultimate tool to access vital information of a horse's performance and view dynamic 3D simulated replays of the race, control camera angles, speed, and playback options as well as select data to be viewed throughout the race.

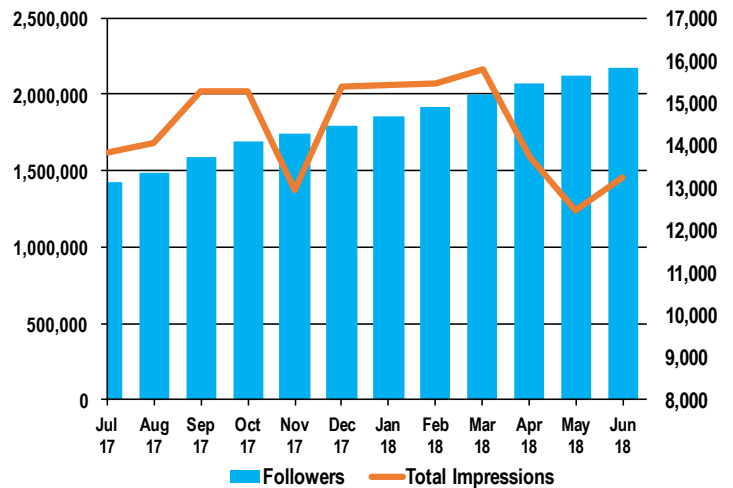
The data is collated in the app to display race times, individual sectionals, distance travelled, top speeds and positioning for every horse in the race allowing punters to assess the performance of each horse in new ways and from multiple angles.

Social Media

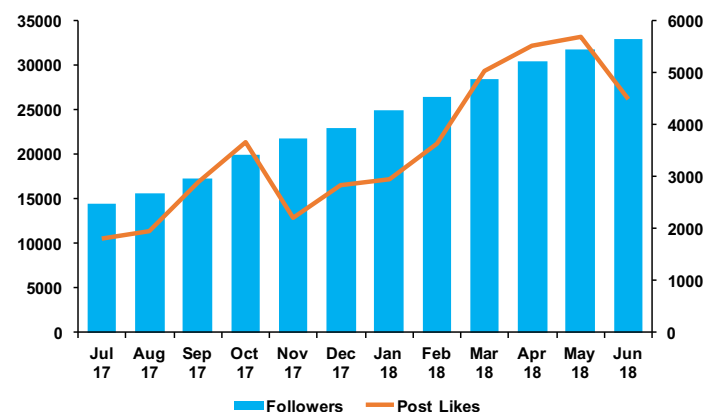
Our social media platform, namely, Instagram, Twitter and Facebook have continued with very strong growth from the previous year. This has been achieved by improved and relevant content.

During *The Championships* and *The Everest*, impressions have reached further record levels to only taper off post the events. However, the yearly growth trend has continued to rise strongly.

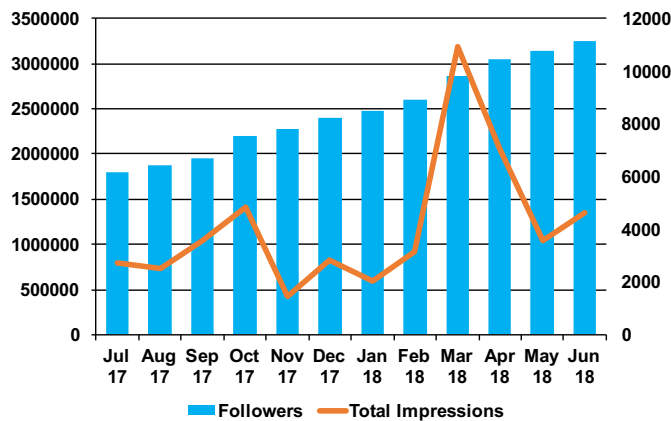
TWITTER



INSTAGRAM



FACEBOOK



- You can follow Racing NSW News (in excess of 16,400 followers) via the handle @racing_nsw
- Racing NSW Stewards also regularly post news and updates on their Twitter account with over 4,100 followers. The Stewards' handle is @RNSWStewards
- Racing NSW Handicapping Department is also part of Twitter enabling fans and participants a 'direct line' to the handicappers with over 1,750 followers. You can find the handicappers via – @RNSWHandicappers
- Racing NSW Magazine which has more than 850 followers via – @RacingNSWMagaz

Some of the features of the Marketing, Media and Digital team's improved content includes: -

- The leading coverage of *The Everest* with all the news and information on the slot owners, possible contenders, nominated contender's announcements and the form of nominated contenders covered by the best team available
- New initiatives developed towards the end of the year to assist punters utilising data from the Punters Intel app include: -
 - 1) Best Bet – video explaining best bets for metro Wednesday and Saturday meetings
 - 2) Punters Intel Spotlight – video previewing key runners in upcoming meetings, including vision from within the app
 - 3) Punters Intel Sectional Star – highlighting statistics of best performed horses from Intel data
 - 4) Trial Tracker – review of key trial performance to identify runners to follow at the races next start
 - 5) Punters Intel Wrap – a round-up of the previous Saturday races highlighting great sectionals and horses to follow
- A weekly eight-part series called Punting Pointers aimed at educating punters to take their wagering aptitude to the next level

Website and Digital Enhancements

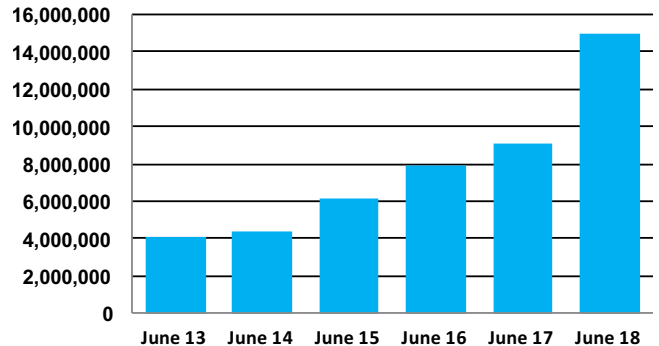
In January 2017, an updated Racing NSW mobile app/mobile site was launched, improving functionality and incorporating new features.

These improvements, along with video form, race replays on all NSW TAB race meetings, barrier trials and the inclusion of live racing integrated on the home page provide punters and interested racegoers with the best possible platform for their endeavours.

Additional and improved content and social media presence has resulted in the continued strong growth in the number of visits during the year.

From 3.8 million visits in 2010/11, the Racing NSW website this year received more than 15 million visits.

RACING NSW WEBSITE – TOTAL VISITS



The Everest

'THE RICHEST RACE ON TURF IN THE WORLD'

The inaugural *The Everest*, which is covered in greater detail in the Chief Executive's Report, was an outstanding success creating widespread interest, particularly targeting a younger audience.

The Marketing, Media and Digital team's marketing campaign for *The Everest* is based on three key objectives: -

- Building *The Everest* brand;
- Securing increased attendance and targeting a younger non-racing audience, and
- Increasing interest and awareness to successfully flow through to an increase in wagering.

This was achieved by:

- Providing a dedicated *The Everest* website with comprehensive news and information and everything you need to know about the event/day/race;
- A 30-second and 15-second television commercial co-produced by our department distributed on free-to-air television, SKY Racing and various digital platforms;
- Production of a 30 second and 15 second radio commercial;
- The extremely successful \$100,000 'Chance to Win' Byron Bay cookie promotion. Byron Bay cookies (100,000) were given away at nine different train stations over a two-week period and heavily promoted by Kyle and Jackie O on KISS FM;
- Trophy Launch and presentation of trophy for both media and public events leading into the race;
- Production of 'The Greatest Everest that Never Was' – the public voted on the greatest sprinter of all time via our Facebook page resulting in us producing an animated race with Darren Flindell calling;
- The creative for a billboard promotion around Sydney's major traffic points
- The creative for major promotion with NewsCorp and Fairfax titles both print and digital.

The Championships

'THE GRAND FINALS OF AUSTRALIAN RACING'

The fifth year of The Championships was held at Royal Randwick on Saturday 7 and Saturday, 14 April 2018,

featuring 12 The Championships races of which eight are Group 1 races. Total prizemoney over the two days totalled \$20.4 million.

- The highlight of the first day of this year's The Championships was Trapeze Artist winning the TJ Smith Stakes and Happy Clapper winning The Doncaster Mile.
- On the second day, the highlight was undoubtedly champion mare Winx producing her 25th consecutive victory in the Queen Elizabeth II Stakes.

The Marketing, Media and Digital team provided: -

- A dedicated The Championships website with comprehensive information and news
- Dedicated Twitter, Facebook and Instagram accounts
 - ♦ Facebook followers have increased to 9,500 (2017 – 8,050)
 - ♦ Twitter followers have increased to 5,000 (2017 – 4,200)
 - ♦ Instagram, which was launched for the first time in 2017, now has 1,700 followers

The Country & Provincial Championships

The Country & Provincial Championships goes from strength-to-strength.

In particular, the Country Championships is being embraced by racing participants and the general public and has generated unprecedented interest and coverage.

A series of eight Country and five Provincial qualifying races – each worth \$150,000 – were held in February-March with the qualifying horses competing for in the \$500,000 Final (\$400,000 in 2017) in Sydney – up \$100,000 from the previous year.

Each race meeting where a Country heat was conducted was a Racing NSW Country Showcase meeting with all other races on the program carrying a minimum of \$30,000 prizemoney.

2018 COUNTRY CHAMPIONSHIPS

DATE	VENUE	DISTANCE	REGION
Sunday 18 February	Port Macquarie	1400m	Mid North Coast
Saturday 24 February	Goulburn	1400m	South East
Sunday 25 February	Mudgee	1400m	Central Districts
Sunday 4 March	Wagga Wagga	1400m	Southern Districts
Sunday 11 March	Grafton	1400m	Northern Rivers
Sunday 18 March	Scone	1400m	Hunter & North West
Sunday 25 March	Dubbo	1400m	Western
Sunday 1 April	Muswellbrook	1280m	Wild Card – All Regions
Saturday 7 April	ROYAL RANDWICK	1400m	FINAL

For the Provincial Championships in 2018, qualifying races at Provincial racecourses were held, for the first time, on consecutive Saturdays leading into The Championships.

The sequence of Saturdays provided the best chance for racegoers at Provincial tracks to get behind the Provincial

Championships in the same manner as the Country Championships.

The Saturday racedays resulted in increased attendances and wagering turnover.

The Country Championships Final was taken out by Victorem trained by Jenny Graham (Port Macquarie) and ridden by Ben Looker.

The Provincial Final was taken out by Serene Miss trained by Kris Lees (Newcastle) and ridden by Jason Collett.

2018 PROVINCIAL CHAMPIONSHIPS

DATE	VENUE	DISTANCE
Saturday 3 March	Wyong	1350m
Saturday 10 March	Hawkesbury	1400m
Saturday 17 March	Gosford	1200m
Saturday 24 March	Kembla Grange	1400m
Saturday 31 March	Newcastle	1400m
Sat 14 April	RANDWICK FINAL	1400m

The Marketing, Media and Digital team's involvement included:

- Co-producing separate 30-second Country, Metro and special Winx television commercials;
- Concentrated social media campaign targeting each geographic area;
- Arranging for Ray Hadley of 2GB to do an Outside Broadcast on the Friday morning at the racecourse, leading in to the Port Macquarie, Goulburn and Scone heats;
- Organising a VIP function at all heats, involving the local community and businesses, endeavouring to strengthen the bond and create future opportunities for their involvement in the local racing;
- Creative for outdoor billboards at major traffic sites;
- Creative for front page of websites of Daily Telegraph, Sydney Morning Herald, News.com and the The Australian, and
- Creative for ads in Daily Telegraph, Sydney Morning Herald, The Australian and the Sportsman.

ADDITIONAL PROJECTS

Weekly Communications – Tip Sheet, Front Runner, Industry Media Update & Owners Email

- As part of our expanded coverage of racing and form, we are now producing a weekly Tip Sheet for Metropolitan midweek and Saturday meetings. The Tip Sheet is posted on the Racing NSW Website and distributed via Electronic Direct Mail
- The weekly e-Newsletter Frontrunner is sent to over 10,000 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 2018 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

Additional Media and Public Relations

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

We are also responsible for the monthly Racing NSW Magazine, 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 of more than 2,700 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.

We also collate and maintain the point score of the prestigious Bart Cummings Medal and provide 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 – 2017/18 Bart Cummings Medal

110	Chris Waller
34	Jason Collett
32	Brenton Avdulla
30	Hugh Bowman
24	Rachel King
20	Kerrin McEvoy
20	Peter & Paul Snowden
18	Tye England, Jay Ford, Josh Parr, Gai Waterhouse/ Adrian Bott
16	James Cummings

Racing NSW also provides other awards such as the TJ Smith award (top Sydney trainer – Chris Waller), George Moore award (leading Sydney jockey – Brenton Avdulla) and Theo Green award (top apprentice – Rachel King).

Another popular award now into its sixth year is the Sydney Strapper of the Year award which was won by Lindy Wharekura from the Peter and Paul Snowden stable. The award is 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 by Epidemic receiving bonuses of \$78,750) and the NSW Racing Writers' Personality of the Year, awarded to trainer and apprentice jockey mentor, Pat Webster.

The Racing Writers said: "After more than 50 years as a leading trainer at Randwick, Pat Webster has had a career-best season on the racetrack, preparing Happy Clapper to

win three Group 1 races and achieving a lifelong dream of winning the Doncaster Mile.

"But arguably, Pat's successes off the racetrack have been even more noteworthy.

"His work with Racing NSW's 'Racing Mates' program where he offers counselling and support for racing industry participants who are suffering hardship, either financially or emotionally, is invaluable and inspirational.

"He is truly the most deserving winner of the NSW Racing Writers' Personality of the Year award."

Young Professionals in Racing

Young Professionals in Racing has continued to go from strength-to-strength in 2017/18 and finished the season with 371 financial members.

The Sydney-based not-for-profit organisation engages people aged 18-35 in Thoroughbred horse racing with events, then facilitates deeper involvement by encouraging members to purchase a race club membership or invest in a share in a racehorse.

It also functions as a networking group where emerging leaders from all industries can make personal and professional connections.

Members pay a one-off fee of \$100 per year (this is increasing to \$100 twice a year from 1 July 2018) and are then invited to attend all YPR raceday events free of charge.

YPR is able to heavily subsidise events thanks to ongoing sponsorship from TAB and Bowermans Office Furniture.

YPR also receives support in the form of prizes and discounts for members from Australian Turf Club, GlamCorner, Dapper & Doll, Tailor and Co, Mosman Dentistry, Eve 'til Dawn, Mr Fierze, Dianne Barbour Millinery, Get Racy, Wests Tigers, Headonista, Patriots Bloodstock and Chris Waller Racing.

YPR hosted five raceday events at Royal Randwick and one at Canterbury Park in the financial year to 30 June 2018. Two of those were held in conjunction with the Australian Turf Club's Young Members.

The jointly hosted Autumn Wrap Party sold out with a week to go and again, after making more tickets available.

A total of 330 people attended that function and dozens more had to be turned away due to space constraints.

Overall more than 1,100 people attended YPR functions during the 2017/18 financial year including NRL stars Robbie Farah, Sam Burgess and Adam Reynolds, journalists Julie Snook, Jennifer Browning and Jessica Dietrich, actor Hugo Johnstone-Burt, radio host Emma Chow and the entire Western Sydney Wanderers soccer team.

Trainers Chris Waller and Bjorn Baker, *The Everest* slot holder Max Whitby and TAB host Jaimee Rogers have also been guest speakers at YPR's events.

In mid-2017, YPR leased a small share in a racehorse named Dragon's Blood which is trained by Emma and Lucy Longmire at Goulburn.

While the horse is yet to notch his first win, it has been a worthwhile investment as members have enjoyed the owner's experience on those days Dragon's Blood has raced.

YPR has a strong presence on social media with more than 8,000 followers on Facebook, Instagram and Twitter and is often approached to give away services or products to its members.

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 2002.

BOBS has entered its 16th year and gets stronger each season, having paid out 1307 bonuses in 2017-18 for a total of \$13.3 million including bonuses and double up vouchers.

These figures show how successful the BOBS scheme is, but even more impressive when paired with BOBS Extra where last season an extra \$802,000 was distributed to owners of BOBS Extra horses.

BOBS 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.

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

BOBS mare bonuses commenced in August 2017 and in accordance with a proposal from the Thoroughbred Breeders of NSW, the conditions of BOBS were altered to

pay bonuses to the owners of mares breeding to BOBS-eligible stallions.

This replaced the existing bonus payment made to owners of nominated stallions, with these stallion owners agreeing to forego that bonus to create a larger payment to the broodmare owners.

The change has added a further \$2 million annually to bonus payments from BOBS to the owner of mares. Racing NSW funds \$1 million of the additional monies to broodmare owners.

Some quick facts on BOBS: -

- Racing NSW has paid out more than \$129 million in bonus prizemoney since BOBS began 16 years ago;
- Of the BOBS bonuses won, two-year-old horses won 186 (14%) and three-year-old horses accounted for 1121 (86%) wins;
- In 2017-18 BOBS Extra bonuses were won on 122 occasions with a total of \$802,000 having been distributed through BOBS Extra;
- Some 15 of the 18 leading sires by value of bonuses are Australian-bred;
- Since the Double-Up option was introduced in January 2005, more than \$37 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

	14/15	15/16	16/17	17/18
August	48	43	52	54
September	59	66	63	81
October	83	82	89	88
November	89	85	86	91
December	81	88	92	92
January	99	106	106	106
February	95	110	103	100
March	122	115	99	121
April	109	134	147	133
May	137	139	147	150
June	136	126	155	134
July	120	133	162	157
TOTAL	1178	1227	1301	1307

BOBS EXTRA BONUSES WON BY NUMBER PER MONTH

	14/15	15/16	16/17	17/18
August	16	26	11	11
September	19	11	12	7
October	30	14	19	13
November	26	19	14	11
December	23	15	10	18
January	17	8	15	13
February	11	8	10	7
March	11	14	3	7
April	18	11	6	8
May	19	6	4	10
June	12	5	6	7
July	13	12	11	8
TOTAL	215	149	121	120

SEASON 2017/18 – BOBS BONUS WINNERS SIRES BY VALUE

Stallion	Standing at	Total Bonuses	Wins
Snitzel	Arrowfield Stud	\$592,031	65
Sebring	Widden Stud	\$489,375	50
Exceed and Excel	Godolphin	\$466,875	52
I Am Invincible	Yarraman Park Stud	\$382,500	50
Street Cry (Ire)	Godolphin	\$354,375	40
All Too Hard	Vinery Stud	\$344,531	45
Smart Missile	Arrowfield Stud	\$337,500	45
Fastnet Rock	Coolmore Stud	\$331,875	37
Lonhro	Godolphin	\$315,000	36
Pierro	Coolmore Stud	\$306,562	43
Sepoy	Godolphin	\$258,750	36
Denman	Godolphin	\$247,500	35
Not A Single Doubt	Arrowfield Stud	\$247,500	25

SEASON 2017/18 – BOBS EXTRA BONUS WINNERS SIRES BY VALUE

Stallion	Standing at	Total Bonuses	Wins
Roman Emperor (NZ)	Princes Farm	\$90,000	5
Tickets	Widden Stud	\$40,000	7
Gio Ponti (USA)	Arrowfield Stud	\$40,000	4
Al Maher	Aquis Farm	\$32,000	2
Dreamscape	Widden Stud	\$30,000	4
Lonhro	Godolphin	\$30,000	2
Husson (Arg)	Vinery Stud	\$26,250	6
Duke of Marmalade (Ire)	Coolmore Stud	\$25,000	4
Dylan Thomas (Ire)	Coolmore Stud	\$25,000	4

SEASON 2017/18 – BOBS BONUS WINNING HORSES BY VALUE

Horse	Sire	Trainer	Bonuses	Wins
Epidemic	Lonhro	James Cummings	\$78,750	4
Albumin	Foxwedge	Gerald Ryan	\$73,125	4
Savatiano	Street Cry (Ire)	James Cummings	\$67,500	4
In Good Time	Time Thief	Tracey Bartley	\$56,250	6
She Knows	Denman	Danny Williams	\$56,250	4
Dio D'oro	Medaglia D'oro (USA)	Gary Portelli	\$56,250	3
Sparky Lad	Smart Missile	Chris Waller	\$56,250	3
Unforgotten	Fastnet Rock	Chris Waller	\$56,250	3
Victorem	I Am Invincible	Jenny Graham	\$56,250	3
Gresham	Sebring	Chris Waller	\$45,000	3
Futooh	Sebring	D. & B. Hayes, T. Dabernig	\$45,000	2
Goodfella	Snitzel	Bjorn Baker	\$45,000	2
I Am Excited	Snitzel	David Pfeiffer	\$45,000	2
Pendeloque	Snitzel	Gerald Ryan	\$45,000	2
Roadstar	Zoustar	Gary Portelli	\$45,000	2

SEASON 2017/18– BOBS EXTRA BONUS WINNING HORSES BY VALUE

Horse	Sire	Trainer	Bonuses	Wins
Emperor's Way	Roman Emperor	Peter & Paul Snowden	\$60,000	3
Cordero	Gio Ponti (USA)	Michael, Wayne & John Hawkes	\$35,000	3
Red Dream	Dreamscape	Kerry Parker	\$30,000	4
Roman Son	Roman Emperor	Richard Freeman	\$30,000	2
Stradazzle	Strada	Wayne Slinkard	\$20,000	4
Arbeitsam	Snitzel	Gai Waterhouse & Adrian Bott	\$20,000	1
Gamblers Blues	Shamardal (USA)	Tim Martin	\$20,000	1
Hogmanay	Lonhro	Chris Waller	\$20,000	1
Lord Kingsley	I Am Invincible	Lauri Way	\$20,000	1
Vaucluse Bay	Al Maher	Chris Waller	\$20,000	1

SEASON 2017/18 – LEADING BOBS WINNING TRAINER

Trainer	Location	Bonuses	Wins
James Cummings	Randwick	\$1,181,250	123
Chris Waller	Rosehill	\$888,750	85
Peter & Paul Snowden	Randwick	\$658,125	75
Kris Lees	Randwick	\$573,750	84
Gai Waterhouse & Adrian Bott	Randwick	\$464,062	57
Gary Portelli	Randwick	\$303,750	30
Gerald Ryan	Rosehill Gardens	\$298,125	27
Bjorn Baker	Warwick Farm	\$281,250	36
Michael, Wayne & John Hawkes	Randwick	\$275,625	33
Paul Perry	Newcastle	\$253,125	39

SEASON 2017/18 – LEADING BOBS EXTRA WINNING TRAINER

Trainer	Location	Bonuses	Wins
Peter & Paul Snowden	Randwick	\$70,000	5
Chris Waller	Rosehill Gardens	\$50,000	3
Gai Waterhouse & Adrian Bott	Randwick	\$40,000	4
Scott Singleton	Hawkesbury	\$35,000	6
Michael, Wayne & John Hawkes	Randwick	\$35,000	3
Kerry Parker	Kembla Grange	\$30,000	4
Richard Freedman	Randwick	\$30,000	2

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 the position of Jockey Safety Officer ('JSO').

In the event of a race accident, the JSO is immediately advised of any injuries by the relevant Stewards.

The JSO then contacts the family of any affected jockey(s) to advise them of the accident and to provide any necessary support.

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

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

Dr Duckworth keeps in contact with the hospital and liaises between specialists and jockeys to determine the best course of treatment, also undertaking surgery and delivering consultation on some cases. Phillip O'Brien is Racing NSW's Safety and Welfare Officer.

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

RIDING SKILLS PANEL HEARINGS

	15/16	16/17	17/18
August	0	2	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	1	1
January	0	0	2
February	0	0	0
March	1	0	0
April	0	1	0
May	0	0	0
June	0	0	0
July	2	0	0
Total	3	4	3

JOCKEY SAFETY OFFICER INCIDENT REPORTS

	15/16	16/17	17/18
August	7	13	13
September	9	7	14
October	11	7	14
November	19	4	26
December	24	12	18
January	20	15	17
February	19	13	10
March	9	11	11
April	14	6	23
May	11	10	12
June	11	5	16
July	12	9	19
Total	166	112	173

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 Leeann Olsen, Pat Webster, Rodney Quinn and in regional areas assisted by local Stewards and by jockey coaches Jamie Whitney, Dale Jeffries, Cassandra Schmidt, Brad Clark and Scott Thurlow.

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

Racing Mates

Established by Racing NSW in 2016, the Racing Mates program empowers mates to look out for mates.

Services available include Clinical Psychologists, Counsellors and Assistance Hotlines. However, people are often more likely to initially reach out to a trusted peer or colleague for support.

This is why Racing NSW has appointed Ambassadors for the program who are available as a port of call when industry participants are in need of a mate.

The Ambassadors possess a wealth of industry knowledge allowing them to relate to multifaceted concerns people may be experiencing.

Industry specific expertise combined with accredited training ensures Ambassadors can provide a crucial link between those in need and the required support.

Racing NSW mentor and welfare support contact, Pat Webster, is the face of the Racing Mates program, delivering regular workshops and visits to racetracks and stables to promote mental health and well-being in the racing industry.

As an accredited drug and alcohol mentor, Pat also raises drug and alcohol awareness to industry participants, and also delivers workshops annually at Racing NSW Apprentice Jockey Schools across New South Wales.

Further information can be found on the Racing Mates website at www.racingmates.com.au

(RACING INDUSTRY CONSULTATION GROUP)

The Racing Industry Consultation Group (RICG) was established by Legislation under the Thoroughbred Racing Act with the main function of consulting with and making recommendations to Racing NSW on matters concerning horse racing in the State.

RICG is comprised of representatives of the following groups: -

- Australian Turf Club – Steve McMahon (Chairman)
- Thoroughbred Breeders NSW – Trevor Lobb (Vice-Chairman)
- Australian Turf Club – James Heddo
- Provincial Racing Association – David Jewell
- Racing NSW Country – Bob Pavitt
- NSW Jockey's Association – Tony Crisafi
- NSW Trainers Association – Glenn Burge
- NSW Racehorse Owners Association – Ray McDowell
- Unions NSW – Jeff Buhler

During 2017/18 RICG discussions were held on a number of racing topics which included: -

- Racing NSW Strategic Plan;
- Horse Welfare;

- Racing & training Infrastructure;
- Track riders;
- Racing Australia Rule changes;
- Owners and Trainers Agreement;
- NSW drought relief; and
- Tabcorp and Tatts merger.

Some of the matters discussed are ongoing and will be further consulted, in particular, the Racing NSW Strategic Plan supporting the ongoing viability of the NSW Thoroughbred Racing Industry.

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

I also express appreciation to Peter V'landys AM, Racing NSW's CEO, and Russell Balding AO, Racing NSW Chairman, for their input to RICG and we look forward to continuing to consult with Racing NSW on important industry matters.

- Steve McMahon (RICG Chairman)



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 Richard Beasley SC (Principal Member)

Jo-Anne Avellano	David Campbell SC	Cliff Clare
Ross Clugston	Mark Daniels	John Fletcher
Judith Foley	Tim Hale SC	Kevin Langby
Peter Losh	Jo Madsen	Tony Marney
James Murphy	John Nicholson	Colin Tuck
Sharon Skeggs		

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 2017/18, the Panel was chaired on those occasions as follows: -

Chaired By	Number of Occasions
Richard Beasley SC (Principal Member)	14
Tim Hale SC	11

Within those 25 sittings there were 42 charges Appealed. The Appeal on a further 7 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 CHARGES
Appeal Panel	5	37	24	7	14	49
Racing Association	-	3	3	-		3

Summary of Charges Applicable to Appeal Cases Lodged

RULE	DESCRIPTION	AMOUNT
AR80E(1)	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
AR81A(1)(a)	Any rider commits an offence and may be penalised if a sample taken from him is found upon analysis to contain a substance banned by AR 81B.	1
AR137(a)	Any rider may be penalised if, in the opinion of the Stewards, he is guilty of careless, reckless, improper, incompetent or foul riding.	18
AR137(b)	Any rider may be penalised if, in the opinion of the Stewards, he fails to ride his horse out to the end of the race and/or approaching the end of the race.	3
AR137A(4)(a)	Without affecting the generality of subrule (3) of this rule, the Stewards may penalise any rider who in a race or trial uses his whip - forward of his horse's shoulder or in the vicinity of its head.	1
AR137A(5)(a)(ii)	Subject to the other requirements of this rule in a race, official trial or jump-out prior to the 100 metre mark the whip shall not be used on more than 5 occasions.	2
AR137A(5)(a)(ii)	Subject to the other requirements of this rule in a race, official trial or jump-out prior to the 100 metre mark the whip shall not be used on more than 5 occasions save and except where there have only been minor infractions and the totality of the whip use over the whole race is less than permitted under AR137A(5)(a) and (b) and also having regard to the circumstances of the race including distance and context of the race, such as a staying race or a rider endeavouring to encourage his mount to improve.	1
AR145	If a horse carries more than a half a kilogram in any race over the weight imposed or declared, the rider and any other person at fault may be penalised.	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(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

RULE	DESCRIPTION	AMOUNT
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.	2
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(n)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalize any person who in their opinion commits or commissions an act of cruelty to a horse, or is in possession or control of any article or thing which, in their opinion, has been made or modified to make it capable of inflicting cruelty to a horse.	1
AR175(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(o)(ii)	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 take such reasonable steps as are necessary to alleviate any pain inflicted upon a horse.	1
AR175(o)(iii)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalize any person in charge of a horse who in their opinion fails at any time to provide for veterinary treatment where such treatment is necessary for the horse.	1
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.	3
AR175(x)	The Principal Racing Authority (or the Stewards exercising powers delegated to them) may penalize any person who in their opinion is guilty of workplace harassment of a person while the latter is acting in the course of his duties when employed, engaged or participating in the racing industry.	1
AR175A	Any person bound by these Rules who either within a racecourse or elsewhere in the opinion of the Principal Racing Authority (or the Stewards exercising powers delegated to them) 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.	1
AR178	Subject to AR 178G, when any horse that has been brought to a racecourse for the purpose of engaging in a race and a prohibited substance is detected in any sample taken from it prior to or following its running in any race, the trainer and any other person who was in charge of such horse at any relevant time may be penalised.	5
AR178AB(1)(b)	A person must not, without the permission of the Stewards, inject a horse, cause a horse to be injected or attempt to inject a horse, which is engaged to run in any race at any time during the One Clear Day prior to 12.01am on the day of the scheduled race.	1
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, and each record must include the following information: a) the name of the horse; b) the date and time of administration of the treatment or medication; c) the name of the treatment or medication administered (brand name or active constituent); d) the route of administration including by injection, stomach tube, paste, topical application or inhalation); e) the amount of medication given (if applicable); f) the duration of a treatment (if applicable); g) the name and signature of person or persons administering and/or authorizing the administration of the treatment or medication.	1
Total		49

REPRESENTATION TABLE

	Dismissed	Upheld
Represented by Solicitor/Master	24	14
Represented Self	7	-
Totals	31	14

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

Racing Appeals Tribunal

Racing Appeals Tribunal comprised of:

David Armati, *Racing Appeals Tribunal*
Edward Selwyn OAM, *Acting Racing Appeals Tribunal*

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

There were 2 Appeals determined by the Racing Appeals Tribunal during 2017/18 which comprised 13 charges: -

Presided Over By	Dismissed	Upheld	Withdrawn
Mr D Armati	-	1	12
Total	-	1	12



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.

The Fund also extends workers compensation indemnity to jockeys injured in the Australian Capital Territory. 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.

2017/18 Performance

During 2017/18, the Racing NSW Workers Compensation Fund received 547 new claims which was identical to the new claims experience during 2016/17.

The Fund experienced a claims revenue to claims costs surplus of \$2.4 million during 2017/18. The result was a combination of a revenue increase of 12% and the containment of the claims costs.

Despite the annual indexation of compensation entitlements, compensation payments fell by \$250,000 compared to the 2016/17 financial year.

The actuarial valuation of the possible future liability of the Fund at 30 June 2017 was assessed at \$42.2 million which was a decrease of \$100,000 on the valuation at 30 June 2017 of \$42.3 million.

The assessed future liability fell \$2.7 million below the \$44.9 million which had been forecast in the 2017 actuarial assessment. The revenue to claims costs surplus combined with the decrease in the outstanding

claims liability delivered the Fund an overall profit of \$2.5 million for 2017/18.

The Fund's sound performance during 2017/18 is reflective of the following positive factors:

- Year on year improvement in claims finalisation as a result of early recovery from injury and return to work
- Improved claims experience for older claims
- Reduction in the number of open claims
- Lower than expected incurred costs of claims (across all claim years)

Despite the Fund's strong performance during 2017/18 certain challenges prevail.

Legislative amendments in August 2015, particularly significant increases in benefits for permanent impairment and the winding back of limitations on long-term medical expenses are yet to fully impact.

These amendments have resulted in 7% loading to the average claims size assumptions which form part of the actuarial valuation.

As previously reported, in the years leading up to its collapse, the HIH Group was the Racing NSW workers compensation reinsurer.

The reinsurance recovery of approximately 35 cents in the dollar has been fully recovered but we have a continuing unfunded liability for the still open claims which fell under the HIH reinsurance arrangements.

The Racing NSW Workers Compensation Fund currently maintains an accumulated surplus of \$3.9 million.

The Fund has performed soundly over recent years having overcome a deficit which peaked at \$9.2 million at the end of the 2010/11 financial year. The Fund is committed to reaching and maintaining an accumulated surplus of \$5 million.

2017/18 Actuarial Assessment

The 2017/18 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 2017 is \$35.2 million (net of reinsurance recoveries and including an allowance for claims handling expenses).

The estimate of the outstanding claims liability includes

SUMMARY OF ACTUARIAL ESTIMATE OF OUTSTANDING CLAIMS LIABILITIES

	Estimate of Liability as at 30 June 2018 (\$m)	Projected Estimate of Liability to 30 June 2018 (2017 Valuation) (\$m)	Estimate of Liability as at 30 June 2017 (\$m)	Projected Estimate of Liability to 30 June 2019 (2018 Valuation) (\$m)
Net Central Estimate ¹	35.2	37.4	35.3	37.2
Risk Margin	7.0	7.5	7.0	7.4
Outstanding Claims Provision ²	42.2	44.9	42.3	44.6

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

an allowance for future inflation of claims payments at 3% per annum (unchanged from 2017) and is discounted at 2.75% per annum (a worsening of 0.1% from 2017) to allow for future investment income earned between the valuation date and expected payment date.

The decrease in the discount rate implies reduced investment earnings and impacts adversely on the assessed future liability.

At 30 June 2018, the net provision for outstanding claims liability (inclusive of a mandated 20% prudential margin) is \$42.2 million. This represents a decrease of \$2.7 million on the projection of \$44.9 million made in the 2017 valuation.

The current valuation of \$42.2 million represents a decrease of \$100,000 on the Fund's assessed liability of \$42.3 million as at 30 June 2017.

Finity found that the claims experience of the Fund during 2017/18 exceeded expectations.

There were measurable improvements in the size of the open claims portfolio, the rate of claims finalisation and the aggregate case estimates of outstanding future claims liability.

Claims Incidence

There were 547 workers compensation claims received during 2017/18 which replicated exactly the new claims incidence for 2016/17.

The new claims incidence during 2017/18 was 0.4% higher than the average claims incidence of 545 claims across the last five claim years.

The size of the open claims portfolio reduced to 197 claims as at 30 June 2018. This is a reduction of 7.5% on the 213 claims that were open at 30 June 2017.

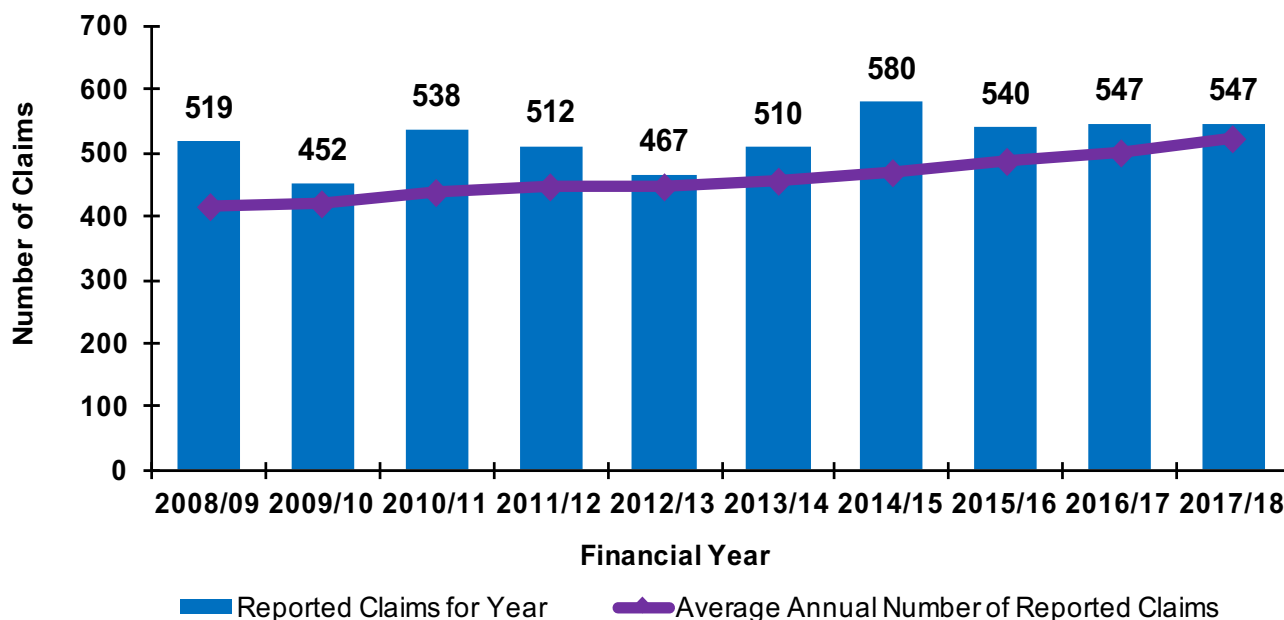
Claim Profiles

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 tables provide an insight into the nature of workers compensation claims lodged during 2017/18.

INCURRED CLAIMS BY FINANCIAL YEAR



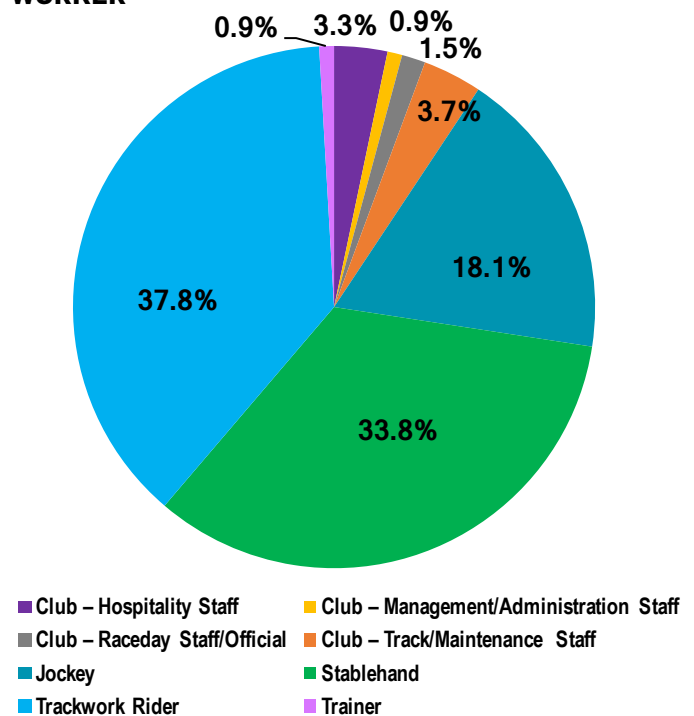
2017/18 CLAIMS BY MECHANISM OF INJURY

Falls from a horse (or other height)	210	38.39%
Being struck by a horse	191	34.92%
Muscular stress while lifting, carrying or handling	47	8.59%
Being trapped between stationary and moving objects	41	7.50%
Contact with machinery or moving objects	17	3.11%
Falls on the same level (slips and falls)	11	2.01%
Being bitten by a horse	9	1.65%
Being hit by falling objects	7	1.28%
Hitting stationary objects	6	1.10%
Environmental heat stress	2	0.37%
Workplace conflict	2	0.37%
Explosion	1	0.18%
Physical assault	1	0.18%
Infection	1	0.18%
Exposure to traumatic event	1	0.18%
TOTAL	547	100.00%

2017/18 CLAIMS BY BODY PART

Back	63	11.52%
Shoulder	55	10.05%
Hand/Fingers	45	8.23%
Leg	43	7.86%
Knee	41	7.50%
Ankle	37	6.76%
Foot/Toes	35	6.40%
Neck	31	5.67%
Head (simple frank injury)	28	5.12%
Head with concussion	22	4.02%
Arm	19	3.47%
Face/Nose	18	3.29%
Wrist	16	2.93%
Ribs	15	2.74%
Mouth/Tooth	14	2.56%
Chest/Trunk	11	2.01%
Pelvic Bones, Muscles and Tendons	11	2.01%
Specified multiple locations	10	1.83%
Elbow	8	1.46%
Hip	7	1.28%
Abdomen	5	0.91%
Internal organs/pulmonary	5	0.91%
Psychological	3	0.55%
Eye	2	0.37%
Ear	2	0.37%
Brain	1	0.18%
TOTAL	547	100.00%

2017/18 CLAIMS BY OCCUPATION OF INJURED WORKER



2017/18 CLAIMS BY INJURY TYPE

Sprain, Strain or Soft Tissue Injury	144	26.33%
Trauma to joints and ligaments	95	17.37%
General Fractures	92	16.82%
Contusion, bruising and superficial crushing	59	10.79%
Laceration or open wound	32	5.85%
Superficial injury	24	4.39%
Trauma to muscles and tendons	23	4.20%
Concussion	22	4.02%
Fractured skull and facial bones (including teeth)	18	3.29%
Dislocation	11	2.01%
Multiple injuries	10	1.83%
Fractured vertebrae	5	0.91%
Psychological injury	3	0.55%
Internal injury of chest, abdomen or pelvis	3	0.55%
Heat stress	2	0.37%
Burns	1	0.18%
Infection	1	0.18%
Hernia	1	0.18%
Brain injury	1	0.18%
TOTAL	547	100.00%

The profile of the 2017/18 claims portfolio is similar to that of previous years insofar as: -

- The highest incidence of injuries arises out of trackwork riding, including trainers riding their own trackwork (38.7% of injuries);
- The most common mechanisms of injury are falls from horses (38.4%) and being struck in some manner by a horse (34.9%), and
- Injuries most commonly sustained are sprains, strains and soft tissue injuries (26.3% of all injuries), trauma to joints and ligaments (17.4%) and general fractures (16.8%).



Ariel Paez
General Manager –
Information Technology (IT)

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

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

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

Objectives achieved include: -

- Network Expansion;
- Disaster recovery;
- Single National System, and
- Website.

Network Expansion

Core network infrastructure has been updated with the latest industry standards and best practices to support new digital technologies within all areas of Racing NSW.

Cloud-based technologies are constantly being

implemented and utilised to take advantage of new emerging technologies.

Disaster Recovery

New off-site core systems replication has been completed and is fully operational. This provides a live site-to-site replication of all core Druitt Street offices infrastructure.

Single National System Integration

Racing NSW has transitioned to the Single National System for all core services which includes Stewards, Licensing, Handicapping, Registration, Stakes, Racing Office and bonus scheme administration.

Website

Racing NSW has transitioned the entire website to an enhance content management system.

It allows for greater collaboration from all departments and ease of use when not in the office.

The website infrastructure has been redesigned to allow a greater number of visitors to the site without affecting response times and availability during peak periods.



Sadly, the NSW Thoroughbred Racing Industry lost many administrators and participants during the past 12 months: -

Noel Bracks

Mr Bracks, 85, was a well-respected solicitor based in the Sydney CBD and was vice-chairman of Australian Jockey Club.

Noel was also a past president and life member of NSW Racehorse Owners Association and a prominent racehorse owner for many years.

Among Noel's best horses was top stayer Donegal Mist who won the Gr 1 AJC The Metropolitan, Gr 2 Moonee Valley Cup, Gr 2 Prime Minister's Cup and Gr 3 Ipswich Cup, accumulating \$1.1 million in prizemoney.

Noel also part-owned talented sprinter The Bullfighter who won the Gr 3 Up & Coming Stakes.

Mr Bracks is survived by wife Ellen and his greater family.

Merv Corliss

Well-known Tamworth trainer, Mr Merv Corliss, died at 93.

"Merv Corliss will be remembered as an outstanding trainer and horseman," said Racing NSW's Chief Executive, Mr Peter V'landys AM.

"He regularly travelled the state with his horses and won countless country cups making many friends along the way.

"We would like to pass on our condolences to his daughter Lesley, a successful trainer in Tamworth, and Merv's family and friends."

Merv was dubbed the 'Country Cups King' with horses like warrior Akwazoff who won an incredible 16 country cups during the early 1990s.

Bob Foran

One of the most popular broadcasters in the state, Bob Foran, 80, passed away at his Gilgandra home following a decade-long battle with illness.

Bob was dubbed the 'Legend of Gilgandra' and during his illness he would regularly be stopped on the racecourse by every second person inquiring into his health.

In 2015, Bob received a 'Special Recognition Award' during the Racing NSW Country & Provincial Awards night for his amazing

accomplishment of calling his 60th Gilgandra Cup.

Fellow racecaller and close friend, Col Hodges OAM, said: "He was a very decent man and was a great racecaller.

"Whatever trade you're in, the best judges of a person are your peers and Bob was highly respected within the entire racing industry."

Bob called his first race on the radio at the age of 13 and since then, apart from calling races, trained gallopers including Border Ghost who won more than 50 races in the bush. Bob also worked at Gilgandra Council.

Steve Jeffries

Former jockey Steve Jeffries, 55, passed away after a short battle with liver and pancreatic cancer.

Steve was a champion apprentice under the mentorship of Mal Barnes and won 14 Group and Listed races including the Hobartville Stakes and Canterbury Guineas. He rode for 15 years, winning over 1000 races, but weight curtailed his career.

Steve then concentrated on being a trackwork jockey and worked at Randwick for the past 20 years mainly riding work Ron Quinton.

Don Storey

Don, 86, was one of NSW's most prominent owner-breeder and racing administrators.

"Don was a highly-respected person not just as an owner and breeder, but also as a racing administrator and businessman," said Mr Peter V'landys AM.

"Don's passion for the industry was unwavering and his contribution to the New South Wales Racing Industry has been remarkable. He was extremely popular in all circles and the term nature's gentleman could not be more appropriate. Don will be greatly missed."

Don Storey and wife Val were regulars on Sydney racecourses for decades with their familiar colours of yellow and black quarters frequently carried to victory.

Don was a Board Member on Sydney Turf Club for 31 years (1970-2001) and he also served as Vice-Chairman, with the Club honouring him with Life Membership in 1980.

Tony White

Popular turf journalist Tony White, 64, suffered a stroke two years ago and had struggled against health issues ever since.

He was based at Yamba on the NSW North Coast before relocating to Terrigal on the NSW Central Coast.

"Tony was a dedicated journalist who was extremely popular, not only with his peers, but with all participants in the NSW Racing Industry," said Mr Peter V'landys AM.

"He devoted much of his life to writing on Thoroughbred racing and after covering racing in Sydney, moved to Grafton where his passionate coverage of country racing earned him our (Racing NSW) Country and Provincial Media Award (2005)."

Tony worked at the Daily and Sunday Telegraphs during the 1980s having commenced his career in the media with AAP (Australian Associated Press).

Prior to becoming a journalist, Tony was a champion surfer in the late 1970s and '80s competing on the world surfing tour and last year was inducted into the Australian Surfing Walk of Fame at his beloved Maroubra Beach.

Other notable passing's include: -

- Ron Adkins
- Tom 'Spider' Barker
- Arnie Bowden
- Nerrida Clancy
- Fred Cowell
- Ben Cummins
- Ron Dickerson
- Clive Dixon
- Ian Downs
- Bruce Edwards
- John Haigh
- Samara Johnson
- Terry Kiel
- Joe Manning
- John McGee
- Jack Meaney
- Peter Molloy
- Tom Patton
- Jeff Perry
- Neville Prendergast
- Archie Turner
- Ken 'Tubby' Turner
- George Warrener
- John Wenman
- Jennifer Whitby

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
1	GEORGE MAIN STAKES	1600	500,000	WINX	CHRIS WALLER
1	GOLDEN ROSE STAKES	1400	1,000,000	TRAPEZE ARTIST	GERALD RYAN
1	EPSOM HCP	1600	1,000,000	HAPPY CLAPPER	PAT WEBSTER
1	THE METROPOLITAN	2400	750,000	FOUNDRY (IRE)	ROBERT HICKMOTT
1	FLIGHT STAKES	1600	500,000	ALIZEE	JAMES CUMMINGS
1	SPRING CHAMPION STAKES	2000	500,000	ACE HIGH	DAVID PAYNE
1	CHIPPING NORTON STAKES	1600	600,000	WINX	CHRIS WALLER
1	SURROUND STAKES	1400	500,000	SHOALS	ANTHONY FREEDMAN
1	RANDWICK GUINEAS	1600	1,000,000	KEMENTARI	JAMES CUMMINGS
1	CANTERBURY STAKES	1300	500,000	HAPPY CLAPPER	PAT WEBSTER
1	COOLMORE CLASSIC	1500	600,000	DAYSEE DOOM	RON QUINTON
1	GOLDEN SLIPPER STAKES	1200	3,500,000	ESTIJAAB	M, W & J HAWKES
1	GEORGE RYDER STAKES	1500	1,000,000	WINX	CHRIS WALLER
1	RANVET STAKES	2000	700,000	GAILO CHOP (FR)	DARREN WEIR
1	ROSEHILL GUINEAS	2000	600,000	D'ARGENTO	CHRIS WALLER
1	THE GALAXY	1100	700,000	IN HER TIME	BENJAMIN SMITH
1	THE BMW	2400	1,500,000	ALMANDIN	LIAM HOWLEY
1	VINERY STUD STAKES	2000	500,000	HIYAAM (NZ)	MICK PRICE
1	DONCASTER HANDICAP	1600	3,000,000	HAPPY CLAPPER	PAT WEBSTER
1	T J SMITH STAKES	1200	2,500,000	TRAPEZE ARTIST	GERALD RYAN
1	ATC AUSTRALIAN DERBY	2400	2,000,000	LEVENDI	PETER GELAGOTIS
1	ATC SIRE PRODUCE STAKES	1400	1,000,000	EL DORADO DREAMING	BENJAMIN SMITH
1	QUEEN ELIZABETH STAKES	2000	4,000,000	WINX	CHRIS WALLER
1	ATC OAKS	2400	1,000,000	UNFORGOTTEN	CHRIS WALLER
1	SYDNEY CUP	3200	2,000,000	WHO SHOT THEBARMAN	CHRIS WALLER
1	QUEEN OF THE TURF STAKES	1600	1,000,000	ALIZEE	JAMES CUMMINGS
1	ALL AGED STAKES	1400	600,000	TRAPEZE ARTIST	GERALD RYAN
1	CHAMPAGNE STAKES	1600	500,000	SEABROOK (NZ)	MICK PRICE
2	MISSILE STAKES	1200	200,000	INVINCIBLE GEM	KRIS LEES
2	WARWICK STAKES	1400	250,000	WINX	CHRIS WALLER
2	SILVER SHADOW STAKES	1200	200,000	FORMALITY	D & B HAYES & T DABERNIG
2	CHELMSFORD STAKES	1600	250,000	WINX	CHRIS WALLER
2	FURIOUS STAKES	1200	200,000	FORMALITY	D & B HAYES & T DABERNIG
2	TRAMWAY HCP	1400	200,000	HAPPY CLAPPER	PAT WEBSTER
2	THE RUN TO THE ROSE	1200	200,000	MENARI	GERALD RYAN

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
2	THEO MARKS STAKES	1300	200,000	DEPLOY	GERALD RYAN
2	STAN FOX STAKES	1500	200,000	GOLD STANDARD	GAI WATERHOUSE & ADRIAN BOTT
2	THE SHORTS	1100	200,000	REDZEL	PETER & PAUL SNOWDEN
2	TEA ROSE STAKES	1400	200,000	ALIZEE	JAMES CUMMINGS
2	SHANNON STAKES	1500	200,000	WASHINGTON HEIGHTS	GERALD RYAN
2	GOLDEN PENDANT	1400	400,000	DAYSEE DOOM	RON QUINTON
2	HILL STAKES	2000	500,000	CLASSIC UNIFORM	GARY MOORE
2	PREMIERE STAKES	1200	500,000	IN HER TIME	BENJAMIN SMITH
2	ROMAN CONSUL STAKES	1200	300,000	VIRIDINE	JAMES CUMMINGS
2	VILLIERS STAKES	1600	250,000	CRACK ME UP (NZ)	LIAM BIRCHLEY
2	EXPRESSWAY STAKES	1200	200,000	TRAPEZE ARTIST	GERALD RYAN
2	BREEDERS' CLASSIC	1200	200,000	PROMPT RESPONSE	GAI WATERHOUSE & ADRIAN BOTT
2	APOLLO STAKES	1400	250,000	ENDLESS DRAMA (IRE)	CHRIS WALLER
2	LIGHT FINGERS STAKES	1200	200,000	ALIZEE	JAMES CUMMINGS
2	SILVER SLIPPER STAKES	1100	250,000	SUNLIGHT	TONY MCEVOY
2	HOBARTVILLE STAKES	1400	400,000	KEMENTARI	JAMES CUMMINGS
2	MILLIE FOX STAKES	1300	200,000	DAYSEE DOOM	RON QUINTON
2	SKYLINE STAKES	1200	200,000	SANTOS	GAI WATERHOUSE & ADRIAN BOTT
2	SWEET EMBRACE STAKES	1200	200,000	SEABROOK (NZ)	MICK PRICE
2	GUY WALTER STAKES	1400	200,000	DIXIE BLOSSOMS	RON QUINTON
2	CHALLENGE STAKES	1000	500,000	REDZEL	PETER & PAUL SNOWDEN
2	REISLING STAKES	1200	300,000	ESTIJAAB	M, W & J HAWKES
2	TODMAN STAKES	1200	300,000	AYLMERTON	JEAN DUBOIS
2	PHAR LAP STAKES	1500	200,000	UNFORGOTTEN	CHRIS WALLER
2	AJAX STAKES	1500	200,000	COMIN' THROUGH	CHRIS WALLER
2	TULLOCH STAKES	2000	200,000	LEVENDI	PETER GELAGOTIS
2	EMANCIPATION STAKES	1500	200,000	PROMPT RESPONSE	GAI WATERHOUSE & ADRIAN BOTT
2	CHAIRMAN'S HANDICAP	2600	300,000	SIR CHARLES ROAD	LANCE O'SULLIVAN & ANDREW SCOTT
2	ARROWFIELD 3YO SPRINT	1200	600,000	CATCHY	D & B HAYES & T DABERNIG
2	PERCY SYKES STAKES	1200	600,000	PURE ELATION	PETER & PAUL SNOWDEN
2	SAPPHIRE STAKES	1200	300,000	QUILISTA	DARREN WEIR
3	SAN DOMENICO STAKES	1600	150,000	PARIAH	PETER & PAUL SNOWDEN
3	UP AND COMING STAKES	1300	150,000	DRACARYS	PETER & PAUL SNOWDEN
3	SHOW COUNTY QUALITY HCP	1200	150,000	DEPLOY	GERALD RYAN
3	TOY SHOW F-&-M QLTY HCP	1300	150,000	SWEET REDEMPTION	GAI WATERHOUSE & ADRIAN BOTT

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
3	MING DYNASTY QUALITY HCP	1400	150,000	ADDICTIVE NATURE	BJORN BAKER
3	CONCORDE STAKES	1000	150,000	REDZEL	PETER & PAUL SNOWDEN
3	SHERACO STAKES	1200	150,000	RAVI	PETER & PAUL SNOWDEN
3	SPRING STAKES	1600	150,000	ASTORIA	JAMES CUMMINGS
3	CAMERON HCP	1500	150,000	GOT UNDERS	JAY HOPKINS
3	NEWCASTLE CUP	2300	175,000	BROADSIDE (NZ)	GAI WATERHOUSE & ADRIAN BOTT
3	TIBBIE STAKES	1400	150,000	ZANBAGH	JOHN P THOMPSON
3	KINGSTON TOWN STAKES	2000	150,000	LIBRAN (IRE)	CHRIS WALLER
3	BILL RITCHIE HANDICAP	1400	150,000	COMIN' THROUGH	CHRIS WALLER
3	GLOAMING STAKES	1800	200,000	ACE HIGH	DAVID PAYNE
3	COLIN STEPHEN QUALITY	2400	150,000	AUVRAY (FR)	RICHARD FREEDMAN
3	ANGST STAKES	1600	150,000	DIXIE BLOSSOMS	RON QUINTON
3	CRAVEN PLATE	2000	500,000	CLASSIC UNIFORM	GARY MOORE
3	THE NIVISON	1200	150,000	WHITE MOSS	JASON COYLE
3	FESTIVAL STAKES	1500	150,000	TESTASHADOW	GARY PORTELLI
3	SUMMER CUP	2000	150,000	MONTAUK	CHRIS WALLER
3	BELLE OF THE TURF STAKES	1600	150,000	PECANS	JOSEPH PRIDE
3	WIDDEN STAKES	1100	150,000	FIESTA	CHRIS WALLER
3	CANONBURY STAKES	1100	150,000	PERFORMER	CHRIS WALLER
3	ESKIMO PRINCE STAKES	1200	150,000	KEMENTARI	JAMES CUMMINGS
3	SOUTHERN CROSS STAKES	1200	150,000	KAEPERNICK	JOHN O'SHEA
3	TRISDAY STAKES	1200	150,000	FARAWAY TOWN	MATTHEW SMITH
3	LIVERPOOL CITY CUP	1300	150,000	CRACK ME UP (NZ)	BJORN BAKER
3	NEWCASTLE NEWMARKET HCP	1400	150,000	LANCIATO (NZ)	MARK NEWNHAM
3	ASPIRATION QUALITY	1600	150,000	KARAVALI (NZ)	KRIS LEES
3	WENONA GIRL QUALITY	1200	150,000	SUGAR BELLA	KRIS LEES
3	BLACK OPAL STAKES	1200	300,000	ENCRYPTION	JAMES CUMMINGS
3	KEITH F NOLAN CLASSIC	1600	200,000	LUVALUVA (NZ)	JOHN SARGENT
3	MAGIC NIGHT STAKES	1200	175,000	SUNLIGHT	TONY MCEVOY
3	PAGO PAGO STAKES	1200	175,000	WRITTEN BY	GRAHAME BEGG
3	SKY HIGH STAKES	2000	350,000	AUVRAY (FR)	RICHARD FREEDMAN
3	MAURICE McCARTEN STAKES	1100	150,000	DOTHRAKI	PETER & PAUL SNOWDEN
3	BIRTHDAY CARD STAKES	1200	150,000	QUILISTA	DARREN WEIR
3	EPONA STAKES	1900	150,000	THE PINNACLE	PETER & PAUL SNOWDEN
3	N E MANION QUALITY CUP	2400	150,000	MASTER OF ARTS (NZ)	DARREN WEIR

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
3	STAR KINGDOM STAKES	1200	150,000	SPRIGHT	GARRY FRAZER
3	T L BAILLIEU HANDICAP	1400	150,000	IRUKANDJI	M, W & J HAWKES
3	NEVILLE SELLWOOD STAKES	2000	150,000	ARBEITSAM	GAI WATERHOUSE & ADRIAN BOTT
3	DONCASTER PRELUDE	1500	150,000	CELLARMAN	CHRIS WALLER
3	ADRIAN KNOX QLTY STAKES	2000	200,000	LUVALUVA (NZ)	JOHN SARGENT
3	CARBINE CLUB STAKES	1600	200,000	MURAAQEB	D & B HAYES & T DABERNIG
3	KINDERGARTEN STAKES	1100	200,000	PAQUIRRI	GARY MOORE
3	P J BELL STAKES	1200	200,000	HOUTZEN	TOBY EDMONDS
3	JAPAN RACING ASSOC PLATE	2000	150,000	TALLY	JAMES CUMMINGS
3	FRANK PACKER PLATE	2000	150,000	HIGHER GROUND	CHRIS WALLER
3	JAMES H B CARR STAKES	1400	150,000	MOSS TRIP	PETER & PAUL SNOWDEN
3	HALL MARK STAKES	1200	150,000	BURNING PASSION	MARK NEWNHAM
3	HAWKESBURY GOLD CUP	1600	200,000	KINGSGUARD (NZ)	M, W & J HAWKES
3	GODOLPHIN CROWN	1300	175,000	PECANS	JOSEPH PRIDE
3	HAWKESBURY GUINEAS	1400	200,000	SAMBRO	CHRIS WALLER
3	DARK JEWEL CLASSIC	1400	200,000	SIREN'S FURY	JASON COYLE
LR	THE ROSEBUD	1100	150,000	MENARI	GERALD RYAN
LR	ROWLEY MILE	1100	150,000	ARBEITSAM	GAI WATERHOUSE & ADRIAN BOTT
LR	PREMIER'S CUP	1900	125,000	DEE I CEE (NZ)	GAI WATERHOUSE & ADRIAN BOTT
LR	WYONG GOLD CUP	2100	160,000	DESTINY'S KISS	JOSEPH PRIDE
LR	MONA LISA STAKES	1350	125,000	LUBITON	BJORN BAKER
LR	HERITAGE STAKES	1100	125,000	VRIDINE	JAMES CUMMINGS
LR	DULCIFY 3YO QUALITY HCP	1600	125,000	ATARAXIA	JAMES CUMMINGS
LR	BREEDERS' PLATE	1000	150,000	PERFORMER	CHRIS WALLER
LR	GIMCRACK STAKES	1000	150,000	SATIN SLIPPER	PETER & PAUL SNOWDEN
LR	REGINALD ALLEN QLTY HCP	1400	125,000	TORVILL	CLARRY CONNERS
LR	SYDNEY STAKES	1100	500,000	IN HER TIME	BENJAMIN SMITH
LR	CITY TATT'S CLUB CUP	2400	125,000	DESTINY'S KISS	JOSEPH PRIDE
LR	BRIAN CROWLEY STAKES	1200	150,000	GOODFELLA	BJORN BAKER
LR	SKIN FITNESS CUP	1400	150,000	DUCA VALENTINOIS (IRE)	JAMES CUMMINGS
LR	STARLIGHT STAKES	1100	125,000	EGYPTION SYMBOL	BJORN BAKER
LR	ATC CUP	2000	125,000	BROADSIDE (NZ)	GAI WATERHOUSE & ADRIAN BOTT
LR	RAZOR SHARP HCP	1200	125,000	ZESTFUL	KRIS LEES
LR	CHRISTMAS CUP	2400	125,000	VASSAL (GB)	CHRIS WALLER
LR	CHRISTMAS CLASSIC	1200	150,000	MUSIC MAGNATE	BJORN BAKER

GR	FEATURE RACE	DIST	PRIZE \$	WINNER	TRAINER
LR	TATTERSALLS CLUB CUP	2400	150,000	WITCHES	BRAD WIDDUP
LR	TAKEOVER TARGET STAKES	1200	150,000	CALANDA	PETER & PAUL SNOWDEN
LR	GOSFORD GOLD CUP	2100	150,000	SINGING (FR)	KRIS LEES
LR	GOSFORD GUINEAS	1200	150,000	BELLA MARTINI	M, W & J HAWKES
LR	AUSTRALIA DAY CUP	2400	150,000	CORDERO	M, W & J HAWKES
LR	CARRINGTON STAKES	1400	150,000	LANCIATO (NZ)	MARK NEWNHAM
LR	LONHRO PLATE	1100	125,000	SANDBAR	BRAD WIDDUP
LR	PARRAMATTA CUP	1900	125,000	MORE ENERGY	JASON COYLE
LR	FIREBALL STAKES	1100	125,000	I AM EXCITED	DAVID PFIEFFER
LR	RANDWICK CITY STAKES	2000	125,000	EMPEROR'S WAY	PETER & PAUL SNOWDEN
LR	CANBERRA CUP	2000	200,000	ALMOST COURT (NZ)	BARBARA JOSEPH & PAUL JONES
LR	NATIONAL SPRINT	1400	130,000	TOUGHERTHANTHEREST	KEITH DRYDEN & SCOTT COLLINGS
LR	CANBERRA GUINEAS	1400	130,000	ASSIMILATE	PETER & PAUL SNOWDEN
LR	ALBURY CUP	2000	180,000	WILLI WILLI	PETER MORGAN
LR	DARBY MUNRO STAKES	1200	125,000	I AM EXCITED	DAVID PFIEFFER
LR	SOUTH PACIFIC CLASSIC	1400	150,000	CALIFORNIA TURBO	PETER & PAUL SNOWDEN
LR	FERNHILL HANDICAP	1600	150,000	FUTOOH	D & B HAYES & T DABERNIG
LR	HAWKESBURY RUSH	1100	125,000	GLENALL	M, W & J HAWKES
LR	WAGGA WAGGA GOLD CUP	2000	160,000	LIFE LESS ORDINARY (IRE)	CHRIS WALLER
LR	LORD MAYOR'S CUP	2000	150,000	OUR CENTURY (IRE)	KIM WAUGH
LR	SCONE CUP	1600	200,000	SEDANZER	GAI WATERHOUSE & ADRIAN BOTT
LR	LUSKIN STAR STAKES	1300	150,000	OSBORNE BULLS	JAMES CUMMINGS
LR	WOODLANDS STAKES	1100	150,000	PRETTY IN PINK	JOHN O'SHEA
LR	DENISE'S JOY STAKES	1100	150,000	IN GOOD TIME	TRACEY BARTLEY
LR	ORTENSIA STAKES	1100	150,000	TO EXCESS	TRACEY BARTLEY
LR	W J MCKELL CUP	2400	150,000	DESTIN'YS KISS	JOSEPH PRIDE
LR	JUNE STAKES	1100	150,000	JUNGLE EDGE	MICK BELL
LR	WINTER CUP	2400	125,000	HARPER'S CHOICE	GERALD RYAN
LR	CIVIC STAKES	1350	150,000	LIAPARI (NZ)	CHRIS WALLER
LR	RAMORNIE HANDICAP	1200	160,000	HAVASAY	TOBY EDMONDS
LR	GRAFTON CUP	2350	160,000	FIRST CRUSH	CHRIS MUNCE
LR	WINTER STAKES	1400	150,000	DREAMFORCE	JOHN P THOMPSON
LR	WINTER CHALLENGE	1500	150,000	MISTER SEA WOLF (IRE)	CHRIS WALLER
	THE EVEREST	1200	10,000,000	REDZEL	PETER & PAUL SNOWDEN
	ST LEGER	2600	500,000	BIG DUKE (IRE)	DARREN WEIR



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GENERAL ACTIVITIES - REVENUE AND ADMINISTRATION EXPENSES

FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	Note	2018 \$	2017 \$
REVENUE			
Revenue from Operating Activities			
Sale of Goods - Publications	4(i)	352,929	379,327
Sale of Services	4(ii)	5,964,681	5,920,514
		6,317,610	6,299,841
Revenue from Non Operating Activities			
Interest - General	4(vi)	1,643,419	882,710
		1,643,419	882,710
First Charge	4(iv)	9,561,720	9,118,897
Share of Racing Australia ("RA") Profit	10	1,526,006	1,321,127
		19,048,755	17,622,575
REVENUE			
EXPENSES			
Board	4(x)	657,079	649,410
Analytical	4(xi)	194,788	191,006
Finance	4(xii)	641,868	559,396
Administration and Executive	4(xiii)	4,834,178	4,588,490
Legal	4(xiv)	144,597	161,044
Licensing	4(xv)	233,516	294,979
Collection Race Fields receipts	4(xvii)	162,561	121,979
Race Results	4(xviii)	15,657	15,622
Publications	4(xix)	367,187	389,583
Laboratory	4(xx)	2,911,412	3,091,986
Handicapping	4(xxi)	464,925	508,798
Stewards & Integrity	4(xxii)	4,654,735	4,304,008
Veterinary	4(xxiii)	998,793	788,737
Syndicates	4(xxiv)	188,624	151,023
Stakes Payments	4(xxxv)	276,751	316,851
Information Technology	4(xxvi)	1,086,102	737,775
Racing Office	4(xxvii)	251,230	152,870
Marketing and promotions	4(xxviii)	1,035,559	677,307
Financing Costs	4(xxxi)	28,066	14,944
(Gain)/Loss on Disposal of Assets	4(vii)	(34,221)	(40,690)
		19,113,407	17,675,118
EXPENSES			

WORKERS' COMPENSATION FUND PROFIT/LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	Note	2018 \$	2017 \$
REVENUE			
Revenue from Operating Activities			
Workers Compensation Premiums & Revenue	4(iii)	13,573,864	11,999,616
		<u>13,573,864</u>	<u>11,999,616</u>
Revenue from Non Operating Activities			
Rent received/ Outgoings recovered	13	154,423	182,400
Interest received Workers Compensation	4(vi)	1,115,063	1,040,839
		<u>1,269,486</u>	<u>1,223,239</u>
REVENUE		<u>14,843,350</u>	<u>13,222,855</u>
EXPENSES			
Workers Compensation Payments	4(xxx)	9,977,823	10,215,269
Workers Compensation, Administrative, Regulatory & Reinsurance	4(xxx)	1,869,126	1,778,980
Financing Costs	4(xxxi)	91,448	106,497
Investment Property Expenses	13	33,050	23,432
Investment Property Depreciation Expense	13	55,220	55,058
EXPENSES		<u>12,026,667</u>	<u>12,179,236</u>
Funds surplus before allocation of additional provision for possible future liabilities		<u>2,816,683</u>	<u>1,043,619</u>
(Reduction) / Addition in provision for possible future liabilities		(46,358)	(605,221)
Funds Transferred to Reserves		<u>2,863,041</u>	<u>1,648,840</u>

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	Note	2018 \$	2017 \$
REVENUE FROM CONTINUING OPERATIONS			
Sale of Goods - Publications	4(i)	352,929	379,327
Sale of Services	4(ii)	16,160,158	13,096,688
Workers Compensation Fund Premiums and other Revenue	4(iii)	13,728,287	12,182,016
First Charge	4(iv)	9,561,720	9,118,897
Wagering Revenue	4(v)	162,395,397	135,444,814
Interest other parties	4(vi)	2,758,482	1,923,549
Outside Broadcast	4(xxxiii)	5,663,103	5,062,249
Everest Revenue	4(xxxiv)	8,916,503	-
TOTAL REVENUE AND OTHER INCOME		219,536,579	177,207,540
EXPENSES			
Management of Capital Expenditure	4(viii)	450,706	511,970
Board	4(x)	657,079	649,410
Analytical	4(xi)	194,788	191,006
Finance	4(xii)	641,868	559,396
Administration and Executive	4(xiii)	4,834,178	4,588,490
Legal	4(xiv)	144,597	161,044
Licensing	4(xv)	233,516	294,979
Payments made to sustain minimum prizemoney, promotions, horse welfare and other commitments	4(xvi)	158,492,039	131,498,264
Collection of Race Fields receipts	4(xvii)	162,561	121,979
Race Results	4(xviii)	15,657	15,622
Cost of Goods Sold - Publications	4(xix)	367,187	389,583
Laboratory	4(xx)	2,911,412	3,091,986
Handicapping	4(xxi)	464,925	508,798
Stewards & Integrity	4(xxii)	4,654,735	4,304,008
Veterinary	4(xxiii)	998,793	788,737
Syndicates	4(xxiv)	188,624	151,023
Stakes Payments	4(xxv)	276,751	316,851
Information Technology	4(xxvi)	1,086,102	737,775
Racing Office	4(xxvii)	251,230	152,870
Marketing	4(xxviii)	1,035,559	677,307
The Championships	4(xxiv)	1,814,970	2,414,412
Outside Broadcast	4(xxxiii)	6,217,231	5,336,157
Workers Compensation Fund Expenses	4(xxx)	11,935,219	12,072,739
Financing Costs	4(xxxi)	119,514	121,441
Redevelopment monitoring costs - Rosehill	4(xxxii)	-	14,480
(Gain) / Loss on Disposal of Assets	4(vii)	(34,221)	(40,690)
Increase/ (Drawdown) on Race Fields Provision	17(b)	(12,848,987)	8,687,338
Write back of Race Fields Provision	17(b)	-	(5,394,785)
Capital Expenditure Provision	17(c)	20,000,000	-
(Reduction in) / Additional provision for possible future Workers' Compensation liabilities	18	(46,358)	(605,221)
TOTAL EXPENSES		205,219,675	172,316,969
Share of profit of associate (Racing Australia "RA")	10	1,526,006	1,321,127
PROFIT BEFORE INCOME TAX		15,842,910	6,211,698
INCOME TAX EXPENSE		-	-
PROFIT AFTER INCOME TAX		15,842,910	6,211,698
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		15,842,910	6,211,698

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	6	53,408,735	52,995,687
Trade and Other Receivables	7	23,201,889	21,093,585
Other Current Assets	8	129,984	172,770
Other Financial Assets	9	124,934,545	95,131,021
TOTAL CURRENT ASSETS		201,675,153	169,393,063
NON-CURRENT ASSETS			
Investment Accounted for Using the Equity Method	10	10,138,542	8,612,536
Other Non-Current Receivables	14	5,395,302	6,116,784
Property, Plant and Equipment - Land & Buildings	11	13,832,601	14,036,480
Property, Plant and Equipment - Other	12	18,654,858	17,699,093
Investment Property	13	1,441,867	1,497,087
TOTAL NON-CURRENT ASSETS		49,463,170	47,961,980
TOTAL ASSETS		251,138,323	217,355,043
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	15	51,101,195	39,727,302
Breeder Owner Bonus Scheme	16	20,775,929	19,835,651
Employee Provisions	17(a)	1,505,897	1,334,821
Race Fields Provisions	17(b)	11,000,000	14,000,000
Capital Expenditure Provision	17(c)	20,000,000	-
Workers Compensation Provisions	18	9,020,672	8,894,152
Other Liabilities	19	8,393,683	7,716,069
TOTAL CURRENT LIABILITIES		121,797,376	91,507,995
NON-CURRENT LIABILITIES			
Breeder Owner Bonus Scheme	16	4,955,706	6,796,148
Employee Provisions	17(a)	293,318	305,659
Race Fields Provisions	17(b)	26,038,869	35,887,856
Workers Compensation Provisions	18	39,708,860	40,314,501
Other Liabilities	19	77,022	118,622
TOTAL NON-CURRENT LIABILITIES		71,073,775	83,422,786
TOTAL LIABILITIES		192,871,151	174,930,781
NET ASSETS		58,267,172	42,424,262
EQUITY			
Reserves	20	58,267,172	42,424,262
TOTAL EQUITY		58,267,172	42,424,262

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 2018

RACING NSW ABN 86 281 604 417

	Note	Reserves \$	Accumulated Surplus \$	Total \$
Balance at 1 July 2016		36,212,564	-	36,212,564
Profit for the year		-	6,211,698	6,211,698
		-	6,211,698	42,424,262
Total Comprehensive Income for the Year	20	6,211,698	(6,211,698)	-
Balance at 30 June 2017		42,424,262	-	42,424,262
Profit for the year		-	15,842,910	15,842,910
		-	15,842,910	15,842,910
Total Comprehensive Income for the Year	20	15,842,910	(15,842,910)	-
Balance at 30 June 2018		58,267,172	-	58,267,172

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		348,668,875	290,771,846
Payments to suppliers and employees		(319,454,199)	(264,969,074)
Interest received		3,960,873	4,883,159
Finance costs		(119,514)	(121,441)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5(b)	33,056,035	30,564,490
CASH FLOW FROM INVESTING ACTIVITIES			
Short term (Investment)		(29,803,525)	(1,022,460)
Payments for property, plant and equipment		(3,895,698)	(10,495,877)
Proceeds from sale of plant and equipment		361,455	297,818
NET CASH (USED) INVESTING ACTIVITIES		(33,337,768)	(11,220,519)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of loans to/(from) related parties including ATC		694,780	(3,247,366)
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES		694,780	(3,247,366)
NET INCREASE IN CASH		413,048	16,096,606
Cash at beginning of the year		52,995,687	36,899,081
CASH AT THE END OF THE YEAR	5(a)	53,408,735	52,995,687

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The financial statements cover Racing NSW as an individual entity. Racing NSW is a not-for-profit entity 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 and Race Fields Capital Development provision, Capital Expenditure Provision and Retained Earnings. 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 the provision.

(f) Investment in Associates

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

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

(f) Investment in Associates (cont.)

A joint venture is an arrangement that Racing NSW controls jointly with one or more other investors, and over which 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 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 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 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 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 Racing NSW.

Unrealised gains and losses on transactions between Racing NSW and its associates and joint ventures are eliminated to the extent of 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 on the date the invoice is paid.

(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. 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 include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and costs, including claims handling costs, which the insurer expects to incur in settling these incurred claims. The outstanding claims liability is discounted for the time value of money using risk-free discount rates that are based on current observable, objective rates that relate to the nature, structure and term of the future obligations.

(o) Goods and Services Tax (GST)

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

(p) Government Grants

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

(q) Provisions

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

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

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

r) Critical Accounting Estimates and Judgements

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

- (i) Estimation of Insurance Liabilities (Refer Note 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. Refer to note 18.
- (iii) Race Fields provision (Refer Note 17(b))
- (iv) Capital Expenditure Provision (Refer Note 17(c))

(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 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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. The Company's assessment of the impact of these new standards and interpretations are set out below.

New/revised pronouncement	Impact on the financial statements
AASB 9 Financial Instruments	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 15 - Revenue from Contracts with Customers	When this Standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in 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 for the year ending 30 June 2020.
AASB 2014-10 Amendments to Australian Accounting Standards - Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.
AASB 1058 - Income of Not-for-Profit Entities	The entity is yet to undertake a detailed assessment of the impact of AASB 1058. 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 2020.
IFRS 17 - Insurance Contracts	The entity is yet to undertake a detailed assessment of the impact of IFRS 17. However, based on entity's preliminary assessment, the Standard is not expected to have a material impact on the transaction and balances recognised in the financial statements when it is first adopted for the year ended 30 June 2022.

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.
- (v) Wagering Revenue including Race Fields fees and interest, tax parity revenue and prizemoney subsidies.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

NOTE 4: STATEMENT OF COMPREHENSIVE INCOME (CONT.)

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

Interest from Cash at Bank	1,305,565	882,710
Interest from Loans to Clubs	337,854	-
Interest received Workers Compensation	1,115,063	1,040,839
	<u>2,758,482</u>	<u>1,923,549</u>

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

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

(ix) Horse Rehabilitation includes staff, office costs, horse feed, veterinary and horse welfare costs associated with the retraining and sale of thoroughbred horses. From 1 October 2016 the costs of Horse Rehabilitation is funded by 1% of the prizemoney. Refer to note 4(xvi).

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

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

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

(xiii) 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.

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

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

(xvi) Payments made to sustain minimum prize money, promotions, horse welfare and other commitments

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

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

(xix) Cost of Goods Sold expenditure includes staff and office costs as well as all production, distribution and selling costs.

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

(xxi) Handicapping expenditure includes staff and office costs.

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

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

(xxiv) Syndicates expenditure includes staffing and office costs.

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

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

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

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

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

(xxx) Workers Compensation Insurance Fund provides 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).

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

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

(xxxiii) Outside broadcast includes staffing, travel costs associated with the Broadcasting facilities. Outside broadcast revenue includes revenue from clubs for providing broadcasting services, revenue from Sky Racing television network and revenue from providing broadcasting services and equipment for hire.

(xxxiv) Everest revenue consists of Everest slot revenue, broadcast rights, sponsorship and other wagering related revenue.

The profit has been determined after:

	2018 \$	2017 \$
Finance Costs		
Bank Charges	34,274	20,359
Bank Guarantee	85,240	101,082
Total Finance Costs	<u>119,514</u>	<u>121,441</u>
Depreciation and impairment expense of non-current assets		
- Land and Building Depreciation Expense	203,879	244,454
- Plant and Equipment Depreciation Expense	2,612,699	2,355,525
- Investment Property Depreciation Expense	55,220	66,565
Total Depreciation and Impairment Expense	<u>2,871,798</u>	<u>2,666,544</u>

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	2018 \$	2017 \$
NOTE 4: STATEMENT OF COMPREHENSIVE INCOME (CONT.)		
Bad and Doubtful Debts		
- Trade Debtors written off / (recovered)	43,747	82,199
Total Bad and Doubtful Debts	43,747	82,199
Rental Expense on Operating Lease		
	-	-
Total Gain/(Loss) on disposal of non-current assets:		
- Property, Plant and Equipment	(34,221)	(40,690)
Total Gain/(Loss) on disposal of non-current assets	(34,221)	(40,690)
Remuneration of Auditor		
- Audit Services	99,500	95,500
Total Remuneration of Auditor	99,500	95,500
Employee Benefits Expense (excluding Superannuation)	15,608,091	13,628,605
Defined Contribution Superannuation Expense	1,505,692	1,491,598
Defined Benefit Superannuation Expense	(72,601)	(183,276)
Insurance Claim Liability Expenses (Refer Note 18):		
Gross (Decrease)/ Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	(479,121)	(1,976,240)
Less Gross Decrease / (Increase) in Reinsurance Recoveries relating to Insurance Claims Liability as recommended by the Actuary	432,763	1,371,019
Net (Decrease)/ Increase in Provision relating to Insurance Claims Liability as recommended by the Actuary	(46,358)	(605,221)

NOTE 5: CASH FLOW INFORMATION

a) Reconciliation of Cash

Cash and Cash Equivalents	53,408,735	52,995,687
	53,408,735	52,995,687

As at 30 June 2018, Racing NSW had no credit facilities in place.

b) Reconciliation of Cash Flow from Operating Activities

Profit after Income Tax	15,842,910	6,211,698
(Profit)/ Loss on Sale of Assets	(34,221)	(40,690)
Depreciation	2,871,798	2,666,544
Share of (profit) in associate (RA)	(1,526,006)	(1,321,127)
	17,154,481	7,516,425
Decrease/ (Increase) in Trade Debtors	(2,801,891)	1,343,359
(Increase)/ Decrease in Prepayments	42,786	(133,078)
Decrease/ (Increase) in Other Non-Current Receivables	721,481	799,505
Increase/ (Decrease) in Trade Creditors and Other Creditors	11,372,701	11,192,340
Increase/ (Decrease) in Breeder Owner Bonus Scheme	(900,164)	1,281,740
Increase/ (Decrease) in Race Fields Provision	(12,848,987)	3,292,553
Increase/ (Decrease) in Capital Expenditure Provision	20,000,000	-
(Decrease)/ Increase in Workers Compensation Provision	(479,121)	(1,976,240)
Increase/ (Decrease) in Other Liabilities	636,014	7,189,099
Increase/ (Decrease) in Other Provisions	158,735	58,787
	15,901,554	23,048,065
Cash Flows from operating activities	33,056,035	30,564,490

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	2018 \$	2017 \$
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash at Bank	30,925,871	22,688,053
Cash at Bank - Redevelopment Grant (Restricted)	17,742	17,742
Cash at Bank - Term Deposits (Maturity of less than 90 days at time of investment)	22,465,122	30,289,892
Total Cash and Cash Equivalents	53,408,735	52,995,687

The Cash at Bank bears floating interest rates between 0.65% and 2.80% (2017: 0.65% and 2.70%). Cash at bank - Redevelopment Grant (Restricted) bears interest rates of between 0.60% and 1.50% (2017: 0.60% and 2.00%). The Cash on Deposit - Workers Compensation are pledged as security for the Commonwealth Bank of Australia Limited ("CBA") to Work Cover (Note 18).

NOTE 7: TRADE AND OTHER RECEIVABLES

Trade Debtors	9,152,918	7,778,379
Provision for Doubtful Debts	(423,129)	(381,478)
Sundry Debtors	3,547,036	2,865,405
Parity Tax Receivable	3,015,050	2,712,185
Amounts receivable from associated entities:		
- Racing NSW Country Limited	5,256,458	5,949,990
- Racing Australia	169	55
Reinsurance Recoveries Receivable	1,202,282	1,252,097
Amounts receivable - Loans to Clubs	220,000	220,000
Stakes Payment Debtors	1,231,105	696,952
Total Receivables	23,201,889	21,093,585

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	129,984	172,770
	129,984	172,770

NOTE 9: OTHER FINANCIAL ASSETS

Cash on Deposit - Workers' Compensation Insurance (maturity of greater than 90 days at time of investment)	43,134,928	40,082,689
Cash on Deposit - (maturity of greater than 90 days at time of investment)	81,799,616	55,048,332
	124,934,544	95,131,021

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.

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

Investment in RA	10,138,542	8,612,536
	10,138,542	8,612,536

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 Pty Ltd (RA)	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)	9,253,381	8,494,572
Non-current assets	28,255,348	27,560,081
Total assets	37,508,729	36,054,653
Current liabilities (b)	7,119,130	6,184,243
Non-current liabilities (c)	1,466,896	5,307,723
Total liabilities	8,586,026	11,491,966

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	2018 \$	2017 \$
NOTE 10: INVESTMENT IN RACING AUSTRALIA PTY LIMITED ("RA") (CONT.)		
Revenue	15,255,207	13,949,937
Profit for the year	4,360,016	3,774,648
Depreciation and amortisation	1,169,822	1,049,545
Interest income	34,276	47,540
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	8,612,536	7,291,409
Share of RA profit current year	1,526,006	1,321,127
At the end of the year	<u>10,138,542</u>	<u>8,612,536</u>
NOTE 11: PROPERTY, PLANT and EQUIPMENT - LAND & BUILDINGS		
Level 6, 51 Druitt St Sydney NSW 2000 - at cost	575,361	575,361
Less accumulated depreciation	(63,589)	(52,082)
	<u>511,772</u>	<u>523,279</u>
Level 6, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	523,279	534,786
Depreciation expense	(11,507)	(11,507)
Carrying Amount at the end of the year	<u>511,772</u>	<u>523,279</u>
Level 11, 51 Druitt St Sydney NSW 2000 - at cost	4,829,404	4,829,404
Less accumulated depreciation	(557,564)	(460,976)
	<u>4,271,840</u>	<u>4,368,428</u>
Level 11, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	4,368,428	4,465,016
Depreciation expense	(96,588)	(96,588)
Carrying Amount at the end of the year	<u>4,271,840</u>	<u>4,368,428</u>
Level 7, 51 Druitt St Sydney NSW 2000 - at cost	4,779,320	4,779,320
Less accumulated depreciation	(1,125,116)	(1,029,332)
	<u>3,654,204</u>	<u>3,749,988</u>
Level 7, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	3,3749,988	3,845,272
Depreciation expense	(95,784)	(95,784)
Carrying Amount at the end of the year	<u>3,654,204</u>	<u>3,749,988</u>
Equine Welfare Land - at cost	5,394,785	5,394,785
Less accumulated depreciation	-	-
Total Equine Welfare Land	<u>5,394,785</u>	<u>5,394,785</u>
Movement in carrying amounts:		
Balance at beginning of year	5,394,785	-
Additions	-	5,394,785
Carrying Amount at the end of the year	<u>5,394,785</u>	<u>5,394,785</u>
Total Property, Plant and Equipment - Buildings	<u>13,832,601</u>	<u>14,036,480</u>
NOTE 12: PROPERTY, PLANT and EQUIPMENT - OTHER		
Plant and Equipment - at cost	30,664,202	27,454,508
Less accumulated depreciation	(12,009,344)	(9,755,415)
Total Plant and Equipment	<u>18,654,858</u>	<u>17,699,093</u>
Movement in Carrying Amounts		
Balance at Beginning of Year	17,699,093	15,262,736
Additions	2,582,055	3,086,705
Disposals	(327,234)	(310,128)
Depreciation Expense	(2,612,699)	(2,355,525)
Transfer from WIP	2,845,818	1,021,176
Movement in WIP	(1,532,175)	994,129
Carrying Amount at the end of the year	<u>18,654,858</u>	<u>17,699,093</u>
Plant and equipment above is comprised of the following categories:		
Laboratory Equipment - at cost	5,668,691	5,300,278
Less accumulated depreciation	(4,645,517)	(4,526,867)
Total Laboratory Equipment	<u>1,023,174</u>	<u>773,411</u>

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	2018 \$	2017 \$
NOTE 12: PROPERTY, PLANT and EQUIPMENT - OTHER (CONT.)		
Movement in carrying amounts		
Balance at beginning of year	773,411	1,036,298
Additions	410,843	71,960
Depreciation expense	(161,080)	(334,847)
Carrying Amount at the end of the year	1,023,174	773,411
Building Fit-out, Furniture and Fittings - at cost	3,823,984	3,820,213
Less accumulated depreciation	(1,790,841)	(1,497,346)
Total Building Fit-out, Furniture and Fittings	2,033,143	2,322,867
Movement in carrying amounts		
Balance at beginning of year	2,322,867	2,589,488
Additions	3,770	67,261
Depreciation expense	(293,494)	(333,882)
Carrying Amount at the end of the year	2,033,143	2,322,867
Office and Other Equipment - at cost	2,922,609	2,397,984
Less accumulated depreciation	(2,048,171)	(1,764,777)
Total Office and Other Equipment	874,438	633,207
Movement in carrying amounts		
Balance at beginning of year	633,207	504,039
Additions	540,037	375,452
Depreciation expense	(298,806)	(246,284)
Carrying Amount at the end of the year	874,437	633,207
Outside broadcast Equipment - at cost	15,586,424	11,900,242
Less accumulated depreciation	(2,945,550)	(1,471,227)
Total Outside Broadcast Equipment	12,640,874	10,429,015
Movement in carrying amounts		
Balance at beginning of year	10,429,015	8,710,178
Additions	3,686,182	2,821,386
Depreciation expense	(1,474,323)	(1,102,549)
Carrying Amount at the end of the year	12,640,874	10,429,015
Motor Vehicles - at cost	2,034,479	1,875,599
Less accumulated depreciation	(579,267)	(495,198)
Total motor vehicles	1,455,212	1,380,401
Movement in carrying amounts		
Balance at beginning of year	1,380,401	1,256,670
Additions	787,042	771,822
Disposals	(327,234)	(310,128)
Depreciation expense	(384,997)	(337,963)
Carrying Amount at the end of the year	1,455,212	1,380,401
Capital Works in Progress - at cost	3,473,835	3,181,368
Less Transfer from WIP	(2,845,818)	(1,021,176)
Total WIP	628,017	2,160,192
Movement in carrying amounts		
Balance at beginning of year	2,160,192	1,166,063
Additions	1,313,643	2,015,305
Transfer from WIP	(2,845,818)	(1,021,176)
Carrying Amount at the end of the year	628,017	2,160,192

NOTE 13: INVESTMENT PROPERTY (COST MODEL)

Level 6, 51 Druitt St Sydney NSW 2000 - at cost	-	575,361
Less accumulated depreciation	-	(40,575)
Transfers from investment to owner-occupied property	-	(534,786)
Level 11, 51 Druitt St Sydney NSW 2000 - at cost	1,683,539	1,683,539
Less accumulated depreciation	(241,672)	(186,452)
Total Investment Property - at cost	1,441,867	1,497,087
Level 6, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	-	534,786
Depreciation expense	-	(11,507)
Transfers from investment to owner-occupied property	-	(523,279)

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	2018 \$	2017 \$
NOTE 13: INVESTMENT PROPERTY (COST MODEL) (CONT.)		
Carrying Amount at the end of the year	-	-
Level 11, 51 Druitt St Sydney NSW 2000 - at cost		
Balance at beginning of year	1,497,087	1,552,145
Depreciation expense	(55,220)	(55,058)
Carrying Amount at the end of the year	1,441,867	1,497,087

Level 11 was originally purchased with the intent of leasing out to external parties, however due to a change in circumstances, the Australian Racing Forensic Laboratory was relocated from Royal Randwick to Level 11. Accordingly, 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 arm's length terms and classified as an investment property. Level 6 is no longer leased to Racing Australia and is occupied by Racing NSW.

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	5,292,427	5,675,375
Loan to Bookmakers Co-op	143,748	350,000
Employee provisions	(40,873)	91,409
	5,395,302	6,116,784

NOTE 15: TRADE AND OTHER PAYABLES

Trade Creditors	1,083,097	1,626,639
Other Creditors and Accruals	26,000,131	18,672,093
Amounts payable to associated entities:		
- Racing Australia	-	70,891
- RacingCorp Pty Limited	13,000	30,916
- Jockey's Benefit Scheme Trust	90,000	-
Employee Leave	1,485,987	1,301,206
Jockeys Welfare Fund	3,454,406	3,042,769
Equine Welfare Fund	1,560,363	957,828
Stakes Payment Creditors	12,427,121	10,064,791
Stable Hand Fund	4,131,055	3,182,262
Rosehill Redevelopment Fund	17,742	17,742
Benevolent Fund	838,293	760,165
Total Creditors and Accruals	51,101,195	39,727,302

Stakes Payments Creditors represent balances owed to industry participant accounts that are due to be paid with the exception of Stable Hands which is shown separately.

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.

	2018 \$
Opening balance	3,042,769
Contributions from prizemoney and BOBS extra prizemoney	2,325,345
Less Jockeys welfare (including superannuation) payments made in 2018 Financial Year	(1,913,708)
Closing balance	3,454,406

The Equine Welfare Fund represents unspent fund in relation to the 1% of prizemoney held for the rehabilitation of thoroughbred horses.

Opening balance	957,828
1% of the total prizemoney paid in 2018 Financial Year in NSW and ACT	2,251,074
Less Equine payments made in 2018 Financial Year	(1,648,539)
Closing balance	1,560,363

The Stable Hands Fund represents 1.5% of total prizemoney. The stable hands are paid their portion of this prizemoney on a quarterly basis. In instances where a trainer does not have any stable hand employed, the money is used to fund welfare claims from trainers and stable hands in the industry.

Opening balance	3,182,262
1.5% of the prizemoney paid in 2018 Financial Year in NSW	3,262,852
Less payments made to Stable Hands & Welfare Payments	(2,314,059)
Closing balance	4,131,055

Redevelopment Fund represents amounts received in relation to redevelopment of Rosehill race course, less progress payments made to 30 June 2018.

	Rosehill \$
Redevelopment funds received to 30 June 2014	24,000,000
Less: Progress payments made to 30 June 2018	(23,982,258)
Balance of Redevelopment liability	17,742

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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	2018 \$	2017 \$
NOTE 16: BREEDER OWNER BONUS SCHEME		
Current		
Breeder Owner Bonus Scheme	20,775,929	19,835,651
Non-Current		
Breeder Owner Bonus Scheme	4,955,706	6,796,148
	25,731,635	26,631,799

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

NOTE 17(a): EMPLOYEE PROVISIONS

Current		
Employee Benefits	1,505,897	1,334,821
Non-Current		
Employee Benefits	293,318	305,659
Total Employee Provisions	1,799,215	1,640,480
Superannuation Fund		
Two 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	2,010,021	1,285,328
Net market value of assets held by the fund to meet future benefit payments	(2,082,622)	(1,468,604)
Excess of the present value of employees accrued benefits over assets held to meet future benefit payments. (included within employee benefits provision)	(72,601)	(183,276)

NOTE 17(b): RACE FIELDS PROVISIONS

Current		
Race Fields provision	11,000,000	14,000,000
Non-Current		
Race Fields provision	26,038,869	35,887,856
Total Race Fields Provisions	37,038,869	49,887,856
Balance at beginning of the year	49,887,856	46,595,303
Provisions made during the year	-	98,606,730
Provisions used during the year	(12,848,987)	(89,919,392)
Provisions reversed during the year	-	(5,394,785)
Balance at end year	37,038,869	49,887,856

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.

Purpose	Amount	Year
	\$	
Purchase of Outside Broadcast Equipment & Laboratory Equipment	10,000,000	2015
Purchase of Laboratory Equipment	3,250,000	2015
Tracking & Timing system for tracks throughout NSW	6,067,000	2016
Purchase of Horse Welfare Land	5,394,785	2017
Total	24,711,785	

Refer to Note 31 for further information.

NOTE 17(c): CAPITAL EXPENDITURE PROVISIONS

Racing NSW has raised \$20,000,000 capital expenditure provision as at 30 June 2018. The amount will be invested in capital projects across NSW in accordance with the 2018 Racing NSW Strategic Plan to benefit the NSW Thoroughbred Racing Industry.

Current		
Capital Expenditure provision	20,000,000	-
Total Capital Expenditure Provisions	20,000,000	-
Balance at beginning of the year	-	-
Provisions made during the year	20,000,000	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Balance at end year	20,000,000	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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	2018 \$	2017 \$
NOTE 18: WORKERS COMPENSATION PROVISION		
Current		
Provision for Insurance Outstanding Claims	9,020,672	8,894,152
Non-Current		
Provision for Insurance Outstanding Claims	39,708,860	40,314,501
Total Provisions for Workers Compensation	48,729,532	49,208,653
Workers Compensation Provisions		
Opening Balance of Workers Compensation Provisions	49,208,653	51,184,893
Gross Movement in Workers Compensation Provisions	(479,121)	(1,976,240)
Closing Balance of Workers Compensation Provisions	48,729,532	49,208,653
The movement in the Workers Compensation Provision is shown at a Gross of any Reinsurance Recoveries.		
Gross Movement in Workers Compensation Provisions	(479,121)	(1,976,240)
Less Decrease/ (Increase) in Reinsurance Recoveries	432,763	1,371,019
Net Movement in Workers Compensation Provision	(46,358)	(605,221)

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 2018 in the amount of \$42,200,000. The CBA Bank had issued guarantees amounting to \$42,300,000 as at 30 June 2018 (2017: \$42,900,000) 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% (2017: 20%) in respect of the net central estimate of liabilities relating to the specialised insurer's license and a prudential margin of 20% (2017: 20%) in respect of the net central estimate of liabilities relating to the self insurer's license.

The decrease in provisions for outstanding claims has been predominantly due to increasing 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 adequately corresponding to the margin cannot be reliably estimated.

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

NOTE 19: OTHER LIABILITIES

Current

Deferred Income	8,393,683	7,716,069
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Non-Current

Deferred Income	77,022	118,622
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Total Other Current Liabilities

	8,470,705	7,834,691
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Monies received by Racing NSW at the end of the reporting period for products or services to be provided in more than 12 months time are classified as non current deferred income. These items include subscriptions received for registration of racing colours, license fees, Workers Compensation Insurance premiums and subscriptions to NSW Racing magazine.

NOTE 20: RESERVES

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

Reserves

General Reserve	42,625,999	31,666,790
Industry Distribution Reserve	10,902,932	8,882,272
Workers Compensation Reserve	4,738,241	1,875,200
Total Reserves	58,267,172	42,424,262

Movement in Reserves

General Reserve

Balance at the beginning of the year	31,666,790	27,929,536
Transfers to accumulated surplus	10,959,209	5,394,785
Transfers from accumulated surplus	-	(1,657,531)
Balance reserve at the end of the year	42,625,999	31,666,790

Industry Distribution Reserve

Balance at the beginning of the year	8,882,272	8,056,668
Transfers to accumulated surplus	2,020,660	825,604
Balance reserve at the end of the year	10,902,932	8,882,272

Workers Compensation Reserve

Balance at the beginning of the year	1,875,200	226,360
Transfers to accumulated surplus	2,863,041	1,648,840
Balance reserve at the end of the year	4,738,241	1,875,200

Total Reserves

	58,267,172	42,424,262
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The Industry Distribution Reserve and General 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.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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	2018 \$	2017 \$
NOTE 21: ACCUMULATED SURPLUS		
Accumulated surplus at beginning of the financial year	-	-
Total Funds transferred (to)/from Reserves	15,842,910	6,211,698
Transfer (to)/from General Reserve	(10,959,209)	(3,737,254)
Transfer (to)/from Industry Distribution Reserve	(2,020,660)	(825,604)
Transfer (to)/from Workers Compensation Reserve	(2,863,041)	(1,648,840)
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	43,250	49,596
Payable later than 1 year and not later than 5 years	-	-
	43,250	49,596

Capital commitments

As shown in Note 31 Racing NSW Board has approved the following spending from the Accumulated Race Fields Provision.

	2018 \$	Cumulative spending total \$	Remaining Commitment as at 30 June 2018 \$
Laboratory Equipment	-	3,250,000	-
Outside Broadcast Equipment	205,423	10,000,000	-
Tracking/timing project Equipment	1,248,063	6,067,000	-
Horse Welfare Land	5,139,785	5,394,785	-
Total	6,593,271	24,711,785	-

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, \$17,742 remained on hand as at 30 June 2018 and is due to be paid out during subsequent periods. The accounting treatment will be on a cash basis to reflect when economic benefits and obligations will be received. Payments to the Australian Turf Club (owner of the aforementioned Rosehill Racecourse) will be made on receipt of certified progress claims.

There are currently guarantees provided by the CBA in favour of WorkCover Authority of NSW amounting to \$42,300,000 (2017: \$42,900,000) at the end of the reporting period, against a facility of \$43,134,928 (2017: \$40,082,689). Based on the most recent actuarial valuation, Racing NSW expects WorkCover NSW to vary the guaranteed amount to \$42,200,000 a decrease of \$100,000 subsequent to year end. Unused facilities at the end of the reporting period amount to \$834,928 (2017: \$0). Racing NSW has pledged to CBA to maintain a minimum balance of 100% cash cover security for the WorkCover NSW bank guarantee (2018: \$42,300,000).

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
Russell Balding AO	Chairman
Anthony Hodgson AM	Vice-Chairman
Saranne Cooke	Board Member
Kevin Greene	Board Member
Simon Tuxen	Board Member
Tony Shepherd AO	Board Member
George Souris	Board Member (commenced 19 December 2017)
Carole Molyneux-Richards	Board Member (retired 19 December 2017)
Peter V'landys AM	Chief Executive Officer
Marc Van Gestel	Chairman of Stewards
Scott Kennedy	General Manager - Industry & Analytical
Pete Sweney	Legal Counsel
Keith Bulloch	General Manager - Regulatory
Graeme Hinton	Chief Operating Officer
John Keledjian	Laboratory Director - Operations
Adam Cawley	Laboratory Director - Scientific
Craig Barnes	General Manager - Finance
Ariel Paez	General Manager - Information Technology
John Galvin	General Manager - Workers Compensation
Maurice Logue	General Manager - Training (resigned 4 August 2017)

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	2018 \$	2017 \$
NOTE 24: KEY MANAGEMENT PERSONNEL (CONT.)		
b) Key Management Personnel Compensation		
Salary, Bonuses and Fees	3,651,769	3,530,797
Non-Cash Benefits	168,184	153,500
Other Long Term Benefits	87,879	63,555
Superannuation	261,335	272,693
Total	4,169,167	4,020,545

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

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

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

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

The remuneration of the other key management personnel is determined by the Chief Executive Officer, with the level of remuneration subject to annual review by the Chief Executive Officer. Remuneration 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 Druiitt Street, Sydney, NSW, 2000.

NOTE 26: SEGMENT REPORTING

	2018			2017		
	Racing NSW	Insurance	Total	Racing NSW	Insurance	Total
Primary Reporting - Business Segments						
Revenue						
External Sales	203,049,810	13,728,287	216,778,097	163,142,665	12,182,016	175,324,681
Other Revenue	1,643,419	1,115,063	2,758,482	842,020	1,040,839	1,882,859
Share of profit of associate (Racing Australia "RA")	1,526,006	-	1,526,006	1,321,127	-	1,321,127
Total Segment Revenue	206,219,235	14,843,350	221,062,585	165,305,812	13,222,855	178,528,667
Expenditure	190,422,788	11,925,089	202,347,877	158,131,468	11,518,957	169,650,425
Depreciation	2,816,578	55,220	2,871,798	2,611,486	55,058	2,666,544
Total Segment Expenditure	193,239,366	11,980,309	205,219,675	160,742,954	11,574,015	172,316,969
Segment Result	12,979,869	2,863,041	15,842,910	4,562,858	1,648,840	6,211,698
Assets						
Segment Assets	188,247,404	52,752,377	240,999,781	158,441,465	50,301,042	208,742,507
Investments in Assets Accounted for using the Equity Method	10,138,542	-	10,138,542	8,612,536	-	8,612,536
Total Assets	198,385,946	52,752,377	251,138,323	167,054,001	50,301,042	217,355,043
Liabilities						
Segment Liabilities	143,953,661	48,917,490	192,871,151	125,583,728	49,347,053	174,930,781
Total Liabilities	143,953,661	48,917,490	192,871,151	125,583,728	49,347,053	174,930,781
Net Assets/(Liabilities)	54,432,285	3,834,887	58,267,172	41,470,273	953,989	42,424,262
Purchase of Non-Current Assets	3,895,698	-	3,895,698	10,496,795	-	10,496,795
Impairment Losses	-	-	-	-	-	-
Significant Non Cash Expenses other than Depreciation	-	(479,121)	(479,121)	-	(1,976,240)	(1,976,240)

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.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

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:

R. Balding AO	A Hodgson AM
S. Cooke	P.N. V'landys AM
The Hon K Greene	C Molyneux-Richards (Retired 19 Dec 2017)
S. Tuxen	T. Shepherd AO

George Souris (Commenced 19 Dec 2017)

Mr R Balding 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 R Balding 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 to Notes 7 and 15 for amounts due from/payable to these related entities. Amounts disclosed below detail transactions with these related entities during the year. These transactions are on normal commercial terms. These are summarised as follows:

	2018 \$	2018 \$
	Expenses Paid on behalf of entity	Receipts taken on behalf of entity
- Racing NSW Country Limited	98,768,413	96,785,912
- Racingcorp Pty Limited	129,542	126,713
- NSW TRB Training Limited	641,619	567,345
- The Jockeys Benefit Scheme Trust	9,287	100,523
- Thoroughbred Horse Rehabilitation Trust	-	20,061

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.

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.

	2018 \$	2017 \$
Trade Debtors	8,729,789	7,396,901
Other Receivables	18,636,297	19,116,516
Other Financial Assets	124,934,545	95,131,021
Stakes Payment Debtors	1,231,105	696,952
Cash at Bank	53,408,735	52,995,687
	206,940,471	175,337,077

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

NOTE 28: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

b) Credit risk (Cont.)

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 2018 were \$2,033,350 (2017: \$1,906,300). 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 2018 including Racing NSW Country Limited \$5,256,459 (2017: \$5,949,990). 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 prizemoney 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.

	Total \$	Current \$	30 days \$	60 Days \$	90 Days \$
2018 Trade and Other Receivables ageing are as follows:					
Maximum Exposure - Trade Debtors	9,152,918	6,263,673	2,715,748	12,180	161,317
Maximum Exposure - Stakes Payment Debtors	1,231,105	1,231,105	-	-	-
Maximum Exposure - Other Receivables	18,636,297	18,636,297	-	-	-
Maximum Exposure - Other Financial Assets	124,934,544	124,934,544	-	-	-
	153,954,864	151,065,619	2,715,748	12,180	161,317
Amount past due but not considered Impaired	2,466,115	-	2,715,748	12,180	(261,811)
Amount past due considered Impaired	423,129	-	-	-	423,129
	2,889,244	-	2,715,748	12,180	161,317
Impairment provision	(423,129)	-	-	-	(423,129)
2017 Trade and Other Receivables ageing are as follows:					
Maximum Exposure - Trade Debtors	7,778,379	6,224,504	1,366,612	8,825	178,439
Maximum Exposure - Stakes Payment Debtors	696,952	167,317	167,317	167,317	195,000
Maximum Exposure - Other Receivables	19,116,516	19,116,516	-	-	-
Maximum Exposure - Other Financial Assets	95,131,021	95,131,021	-	-	-
	122,722,868	120,639,358	1,533,929	176,142	373,439
Amount past due but not considered Impaired	1,702,032	-	1,533,929	176,142	(8,039)
Amount past due considered Impaired	381,478	-	-	-	381,478
	2,083,510	-	1,533,929	176,142	373,439
Impairment provision	(381,478)	-	-	-	(381,478)

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.

	2018 \$	2017 \$
Opening Balance	381,478	299,339
Bad Debts written off during year	-	60
Provision for Doubtful Receivables	62,747	100,643
Add back money recovered	(21,096)	(18,564)
Closing Balance	423,129	381,478

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

Commonwealth Bank (A-1+ rated by S&P)	118,606,850	86,714,459
National Australia Bank (A-1+ rated by S&P)	59,735,938	61,411,754
Total	178,342,788	148,126,213

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

NOTE 28: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

c) Liquidity Risk

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

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

Concentration of Creditors

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

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

	Carrying Amount	Contractual Cash Flows	< 6 Months	6-12 Months	1-4 years
	\$	\$	\$	\$	\$
Maturity Analysis for Financial Liabilities - 2018					
Trade and Other Payables	33,039,290	33,039,290	33,039,290	-	-
Stakes Payment Creditors	16,558,176	16,558,176	16,558,176	-	-
Breeder Owner Bonus Scheme	25,731,635	25,731,635	15,449,195	5,326,734	4,955,706
Redevelopment Funds	17,742	17,742	17,742	-	-
Total	75,348,843	75,348,843	65,064,403	5,326,734	4,955,706
Maturity Analysis for Financial Liabilities - 2017					
Trade and Other Payables	25,161,301	25,161,301	25,161,301	-	-
Stakes Payment Creditors	13,247,053	13,247,053	13,247,053	-	-
Breeder Owner Bonus Scheme	26,631,799	26,631,799	2,759,662	17,075,989	6,796,148
Redevelopment Funds	17,742	17,742	17,742	-	-
Total	65,057,895	65,057,895	41,185,758	17,075,989	6,796,148

Economic Dependency

Racing NSW received 4.82% (2017: 5.15%) 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.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

NOTE 28: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

d) Market Risk (Cont.)

	Effective Weighted Average Rate	Floating Interest Rate \$	Fixed Interest Maturing < 1 year \$	Non Interest Bearing \$	Total \$
2018					
Financial Assets:					
Cash at Bank	1.400%	53,408,735	-	-	53,408,735
Other Financial Assets	2.600%	-	124,934,544	-	124,934,544
Other Receivables - including Loan to Bookmakers co-op	2.000%	143,748	-	28,453,443	28,597,191
Total Financial Assets		53,552,483	124,934,544	28,453,443	206,940,470
Financial Liabilities:					
Breeder Owner Bonus Scheme	-	-	-	25,731,635	25,731,635
Trade and Other Payables	-	-	-	48,615,208	48,615,208
Total Financial Liabilities measured at amortised cost		-	-	75,346,843	75,346,843
Net financial assets/(liabilities)		53,552,483	124,934,544	(46,893,400)	131,593,627
2017					
Financial Assets:					
Cash at Bank	1.300%	52,995,687	-	-	52,995,687
Other Financial Assets	2.600%	-	95,131,021	-	95,131,021
Receivables	2.000%	350,000	-	26,860,369	27,210,369
Total Financial Assets		53,345,687	95,131,021	26,860,369	175,337,077
Financial Liabilities:					
Breeder Owner Bonus Scheme	-	-	-	26,631,799	26,631,799
Trade and Other Payables	-	-	-	38,426,096	38,426,096
Total Financial Liabilities measured at amortised cost		-	-	65,057,895	65,057,895
Net financial assets/(liabilities)		53,345,687	95,131,021	(38,197,526)	110,279,182

Interest Rate Sensitivity

Racing NSW performs a sensitivity analysis to measure market risk exposures at the time of each maturity of the investment 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, Cash on Deposit, other financial assets and loans.

Based on the calculations as at 30 June 2018, the net profit impact for a 100 basis points movement in interest rates would be \$1,784,870 (2017: 1,484,767)

	Current Weighted Average Rate	Amount \$	100 basis points Increase in Interest \$	100 basis points Decrease in Interest \$
2018				
Cash at Bank	1.400%	53,408,735	534,087	(534,087)
Other Financial Assets	2.600%	124,934,544	1,249,345	(1,249,345)
Loan to Bookmakers Co-op	2.000%	143,748	1,437	(1,437)
Total		178,487,027	1,784,869	(1,784,869)
2017				
Cash at Bank	1.300%	52,995,687	529,957	(529,957)
Cash on Deposit	2.600%	95,131,021	951,310	(951,310)
Other Receivables - including Loan to ATC	2.000%	350,000	3,500	(3,500)
Total		148,476,708	1,484,767	(1,484,767)

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

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

NOTE 28: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT.)

d) Market Risk (Cont.)

Insurance Risk

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

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

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

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

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

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

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

Racing NSW's General Manager, Workers' Compensation is a highly experienced workers' compensation professional with qualifications in general insurance. 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 2018: 8.71% (2017: 8.71%)
- b) payments are made evenly throughout the period.
- c) BOBS has been discounted over 2 years (2017: 2 years) due to the nature of the BOBS agreement.

	Fair Value	2018 Carrying Value	Variance	Fair Value	2017 Carrying Value	Variance
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash at Bank	53,408,735	53,408,735	-	52,995,687	52,995,687	-
Receivables - term deposits	124,934,544	124,934,544	-	95,131,021	95,131,021	-
Other Receivables	28,597,191	28,597,191	-	27,210,369	27,210,369	-
Total Financial Assets	206,940,470	206,940,470	-	175,337,077	175,337,077	-
Financial Liabilities:						
Breeder Owner Bonus Scheme	25,513,723	25,731,635	(217,912)	26,332,959	26,631,799	(298,840)
Trade and Other Payables	49,615,208	49,615,208	-	38,426,096	38,426,096	-
Total Financial Liabilities measured at amortised cost	75,128,931	75,346,843	(217,912)	64,759,055	65,057,895	(298,840)

NOTE 30: INSURANCE ACTIVITIES

	2018	2017
	\$	\$
Premium revenue	12,998,114	11,512,653
Reinsurance recoveries and other recoveries revenue	409,050	322,678
Other Income	321,123	346,685
	13,728,287	12,182,016
Interest Income	1,115,063	1,040,839
	1,115,063	1,040,839

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

	2018 \$	2017 \$
NOTE 30: INSURANCE ACTIVITIES (CONT.)		
Underwriting expenses	1,691,344	2,094,992
Direct claims expense	9,977,823	10,215,269
Outwards reinsurance premium expense	357,500	325,000
	12,026,667	12,635,261
Underwriting result for the financial year excluding investments revenue and expense	1,635,467	(453,245)
Investments		
Investment Property	1,441,867	1,497,087
	1,441,867	1,497,087
Operating Assets		
Bank	44,815,801	41,876,483
Reinsurance recoveries	6,494,709	6,927,472
	51,310,510	48,803,955
Total Assets	52,752,377	50,301,042
Liabilities		
Outstanding claims	48,775,890	49,208,653
Unearned Premiums	141,600	138,400
Investment Property costs funded by General Activities	-	-
	48,917,490	49,347,053

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

a) Outstanding Claims

Gross undiscounted claim liability	52,163,392	52,723,174
Discount to present value	(10,472,997)	(10,561,385)
Third party recoveries	(1,823,389)	(2,861,801)
Reinsurance recoveries	(4,671,320)	(4,065,670)
Central estimate of the expected present value of future payments for claims incurred	35,195,686	35,234,318
Prudential margin	7,039,137	7,046,863
	42,234,823	42,281,181
Current	7,818,390	7,642,055
Non-current	34,416,433	34,639,126
	42,234,823	42,281,181

The average weighted term to settlement of the outstanding liabilities is 8 years (2017: 8 years).

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

	2018		2017	
	Next Year	Thereafter	Next Year	Thereafter
Inflation rate	3.50%	3.50%	3.50%	3.50%
Discount Rate	2.75%	2.75%	2.84%	2.84%

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

	Current Year Incurred \$	Reassess Prior Years \$	Current Year Incurred \$	Reassess Prior Years \$
	Gross undiscounted incurred claims	16,666,997	(6,422,760)	16,174,346
Undiscounted reinsurance & other recoveries	(554,806)	518,271	(477,976)	1,107,000
Net undiscounted incurred claims	16,112,191	(5,904,489)	15,696,370	(4,043,135)
Discounting of incurred claims	(2,100,603)	2,144,145	(2,090,783)	(180,334)
Discounting recoveries	146,588	(290,914)	130,790	211,302
	(1,954,015)	1,853,231	(1,959,993)	30,968
Gross discounted incurred claims	14,566,394	(4,278,615)	14,083,563	(5,330,469)
Discounted reinsurance & other recoveries	(408,218)	227,357	(347,186)	1,318,302
Net discounted incurred claims	14,158,175	(4,051,258)	13,736,377	(4,012,167)

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

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

NOTE 30: INSURANCE ACTIVITIES (CONT.)

- a) the interest rate used for discounting is the published CBA Reference Rate as at 30 June each year 2018: 8.71% (2017: 8.71%)
 b) payments are made evenly throughout the period.

c) Claim Development

Claims cost estimate	Prior \$	Accident Year										Total		
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018			
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At the end of accident year	n/a	13,327	10,768	14,058	12,900	11,168	11,499	11,661	11,693	12,561	12,968			
One year later	n/a	14,600	10,269	13,382	10,839	10,719	9,786	11,123	11,078	12,473				
Two years later	n/a	14,003	9,558	12,415	9,567	8,198	8,987	10,913	10,484					
Three years later	n/a	13,500	9,517	10,588	8,602	7,261	8,742	10,157						
Four years later	n/a	12,233	7,620	10,343	8,192	7,128	8,063							
Five years later	n/a	12,585	7,338	10,061	7,696	7,669								
Six years later	n/a	11,590	7,291	9,863	7,542									
Seven years later	n/a	10,926	7,093	9,250										
Eight years later	n/a	10,796	6,826											
Nine years later	n/a	10,651												
Current estimate of claims cost		10,651	6,826	9,250	7,542	7,669	8,063	10,157	10,484	12,473	12,968			96,085
Cumulative payments		(10,116)	(5,729)	(7,840)	(5,532)	(6,099)	(4,878)	(5,920)	(5,407)	(6,461)	(4,765)			(62,747)
Undiscounted central estimate	6,248	534	1,097	1,410	2,011	1,570	3,185	4,236	5,078	6,013	8,203			39,586
Effect of discounting	(1,056)	(11)	(202)	(290)	(407)	(462)	(626)	(815)	(966)	(1,146)	(1,314)			(7,296)
Discounted central estimate	5,193	523	896	1,120	1,604	1,108	2,559	3,421	4,112	4,867	6,889			32,290
Claims handling expense	467	47	81	101	144	100	230	308	370	438	620			2,906
Risk margin	1,132	114	195	244	350	241	558	746	896	1,061	1,502			7,039
Present value recognised in the statement of financial position	6,792	684	1,171	1,465	2,098	1,449	3,347	4,475	5,378	6,365	9,010			42,235

d) Maturity Analysis for Outstanding Claims

Workers' Compensation Claim Payments - Undiscounted	2018						2017				
	All Years	< 1 year	1-2 years	2-5 years	> 5 years	All Years	< 1 year	1-2 years	2-5 years	> 5 years	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
39,585,898	6,058,994	4,131,553	8,085,134	21,310,217	39,513,284	5,924,933	4,330,736	8,755,067	20,502,548		

This table shows the maturity analysis for the remaining contractual maturities of the workers' compensation liabilities. The management of insurance risk and liquidity risk are disclosed in Note 29. Amounts shown are undiscounted and exclude claims handling expenses.

NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

RACING NSW ABN 86 281 604 417

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. 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, 2018 the following clubs benefited from the program in the current financial year and since the High Court case as follows:

	2018	Cumulative Total	Racing NSW Board approved project balance remaining
	\$	\$	\$
- Albury Racing Club	53,312	1,126,517	123,483
- Australian Turf Club (Kensington Track)	-	1,697,940	2,060
- Quarantine facility	-	1,003,208	6,996,792
- Ballina Jockey Club	24,039	269,093	1,900,907
- Bathurst Thoroughbred Racing	-	577,843	172,157
- Coffs Harbour Racing Club	-	1,175,434	2,566
- Dubbo Turf Club	360,805	1,403,972	146,028
- Goulburn & District Racing Club	486,300	1,475,370	1,474,630
- Gosford Race Club	-	238,600	21,400
- Hawkesbury Race Club (Home Straight)	-	4,503,495	246,505
- Hawkesbury Race Club (Polytrack)	2,110,083	2,110,083	1,889,917
- Illawarra Turf Club	33,834	202,605	9,297,395
- Muswellbrook Race Club	-	463,188	86,812
- Murrumbidgee Turf Club	192,242	1,304,950	-
- Newcastle Jockey Club	56,908	11,266,868	-
- Racing Orange	22,938	1,235,795	64,205
- Port Macquarie Race Club	4,880	3,668,246	31,754
- Scone Race Club	-	294,295	185,705
- Tuncurry Forster Jockey Club	-	871,582	28,418
- Manning Valley Race Club	38,974	82,320	1,117,680
- Tamworth Jockey Club	45,311	2,117,724	32,276
- Wyong Race Club	350,000	1,448,763	51,237
- ATC - Capital Development fund	-	4,000,000	-
- Sapphire Coast Turf Club	68,296	68,296	291,704
- Clarence River Jockey Club	106,891	106,891	-
	3,908,936	42,713,079	24,163,630
- Quantity Surveyor & monitoring costs incurred by Racing NSW	245	116,625	-
	3,909,182	42,829,704	24,163,630
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 (Refer to Note 17(b))		(13,250,000)	
Total written back in the 2016 Financial Year to spend on Tracking/ Timing system project (Refer to Note 17(b))		(6,067,000)	
Total written back in the 2017 Financial Year to purchase horse welfare land (Refer to Note 17(b))		(5,394,785)	
Less future fund		(10,000,000)	
Net Accumulated Race Fields funds		63,292,431	
Less:			
- Actual Capital Expenditure incurred above		(42,829,704)	
- Expenditure commitments approved by Racing NSW board		(24,163,630)	
- Expenditure commitments under consideration by Racing NSW board		-	
Total Race Fields capital expenditure and commitments		(66,993,334)	
Total Race Fields funds available for spending		(3,700,903)	

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 Racefields provision for the year ended 30 June 2018 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 its current operations. As such, the aforementioned amounts were expensed in the respective year on the basis that it is not probable that these loans will ever be recovered by Racing NSW.

NOTE 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 2018 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 R Balding AO
Chairman

Mr P N Vlandys AM
Chief Executive

Dated at Sydney this 15 October 2018



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

Report on the audit of the financial report

Opinion

We have audited pages 51 to 76 of the accompanying financial report of Racing NSW (the Company), which comprises the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Declaration by Members of the Board.

In our opinion, the accompanying financial report of Racing NSW:

- a presents fairly, in all material respects, the Company's financial position as at 30 June 2018 and of its performance and cash flows for the year then ended; and
- b complies with Australian Accounting Standards and the *Thoroughbred Racing Act 1996*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit of otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of management and those charged with governance for the financial report

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Thoroughbred Racing Act 1996*. This responsibility also includes such internal controls as management determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A G Rigele
Partner - Audit & Assurance
Sydney, 15 October 2018

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THE 2018 CHAMPIONSHIPS – WINNERS



Longines Queen Elizabeth Stakes (Gr 1)
Winner: WINX
Jockey: Hugh Bowman Trainer: Chris Waller



Darley TJ Smith Stakes (Gr 1)
Winner: TRAPEZE ARTIST
Jockey: Tye Angland Trainer: Gerald Ryan

THE 2018 CHAMPIONSHIPS – WINNERS



The Star Doncaster Mile (Gr 1)
Winner: HAPPY CLAPPER
Jockey: Blake Shinn Trainer: Pat Webster



Schweppes Sydney Cup (Gr 1)
Winner: WHO SHOT THE BARMAN
Jockey: Blake Shinn Trainer: Chris Waller

THE 2018 CHAMPIONSHIPS – WINNERS

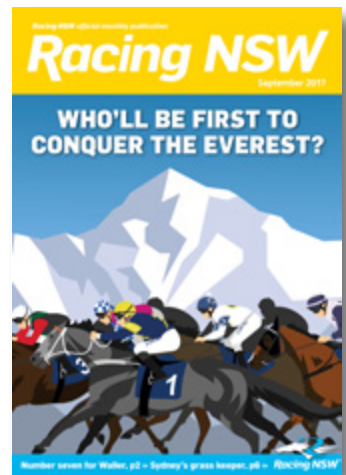


Newhaven Park Country Championships Final
Winner: VICTOREM
Jockey: Jenny Graham Trainer: Ben Looker



Polytrack Provincial Championships Final
Winner: SERENE MISS
Jockey: Jason Collett Trainer: Kris Lees

RACING NSW MAGAZINE





Ben Looker celebrates as Victorem captures the 2018 Newhaven Park Country Championships Final at Royal Randwick



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