



RACING
QUEENSLAND

2018/19 **ANNUAL REPORT**

A close-up photograph of a man with a beard and mustache, wearing a dark suit and a silver watch, shouting with his mouth wide open. His right hand is placed on the shoulder of another man whose back is to the camera. The background is blurred, showing other people in a crowd.

**THIS
IS HOW
WE
DO IT**



Racing Queensland Board
trading as

Racing Queensland

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21 September 2019

The Hon Stirling Hinchliffe MP
Minister for Local Government
Minister for Racing and Minister for Multicultural Affairs
PO Box 15009
CITY EAST QLD 4002

Dear Minister,

**2018/19 ANNUAL REPORT FOR THE RACING QUEENSLAND BOARD
TRADING AS RACING QUEENSLAND**

I am pleased to submit for presentation to the Parliament the 2018/19 Annual Report and financial statements for the Racing Queensland Board trading as Racing Queensland.

I certify that this Annual Report complies with:

- the prescribed requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2019, and
- the detailed requirements set out in the Annual Report requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be found at page 86 of this Annual Report.

Yours sincerely,

Steve Wilson AM
Racing Queensland Chair

Annual Report 2018/19 for the Racing Queensland Board trading as Racing Queensland

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Information on consultancies and overseas travel can be accessed through the Queensland Government Open Data website (www.qld.gov.au/data).

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Content from this annual report should be attributed as: Racing Queensland Annual Report 2018/19.

This document has been prepared with all due diligence and care, based on the best available information at the time of publication. Racing Queensland holds no responsibility for any errors or omissions within this document. Any decisions made by other parties based on this document are solely the responsibility of those parties.

While the financial statements reflect a true and fair view of the financial position of Racing Queensland and its consolidated entities in accordance with the applicable accounting standards, RQ believes that more relevant financial comparisons are made using normalised results for the financial year ended 30 June 2019. These normalised figures remove material non-recurring transactions (outlined on page 28) from the FY19 financial statements, providing the user a more realistic performance of RQ. Any reference to normalised results within the annual report incorporate the adjustments above.

FURTHER INFORMATION

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YOUR FEEDBACK

Racing Queensland values comments and welcomes feedback from readers. To provide feedback, please email: info@racingqueensland.com.au

This publication can be accessed and downloaded from our website:
racingqueensland.com.au/Corporate/Our-Plan

Alternatively, hard copies of this publication can be obtained by emailing: info@racingqueensland.com.au

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CHAIRMAN'S REPORT

CHAIRMAN'S REPORT



AS I PRESENT MY FOURTH ANNUAL REPORT, I AM ABLE TO REFLECT ON THE SIGNIFICANT PROGRESS RACING QUEENSLAND HAS ACHIEVED OVER THREE COMPLETED YEARS, EMBRACING THE MANY CHALLENGES WHILST PROMOTING A NEW STYLE OF LEADERSHIP DEVELOPED OUT OF CONSULTATION, COLLABORATION AND INNOVATION.

RQ HAS TRANSFORMED A PARENT COMPANY LOSS IN FY16 OF \$19.9 MILLION (THE SIXTH CONSECUTIVE LOSS) TO A NORMALISED PARENT PROFIT OF \$1.1 MILLION IN FY19. THE NORMALISED CONSOLIDATED RESULT WAS A \$1.5 MILLION LOSS VERSUS A \$3.2 MILLION LOSS LAST YEAR. THE REPORTED CONSOLIDATED RESULT WAS A \$12.4 MILLION PROFIT.

We are charged to be financially sound but existing for the purpose of growing our great sport from a sustainable base.

Therefore, as revenues increase, our goal is to increase payments to participants. It is most pleasing that we have significantly exceeded our goals as payments to participants are up 23% since FY17 to \$203 million (on a normalised basis), primarily in prize money.

Through the Queensland Government, the racing industry was able to prosper through a number of funding commitments including:



A **\$26 million** prize money increase for **thoroughbred racing**.



A one-off payment of **\$20 million** for investment in **greyhound and harness racing**, with **\$12 million** applied to **prize money** and **\$8 million** to **infrastructure**.



A **\$17.8 million** decision to **write-off 50% of historical debt** owed to the Government.

The job, however, is far from complete and whilst the increase in participant payments is pleasing, RQ is committed to strengthening its commercial focus to improve Queensland's competitiveness with NSW and Victoria.

In prize money, for instance, we remain a long way behind other major states as in FY19, NSW and Victorian prize money were each double that of Queensland despite our increases.

From a wagering standpoint, a record \$4.3 billion turnover on Queensland product was achieved - a 5.4% increase on FY18.

To measure the scale of our sport, we recently commissioned IER, a specialist in the tourism, events and entertainment industries, to revisit the industry's economic contribution to the Sunshine State. The results justify our passion.

During FY18, the Queensland racing industry was responsible for generating more than \$1.5 billion in value added contribution to the economy, while providing 11,500 full-time equivalent jobs.

With close to 30 race meetings staged across the state every week - providing live entertainment to more than 835,000 attendees - racing has long understood the power it possesses to unite communities and engender hope across Queensland.

On the track recent prize money increases served as strong attractions for the Winter Carnivals seeing a range of highlights across the codes.

With thoroughbreds returning to Eagle Farm in December, we were thrilled to see the Stradbroke run at its spiritual home, receiving widespread praise for the performance of the course.

In recent years, Eagle Farm's absence has proved challenging for the industry, but there is no doubt it is the traditional home of thoroughbred racing in Queensland and I am grateful for our stakeholders' patience as we worked collaboratively with the Brisbane Racing Club to remedy the issues.

The addition of a \$500,000 'Super Night' at Albion Park added a new level of excitement for the Greyhound Winter Carnival, while the harness code also saw a raft of innovations including live sectional times, mobile barrier cam and an additional four Group 1 races.

Behind the scenes, the Board farewelled Mark Sowerby (thoroughbred director) and Susannah George (non-industry member) from our ranks and I congratulate them on their respective contributions. During their time on the Board, both served RQ well and helped steer the industry on a path towards enhanced growth and prosperity.

Without diminishing anyone's contribution, it is appropriate to highlight Mark's efforts as a tireless thoroughbred supporter and fine commercial mind. Our progress would have not occurred without him.

We recently welcomed Jane Seawright and Graham Quirk and look forward to utilising their expertise to fulfil our strategic vision to 'become the number one sporting industry in the Sunshine State.'

Having taken the Board on the road throughout the year - we enjoyed visits to the Gold Coast, Toowoomba and Ipswich - we look forward to heading further north and west as we continue to directly engage with our industry participants.

As a Board and management team, we are cognisant of that fact that our 40,000 participants, inclusive of our 129 racing clubs, are the lifeblood of our industry and continue to serve at the coalface of our sport.

It is their investment, time, skills and passion that underpins racing in this great state.

We have a great story to tell and we are committed to telling it better.

To this end, I would also like to thank RQ management and staff, led by CEO Brendan Parnell, for their tireless commitment and dedication to advancing our strategic and operational objectives.

Finally, I would like to thank the Honourable Stirling Hinchliffe, MP, for his strong and steady hand as Racing Minister. The Minister's passion and commitment cannot be questioned and I thank him for his leadership over the past year.



Steve Wilson AM
Racing Queensland Chair



CEO'S REPORT

CEO'S REPORT



AS COLIN HAYES FAMOUSLY STATED, 'THE FUTURE BELONGS TO THOSE WHO PLAN FOR IT.'

OVER THE PAST 12 MONTHS, RACING QUEENSLAND HAS WORKED DILIGENTLY ON RE-SETTING THE ORGANISATION'S STRATEGIC AND OPERATIONAL OBJECTIVES TO GROW AND ENHANCE OUR INDUSTRY.

During this time, one fact has become abundantly clear: unity and evolution are critical. Failing to align or evolve is no longer an option with a new approach required.

An approach developed out of a spirit of collaboration, innovation and a 'principles partnership' which provides the impetus for RQ, the industry and the Queensland Government to grow and enhance our clubs and codes collectively.

In order to facilitate this change, RQ has fostered an era of transparency, introducing mechanisms to build trust amongst our primary stakeholders.

This includes the introduction of on-going roundtables with the Chairs and CEOs of race clubs, facilitating new information sharing and presenting key financial data.

We have also developed a new and transparent distribution model for additional prize money that is equitable, but the past year was not without its challenges.

The implementation of the Point of Consumption tax proved a lightning rod for the thoroughbred industry, in particular, with the code implementing state-wide industrial action on Cox Plate Day to shine a spotlight on the ongoing viability issue.

Working through the Queensland Government, the industry was able to secure an additional \$26 million per annum in prize money to the thoroughbred code.

At the same time, the Government committed to funding \$4 million per annum for three years, supported by additional financial investment from RQ, to enable \$8 million per annum in prize money for the greyhound and harness codes in order to support the racing industry's viability and long-term sustainability.

The funding support is underpinned by agreement to a range of reform measures to align with the Government's current objectives and our own strategic ambitions to operate in a more commercial manner, developed in consultation with the racing industry at a forum conducted at Parliament House in March.

In recent times, we have been able to demonstrate our commitment to this approach via the following commercial activities. They include:

- A revised race schedule including increased thoroughbred meetings under lights at the Sunshine Coast and Toowoomba;
- Enhanced prize money and innovation within our key carnivals;
- The conversion of non-TAB to TAB racing clubs at Bundaberg, Capalaba and Marburg, along with planned thoroughbred TAB conversions during 2019/20 at Barcaldine, Emerald, Innisfail, Longreach, Mt Isa, Roma and Yeppoon;
- An increase in Race Field Fees for Wagering Service Providers; and
- The introduction of a Minimum Bet Limit for the harness and greyhound codes.



The racing community's strength was tested by the tragic loss of Basil Nolan Jnr, sadly taken far too early on Melbourne Cup Day, along with other industry representatives who departed us throughout 2018/19.

The harrowing accident at Redcliffe Paceway, which saw the Whitaker family taken to hospital and Lara fighting for her life, was another incident we hope never to see on a Queensland race track.

The performance of our Queensland wagering partner, TAB, remains a concern although RQ is insulated with revenue guarantees in 2019 and 2020.

The benefits from their merger with Tabcorp are clearly evident across Queensland racetracks and with carnival up-grades.

Nonetheless, we commenced legal action against Tabcorp Holdings Limited and its subsidiary UBET Qld Limited – a decision that we did not make lightly given they are our biggest funding partner - but we have an obligation to do what's best for the state of Queensland and the Queensland racing industry and will continue to vigorously pursue our action as required.

At the same time, the engagement process in relation to our Race Field Fees with some of our Wagering Service Providers was robust but was ultimately deemed necessary to support critical club funding including repairs and maintenance.

On the construction front, a number of milestones were recorded as part of the re-development of the Ipswich Turf Club with the project due for completion in FY20.

Since commencing the re-development, the emergence of asbestos contaminated soil has significantly impacted the project, with contractors being forced to remove 10-times the amount of earthworks originally forecast.

Irrespective, the re-development will be delivered in full, with additional monies being sought through the Racing Infrastructure Fund to address critical drainage issues with the course proper.

During FY19, RQ also drew down on the RIF for the Eagle Farm track remediation, along with feasibility funding for a new metropolitan greyhound venue and the Gold Coast Turf Club Tracks and Lights development.

RQ recognises the greyhound code's strong desire to boast a one-turn track and has made significant progress on the business case for this project, while our night racing strategy, which centres next around the Gold Coast, is edging closer to a reality.

Across the state, RQ allocated \$3.9 million under the Government's Country Racing Program to support 54 clubs.





The topic of integrity was hotly debated – RQ's direct actions in this area have been reported including exercising its powers under rule 55 of the Australian Rules of Racing for the first time.

The Government also announced in June that a review of the Racing Integrity Act would take place including options to reform the state's appeals procedures.

We thank the Queensland Racing Integrity Commission, led by Ross Barnett, for its support and critical role of upholding integrity and animal welfare.

On the track, we saw some incredible racing and it was heartening to see the Doomben 10,000 (26th), Kingsford-Smith (52nd) and the Doomben Cup (91st) rated in the top-100 Group 1 races across the world in 2018.

The progress of our greyhound and harness codes was just as promising, with an unashamed approach to elevate our Summer and Winter Carnivals.

We continued to double down with QTIS and QBRED, our breeding incentive programmes, as part of our strategy for people to back Queensland, buy Queensland and breed Queensland.

Ultimately, our industry is about people and the wonderful animals who we love and celebrate. They inspire us each day to make a difference to the sport of racing.

It was a real privilege to visit many participants during the season including Kylie Rasmussen and Darren Weeks' picturesque harness farm at Stanmore, Steve Scott and Kelli Olsen's Churchable kennels and the McAlpine's time-honoured Eureka Stud at Cambooya, along with the many tracks, stables and kennels across the Sunshine State.

I acknowledge the retirement of Jeff Lloyd, a consummate professional with more than 5000 career wins, who epitomised the bravery shown by our jockeys to saddle up every week as they put life and limb at risk.

I also acknowledge the extraordinary generosity of Winx's Queensland part-owners, Peter and Patti Tighe, to bring all of her Group 1 trophies to Queensland Oaks day which was simply awesome.

The Kruger family and Lyndhurst Stud unearthed our latest gun stallion, Better Than Ready, while in greyhound racing we announced the iconic Brisbane Cup would become the world's third richest race.

Finally, I'd like to thank the Queensland Government, the Board ably led by Chairman Steve Wilson and our exceptional staff at Racing Queensland for the time, effort and energy they have put into the industry over the past 12 months.

Brendan Parnell
Racing Queensland CEO



AT A GLANCE

**12,545
RACES**



4,568 

THOROUGHBRED

5,623 

GREYHOUND

2,354 

HARNESS



RACECOURSES

11.5K

FULL-TIME
EQUIVALENT JOBS



7,852

VOLUNTEERS

12,164

ANIMALS IN TRAINING



7,793



THOROUGHBRED

3,092



GREYHOUND

1,279



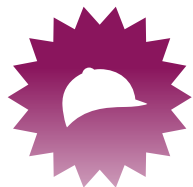
HARNESS

\$1.5B

TOTAL ECONOMIC
CONTRIBUTION



\$203M



RETURNS TO
PARTICIPANTS
(16.1% INCREASE YOY)



\$4.3B

WAGERED
(5.4% INCREASE YOY)

40,069



PARTICIPANTS



836K

ATTENDEES



104,471

STARTERS

ABOUT RACING QUEENSLAND

RACING QUEENSLAND'S PRIMARY FUNCTION, UNDER THE RACING ACT 2002, IS TO BE THE CONTROL BODY IN RELATION TO EACH OF THE BOARD CODES OF RACING (THOROUGHBRED, GREYHOUND AND HARNESS) AND TO MANAGE THE CODES OF RACING.

RQ MUST PERFORM THIS PRIMARY FUNCTION IN A WAY THAT IS IN THE BEST INTERESTS OF THE THREE CODES COLLECTIVELY WHILE HAVING REGARD TO THE INTERESTS OF EACH INDIVIDUAL CODE.

Under the Act, RQ has the following functions:

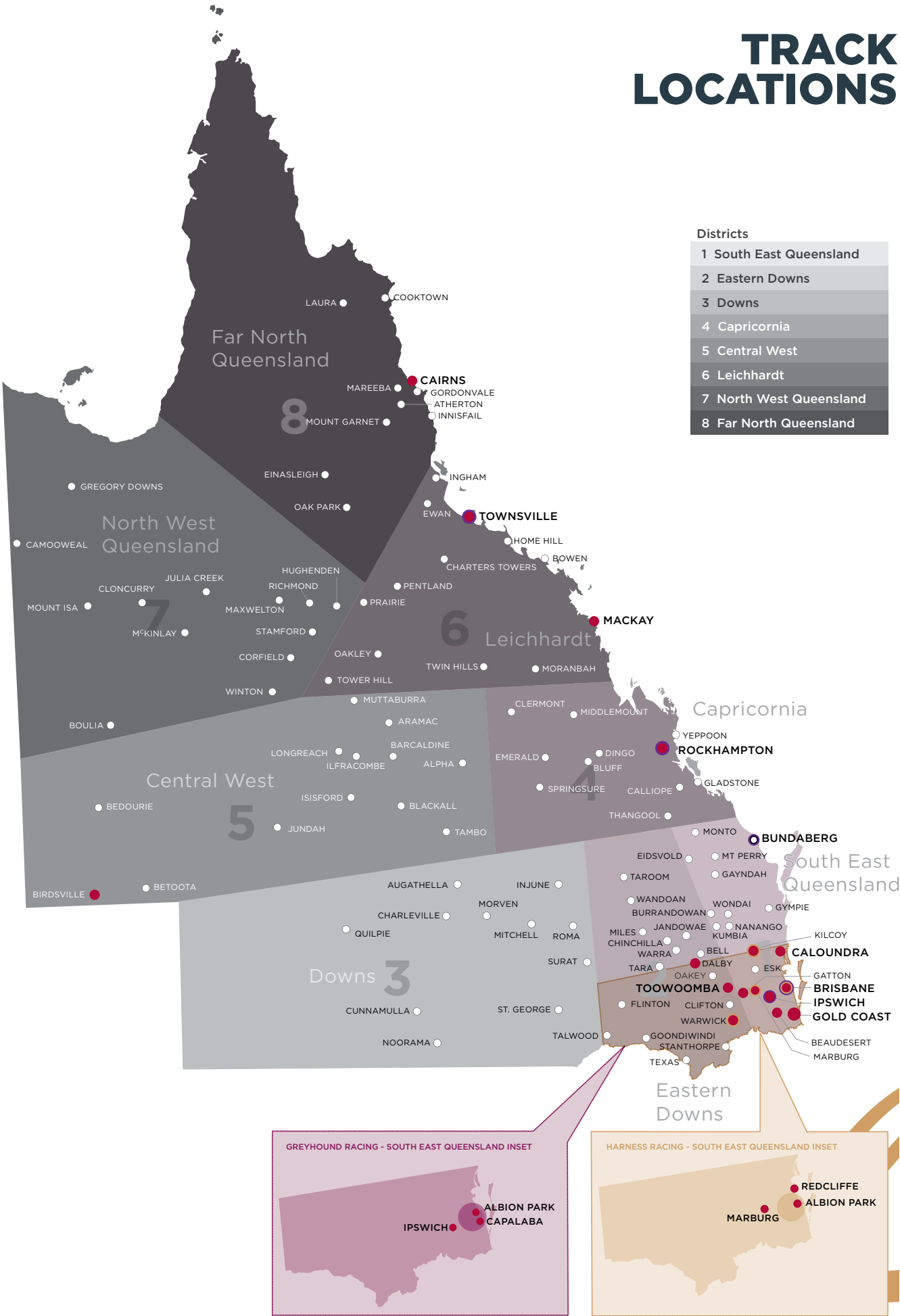
- Identifying, assessing and developing responses to strategic issues, including challenges relevant to each code and all the board codes of racing;
- Leading and undertaking negotiations with other entities about the strategic issues, and about agreements, that affect each code and all the board codes of racing;
- Identifying priorities for major capital expenditure for each code and all the board codes of racing;
- Developing and implementing plans and strategies for developing, promoting and marketing each code and all the board codes of racing;
- Making recommendations to the Minister as we consider appropriate;
- Working collaboratively with the commission (the QRIC) and others to ensure the integrity of the racing industry in Queensland; and
- Considering a matter referred to the board by the Minister and reporting to the Minister about the matter.

RQ maintains its head office at Racecourse Road in Deagon, Queensland.



TRACK LOCATIONS

Districts	
1	South East Queensland
2	Eastern Downs
3	Downs
4	Capricornia
5	Central West
6	Leichhardt
7	North West Queensland
8	Far North Queensland





OUR PERFORMANCE

OUR PERFORMANCE

IN ORDER TO MEET RACING QUEENSLAND'S STRATEGIC OBJECTIVES, THE ORGANISATION HAS DEVELOPED A STRONGER COMMERCIAL MINDSET OVER THE PAST 12 MONTHS.

THIS INCLUDES THE ADOPTION OF AN UPDATED STRATEGIC PLAN (FY18-21), WHICH OUTLINES RQ'S VISION TO BECOME THE NUMBER ONE SPORTING INDUSTRY IN THE SUNSHINE STATE.

Over the next three years, RQ boasts an ideal platform to leave a long-lasting legacy for the industry and has developed five over-arching goals to facilitate this strategy.

THE GOALS ARE TO HAVE:

5. Five iconic race events;
4. Four new world-class facilities;
3. \$300 million-plus of revenue per annum;
2. \$250 million-plus of industry payments per annum; and
1. One million attendees and participants per annum.

At the same time, a number of strategic challenges confront the organisation including the performance of QTAB following the Tabcorp-Tatts Group merger.

While RQ is presently protected thanks to minimum payments which are guaranteed until December 2020, the under-performance of QTAB since the merger remains a concerning issue from 2021 onwards, highlighting the critical importance of Tabcorp delivering its stated revenue benefits from the merger.

As mentioned in the CEO Report, RQ commenced legal action against Tabcorp Holdings Limited and its subsidiary UBET Qld Limited in the Supreme Court of Queensland.

RQ has a primary responsibility to the state and to our industry to represent its interests in the best possible way and a strong commercial relationship with Tabcorp remains of critical importance.

In late 2017, the Palaszczuk Government underlined its support of country racing with a four-year \$70.4 million package that has commenced rolling out.

The Country Racing Program recognises the social and economic benefits it provides to regional communities right across the state and the industry as a whole.

As part of RQ's renewed commercial approach, the organisation advised Wagering Service Providers during FY19 that it would increase Race Field Fees from 1 February 2019.

A secondary increase, including the establishment of a Minimum Bet Limit for greyhounds and harness racing, was due to commence 1 July 2019.

The FY20 amendments include:

- The introduction of Minimum Bet Limits across greyhound and harness racing after this was introduced for thoroughbreds in 2018. This requires WSPs to accept a fixed-odds bet on all codes in Queensland to lose a specified minimum amount at displayed odds;
- The implementation of tote derivative fees for WSPs who provide bet types derived from pari-mutuel dividends and odds. This is consistent with those imposed by other Principal Racing Authorities across Australia; and
- An increase on the fixed-odds fee structure for all codes.

While RQ is not shying away from the challenges it confronts, there are also a number of opportunities that are situated on the horizon.



For the first time in a decade, RQ, on behalf of its clubs, is able to design a multi-platform media rights strategy, with media and wagering intrinsically linked to the viability and sustainability of the Queensland racing industry.

Since RQ was last at the negotiating table, the media rights landscape has shifted dramatically.

During this time, cord-cutting has accelerated at a rapid pace, streaming services have become part of societal normality and second-screening has been widely adopted as customers look for personalised - and bespoke - solutions to enhance their viewing experiences.

While media remains an important wagering driver, technology has proved the ultimate disruptor, with the average Australian household now boasting more than eight internet-connectable devices at their fingertips.

During FY20, RQ will work with its clubs to maximise the value of the media rights.

Concurrently, RQ has also restructured its 'Development and Construction' team to help clubs deliver modern racing infrastructure facilities, as we unlock the commercial value of clubs' land holdings and the RQ-owned assets of Albion Park and Deagon.

By realising the value of Albion Park, RQ will be able to re-invest in world-class facilities for racing in Queensland.

In order to achieve the organisation's strategic objectives, work has also commenced on master planning a number of clubs across the state with a view to maximising their land holdings, which are often under-utilised, and to improve their self-sufficiency and viability.

By unlocking the commercial opportunities attached to these land holdings, RQ's clubs will be able to secure reoccurring non-racing revenue - as demonstrated by the Brisbane Racing Club's master planning exercise - which can be reinvested into their core activities.

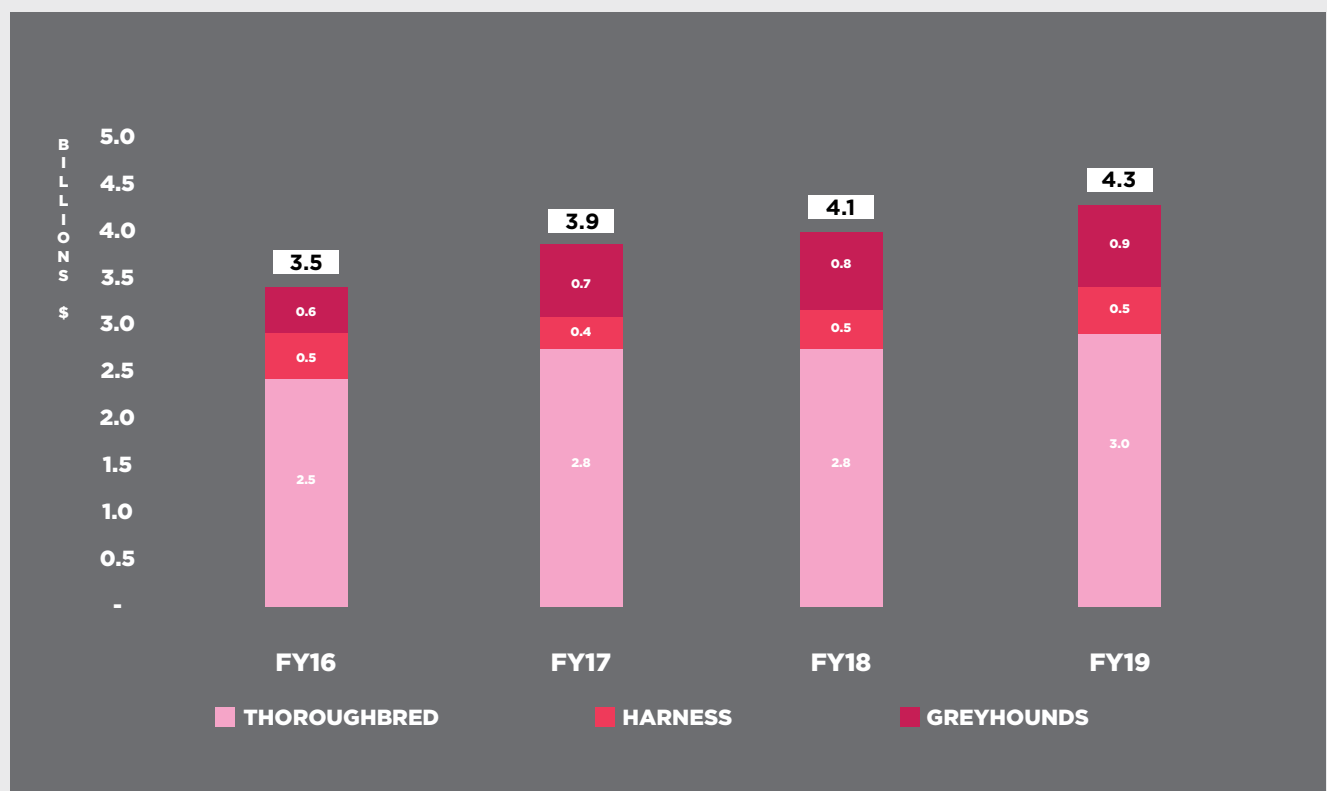
At present, there are a number of challenges confronting Queensland racing clubs including ageing facilities, ongoing repairs and maintenance requirements and finite funding streams.

With 129 racing clubs across Queensland, it's incumbent upon all clubs and RQ to explore commercial opportunities that are advantageous for the industry.

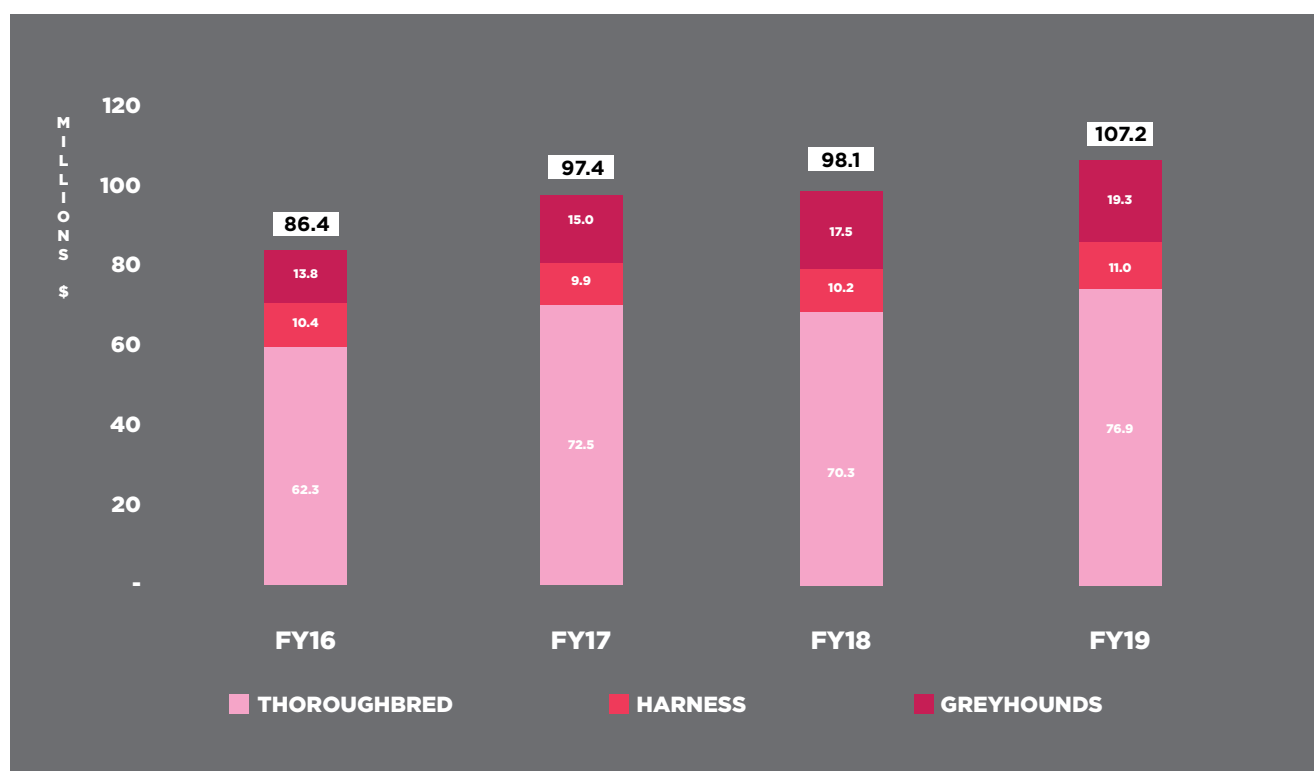
OUR PERFORMANCE RESULTS



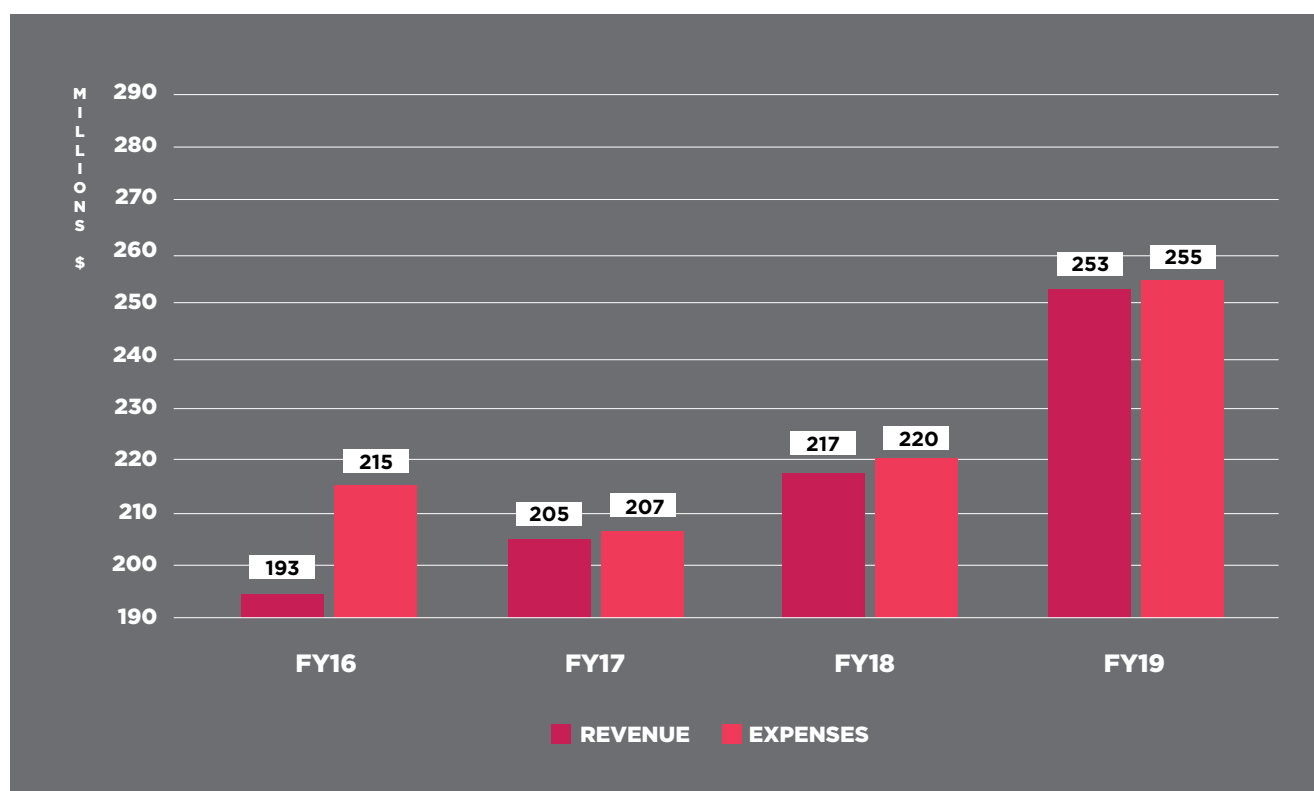
WAGERING TURNOVER ON QUEENSLAND PRODUCT BY CODE



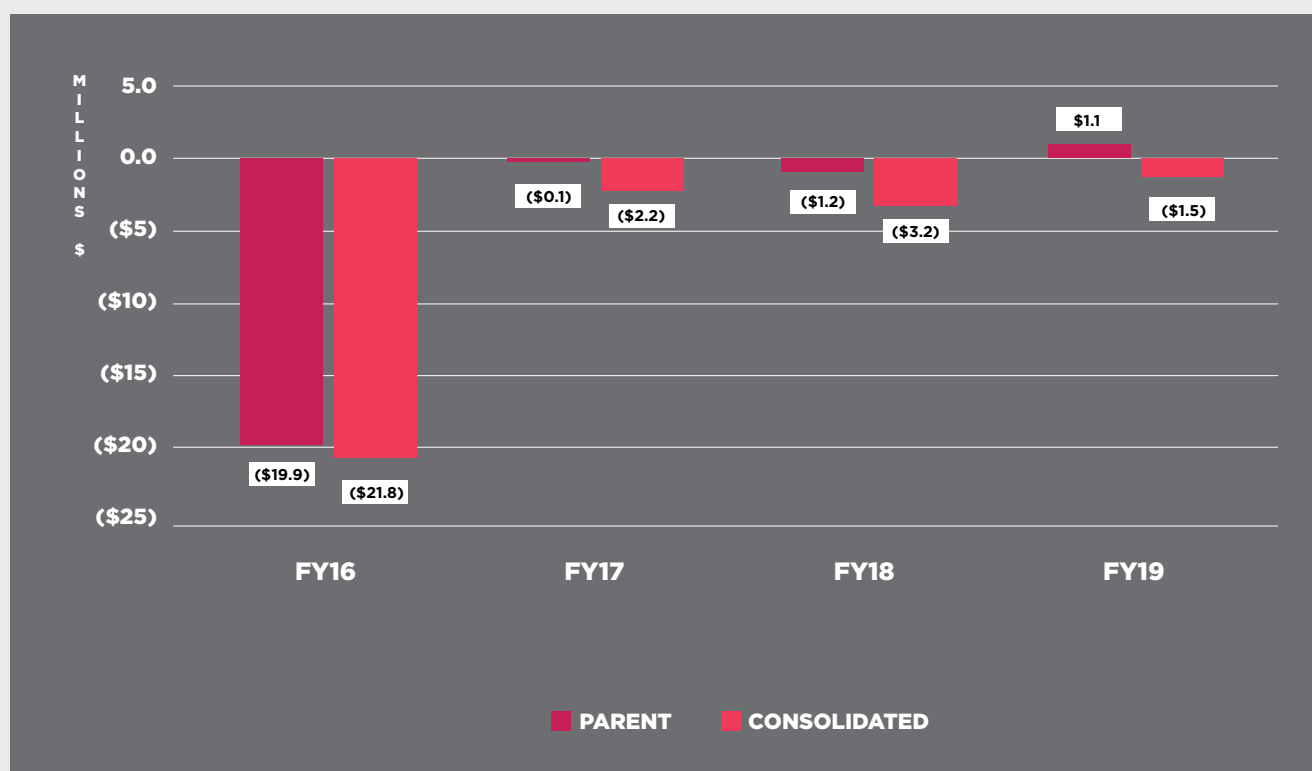
NET WAGERING REVENUE ON QUEENSLAND PRODUCT BY CODE



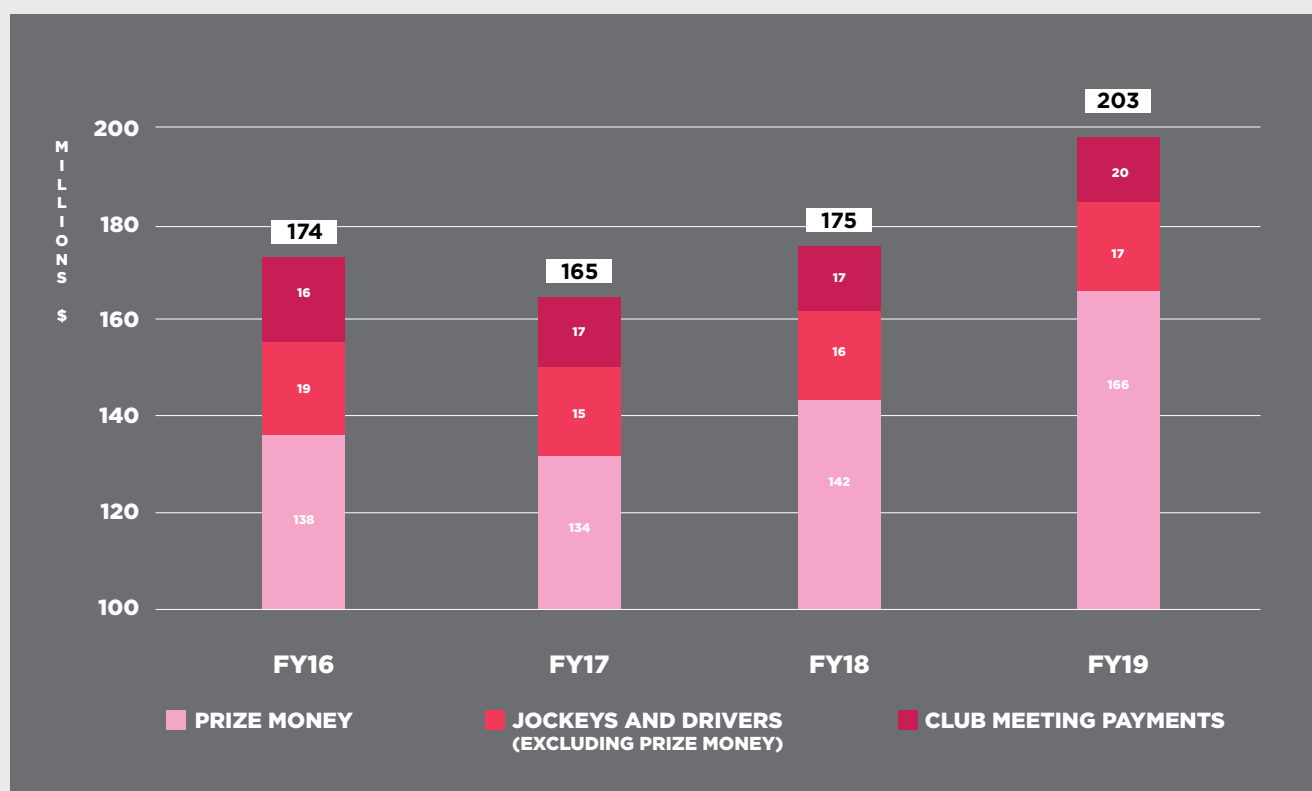
NORMALISED CONSOLIDATED REVENUE AND EXPENSE BY YEAR



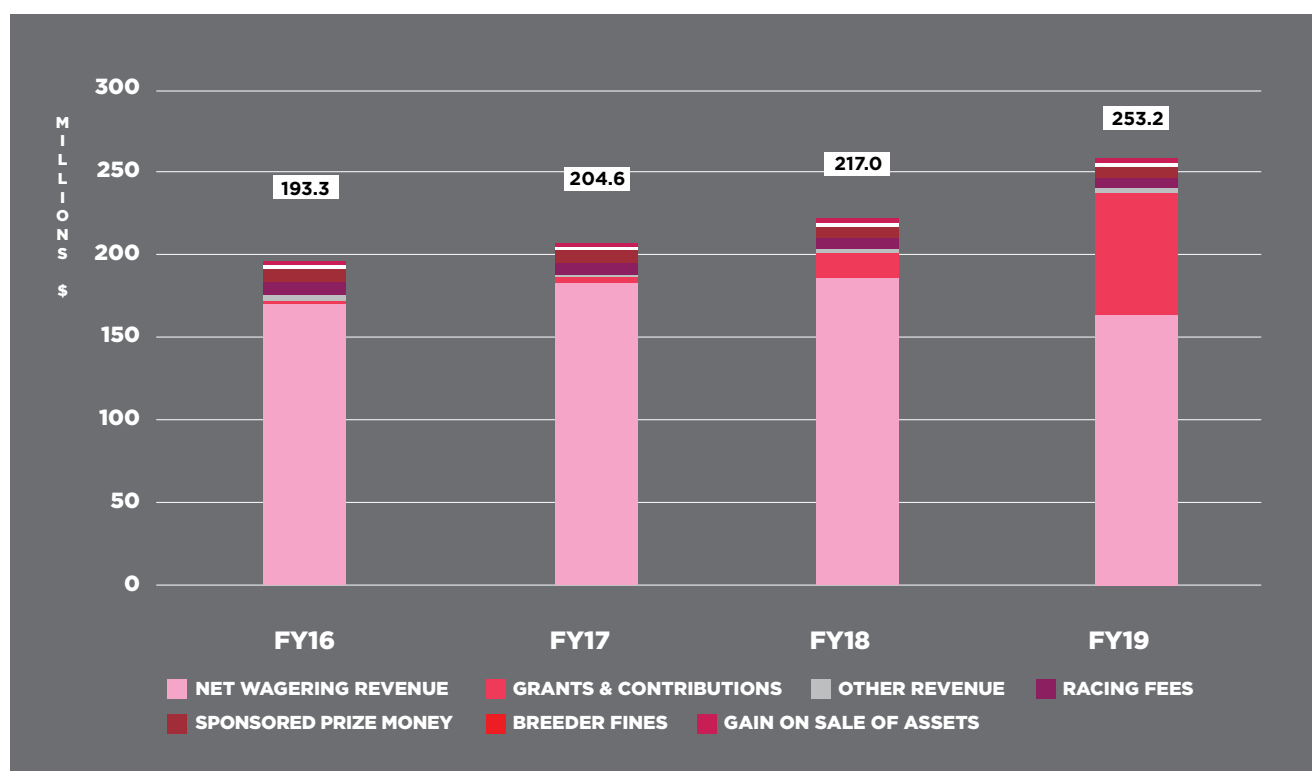
NORMALISED PROFIT/LOSS BY YEAR



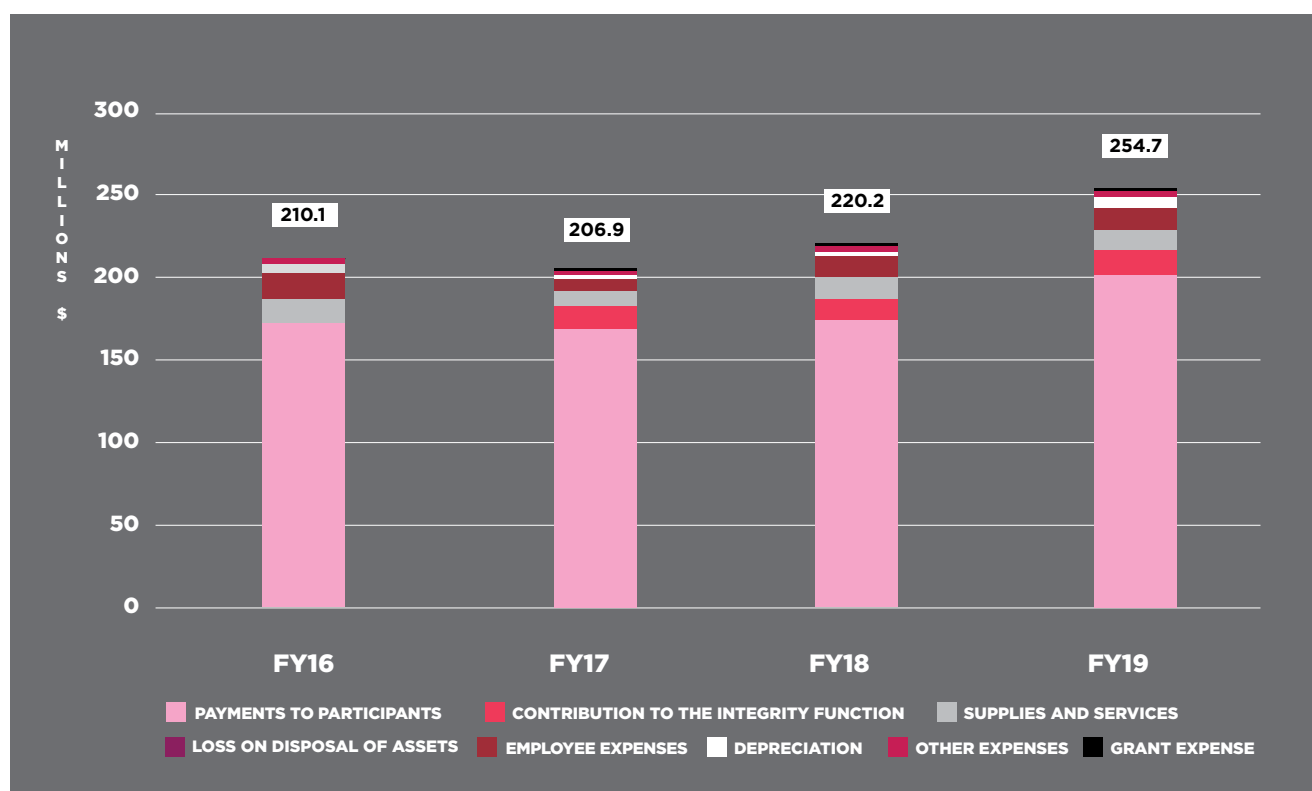
NORMALISED PAYMENTS TO PARTICIPANTS BY YEAR



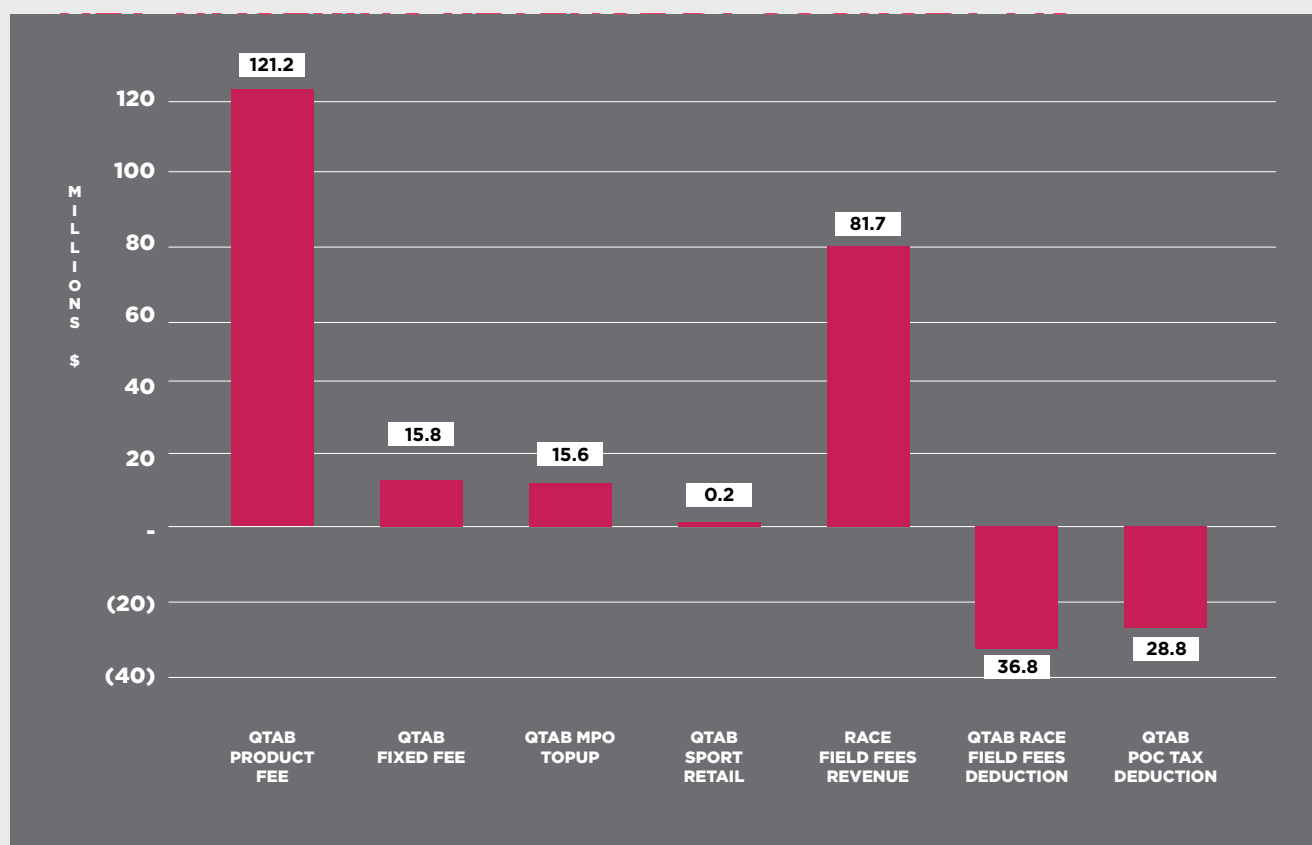
COMPOSITION OF NORMALISED REVENUE FY19 CONSOLIDATED



COMPOSITION OF NORMALISED EXPENDITURE FY19 CONSOLIDATED



NET WAGERING REVENUE BY SOURCE FY19



RACING QUEENSLAND NORMALISED RESULT RECONCILIATION

Financial Statements Parent Profit	20,314
QLD Treasury Loan Write Off	(17,800)
Legal Settlements	(9,500)
Historical Expenditure Write Off	1,859
Costs Associated with Transfer of Rockhampton Racing	6,225
Normalised Parent Profit	1,098
Financial Statements Consolidated Profit	12,383
Costs Associated with Transfer of Rockhampton Racing	5,377
Non-Recurring Parent Profit (Items Above)	(19,216)
Normalised Consolidated Profit	(1,456)



GO
RACING
GROUP ONE
SKY RACING
TATTERSALL'S TIARA
1400m
Saturday 22 June 2019

CODE OVERVIEW

FINANCIAL PERFORMANCE BY CODE – NORMALISED RESULTS

	TOTAL \$'000	Thoroughbred \$'000	Greyhound \$'000	Harness \$'000
Total Revenue	251,602	192,820	37,763	21,019
Total Expenditure	(247,844)	(192,518)	(28,950)	(26,376)
Profit / (Loss) Before Depreciation, Interest & Asset Disposals	3,758	302	8,813	(5,357)
Depreciation Expense	(3,596)	(1,557)	(1,040)	(999)
Interest Revenue	995	762	150	83
Net Gain / (Loss) on Disposal of Assets	(58)	(43)	(11)	(4)
Parent Profit / (Loss) for the Year	1,099	(536)	7,912	(6,277)

Notes: Due to rounding, numbers presented may not add up precisely to the totals provided. The normalised performance by code removes several extraordinary one-off events occurring in FY19. Total revenue and total expenditure include both direct and indirect revenue and costs. Indirect (i.e. revenue and costs that are not code specific such as support salaries and wages) are allocated to each code based on the percentage of total revenue. For FY19, that allocation was 77% for thoroughbred, 15% for greyhound and 8% for harness. This allocation is adjusted to each year in accordance with the actual results.

PRIZE MONEY AND BREEDING SCHEME CONTRIBUTIONS

CODE	2016-2017 \$M	2017-2018 \$M	2018-2019 \$M	Growth
Thoroughbred	98.2	105.5	123.5	25.8%
Greyhound	12.2	14.0	18.4	50.8%
Harness	14.9	15.5	17.3	16.1%
Total	125.3	135.0	159.2	27.1%





THOROUGHBRED

SEASON 2018/19 SAW 679 THOROUGHBRED
RACE MEETINGS CONDUCTED AND 4,568
INDIVIDUAL RACES RUN.



OVER THE COURSE OF THE YEAR, RACING QUEENSLAND CONDUCTED 429 TAB MEETINGS – A 1.2% INCREASE ON 2017/18 – AND FEATURED 3263 RACES WITH 30,327 STARTERS.

WAGERING TURNOVER CONTINUED TO TREND UPWARDS THROUGHOUT FY19 TO \$3.0 BILLION – A 5.5% INCREASE – WITH REVENUE GROWING TO \$76.9 MILLION WHICH ROSE FROM \$70.3 MILLION IN FY18.

PRIZE MONEY AND INDUSTRY SUSTAINABILITY

During 2018/19, RQ provided a record-breaking \$119 million (including sponsored prize money) to participants racing in the TAB sector after receiving an additional \$26 million per annum from the Queensland Government.

Having received an initial \$18 million (annualised) instalment in November, RQ received a second \$8 million (annualised) instalment in June and used the measure, among other things, to abolish starters' fees to significantly reduce the costs associated with racing a thoroughbred in Queensland.

RQ also delivered a range of prizemoney benefits with the industry reform funding including:

- Introduction of prize money payments for horses finishing 6th to 10th;
- Removal of starters' fees, a \$2.8m benefit to owners across all Queensland race meetings;
- Metropolitan Saturday races increased from \$70k to \$75k;
- Metropolitan Saturday restricted races increased from \$45k to \$50k;
- Metropolitan mid-week prize money increased from \$25k to \$35k with maidens increased to \$27.5k;
- Introduction of a \$30k feature race at SEQ Provincial meetings on a weekly basis (GCTC, ITC and SCTC);
- Northern Provincial mid-week prize money increased to \$17k and Saturday Provincial 2 meetings to \$15k; and
- Introduction of Showcase meetings in Central and Northern Queensland with \$19k purses per race.

QUEENSLAND PRODUCT TURNOVER

FY19 TURNOVER | \$3.0B
FY19 YOY | +5.5%
3 YEAR CAGR | +6.4%

QUEENSLAND PRODUCT REVENUE

FY19 REVENUE | \$76.9M
FY19 YOY | +9.3%
3 YEAR CAGR | +7.3%

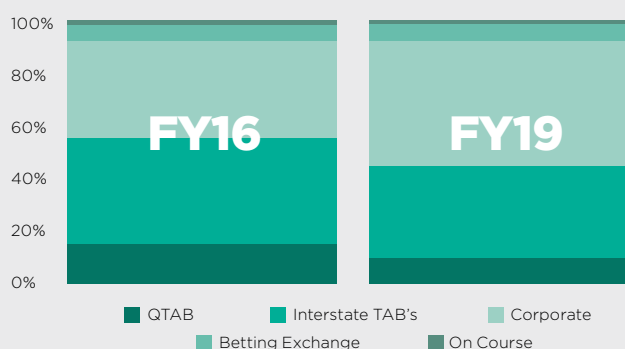
KEY QUEENSLAND DATA

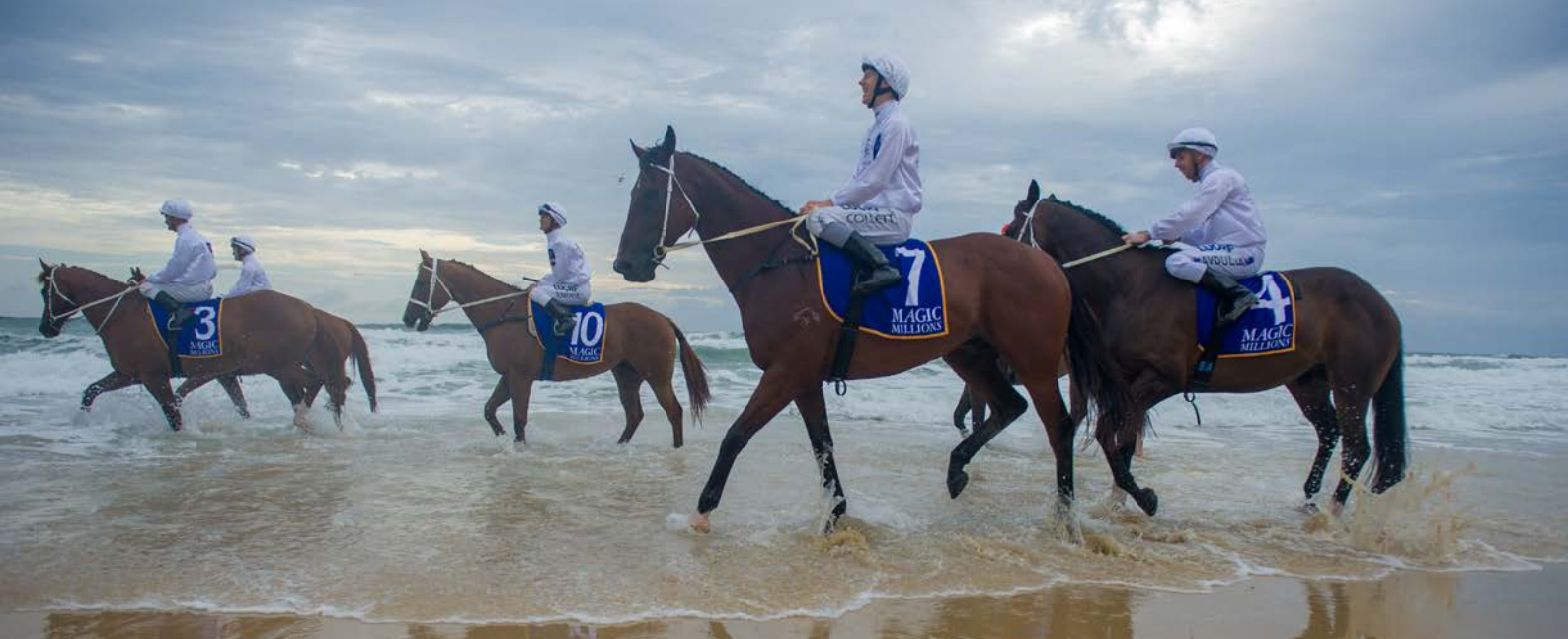
	TAB	Non-TAB	TOTAL
Licensed clubs	22	96	118
Race meetings	429	250	679
Races	3,263	1,305	4,568
Race Starters	30,327	10,272	40,599
Av. Field Size	9.3	7.9	8.9

Note: The non-TAB clubs include Oakey & District Race Club which is a training track only. A number of licensed thoroughbred clubs conduct both TAB and non-TAB race meetings.

THOROUGHBRED REPORT

Proportion of Turnover by Operator - QLD Product





With a focus on industry sustainability, RQ entered into a three-year agreement with the Queensland Jockeys' Association to increase the base riding fee across the state.

Having agreed to an 11% increase in FY18, RQ doubled down on its commitment over the next term, with the base riding fee rising by a total of \$40 per ride between 2018 and 2021.

Furthermore, RQ removed one of the barriers to entry for the thoroughbred code after agreeing to fund trainers' public liability and professional indemnity insurance in 2019.

The decision to do so was made in order to alleviate some of the financial and administrative burden that is placed on thoroughbred trainers across the state, ensuring a direct return to participants in the process.

Previously, public liability and professional indemnity insurance has been paid by RQ before being recharged to thoroughbred trainers.

RACING QUEENSLAND CARNIVALS

SUMMER

For the third straight year, RQ's Summer Carnival attracted some of the nation's leading participants, boosted wagering turnover and uncovered future stars of the turf.

The Summer Carnival offered more than \$16 million in prize money - a 3.9% increase on FY18 - as well as \$1.6 million in TAB Summer Crowns bonuses and an ideal platform for horses targeting the prosperous \$10 million Magic Millions Race Day.

Wagering turnover was more than \$248 million – a 12.4% increase - registered for the nine metropolitan Saturday meetings from the Keith Noud Handicap through to Magic Millions.

Among the Summer Carnival highlights were:

- Wagering turnover increased 12.4% to over \$248 million;
- Wagering revenue grew by 19.7%; and
- Magic Millions race day turnover increased by 4.1% to over \$56 million.

For the first time, RQ introduced the \$75,000 TAB Country Cups Challenge Final with 16 qualifiers held across the state. Just like the TAB Battle of the Bush Series, the Country Cups Challenge provided country trainers, owners and jockeys with the chance to rub shoulders with some of Australia's leading participants and finished with a thrilling crescendo at Doomben on George Moore Stakes Day.

The TAB Origin Jockey Series was another pre-Christmas highlight, while the introduction of the Eagle Way 3YO Stayers Series provided emerging three-year-olds with the perfect platform to test their staying credentials ahead of the 2019 Queensland Winter Carnival - and the \$100,000 Final - underlined RQ's commitment to continue its enhancing of the Summer Carnival.

The Star Magic Millions continued to serve as Queensland's richest race day, with the \$2 million 2YO Classic and \$2 million 3YO Guineas positioned as the meeting's marquee races.

With more than \$56 million wagered across the day, the Magic Millions once again served as the state's highest turnover meeting.

WINTER

During the 2019 TAB Winter Racing Thoroughbred Carnival, a record-breaking \$17.3 million in prize money was distributed thanks to an 11.5% increase on FY18.

A new wagering turnover record of more than \$298 million was also registered for the 10 metropolitan Saturday meetings from Victory Stakes Day through to Caloundra Cup.

With Channel 7 broadcasting four marquee meetings across the nation, the combined metropolitan and regional audience on free-to-air and Sky Racing was close to 2.6 million viewers and was internationally exported to 60 countries.

This included a record reach of 454,000 on TAB Stradbroke Handicap Day, while the Kingsford-Smith Cup recorded a reach of more than 320,000 viewers.

Among the Winter Carnival highlights were:

- Wagering turnover increased 5.5% to over \$298 million;
- Wagering revenue grew by 14.6%;
- TAB Stradbroke Handicap meeting turnover increased by 14.5% to over \$48 million (albeit one extra race was run); and
- Kingsford-Smith Cup meeting turnover grew 10.9% to over \$37million.

NORTHERN WINTER

The revamped TAB Northern Queensland Winter Racing Carnival, which provided up to \$350,000 in bonuses for any sprinter or stayer which could secure victory in three of the five respective features held throughout the carnival, was warmly received.

Leading into the Cairns Amateurs, the Diane Murphy-trained Peacock generated real interest as he chased a \$150,000 bonus after saluting in the Rockhampton and Cairns Newmarkets but was beaten by a length into fifth place.

QTIS HIGHLIGHTS

As part of RQ's commitment to increase returns to participants, the QTIS Jewel Race Day continues to go from strength-to-strength.

Held in conjunction with the Magic Millions March Yearling Sale and with the support of sponsors Aquis Farm, the QTIS 2YO Jewel saw its purse double to \$500,000.

The purse of the 3YO Jewel also received a significant boost to \$200,000.

In total, QTIS-eligible horses competed for \$1.5 million in stakes on the Jewel Race Day.

Over the course of the year, RQ paid out almost \$9 million in QTIS bonuses to the connections of Queensland bred horses, endorsing the fact that the scheme continues to support RQ's desire for people to back Queensland, buy Queensland and breed in Queensland.

RACING HIGHLIGHTS AND PREMIERSHIPS

The 2018/19 racing season began strongly with the Doomben 10,000 (26th), Kingsford-Smith Cup (52nd) and Doomben Cup (91st) all rated inside the world's top-100 Group 1 features. A remarkable achievement.

During the 2019 TAB Winter Racing Thoroughbred Carnival, the Group 1 winners were:



- Doomben 10,000: The Bostonian;
- Doomben Cup: Kenedna;
- Queensland Oaks: Winning Ways;
- Kingsford-Smith Cup: The Bostonian;
- JJ Atkins: Prince Fawaz;
- Queensland Derby: Mr Quickie;
- Stradbroke Handicap: Trekking; and
- Tattersall's Tiara: Invincibella.

In the premierships, Tony Gollan won his sixth consecutive metropolitan trainers' title, with Bruce McLachlan (16), Fred Best (14) and George Anderson (10) the only trainers who now sit ahead of him.

For a fourth consecutive year, Jeff Lloyd won the metropolitan jockeys' premiership, and in the process, called time on an incredible riding career which spawned more than 5000 winners including 94 at Group 1 level.

RQ, and the industry as a whole, thanks Jeff for his incredible contribution over such a long period of time.

Following the implementation of new eligibility criteria, the Sunshine Coast's Stuart Kendrick won the provincial trainers' premiership, while Justin Stanley won the provincial jockeys' premiership for the second straight year, and for the first time, was the leading overall rider in the state, landing 118 winners.



2018 THOROUGHBRED AWARDS

In September, RQ staged the 2018 Queensland Thoroughbred Awards in Brisbane.

Tony Gollan collected his fifth Queensland Trainer of the Year title, while Jeff Lloyd was declared the state's best jockey, and Crack Me Up the 2018 UBET Queensland Thoroughbred Horse of the Year.

The award winners were:

- Queensland Thoroughbred Horse of the Year: Crack Me Up (Liam Birchley);
- Queensland Trainer of the Year: Tony Gollan;
- Queensland Jockey of the Year: Jeff Lloyd;
- Queensland Apprentice of the Year: Jag Guthmann-Chester;
- Queensland 2YO Horse of the Year: Ef Troop (Tony Gollan);
- Queensland 3YO Horse of the Year: Houtzen (Toby Edmonds);
- Queensland 4YO and Older Horse of the Year: Crack Me Up (Liam Birchley);
- QTIS Horse of the Year: Pennino (Darryl Hansen);
- Country Horse of the Year: Bush Caviar (Henry Forster);
- Country Premiership Trainer: Bevan Johnson;
- Country Premiership Jockey: Dan Ballard; and
- Country Apprentice Jockey: Nathan Fazackerley.

RQ's Hall of Fame inductees were:

- Molly's Robe: Horse;
- Fred Shean: Jockey;
- Con Doyle: Trainer;
- Ceb Barnes: Associate; and
- Bart Sinclair: Associate.

Baylee Nothdurft secured the metropolitan jockeys' apprentice title with 34 winners to finish six clear of Jag Guthmann-Chester, while Adin Thompson, in just his second year of riding, clinched the provincial apprentices' title with 48 wins.

Nothdurft also enjoyed success in the revamped National Apprentice Race Series as he steered Fearhildi to victory in the second round in Perth.

In May, RQ, in conjunction with the Australian Racing Museum and Hall of Fame and Racing Australia, hosted the Australian Racing Hall of Fame event.

The black-tie function accommodated 10 inductees headlined by the greatest show on turf, Vo Rogue, who thrilled crowds in the late 1980s with his front-running feats.

The 2019 Australian Racing Museum and Hall of Fame Inductees were:

HORSES

- Balmerino (1972);
- Hall Mark (1930);
- So You Think (2006);
- Vo Rogue (1983);

JOCKEYS

- Brent Thomson;
- Hugh Bowman;

ASSOCIATES

- Lloyd Patrick (Pat) Lalor;
- Sir Edward Williams and Sir Sydney Williams;

TRAINERS

- Des McCormick; and
- John Meagher.



Battle of the
BUSH
Final Winner

COUNTRY RACING

**SEASON 2018/19 SAW 250 NON-TAB
RACE MEETINGS CONDUCTED AND 1,305
INDIVIDUAL RACES RUN.**



COUNTRY RACING PLAYS AN INTEGRAL ROLE IN CREATING COMMUNITY AND SOCIAL COHESION RIGHT ACROSS QUEENSLAND.

DURING THE 2018/19 RACING YEAR, RACING QUEENSLAND CONDUCTED 250 NON-TAB MEETINGS WITH 10,272 STARTERS FEATURING IN 1305 RACES.

Most of those meetings were among the highlights on the social calendars of their respective townships.

COUNTRY RACING PROGRAM EXPENDITURE

RACING QUEENSLAND Country Racing Program	FY19 (\$000)
Prizemoney paid non-TAB thoroughbred meetings	\$9,452
QTIS paid non-TAB thoroughbred meetings	\$672
Jockey Riding Fees, Superannuation and WorkCover for non-TAB meetings	\$3,936
Additional Country Racing Club Costs incurred by RQ*	\$6,032
Total Country Racing Expenditure	\$20,093
State of Queensland Country Racing Program	\$15,000
RQ Contribution	\$5,093

*Note: Additional Country Racing club costs include club meeting payments, marketing and overhead support functions within Racing Queensland and the contribution to the integrity function paid to the Department of Agriculture and Fisheries.

In total, RQ allocated \$10.1 million in non-TAB prize money, while supporting industry sustainability through the ongoing delivery of the \$6 million Country and Regional Capital Works Program and an additional \$3.9 million in infrastructure works courtesy of the Country Racing Program.

During the opening round of CRP, RQ approved 86 projects prioritising core racing infrastructure and health and safety applications in the first instance.

Key projects across the regions included:

- Significant track remediation at the Innisfail Turf Club, Mount Isa Race Club and Towers Jockey Club;
- New running rail at the Chinchilla Race Club, Gladstone Turf Club and Barcoo Amateur Race Club; and
- Replacement tie-up stalls at the Dawson Jockey Club, Kumbia Race Club and Injune Race Club.

Clubs were invited to partake in the program through an online submission portal and were asked to address the project assessment criteria.

Following a vetting process, a short-list was developed and populated with RQ's Country Racing Panel before final approval was granted.





CONVERTING NON-TAB TO TAB

In a national first, Queensland's iconic Birdsville Races were granted full TAB status with RQ donating 50% of wagering revenue collected on the meetings to the Queensland Country Women's Association's Drought Appeal.

Supporting RQ's desire to unlock commercial outcomes for the industry, the 'Melbourne Cup of the Outback' was telecast live on Sky Racing 2, with punters across Australia able to bet on - and experience - the magic of the two-day carnival which attracts an annual pilgrimage of close to 7000 fans to the remote Simpson Desert town.

Following the success of Birdsville, RQ announced in May that some of the state's most iconic regional events would be converted from non-TAB to TAB over the next 12 months including the Barcaldine Tree of Knowledge and the Mt Isa Rodeo race meetings.

In addition to Birdsville, Barcaldine and Mount Isa, the concept will be expanded across the state to include Dalby, Emerald, Innisfail, Warwick and Yeppoon with national television coverage provided through Sky Racing.

THE BATTLE OF THE BUSH

The runaway success of the TAB Battle of the Bush continued in 2018/19 with Hanover Square saluting in the \$125,000 Final at Eagle Farm.

In the space of two short years, the TAB Battle of the Bush has become one of the highlights on the Queensland racing calendar, providing owners, trainers and jockeys from across the state with the opportunity to race for listed-level prize money at a Group 1 race day.

With the return of Eagle Farm to the TAB Queensland Winter Racing Carnival, the on-course atmosphere was electric, with a fitting crescendo on Tattersall's Tiara Day.

Looking back over the second series, 16 qualifiers were staged across our expansive state, providing the unique opportunity for participants and punters alike to attach themselves to their local equine heroes.

From Mareeba in the north to Goondiwindi in the south and everywhere in between, the TAB Battle of the Bush demonstrates everything that is great about racing in the Sunshine State.



ON THE BIT QUEENSLAND COUNTRY RACING AWARDS

The inaugural On The Bit Queensland Country Racing Awards were held in Emerald in February which RQ was proud to support.

In total, 14 awards were presented on the night including the 'On The Bit' Queensland Country Trainer, Horse and Jockey of the Year Award.

Guest speakers on the night included retired jockey Jimmy 'Pumper' Cassidy, former cricket great Andy Bichel, legendary race-caller Alan Thomas and renowned poet Rupert McCall.

On The Bit is a Facebook platform that aims to highlight the efforts of country clubs, trainers, owners and jockeys, particularly on the non-TAB circuit.

The page distributes important racing information for participants and fans, live streams non-Tab race days and provides video previews for upcoming racing events.

The award winners were:

- Outstanding Country Horse of the Year: Fab's Cowboy;
- Outstanding Country Trainer of the Year: Bevan Johnson;
- Outstanding Country Jockey of the Year: Dan Ballard;
- Country TAB Race Day of the Year: Birdsville;
- Country Non-TAB Race Day of the Year: Emerald 100 Race Day;
- Country Race of the Year: Emerald 100;
- Country Racing Newcomer Award: Alisha Ross;
- Country Racing Club Person of the Year Award: Greg Lee;
- Country Racing Personality Award: Rob Luck;
- Country Racing Media Award: Richard Turnbull; and
- Racing Participant: Stan Johnston.

The Hall of Fame inductees were:

- Picnic In The Park: Horse;
- Keith Ballard: Jockey; and
- Charlie Prow: Trainer.

TRAINING ASSISTANCE FUND

The racing industry rallied behind its North Queensland participants in February with the establishment of a Training Assistance Fund.

With widespread flooding in North and North West Queensland, the fund was established to assist trainers who encountered additional animal welfare, care and transportation costs due to the natural disaster.

More than 100 thoroughbred and greyhound trainers were thought to have been impacted with an opening round of payments to eligible trainers of \$350 or \$700 depending on their respective activity levels.

Impacted trainers from the following local government areas were eligible to apply. They were:



- Burdekin;
- Charters Towers;
- Cloncurry;
- Hinchinbrook;
- McKinlay;
- Richmond; and
- Townsville.



GREYHOUND

SEASON 2018/19 SAW 559 GREYHOUND
RACE MEETINGS CONDUCTED AND 5,623
INDIVIDUAL RACES RUN.



THE GREYHOUND CODE CONTINUED TO TAKE GIANT STRIDES THROUGHOUT 2018/19 COURTESY OF RECORD-BREAKING WAGERING TURNOVER AND A REVAMPED RACING CALENDAR, WITH A KEY HIGHLIGHT BEING THE CONVERSION OF CAPALABA AND BUNDABERG FROM NON-TAB TO TAB CLUBS.

Annual turnover for Queensland greyhound racing surpassed \$868 million for the first time – an 8.0% increase on FY18 – and continues to be the fastest growing wagering code in the state, with revenue growing to \$19.3 million.

OVER THE COURSE OF THE YEAR, RACING QUEENSLAND CONDUCTED 501 TAB MEETINGS – AN 8.2% INCREASE ON 2017/18 – AND FEATURED 5176 RACES.

RQ also conducted 58 non-TAB meetings which featured 447 races.

QUEENSLAND PRODUCT TURNOVER

FY19 TURNOVER | \$0.9B
FY19 YOY | +8.0%
3 YEAR CAGR | +11.2%

QUEENSLAND PRODUCT REVENUE

FY19 REVENUE | \$19.3M
FY19 YOY | +10.5%
3 YEAR CAGR | +12.0%

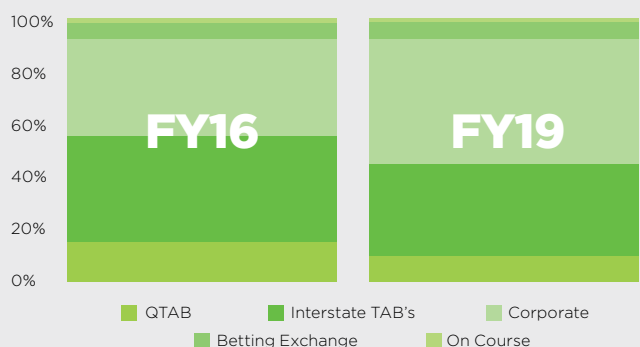
KEY QUEENSLAND DATA

	TAB	Non-TAB	TOTAL
Licensed clubs	6	0	6
Race meetings	501	58	559
Races	5,176	447	5,623
Race Starters	39,026	3,046	42,072
Av. Field Size	7.5	6.8	7.5

Note: Bundaberg Greyhound Racing Club and Capalaba Greyhound Racing Club both conducted non-TAB and TAB meetings during the year but have been classified as per their standing at 30 June 2019.

GREYHOUND REPORT

Proportion of Turnover by Operator - QLD Product





PRIZE MONEY AND INDUSTRY SUSTAINABILITY

During FY19, an additional \$5 million in prize money was delivered for the greyhound code in two separate instalments.

In November, RQ and the Queensland Government announced it would co-fund \$3.5 million (annualised) immediately with a further \$1.5 million (annualised) being delivered in June after the acceptance of reform measures.

In the first instance, prize money initiatives included:

- An additional \$2 million in grassroots prize money (\$1000 increase per race for all Class 1 events; \$500 increase per race for all other events 440m and longer; and \$250 increase per race for all other events up to 440m);
- A \$750,000 increase for unplaced prize money (fourth place prize money for all events implemented at half that of third place);
- An additional \$400,000 in appearance fees (increase from \$40 to \$50 per runner); and
- An additional \$350,000 for feature events (Brisbane Cup; Gold Cup; Origin Greyhound Series; Flying Amy; Queensland Cup; RQ Masters; Capalaba Cup; Straight of Origin and Queensland bred events to be run at all tracks).

With a focus on grassroots prize money in November, the second instalment was designed to enhance the code's viability, long-term sustainability and competitiveness with other racing jurisdictions.

Prize money increases included:

- A \$600,000 increase for iconic events and carnivals (Brisbane Cup; Flying Amy; Ipswich Cup; Bundaberg Cup; Summer Distance);
- An additional \$500,000 in grassroots prize money (\$1575 increase for all non-Class 1 events 530m and longer; \$525 increase for all non-Class 1 events between 440m and 530m); and
- An additional \$400,000 in appearance fees (increase from \$50 to \$60 per runner).

In December, Capalaba's famed straight-track joined Sky Racing on Sunday mornings, marking a significant milestone in the club's 71-year history.

The conversions of Capalaba and Bundaberg have been designed to provide a wide-range of benefits including increased prize money for participants, enhanced revenue opportunities for the clubs and greater wagering returns back to the industry.



In May, Bundaberg joined Capalaba on the Sky Racing schedule on Monday afternoons, with the club's long-coveted desire for national coverage finally realised.

In the lead-up to the conversion, RQ and Bundaberg worked positively to undertake various operational, animal welfare and integrity requirements including:

- Installation of DVN technology and acquisition of broadcasting equipment courtesy of the Queensland Government funding;
- Re-location of the race caller and steward-in-charge race day positioning;
- Various race safety initiatives, including removal of the outside home straight lighting poles and the installation of extensive padding; and
- Increased kennelling and swab kennelling.

Conversely, RQ informed the Cairns Greyhound Racing Club in December that it would not be renewing its licence in 2019 following an extensive review process which examined the club's governance, financial management and the declining participation rates in the region.

RQ supported local greyhound participants affected by its decision through the provision of subsidies to travel to Townsville to race and a refurbishment of the track to allow greyhound trials to be conducted.



RACING QUEENSLAND CARNIVALS

RQ's Summer and Winter Carnivals again proved to be successful promotions for the greyhound code.

The 2018 Brisbane Cup received 43 nominations for the heats including 12 inter-state greyhounds and 16 individual Group 1 finalists.

The heats of the 2018 Brisbane Cup generated record wagering figures of \$3.7 million - the highest amount ever wagered on a single Queensland greyhound meeting - with Queensland Greyhound of the Year, Hasten Slowly, capturing the Group 1 feature.

In a major overhaul to the Winter Carnival, RQ confirmed the Brisbane Cup would be relocated from its traditional summer timeslot in FY20, with prize money increasing to \$375,000 including \$250,000 to the winner to allow it to become one of the nation's richest races.

A full update will be provided in the 2019/20 Annual Report.

As part of the changes, the Winter Racing Carnival was enhanced to feature two Group 1's, two Group 2's and five Group 3's with the Flying Amy and the Gold Cup receiving significant prize money increases.

The Greyhound Origin Series underlined its popularity with punters as the highest turnover meeting of the 2019 Winter Carnival with \$3.3 million wagered.

After tasting defeat in the inaugural series, NSW selected a star-studded line-up including five individual Group 1 winners.

The Origin Distance was won by Poco Dorado for NSW before Dam Slippery levelled the scores for Queensland with victory in the Origin Sprint.

Rising star, Feral Franky, completed the series win for NSW taking out the Origin Match Race in breathtaking fashion.

Nominations for the \$110,000 Flying Amy were noticeably improved following the increase in prize money to Group 1 level.

The event attracted 41 total nominations including seven greyhounds from Victoria and eight greyhounds from NSW.

Origin Match Race winner, Feral Franky, again weaved his magic to claim the Flying Amy Final.

The Gold Cup was a landmark achievement for Queensland trainer Darren Russell, who secured his first Group 1 feature with Bago Bye Bye.

The Group 1 winners were:



- Winter Cup: Jury;
- Brisbane Cup: Hasten Slowly; and
- Gold Cup: Bago Bye Bye.

ANIMAL WELFARE

A range of initiatives geared towards improving animal welfare outcomes for greyhounds were introduced during FY19.

They included:

- Prize money adjustments;
- Injury Rebate Scheme;
- Race safety improvements including annual track audits;
- Information sharing with the Queensland Racing Integrity Commission; and
- Population mapping.

While many of the prize money increases have previously been mentioned, RQ also made adjustments with animal welfare at the core of its decision making.

In order for greyhounds of all abilities to extend their racing careers, RQ increased the proportion of prize money distributed to greyhounds that were not winning races, and in December, became one of only two states to offer prize money to fourth place, while appearance fees increased from \$25 in FY18 to \$60 by the end of FY19.

In addition, RQ also incentivised the industry by providing every Queensland bred greyhound upon having its first start in the Sunshine State with a \$500 sustainability payment split equally between the owner and breeder.

Additional \$500 payments were made available for their first and second wins in Queensland.

At the end of FY19, RQ discontinued the Sustainability Reimbursement Scheme which offered rebates for fees pertaining to breeding female registrations, litter registrations, and DNA analysis for named female greyhounds.

The decision to discontinue was made following a 30% increase in breeding growth over the past 12 months.

However, RQ also introduced an Injury Rebate Scheme, which provides a rebate to connections of greyhounds sustaining serious injuries (defined) in a race event of up to \$2,000.

In order to improve racing safety, RQ conducted annual track audits, a regular scheduling of track renovations and weekly meetings of track curators.

During these meetings, curators are able to consider and exchange information on track preparation, maintenance, equipment use and resourcing.

To improve information sharing with the Queensland Racing Industry Commission, fortnightly animal welfare meetings were also conducted, while RQ sat on its Racing Animal Welfare Committee.

On the national front, RQ was among the chief supporters of a population mapping initiative which includes improved whole-of-life management for all greyhounds.

Moving forward, population mapping will aim to ensure national breeding levels are aligned with the levels required to sustain commercial racing needs.

It will also allow all states to manage post-racing obligations.

UP-COMING RACING HIGHLIGHTS

The positioning of Queensland's feature events within the national calendar was strategically considered with a view to improving opportunities for sprinters, stayers and emerging types.

To accommodate the initiatives, the Group 1 Winter Cup will be re-named and moved to the Summer Carnival in FY20.



In June 2019, RQ announced its participation in the inaugural National Straight Track Championship involving Queensland (Capalaba), Victoria (Healesville), and South Australia (Murray Bridge).

The format for the 2019 event consists of heats and semi-finals in each state, with three Queensland representatives advancing to the Final in Victoria.

The aim is for the event to be conducted in a different state each year - other states are welcome to join should they open a straight track in the future - and recognises the contribution of the format which is widely accepted as having the highest safety levels for the code.

Queensland is due to host the final in 2020.

At the same time, RQ announced the introduction of the Queensland Stayers Circuit.

The Circuit aims to promote longer distance racing by offering a continuous program of events, catering for all types of staying greyhounds, and offering a higher level of prize money for distance events in acknowledgement that they tend to race less frequently.

A strong distance program can only benefit the Queensland industry by providing more greyhounds with the opportunity to be nominated for suitable races, and by growing wagering on Queensland product through generating a higher average turnover per race.

2018 GREYHOUND AWARDS

In March, RQ staged the 2018 Queensland Greyhound Awards in Brisbane.

Hasten Slowly was named the TAB Queensland Greyhound of the Year after posting 12 victories and a further 16 placings from 35 starts.

In total, 25 awards were presented on the night, which acknowledged the remarkable achievements of greyhound racing participants across the state throughout 2018.

The award winners were:

- Queensland Greyhound of the Year: Hasten Slowly;
- Brisbane Greyhound of the Year: Cosmo Bill;
- Bundaberg Greyhound of the Year: Foxy Fireball;
- Cairns Greyhound of the Year: Sharhelian Star;
- Capalaba Greyhound of the Year: Jeannie Dreaming;
- Ipswich Greyhound of the Year: Snowball Otto;
- Rockhampton Greyhound of the Year: Edgy;
- Townsville Greyhound of the Year: Innocent Man;
- Brisbane Trainer of the Year: Steven Scott;
- Bundaberg Trainer of the Year: Louise Cameron;
- Cairns Trainer of the Year: Emma Bryant;
- Capalaba Trainer of the Year: Claude Dacey;
- Ipswich Trainer of the Year: Colin Byers;
- Rockhampton Trainer of the Year: William Boon;
- Townsville Trainer of the Year: Rhonda Essery;
- Top Simbi Award: Capalaba Greyhound Racing Club;
- Young Achiever: John Hutchinson;
- Woman in Racing: Erin Cameron;
- QRIC Award: Mary Burman;
- Brisbane Trainers Strike Rate Award: Errol Suell;
- Brisbane Sire of the Year: Magic Sprite;
- Brisbane Leading Owner Award: Cynthia Elson;
- Brisbane Dam of the Year: Regal Silver.

The Hall of Fame inductees were:

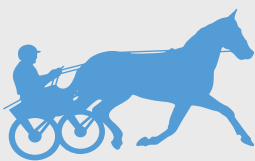
- Brisbane Leading Owner Award: Cynthia Elson; and
- Brisbane Dam of the Year: Regal Silver.

BRISBANE



HARNESS

SEASON 2018/19 SAW 279 HARNESS
RACE MEETINGS CONDUCTED AND 2,354
INDIVIDUAL RACES RUN.



A RECORD-BREAKING YEAR FOR WAGERING TURNOVER WAS THE STANDOUT PERFORMANCE FOR THE HARNESS CODE THROUGHOUT 2018/19 WITH TURNOVER REACHING \$473 MILLION AND REVENUE GROWING BY \$728,000 TO \$11.0 MILLION.

OVER THE COURSE OF THE YEAR, RACING QUEENSLAND CONDUCTED 274 TAB MEETINGS – A 3.8% INCREASE ON 2017/18 – AND FEATURED 2330 RACES.

RQ also conducted five non-TAB meetings during FY19 with Marburg, Redcliffe, Gympie and Kilcoy all hosting events.

Pleasingly, after 2 years of annual decreases, TAB field sizes grew by 1% with 21,627 starters throughout the year and total standardbred racing numbers increasing across the state.

PRIZE MONEY AND INDUSTRY SUSTAINABILITY

During FY19, the harness code benefited from an additional \$3 million (annualised) in prize money to progress industry viability concerns, boost grassroots participation and improve cash flow for participants and owners.

Co-funded by RQ and the Queensland Government, prize money increases included:

- Introduction of QBRED For Life, increasing stakes and bonuses to over \$2.5 million;
- All standard Friday races increased to minimum \$6,500;
- All standard Tuesday races increased to minimum \$8,000;
- Minimum stakes for Redcliffe Wednesday and Thursday meetings increased to \$4,000;
- Marburg to Albion Park finals increased to a minimum \$10,000;
- Saturday night \$20,000 features to be programmed more frequently; and
- Ninth race added to the majority of Thursday programs.

QUEENSLAND PRODUCT TURNOVER

FY19 TURNOVER | \$0.5B
FY19 YOY | +0.6%
3 YEAR CAGR | +1.5%

QUEENSLAND PRODUCT REVENUE

FY19 REVENUE | \$11.0M
FY19 YOY | +7.1%
3 YEAR CAGR | +1.7%

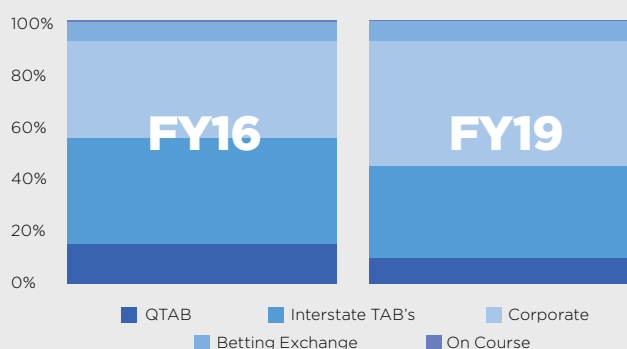
KEY QUEENSLAND DATA

	TAB	Non-TAB	TOTAL
Licensed clubs	4	1	5
Race meetings	274	5	279
Races	2,330	24	2,354
Race Starters	21,627	173	21,800
Av. Field Size	9.3	7.2	9.3

Note: Marburg conducted both TAB and non-TAB meetings during the year but have been classified as a TAB licensed club since the majority of their race meetings were TAB.

HARNESS REPORT

Proportion of Turnover by Operator - QLD Product





In mid-June, RQ announced a three-year increase to the base driving fee for harness participants.

Having agreed to a 22% increase in FY18, the base driving fee for all races worth \$3000 or more will rise by \$17 per drive between 2018 and 2021 following positive negotiations with the Breeders Owners Trainers and Reinspersons Association of Queensland.

The incremental increases will be implemented as follows:

- 2019: \$2 per drive increase to \$57 per drive;
- 2020: \$3 per drive increase to \$60 per drive; and
- 2021: \$2 per drive increase to \$62 per drive.

RQ also announced that it would fund insurance for participants in 2019 and 2020 and increase the regularity of grassroots racing opportunities on Sundays to twice monthly as it continues its drive to ensure the long-term viability and sustainability of the code.

In addition, RQ introduced a \$500 in-foal rebate to the breeder of any mare – inseminated between August 1, 2018 and January, 31 2019 – that receives a positive 42-day pregnancy test.

The rebate was established following industry research which found the rising cost of feed and agistment due to drought would likely accelerate a decline in breeding by up to 30%.

During FY19, RQ distributed more than \$110,000 to over 130 individual breeders.

2018 WINTER RACING CARNIVAL

The 2018 Queensland Winter Racing Carnival was one of the code's biggest highlights with a record-breaking \$23.5 million wagered across the campaign.

Strong inter-state and New Zealand nominations reinforced Queensland's reputation as the place to race throughout the winter months, with Let It Ride, the Kiwi raider, saluting in the Group 1 Blacks A Fake Final for Tim and Anthony Butt.

The Group 1 winners throughout the year were:



- Blacks A Fake: Let It Ride;
- QBRED Triad 2YO Fillies: Smart As Camm Be;
- QBRED Triad 2YO Colts & Geldings: First String;
- APG 2YO Colts & Geldings Final: Jilliby Nitro;
- APG 2YO Fillies Final: Pelosi;
- APG Brisbane Yearling Sale Final: Muscle Factory; and
- Redcliffe Yearling Sale Final: Governor Jujon.

QBRED HIGHLIGHTS

The nation's premier breeding incentive scheme, QBRED, continued to pay dividends throughout 2018/19.

In total, \$1.67 million in bonuses were paid out under QBRED including an increase in first win bonuses for two-year-olds from \$7,500 to \$10,000.

RQ also announced the first QBRED feature for two-year-old trotters.

The introduction of this race coincided with the inaugural running of the 'Springboard Series for 2YO Trotters' which was strategically developed to enhance the trotting gait in the Sunshine State.

In FY20, RQ has announced an exciting new chapter, with the introduction of 'QBRED For Life' with \$2.5 million in bonuses and stakes up for grabs.

Under 'QBRED For Life', the age restrictions on the first and second win bonuses for standardbreds will be lifted, with eligible horses also able to access the \$1,000 QBRED cash bonuses, which are available on selected races.

RACING HIGHLIGHTS AND PREMIERSHIPS

For a sixth straight season, Grant Dixon was Queensland's leading trainer with 286 winners.

Nathan Dawson was the leading Queensland driver for the first time with 208 winners, which also saw him crowned the leading concession driver.

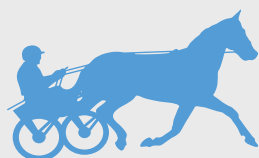
In November, RQ hosted the Australasian Young Drivers Championship for a successive year, with Nathan Dawson and defending champion, Narissa McMullen, both representing Queensland.

On this occasion, New Zealand's Sheree Tomlinson clinched the title on the track, while off the track the series raised important funds for charity partner Youngcare, a not-for-profit organisation spearheading powerful change for young people with high-care needs, with more than \$4000 raised for the cause.

In the Australian Female Drivers Championship, McMullen and Kelli Dawson represented Queensland, finishing first and third respectively.

The Championship continues to play a vital role in highlighting the significant contribution of female participants to the code.

As part of the series, a fundraiser for Team Teal was held with RQ, Albion Park, Redcliffe and TAB raising \$12,000.





Throughout the year, RQ continued to innovate with the introduction of a mobile barrier camera and live sectional times to the Sky Racing broadcast.

With sectional times critical to the story of every harness race, the innovation was warmly received by participants and punters alike.

Finally, in conjunction with Harness Racing Australia, a ratings-based handicapping system was adopted in May to replace the Class-based system.

The decision was made to provide more competitive racing for both participants and punters, with a view to also driving wagering revenue in future years.

2018 HARNESS AWARDS

In October, RQ staged the 2018 Queensland Harness Awards in Brisbane.

Grant Dixon was once again recognised as the Queensland Trainer of the Year, while the Dixon stable also picked up the Queensland Trotter of the Year title with Our Overanova NZ.

The award winners were:

- Queensland Harness Horse of the Year: Colt Thirty One;
- Queensland Trotter of the Year: Our Overanova NZ;
- Queensland Trainer of the Year: Grant Dixon;
- Queensland Driver of the Year: Nathan Dawson;
- Queensland Concession Driver of the Year: Nathan Dawson;
- Queensland Filly/Mare of the Year: Smart As Camm Be;
- Queensland Aged Pacer of the Year: Bodhi Tree;
- Queensland Breeder of the Year: Solid Earth Pty Ltd (Kevin and Kay Seymour); and
- Queensland Owner of the Year: Solid Earth Pty Ltd (Kevin and Kay Seymour).

The Hall of Fame inductee was:

- Avonnova: Horse.

The awards ceremony for 2018/19 season will be held in September and the winners will be published in the 2019/20 Annual Report.

MARKETING AND EVENTS

RACING QUEENSLAND'S MARKETING AND EVENTS TEAM ADOPTED A RANGE OF NEW PROMOTIONS TO SUPPORT THE INDUSTRY DURING 2018/19.

AS PART OF THIS APPROACH, RQ LAUNCHED A NEW DIGITAL DESTINATION FOR RACING IN QUEENSLAND, WITH THE CREATION OF 'RACEQ.'

By consolidating the organisation's social media channels, RaceQ was designed to allow followers to see the latest news, events and form in one place – previously this was split across Racing QLD Events and Puntersland – and to allow fans to quickly engage with the information most relevant to them.

During the course of FY19, the RaceQ Facebook page enjoyed growth of more than 35%, while website traffic grew by more than 25%.

In FY20, RQ will deploy a dedicated ownership section on the organisation's website including an ownership calculator.

The calculator, similar to financial websites, will provide prospective owners with a clearer view of ownership costs.

Over the past year, RQ has played a more hands-on role in the ownership space after employing a dedicated 'Ownership Partner' and entering into a ground-breaking trade marketing partnership with miRunners.

miRunners, one of the country's most innovative ownership platforms, offers fans the chance to own their own share in premium but affordable thoroughbreds with a view to competing in some of Australia's richest races.

With 1000 ownership units available per horse, training fees start at just \$15 per-month with high-quality

yearlings available under the guidance of some of the state's biggest trainers in Rob Heathcote, Tony Gollan and Chris Munce.

The 2019 TAB Queensland Winter Racing Carnival was launched in conjunction with the Brisbane Racing Club at Eagle Farm in spectacular fashion.

Staged on the Ascot House Rooftop, stakeholders were able to watch Melbourne Cup winning jockeys Glen Boss and Chris Munce galloping on the course proper before sharing their insights ahead of the Carnival.

RQ ambassadors Jemma Barsby, Campbell Brown and Simon O'Donnell were on hand to discuss their newly created roles, while a range of other celebrities were also present.

During the Queensland Oaks, Winx provided a touch of star power as the wonder mare's career turned full circle.

For the first time at an Australian racecourse, Winx's connections displayed each and every one of her 25 Group 1 trophies, including the 2015 Queensland Oaks and four consecutive Cox Plates, as a fitting tribute to where the legend began.

Having recently retired, Queensland fans were able to say goodbye to the world's top-ranked race horse with the installation of a 'Winx Zone' at Doomben that included her Group 1 trophies, a 'selfie station', memorabilia and more.

Along with the codes' respective awards nights, the marketing team played a key role in delivering a suite of other events including barrier draws, carnival launches and the black-tie Australian Hall of Fame dinner.



AUSTRALIAN
RACING
HALL OF FAME



AUSTRALIAN
RACING
HALL OF FAME

DEVELOPMENT AND CONSTRUCTION

RACING INFRASTRUCTURE FUNDING SUMMARY

Project \$'000	Grant Deed Funding	Actual Project Costs For The Life Of The Project To The 30/06/2019	Funds Received From Government For The Life Of The Project To 30/06/2019
Bundamba Racecourse, Ipswich	13,000	9,065	6,409
Country & Regional Capital Works Program	6,000	3,766	1,713
Brisbane Racing Club, Brisbane	3,500	2,946	2,401
Townsville Turf Club, Townsville	150	127	-
Feasibility and Planning Work	1,500	146	1,500
TOTAL	24,150	16,050	12,023

TO CHAMPION GREAT EVENTS AND RACING, WHICH CONNECT QUEENSLAND COMMUNITIES, HIGH QUALITY INFRASTRUCTURE IS REQUIRED.

DURING 2018/19, RACING QUEENSLAND RESTRUCTURED ITS INFRASTRUCTURE AND TRACKS TEAMS AS IT CONTINUED WITH THE DELIVERY A NUMBER OF IMPORTANT PROJECTS.

In December, RQ, in conjunction with the Brisbane Racing Club, confirmed the return to racing at Eagle Farm following significant remediation to the course proper.

In line with the Monteith Report, a staged return to racing was conducted, with Eagle Farm performing strongly in the lead-up to - and during - the Winter Carnival.

RQ and the BRC will continue to follow the recommendations contained within the Monteith Report during 2019/20 to allow Queensland's premier race track to consolidate after its renovation.

The redevelopment of the Ipswich Turf Club continued, with the project scheduled to conclude in FY20.

Ahead of the 2019 Ipswich Cup, the forecourt was completed for use by club patrons, while the finishing touches were also being placed on the new commercial building.

It is envisioned, once complete, that the club's function centre will serve as one of the Ipswich region's premier hospitality venues.

The redevelopment hasn't been without its challenges, however, with the emergence of asbestos contaminated soil forcing contractors to remove 10-times the amount of earthworks originally forecast.

The increased scope of works - and costs - has led to project delays with RQ and the club recently agreeing to the final elements including the new tie-up stalls.



The project will now also encompass improvements to the course proper at Bundamba including replacing the decades old irrigation infrastructure and drainage up-grades.

In North Queensland, remediation was required at the Townsville Turf Club following February's floods.

With a juvenile plant on the course proper, the decision to manage Cluden Park's workload ahead of the TAB Townsville Cup was made to ensure optimum racing.

In FY20, the female jockey rooms at Townsville will receive a \$365,000 up-grade after funding was secured for the much-needed project.

In early March, the Federal Government confirmed Townsville would receive more than \$180,000 courtesy of the Building Better Regions Fund – matched by RQ – to expand its existing facility which fails to appropriately cater for female jockeys.

The current cramped quarters will be up-graded to cater for 16 female jockeys.

RQ's desire to build a new greyhound facility continued in earnest, with a number of potential sites identified.

A new state-of-the-art facility would cater for the state's sole one-turn greyhound track as the organisation continues to prioritise animal welfare.

Throughout the year, the Rockhampton and Bundaberg greyhound tracks were renovated.

In August, work at the Bundaberg greyhound track commenced with the renovation involving the complete removal and replacement of the grass surface, which has resulted in improved racing safety.

In September, a complete re-build of the track sub-grade and racing surface at Rockhampton commenced including re-alignment of the 510m and 407m starting positions.

The work achieved improved levels of track safety and the 407m re-alignment, in particular, has resulted in a substantial reduction of race interference.

Work to remediate the Albion Park Harness Racing Club commenced in October with RQ agreeing to undertake a full track re-surface.

The works included the re-grading and consolidation of the track base with new material, while similar plans are forecast for Redcliffe throughout FY20.

In addition to the Development and Construction department, the Tracks and Facilities team provide significant strategic and operational support to clubs in the management, maintenance and repair of core racing assets.

Other projects supporting clubs and industry during FY19 include:

- Gold Coast Turf Club re-development;
- Townsville Turf Club civil works;
- Starting barrier gates and irrigation audits on Tier 1 and Tier 2 clubs;
- Redcliffe Paceway renovations; and
- Capalaba greyhound track installation of new semaphore board and conversion to TAB status.



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RQ STRATEGY

A VISION TO BECOME THE NUMBER ONE
SPORTING INDUSTRY IN THE SUNSHINE STATE

RQ STRATEGY

RACING QUEENSLAND'S STRATEGIC PLAN (FY18-21) IS A KEY COMPONENT OF THE ORGANISATION'S PERFORMANCE MANAGEMENT FRAMEWORK.

DURING 2018/19, RQ DEVELOPED ITS VISION TO BECOME THE NUMBER ONE SPORTING INDUSTRY IN THE SUNSHINE STATE, WHILE CHAMPIONING GREAT RACING AND EVENTS WHICH CONNECT QUEENSLAND COMMUNITIES.

In order to achieve this ambition, five pillars were developed including key performance indicators to track and measure RQ's progress against the Plan.

These were set against six timeless values consisting of:

- Making a difference;
- Achieving excellence;
- Earning and showing respect;
- Doing what we say;
- Valuing team above self; and
- Demonstrating great leadership.

While RQ has updated its Strategic Plan – refer to the 'Our Performance' section for further information – a summary of the organisation's performance against each strategic pillar during FY19 can be found below.





COMMERCIAL

MANAGE AND DRIVE THE COMMERCIAL PERFORMANCE OF THE BUSINESS OF RACING IN QUEENSLAND

Key Performance Indicators:

- Grow total net revenue;
- Grow net wagering revenue;
- Achieve budget and commercial plan;
- RQ's wagering market share to grow; and
- Reduce overhead costs as a percentage of net wagering revenue.

RQ continued to make positive strides in FY19 against its commercial KPIs despite several extraordinary one-off events.

Nonetheless, RQ was able to grow total net revenue, as a parent company, from \$216.7 million to \$252.6 million on a normalised basis.

At the same time, normalised net wagering revenue increased by 9.1% from FY18 to \$197.7 million.

RQ's overhead costs as a percentage of net wagering revenue were consistent with FY18.



INDUSTRY SUSTAINABILITY

CREATE A SUSTAINABLE RACING INDUSTRY IN QUEENSLAND

Key Performance Indicators:

- Reduce by 10% the number of lost jockey and apprentice work days from injury;
- Grow returns to participants;
- Race clubs to be fully compliant with RQ licensing requirements;
- Grow the number of licensed owners; and
- Grow breeding numbers.

RQ's pursuit of improving industry sustainability continues to evolve with the development of a new club funding model, supported by an up-dated license agreement, designed to deliver more effective alignment with its stakeholders.

During FY19, normalised total payments to participants increased by \$28.2 million (16%) to a record-breaking \$203 million.

Since establishing a baseline to measure the number of lost working days by injured jockeys and apprentices, RQ has enjoyed a 19% reduction.

Closed claims have also been reduced by 33% during this period.

Ownership numbers across the three codes have varied with thoroughbreds remaining constant, greyhounds (7.7%) decreasing and harness (25.2%) increasing.

Similarly, breeding numbers across the three codes have varied with greyhounds (61.4%) enjoying a significant increase, while thoroughbreds (6%) and harness (16%) both decreased.



DEVELOPMENT AND CONSTRUCTION

20 PLUS YEAR PLAN TO MEET OPERATIONAL REQUIREMENTS, CUSTOMER EXPECTATIONS AND LEVERAGE INDUSTRY ASSETS

Key Performance Indicators:

- Racing returning to Eagle Farm with the track handed over to the BRC;
- Deliver infrastructure project at Ipswich Turf Club;
- At least one new or replacement harness racing venue;
- At least two new or replacement greyhound venues;
- Install lights at Gold Coast Turf Club and progress other infrastructure plans and works; and
- Deliver Country and Regional Works Program.

RQ's night racing strategy, which centres next around the Gold Coast, continued to make headway.

The state's premier racecourse, Eagle Farm, returned to racing in December following significant remediation to the course proper.

In conjunction with the Brisbane Racing Club, a staged return to racing was conducted – as per the Monteith Report – with Eagle Farm performing strongly during FY19.

The redevelopment of the Ipswich Turf Club is expected to conclude in FY20 with completion of the new tie-up stalls and improvements to the course proper.

During FY19, the forecourt was completed, while the finishing touches were also being placed on the new commercial building.

A business case to develop a new greyhound facility in South East Queensland commenced in FY19, with funding being sought out of the Racing Infrastructure Fund.

RQ's night racing strategy, which centres next around the Gold Coast, continued to make headway, while the majority of projects awarded under the Country and Regional Works Program were scoped with \$4.4 million of the \$6 million grant deed under budget.



ORGANISATIONAL

DEVELOP ORGANISATIONAL SYSTEMS AND CAPABILITY TO IMPROVE PERFORMANCE DELIVERY AND EFFICIENCIES

Key Performance Indicators:

- Grow website traffic by 15% per annum;
- Grow audience engagement by 15% per annum;
- Establish and improve Agency-Stakeholder satisfaction score sentiment;
- Maintain RQ's performance management/KPI system for staff; and
- Recognition as an employer of choice.

RQ continued to look for new ways and technology solutions to underpin its operations during FY19.

'Race Cube', an integrated content management system, was established to provide clubs with an online portal that offers 'self-service solutions' and improved customer service.

During the course of FY19, website traffic at www.racingqueensland.com.au grew by more than 26.5%, while engagement grew by 36.2%.

RQ also continued to create bespoke performance plans for each member of staff, which allows the organisation to effectively manage, measure and reward performance in a fair and consistent manner.



COMMUNITY

RACING TO BE RECOGNISED AS A SIGNIFICANT CONTRIBUTOR TO THE QUEENSLAND COMMUNITY

Key Performance Indicators:

- Grow economic impact of racing to the Queensland economy;
- Implement an efficient process to deliver the government funding of non-TAB thoroughbred racing and infrastructure projects;
- Improvements to animal welfare outcomes funded by new initiatives identified and introduced or supported by RQ; and
- Develop and implement a Reconciliation Action Plan.

The Queensland racing industry is a significant contributor to the state's economy.

Independent economic analysis demonstrates the industry was responsible for generating more than \$1.5 billion in value added contribution to the economy, while providing 11,500 full-time jobs.

During FY19, RQ allocated \$10.1 million in non-TAB prize money, while supporting industry sustainability through the ongoing delivery of the \$6 million Country and Regional Capital Works Program and an additional \$3.9 million in infrastructure works courtesy of the Country Racing Program.

During the opening round of CRP, RQ approved 86 projects prioritising core racing infrastructure and health and safety applications in the first instance.

Development of a Reflect Reconciliation Action Plan is on track for implementation in FY20.



ADVANCING QUEENSLAND'S PRIORITIES

THE QUEENSLAND GOVERNMENT BOASTS A CLEAR PLAN TO ADVANCE QUEENSLAND—BOTH NOW AND INTO THE FUTURE.

DURING 2018/19, RACING QUEENSLAND WAS ABLE TO CONTRIBUTE TO THE QUEENSLAND GOVERNMENT'S COMMUNITY PRIORITIES IN THE FOLLOWING WAYS. THEY WERE:

CREATING JOBS IN A STRONG ECONOMY

The Queensland racing industry plays a significant role in the state's economy.

Having recently commissioned IER to quantify the industry's economic impact, the report found it was directly responsible for sustaining 5107 full-time equivalent jobs across the state.

When flow-on employment impacts are considered, the total FTE impact generated by the Queensland racing industry rose to 11,500 jobs.

This total represents the employment sustained within the industry, as well as the employment that is sustained in supply industries who meet the demand created by racing industry activity.

GIVE ALL OUR CHILDREN A GREAT START

Racing has long understood the power that it possesses to be able to unite communities and to engender hope right across Queensland.

With this in mind, education and training is vitally important for the continued growth and success of the industry.

Metropolitan hubs and regional areas alike are able to feel the positive impact provided by community partnerships, training programs and welfare initiatives provided by the three racing codes.

Racing Queensland incorporates a wide variety of education and training courses to both help better equip those within the industry to further their professional or tertiary development, and to assist those looking for opportunities to enter the industry.

Currently, RQ has the responsibility for the delivery of training as a Registered Training Organisation, based at Deagon.

RQ offers nationally recognised training through traineeship and apprenticeship arrangements, for stable hands (including advanced courses), track work riders/jockeys and stable foreman.

These opportunities provide practical access and theoretical knowledge to many aspects of professional racing in Queensland.

KEEP QUEENSLANDERS HEALTHY

Queensland racing clubs have developed and applied a number of initiatives to improve the raceday and non-raceday experience for attendees, participants, staff, partners and the broader community.

These initiatives have arisen in response to changing consumer needs and community values.

Racing clubs play an active role in providing healthy environments for their customers and racing participants. Examples include:

- The provision of healthy choice options for both racing participants and customers;
- The development of policies and practices to encourage the responsible consumption of alcohol; and
- The presence of on-site medical staff available to assist participants, volunteers, staff and customers if required.



PROTECT THE GREAT BARRIER REEF

Racing clubs are actively implementing policies and practices in key areas that impact on the environment, supporting the government's stated community priority of reducing Queensland's contribution to climate change and improving water quality.

Over 58% of all clubs have policies in place to save water and re-use or recycle water.

Examples include:

- Use of bore water and council treatment plants;
- Effluent water usage;
- Timed and low flow irrigation (watering at nights);
- Water turned off at mains following race meetings;
- Rain storage tanks, dams and storm water feeds;
- Water saving devices for cisterns and tap wear (eg: shower heads); and
- Signage promoting water savings.

A number of clubs have programs in place to utilise solar energy or save electricity.

Examples include:

- Installation of panels for solar generation;
- Lighting and power programming to save energy;
- Energy efficient light fittings (LED); and
- Watering in off-peak times.

Close to one in four clubs have policies and programs to develop native flora and fauna.

Examples include:

- Beautification of the racing grounds with native plants;
- Establishing gardens for protecting birdlife;
- Development of nurseries and herb gardens on-course; and
- Tree planting programs in open areas.





BE A RESPONSIVE GOVERNMENT

RQ continues to invest in its people – and technology – to improve the services we provide to participants and stakeholders.

During FY19, RQ launched a new home for all things racing in Queensland, with the creation of ‘RaceQ.’

RaceQ has been designed to allow followers to see the latest news, events and form in one place and to allow fans to quickly engage with the information most relevant to them.

This includes an increased presence of race replays – qualifiers for the TAB Battle of the Bush were hosted on the RQ website for the first time – to ensure greater access for punters and fans alike.

At the same time, RQ rolled out ‘Race Cube’, an integrated content management system, to provide clubs with a one-stop-shop to process their licence applications, adhere to reporting requirements, submit grant applications and to assist their commercial development.

The implementation of an improved club funding model, supported by an up-dated license agreement is the framework that will deliver more effective alignment between clubs, Racing Queensland and Government in the pursuit of improving club viability and industry sustainability.

MACHINERY-OF-GOVERNMENT CHANGES

There were no machinery-of-government changes during the reporting period.

DIRECTIONS FROM THE MINISTER

There were no Ministerial directions issued under section 44 of the Racing Act 2002 to Racing Queensland in 2018/19.

RQ STRUCTURE

CORPORATE GOVERNANCE

THE RACING QUEENSLAND BOARD (TRADING AS RACING QUEENSLAND) WAS ESTABLISHED UNDER SECTION 6 OF THE RACING ACT 2002 ON 1 JULY 2016.

RQ IS A STATUTORY BODY UNDER THE FINANCIAL ACCOUNTABILITY ACT 2009 AND STATUTORY BODIES FINANCIAL ARRANGEMENTS ACT 1982 AND A UNIT OF PUBLIC ADMINISTRATION UNDER THE CRIME AND MISCONDUCT ACT 2001.

RQ's governance structure has been established to set direction and oversee performance.

Information about strategic and operational performance is provided by the organisation's analytics, human resource and financial systems.

Strategic and operational direction is communicated and managed through its Strategic Plan, as well as a structured risk management process.

GOVERNANCE

The Racing Queensland Board has seven members, constituted in accordance with the Racing Act 2002, and is the governing body for the organisation.

At the start of May, the Queensland Government made the following appointments:

- Mr Steve Wilson AM (Chairperson) for a term of three years;
- Ms Sharon Dawson (Deputy Chairperson) and non-industry member for a period of two years;
- Mr Max Walters OAM (Member) for a period of two years;
- Ms Jane Seawright (Member) for a period of three years;
- Mr Dale Cartwright (Member) for a period of two years; and
- Ms Margaret Reynolds (Member) for a period of two years.

In July 2019, the Government announced the additional appointment of Mr Graham Quirk (Member) for a period of two years.

Susannah George (Member) and Mark Sowerby (Member) completed their terms on 30 April 2019.

Each accountable officer and statutory body must ensure a governance framework, appropriate for the accountable officer's department or the statutory body, is established.

Governance, for a statutory body, is the way the statutory body manages the performance of its functions and operations.

RQ's governance incorporates the cultural and operational aspects of the organisation that are influenced by its actions and decisions and includes the concepts of:

- Openness and transparency;
- Integrity and accountability;
- Due care; and
- Public defensibility.

RQ updated its Code of Conduct to reflect the Queensland Public Service Code of Conduct and to align to the Public Sector Ethics Act 1994 principles, values and the obligations of public officials.

This is supported by a separate policy focusing on actual or perceived conflicts of interest related to the racing industry that is required to be completed as part of the pre-employment check.

All new employees receive training on these topics during their induction.

RQ's management and committees oversee all major activities and areas of decision making and ensure the organisation has a clear direction, operates efficiently and fulfils its legislative responsibilities. These groups are:

- Racing Queensland Board;
- Executive Leadership Team;
- Audit and Risk Committee; and
- HR and Remuneration Committee.

TAB 2019

QUEENSLAND GREYHOUND AWARDS



TAB 2019

QUEENSLAND GREYHOUND AWARDS



BOARD MEMBERS



STEVE WILSON AM

CHAIR

STEVE WILSON HAD AN EXTENSIVE CAREER IN THE INVESTMENT INDUSTRY IN AUSTRALIA AND THE UNITED KINGDOM. HE LED THE BRISBANE STOCKBROKER WILSONS TO BECOME A NATIONAL LEADER IN EMERGING COMPANIES AND ESTABLISHED INVESTMENT MANAGEMENT COMPANIES HYPERION (1996) AND PINNACLE (2006).

He is Chair of the Committee for Brisbane Advisory Board and a Director of Racing Australia and Australian Oil Shale Holding Ltd.

He previously chaired Wilson HTM Group, Pinnacle Holdings Investment Management Group, South Bank Corporation, Hyperion Asset Management, St John's Cathedral Completion Fund and Queensland Rugby Union and was a Director of Telstra, Tourism Queensland and Councillor of QUT.

He was awarded an Order of Australia for services to the finance industry and community and the BDA Gold Medal award for his role in transforming South Bank.



SHARON DAWSON

DEPUTY CHAIR & CHAIR OF REMUNERATION & HR COMMITTEE

SHARON DAWSON IS THE CEO OF THE DAWSONS GROUP, A DIVERSIFIED HEAVY ENGINEERING AND SERVICES COMPANY OPERATING NATIONALLY FROM WORKSHOPS IN CAIRNS, TOWNSVILLE, MT ISA AND CHARTERS TOWERS.

A North Queensland local, Sharon is committed to regional economic development and has held previous roles with Ports North, Advance Cairns, Cairns Chamber of Commerce and TAFE North Queensland.

Sharon has a strong knowledge of country and regional racing.



DALE CARTWRIGHT

MEMBER

DALE CARTWRIGHT IS THE MANAGING DIRECTOR AND PRINCIPAL OF THE CARTWRIGHT PROPERTY GROUP, A HIGHLY RECOGNISED AND ACCREDITED MEMBER OF THE QUEENSLAND REAL ESTATE INDUSTRY HE ESTABLISHED IN 2003.

Dale enjoys all aspects of the three codes of racing, he has a long-standing personal interest in the greyhound industry.

His deep understanding of the greyhound industry and its heritage is valuable in informing his views of the future of the sector.

Dale is a Director of Greyhounds Australasia, and chairs the Greyhound Industry Advisory Panel meetings.

He is also a former President of the Brisbane Greyhound Racing Club.



MARGARET REYNOLDS

MEMBER

MARGARET REYNOLDS BOASTS MORE THAN 50 YEARS INVOLVEMENT IN HARNESS RACING AS A BREEDER, OWNER AND LICENSEE AND WAS PREVIOUSLY THE SECRETARY/TREASURER OF THE QUEENSLAND BREEDERS OWNERS TRAINERS REINSPERSONS ASSOCIATION.

Margaret is a former Director, and current executive member, of Harness Racing Australia and was also Secretary/Manager of North Queensland Harness Racing Club, Marketing Manager of Albion Park Harness Racing Club, Hospitality Catering Manager of Rocklea Harness Racing Club and served on the Committees of most of the state's clubs.

Margaret was the first female to be appointed to a harness racing committee in Queensland and is very passionate about the sport of racing.

She is the recipient of awards for service to the industry including the national meritorious award and the prestigious Pegasus award.

Margaret has been in the retail industry for 48 years including roles as the overseas and state buyer for well-known brands Myer and David Jones.



MAX WALTERS OAM

MEMBER & CHAIR OF AUDIT & RISK COMMITTEE

MAX WALTERS WAS A SENIOR EXECUTIVE WITH THE SEVEN NETWORK FOR 26 YEARS AND IS A LIFELONG FOLLOWER OF RACING ACROSS ALL CODES.

Max's initial background is finance and he is a Fellow of the Institute of Chartered Accountants.

During his career, he has been responsible for highly successful marketing, promotional and broadcast agreements between the Seven Network and both the South Australian Jockey Club and the Brisbane Racing Club.

Max was awarded the Order of Australia Medal in 2011 for Services to Cricket, the Community and the Media.



JANE SEAWRIGHT

MEMBER

(Term commenced 1 May 2019)

JANE SEAWRIGHT HAS EXTENSIVE EXPERIENCE AS A CORPORATE, COMMERCIAL AND FINANCE LAWYER, IN PRIVATE PRACTICE AND IN-HOUSE, IN THE MINING RESEARCH, TECHNOLOGY START-UP AND NOT-FOR-PROFIT SECTORS.

Based in Townsville, Jane runs a successful consultancy business advising in business development and marketing, as well as a legal consultancy.

She is presently the Chair of Netball Queensland, as well as a local director of The Australian Festival of Chamber Music, company secretary of SmartCap Technology Pty Ltd, and a member of the External Engagement Committee of QUT's Institute of Health and Biomedical Innovation.

Past board roles include Chair of the Furnishing Industry Superannuation Fund, Chair of Queensland Institute of Medical Research Trust, Chair of Artisan, director of City North Infrastructure Pty Ltd and director of the Residential Tenancies Authority.

In 2018, she was announced as the QSport Volunteer of the Year.



MARK SOWERBY

MEMBER

(Term concluded 30 April 2019)

MARK SOWERBY HAS A STRONG UNDERSTANDING OF THE COMMERCIAL ASPECTS OF THE THOROUGHBRED INDUSTRY.

He has worked as CEO of a number of businesses and is the founder of Blue Sky Alternative Investments Limited, an ASX listed (ASX: BLA) alternative asset manager.

Mark serves as a director of a number of community organisations, and also served as Queensland's inaugural Chief Entrepreneur.

Mark is originally from Warren in western NSW.

He studied Agricultural Science at the University of Queensland (UQ) before completing a Graduate Diploma of Applied Finance and Investment through the Securities Institute of Australia and a Masters of Business Administration (UQ).



SUSANNAH GEORGE

MEMBER

(Term concluded 30 April 2019)

SUSANNAH IS THE FOUNDER AND CEO OF THE URBAN LIST, AUSTRALIA'S MOST INFLUENTIAL LOCAL LIFESTYLE GUIDE.

The site connects with 2.5 million Australians and New Zealanders each month across seven markets, with a partner portfolio that includes some of the world's most prominent lifestyle brands.

Susannah has familial connections with the racing industry. Her Great Grandfather Daniel O'Mara and Grandfather Judge Eddie Broad were both previous Chairs of the Brisbane Amateur Turf Club.

BOARD MEMBERS' ATTENDANCE

ATTENDANCE OF BOARD MEETING AND COMMITTEES

Position	Name	No. of Ordinary Board Meetings attended	No. of Special Board meetings attended	No. of ARC meetings attended	No. of REM & HR meetings attended
Chair of the Board / Member ARC	Steven Wilson AM	11/11	2/2	3/4	-
Deputy Board Chair / Chair REM & HR	Sharon Dawson	9/11	2/2	-	3/3
Member	Margaret Reynolds	11/11	2/2	-	-
Member	Dale Cartwright	11/11	2/2	-	-
Member/ Chair ARC / Member REM & HR	Max Walters	11/11	2/2	4/4	3/3
Member (Term ended 30/4/19)	Mark Sowerby	8/9	2/2	-	-
Member/Member REM & HR (Term ended 30/4/19)	Susannah George	9/9	2/2	-	3/3
Member (Appointed 1/5/19)	Jane Seawright	2/2	-	-	-
Total No. of scheduled meetings		11	2	4	3

In addition to the Board Members identified above as members of the Audit and Risk Committee, Rick Dennis is an independent member of the Racing Queensland Audit and Risk Committee. Mr Dennis is a chartered accountant with 35 years' experience in commerce in Australia, Asia-Pacific and globally. Rick had over 30 years with global professional services firm Ernst & Young. After retiring from EY in 2015, Rick was appointed

to a number of boards of Australian companies, including three ASX listed companies. Rick holds degrees in Law and Commerce from the University of Queensland, and is a member of the Australian Institute of Company Directors and Institute of Chartered Accountants. Mr Dennis' remuneration as a member of the Audit and Risk Committee was \$6,600.

KEY MANAGEMENT PERSONNEL

RACING QUEENSLAND'S MANAGEMENT OVERSEES THE ORGANISATION'S STRATEGIC DIRECTION AND PERFORMANCE.

The group is assisted by the Audit and Risk Committee and the Remuneration and HR Committee.

Key activities include:

- To lead and facilitate the commercial aspects of racing on behalf of the industry relating to wagering, racing calendar, infrastructure and media rights;
- To engage and support race clubs and venues through licensing, funding assistance and shared services;
- To provide transparent allocation and distribution of returns to participants;
- To promote and market the three codes of racing;
- To develop and construct new and existing racing facilities;
- To partner with the Queensland Racing Integrity Commission to deliver world-class integrity and welfare outcomes; and
- To provide training and career pathways for industry.

The key management personnel during 2018/19 were:

CHIEF EXECUTIVE OFFICER

Brendan Parnell

CHIEF COMMERCIAL OFFICER

Geoff Quinlan

- Finance;
- Business Analysis;
- Wagering and Partnerships; and
- Commercial Development.

CHIEF OPERATING OFFICER

Adam Wallish

- Racing Operations and Strategy;
- Tracks and Facilities Management;
- Registered Training Organisation;
- Jockey and Driver Welfare; and
- Marketing and Events.

GENERAL MANAGER, CORPORATE AFFAIRS AND POLICY

Mary Collier

- Corporate Affairs;
- Government Liaison;
- Club Licencing and Compliance; and
- Club Commercial Development.

GENERAL MANAGER, DEVELOPMENT AND CONSTRUCTION

Steven Grimes

- Infrastructure Strategy and Development;
- Master Planning and Development; and
- Capital Projects.

GENERAL COUNSEL AND BOARD SECRETARY

Tara Hastings

- Legal Services;
- Board Services;
- Procurement; and
- Information Technology.

GENERAL MANAGER, PEOPLE AND PERFORMANCE

Michelle McConachy

- Human Resources; and
- Employee Communications.

OUR PEOPLE

RACING QUEENSLAND IS COMMITTED TO BUILDING A CULTURE OF HIGH PERFORMANCE WHERE EVERY EMPLOYEE IS INSTRUMENTAL IN ACHIEVING ITS STRATEGIC OBJECTIVES AND ELEVATING BUSINESS PERFORMANCE.

IN FY19, RQ FOCUSED ON EXECUTING A TALENT MANAGEMENT STRATEGY WHICH INCLUDED ENDORSING A SUCCESSION PLAN FOR THE TOP-TWO TIERS OF THE ORGANISATION AND OTHER BUSINESS-CRITICAL ROLES.

RQ's employees are selected based on ability, knowledge and skills in a fair, merit-based and open competition that ensures equal opportunity.

The new Diversity and Inclusion Guideline is a support mechanism for on-going development of practices resulting in attraction and retention of a diverse workforce and improved outcomes for the Queensland racing industry.

Pleasingly, gender diversity within key executive personnel during FY19 sat at 43% for female employees.

The separation rate at 30 June was 28.9%.

Actual FTE was 85.14 at 30 June comprised of 79.66 full-time, 4.13 part-time and 1.35 casual.

In FY19 there were:

- Ten fixed-term employees engaged; where particular skills or subject matter expertise was required to deliver on specific projects or key elements of the operational plan; and
- Twelve flexible work arrangements approved; to support employees in maintaining appropriate work/life balance, enhance employee wellbeing and assist

with managing the conflicting demands between work and other responsibilities or commitments.

Flexible work arrangements benefit the organisation by increasing employee retention and achieving greater productivity through increased employee job satisfaction.

RQ's bespoke performance management framework (launched June 2017) continues to be a 'pay for performance' system directly linked to remuneration and talent strategies.

The RQ Board-approved remuneration strategy is designed to drive cultural change and improve the organisation's ability to effectively manage, measure and reward performance in a fair and consistent manner.

A number of structural changes were made during FY19, including the creation of the Development and Construction team.

The Racing Operations portfolio was expanded and is now responsible, among other things, for overseeing club venue inspections, tracks and facilities, and, education and welfare.

Club venue inspections focus on assessing compliance with the Minimum Venue Standards and providing detailed findings including recommendations and timeframes to rectify any non-compliance issues.

RQ provides industry-specific education as a Registered Training Organisation (RTO) based at Deagon. Training is also offered at select venues across the state.

The RTO delivers a range of nationally recognised training programs to support new industry participants, along with managing the RQ Apprentice Jockey Coaching Program.



While the Queensland Racing Integrity Commission is primarily responsible for integrity and welfare standards in Queensland, RQ oversees a range of welfare initiatives including the Jockey Injury Management Program.

A dedicated Welfare Officer joined RQ in FY19 to manage WorkCover claims and return to work programs for the racing industry.

Since July, the focus has been on assessing and developing leadership capability, providing role clarity and improved accountability for role modelling values-aligned behaviour.

The RQ Board and Management have revised the organisational vision, purpose and values which includes an up-dated behavioural framework.

These will be launched in FY20.

RQ's annual Employee Health and Wellbeing calendar of events includes education sessions for employees and

'Leadership Essentials' education sessions for managers and people leaders.

Education topics included: Thoroughbred, Harness and Greyhound racing code familiarisations, Deagon site tour, Barrier Trials, Race Field Fees, Procurement, Flexible Work Arrangements and Performance Management.

Participation rates in calendar events continued to exceed expectations in FY19 by creating a unique platform for cross-business communication and information sharing with colleagues.

Service milestones celebrated in FY19 were:

5-years	3 employees
10-years	2 employees
15-years	1 employee
20-years	1 employee

COMMITTEES

AUDIT AND RISK COMMITTEE

THE AUDIT AND RISK COMMITTEE WAS ESTABLISHED IN 2016/17 AND OPERATES UNDER A CHARTER WHICH IS REVIEWED ANNUALLY AND APPROVED BY THE RACING QUEENSLAND BOARD.

THE ROLE OF THE COMMITTEE IS TO PROVIDE ADVICE TO THE BOARD ON RISK, CONTROL AND COMPLIANCE FRAMEWORKS, INCLUDING RQ'S EXTERNAL ACCOUNTABILITY AND RESPONSIBILITIES.

The internal audit function is independent of RQ's management - and external auditors - and is outsourced to Protiviti.

The effectiveness of the internal audit function is monitored by the Committee, with the outsourced internal auditor attending quarterly meetings, while presenting the annual audit plan and internal audit reports directly to the Committee and to the external auditors.

As per the plan, audits were completed in FY19 in the following areas:

- Infrastructure asset management;
- IT general controls;
- Registered Training Organisation compliance; and
- Enterprise risk management.

The Board maintain a risk appetite that guides the decision-making frameworks across the organisation.

RQ's risk management and internal audit activities are cognisant of key legislative requirements, such as the Racing Act 2002 and Financial Accountability Act 2009.

The activities were also undertaken with due regard to the Queensland Treasury Audit Committee Guidelines 2012.

The Queensland Audit Office has a standing agenda item at each audit and risk committee meeting.

As per their annual audit plan, the QAO submit interim and closing reports to the ARC outlining the processes undertaken during each audit visit, and provide recommendations for management to improve internal controls.

During the 2018/19 financial year, the recommendations provided by the QAO largely centred around ensuring process documentation was explicit and that master data was regularly reviewed and obsolete records cleansed.

All QAO recommendations provided in the interim and closing reports were noted by the ARC and actioned by management within the agreed timeframes.

REMUNERATION AND HUMAN RESOURCES COMMITTEE

The Remuneration and Human Resources Committee was established in 2016/17 and operates under a charter which is reviewed annually and approved by the Racing Queensland Board.

The role of the Committee is to provide oversight of human resources strategies and the over-arching principles and parameters of remuneration policy across the organisation to foster quality of management practices.

Key agenda items of this Committee include:

- Ensuring effective systems of human resources, performance management and remuneration are established and maintained;
- Setting key performance areas for the CEO and the regular review of the CEO's performance;
- Endorsing employee policies, procedures and guidelines; and
- Monitoring compliance with applicable laws and regulations.

OTHER REPORTING REQUIREMENTS

INFORMATION SYSTEMS AND RECORD KEEPING

RACING QUEENSLAND HAS DIGITISED COMMON PAPER FORMS AND INTEGRATED THESE WITH APPROVAL WORK FLOWS AND ALERTS AND WILL CONTINUE TO PROGRESS THE ELIMINATION OF MANUAL PROCESSES AND THE ADOPTION OF DIGITAL RECORDS.

A customer relationship management system was implemented to streamline service to race clubs and this is being developed to improve services and communication across the organisation.

During FY19, a cyber security internal audit, including penetration testing was conducted along with an internal audit of general IT controls.

The recommendations of these audits have been implemented to ensure a high standard of information security.

An internal audit of record keeping will be conducted in FY20 and the results of this will be used to improve practices and better facilitate compliance with the Public Records Act 2002, Information Privacy Act 2009, and Right to Information Act 2009.

EXTERNAL SCRUTINY

RQ was not subject to external scrutiny for this reporting period.

SECTION 12 RACING ACT 2002

Section 12 of the Racing Act 2002 requires RQ to expend at least 5.32 per cent of the net product fee generated from QTAB for the financial year on prize money related to non-TAB thoroughbred races conducted by non-TAB thoroughbred clubs.

The table below demonstrates that RQ has fulfilled its obligations under the Act.

RACING QUEENSLAND Section 12 Racing Act 2002	FY19 (\$000)
Product Fee Variable	\$121,396
Product Fee Fixed	\$15,801
QTAB Wagering Revenue	\$137,198
Interstate Race Field Fees deducted by QTAB	(\$32,234)
Overseas Race Field Fees deducted by QTAB	(\$4,596)
Point of Consumption (POC) Tax deducted by QTAB	(\$28,765)
QTAB Wagering Deductions	(\$65,595)
Net QTAB Product and Program fee paid to Racing Queensland	\$71,602
5.32% of Net Product Fee as RQ's Prizemoney obligation under section 12 Racing Act 2002	\$3,809
Prizemoney paid non-QTAB (TAB) Thoroughbred meetings	\$9,452
QTIS paid non-QTAB (TAB) Thoroughbred meetings	\$672
Total Non-Tab Thoroughbred Prizemoney Paid	\$10,125
Net Over / (Shortfall) in Racing Act 2002 Obligation Section 12	\$6,316

GLOSSARY OF TERMS AND ACRONYMS

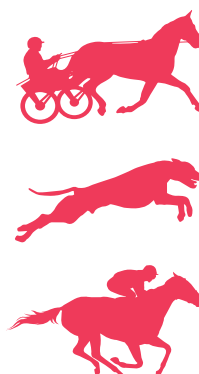
Glossary of terms which may have been used in this report are contained in the table below:

TERM	DEFINITION
Board	The Board of Racing Queensland;
Breeding Incentive Scheme	A scheme that provides an incentive for Queensland-bred race animals to be purchased and raced in Queensland through the provision of bonus prize money;
Code	The type of racing, being one of the following: thoroughbred, harness or greyhound;
Control Body	An organisation that exists for the purpose of controlling racing for a particular code or codes empowered by the Racing Act 2002;
Country Racing	Areas outside of Metropolitan and Provincial. For thoroughbred racing this can also refer to non-TAB races;
Group 1, 2, and 3	A level of quality in terms of performance and prizemoney ascribed to a particular race as set by the Australian Pattern Committee. Group 1 is the highest level. May also be referred to as 'black-type races';
Integrity	The standards and required behaviours applied to the conduct of races, the rules associated with racing and the resulting confidence, all things being equal, by the public in a fair and equitable race outcome;
Metropolitan Racing	Is the highest classification of race meeting. This classification is determined by the Control Body, in Queensland this is Racing Queensland;
Non-TAB Meeting	A meeting on which TAB does not, or is unlikely, to offer wagering;
Off-course	Wagering activities conducted outside of a race course venue;
On-course	Wagering activities conducted at a race course venue;
Pacing or pace	Used to describe the particular style of harness racing in reference to the horses' gait;
Pari-mutuel	Traditional wagering market with floating (variable) odds based on a total market pool of funds wagered, also known as the 'Tote';
Principal Racing Authority	A state-based organisation that exists for the purpose of managing and administering racing for a particular code or codes;
Prizemoney	Funds distributed to owners, trainers, riders, and drivers as a result of winning or placing their animal in a race;
Product and Program	The racing product being the participation composition and broadcast race event and the program being the scheduling of that product;
Product and Program Agreement	The agreement between Racing Queensland and the Tatts Group which provides revenue to Racing Queensland for the supply of racing product;
Provincial	Major regional cities as designated by Racing Queensland;
QTAB	UBET QLD Limited ACN 085 691 738;

Race club	A not-for-profit association appointed by its members for the purpose of running race meetings at a particular venue;
Race Field Fees	The fee charged by Racing Queensland for the use of product and program for the purposes of wagering;
Racing Infrastructure Fund (RIF)	A fund established by the Queensland Government to set aside funds for use for racing infrastructure. The funds are principally drawn down from QTAB payments for its exclusive retail wagering licence in Queensland that is in place until 2044;
Rules of Racing	The rules relating to the participation in and conduct of a particular code of racing as formulated, published and enforced by the control body;
Stakeholders	Individuals, groups or organisations with specific interest in the Queensland racing industry;
TAB Meeting	A meeting that is broadcast on television and/ or radio and off-course wagering;
Trotting or Trot	Used to describe the particular style of harness racing in reference to the horses' gait;
Wagering	Gambling on code-specific product and program; and
Wagering Turnover	Bets taken minus bet backs.

Acronyms which may have been used in this report are contained in the table below:

TERM	DEFINITION
2YO	Two-Year-Old in relation to a horses age;
3YO	Three-Year-Old in relation to a horses age;
4YO	Four-Year-Old in relation to a horses age;
CEO	Chief Executive Officer;
GAL	Greyhounds Australasia Limited;
HR	Human Resources;
HRA	Harness Racing Australia;
IT	Information Technology;
PRA	Principal Racing Authority;
QBRED	A harness racing breeding scheme;
QRIC	Queensland Racing Integrity Commission;
QTIS	Queensland Thoroughbred Incentive Scheme;
RIF	Racing Infrastructure Fund; and
RQ	Racing Queensland.



COMPLIANCE CHECKLIST

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	3
Accessibility	Table of contents Glossary	ARRs – section 9.1	5, 84-85
	Public availability	ARRs – section 9.2	4
	Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3	N/A
	Copyright notice	Copyright Act 1968 ARRs – section 9.4	4
	Information Licensing	QGEA – Information Licensing ARRs – section 9.5	4
General information	Introductory Information	ARRs – section 10.1	7-14
	Machinery of Government changes	ARRs – section 10.2, 31 and 32	70
	Agency role and main functions	ARRs – section 10.2	18, 63-64, 71
	Operating environment	ARRs – section 10.3	21-28
Non-financial performance	Government's objectives for the community	ARRs – section 11.1	68-70
	Other whole-of-government plans / specific initiatives	ARRs – section 11.2	N/A
	Agency objectives and performance indicators	ARRs – section 11.3	63-67
	Agency service areas and service standards	ARRs – section 11.4	63-67
Financial performance	Summary of financial performance	ARRs – section 12.1	24-30
Governance – management and structure	Organisational structure	ARRs – section 13.1	73-78
	Executive management	ARRs – section 13.2	78-79
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	N/A
	Public Sector Ethics Act 1994	Public Sector Ethics Act 1994 ARRs – section 13.4	N/A
	Queensland public service values	ARRs – section 13.5	N/A

Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	Risk management	ARRs – section 14.1	78, 82
	Audit committee	ARRs – section 14.2	78, 82
	Internal audit	ARRs – section 14.3	82
	External scrutiny	ARRs – section 14.4	83
	Information systems and recordkeeping	ARRs – section 14.5	83
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	80-81
	Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	N/A
Open Data	Statement advising publication of information	ARRs – section 16	4
	Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	Overseas travel	ARRs – section 33.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 33.3	N/A
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	133
	Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	134-136

FAA Financial Accountability Act 2009
 FPMS Financial and Performance Management Standard 2019
 ARR Annual report requirements for Queensland Government agencies



FINANCIAL REPORT

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Note					
INCOME FROM CONTINUING OPERATIONS					
REVENUE AND OTHER INCOME					
Net Wagering Revenue	2	168,944	181,280	168,944	181,280
Racing Fees		7,706	7,727	7,706	7,727
Local Breeder Nomination Fees		964	1,492	964	1,492
Grants and Contributions	3	81,584	15,800	81,580	15,800
Gain on Sale of Assets		410	1	6	1
Prize money Sponsored Income		6,528	7,463	6,528	7,463
Other Revenue	4	17,898	3,224	17,675	2,971
Total Revenue and Other Income		284,034	216,987	283,403	216,734
EXPENSES FROM CONTINUING OPERATIONS					
Prize money and Breeders Bonus Payments	5	165,747	142,473	165,747	142,473
Jockeys and Drivers (excluding Prize money)	6	17,191	15,798	17,191	15,798
Club Meeting Payments	7	21,960	16,571	21,960	16,571
Total Payments to Participants		204,898	174,842	204,898	174,842
Contribution to the Integrity Function	8	15,597	15,191	15,597	15,191
Supplies and Services	9	14,280	10,049	14,033	9,896
Employee Expenses	10	11,669	11,413	11,669	11,413
Depreciation Expense		6,536	3,926	3,596	1,864
Grants Expense		2,386	800	2,386	800
Impairment of Investment		-	-	6,225	-
Other Expenses	11	4,621	3,941	4,621	3,941
Loss on Disposal of Assets		11,664	-	64	-
Total Expenses		271,651	220,162	263,089	217,947
Operating Result from Continuing Operations		12,383	(3,175)	20,314	(1,215)
Profit / (Loss) Attributable to Members of Racing Queensland		17,148	(2,766)	20,314	(1,215)
Profit / (Loss) Attributable to Non-Controlling Interests	24	(4,765)	(409)	-	-
		12,383	(3,175)	20,314	(1,215)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Note				
OTHER COMPREHENSIVE INCOME				
Items that will not be Reclassified to Profit or Loss:				
(Decrease) / Increase in Asset Revaluation Surplus	3,654	-	1,660	-
Racing Australia Ltd Investment	694	702*	694	702*
Total items that will not be Reclassified to Profit or Loss	4,348	702*	2,354	702*
Total Other Comprehensive Income/(Loss)	16,731	(2,473)*	22,668	(513)*
Total Comprehensive Income/(Loss) for the period:				
- Attributable to Members of Racing Queensland	21,190	(2,064)*	22,668	(513)*
- Attributable to Non-Controlling Interests 24	(4,459)	(409)	-	-
	16,731	(2,473)*	22,668	(513)*

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

* Prior year comparatives have been adjusted in accordance with Note 1(d).

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
	Note				
CURRENT ASSETS					
Cash and Cash Equivalents	12	27,792	29,256	25,435	27,835
Trade Debtors	13	33,667	26,900	33,381	26,501
Loan Receivable	14	5,905	2,142	5,905	2,142
Other Current Assets		686	619	686	620
Total Current Assets		68,050	58,917	65,407	57,098
NON-CURRENT ASSETS					
Loan Receivable	14	11,000	11,625	11,000	11,625
Other Financial Assets	15	5,650	4,956	26,536	31,676
Property, Plant and Equipment	16	113,147	135,703	70,584	77,869
Total Non-Current Assets		129,797	152,284	108,120	121,170
Total Assets		197,847	211,201	173,527	178,268
CURRENT LIABILITIES					
Trade and Other Payables	18	14,869	32,750	15,208	32,694
Other Provision	19	6,001	4,001	6,001	4,001
Employee Benefits	21	971	770	971	770
Loan Payable	14	500	924	500	924
Other Current Liabilities	20	10,044	3,871	10,044	3,869
Total Current Liabilities		32,385	42,316	32,724	42,258
NON-CURRENT LIABILITIES					
Employee Benefits	21	66	141	66	141
Deferred Tax Liabilities	22	-	2,356	-	-
Loan Payable	14	28,864	46,664	28,864	46,664
Total Non-Current Liabilities		28,930	49,161	28,930	46,805
Total Liabilities		61,315	91,477	61,654	89,063
Net Assets		136,532	119,725	111,873	89,205

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
	Note				
EQUITY					
Contributed Equity		123,144	123,144	120,152	120,152
Accumulated Deficit		(30,429)	(51,124)	(23,756)	(44,070)
Asset Revaluation Surplus	23	33,242	33,442	11,913	10,253
Other Reserves		3,564	2,870	3,564	2,870
Capital and Reserves Attributable to Racing Queensland		129,520	108,331	111,873	89,205
Non-Controlling Interests	24	7,012	11,394	-	-
Total Equity		136,532	119,725	111,873	89,205

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 2019

Consolidated	Contributed Equity \$'000	Accumulated Surplus / (Deficit) \$'000	Assets Revaluation Surplus (Note 23) \$'000	Other Reserves \$'000	Total Attributable to RQ \$'000	Non- Controlling Interests (Note 24) \$'000	Total Equity \$'000
Balance at 1 July 2017	123,144	(48,358)	33,442	2,168	110,396	11,747	122,143
Operating Result from Continuing Operations	-	(2,766)	-	-	(2,766)	(409)	(3,175)
OTHER COMPREHENSIVE INCOME							
Increase / (Decrease) in Asset Revaluation Surplus	-	-	-	-	-	-	-
Racing Australia Ltd Investment*	-	-	-	702	702	-	702
Total Comprehensive Income for the year	-	(2,766)	-	702	(2,064)	(409)	(2,473)
TRANSACTIONS WITH OWNERS AS OWNERS							
Contributions to Sinking Fund	-	-	-	-	-	56	56
Net Transactions with Owners as Owners	-	-	-	-	-	56	758
Balance at 30 June 2018	123,144	(51,124)	33,442	2,870	108,332	11,394	119,725
Balance at 1 July 2018	123,144	(51,124)	33,442	2,870	108,332	11,394	119,725
Operating Result from Continuing Operations	-	17,148	-	-	17,148	(4,765)	12,383
OTHER COMPREHENSIVE INCOME							
Increase / (Decrease) in Asset Revaluation Surplus	-	-	3,347	-	3,347	307	3,654
Racing Australia Ltd Investment	-	-	-	694	694	-	694
Total Comprehensive Income for the year	-	17,148	3,347	694	21,190	(4,459)	16,731
TRANSACTIONS WITH OWNERS AS OWNERS							
Transfer to Retained Earnings	-	3,547	(3,547)	-	-	-	-
Contributions to Sinking Fund	-	-	-	-	-	76	76
Net Transactions with Owners as Owners	-	3,547	(3,547)	-	-	76	76
Balance at 30 June 2019	123,144	(30,429)	33,242	3,564	129,520	7,012	136,532

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

* Prior year comparatives have been adjusted in accordance with Note 1(d).

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

Parent	Contributed Equity	Accumulated Surplus / (Deficit)	Assets Revaluation Surplus	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	120,152	(42,855)	10,253	2,168	89,718
Operating Result from Continuing Operations	-	(1,215)	-	-	(1,215)

OTHER COMPREHENSIVE INCOME

Increase / (Decrease) in Asset Revaluation Surplus	-	-	-	-	-
Racing Australia Ltd Investment*	-	-	-	702	702
Total Other Comprehensive Income for the year	-	(1,215)	-	702	(513)
Balance at 30 June 2018	120,152	(44,070)	10,253	2,870	89,205

Balance at 1 July 2018	120,152	(44,070)	10,253	2,870	89,205
Operating Result from Continuing Operations	-	20,314	-	-	20,314

OTHER COMPREHENSIVE INCOME

Increase / (Decrease) in Asset Revaluation Surplus	-	-	1,660	-	1,660
Racing Australia Ltd Investment	-	-	-	694	694
Total Other Comprehensive Income for the year	-	20,314	1,660	694	22,668
Balance at 30 June 2019	120,152	(23,756)	11,913	3,564	111,873

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

* Prior year comparatives have been adjusted in accordance with Note 1(d).

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
	Note				
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Receipts from Customers		186,901	218,907	186,324	219,028
Grants and Other Contributions		63,784	15,800	63,780	15,800
GST Collected		22,766	21,356	22,766	21,356
Interest Received		1,402	853	1,367	839
Outflows:					
Payment to Suppliers and Employees		(250,273)	(229,544)	(250,031)	(229,987)
GST Paid		(11,031)	(9,914)	(10,991)	(9,801)
GST Remitted to ATO		(11,736)	(11,442)	(11,775)	(11,555)
Net cash provided by / (used in) Operating Activities	25	1,813	6,016	1,440	5,680
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Sale of Property, Plant and Equipment		736	10	21	10
Repayment by Related Party		-	56	-	-
Outflows:					
Purchase of Property, Plant and Equipment		(2,238)	(6,685)	(2,086)	(6,344)
Repayment to Related Party		(3,937)	(1,382)	(3,937)	(1,382)
Net cash provided by / (used in) Investing Activities		(5,439)	(8,001)	(6,002)	(7,716)
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows:					
Proceeds from Borrowings		2,705	1,964	2,705	1,964
Outflows:					
Repayment of Borrowings		(543)	(707)	(543)	(707)
Net cash provided by / (used in) Financing Activities		2,162	1,257	2,162	1,257
Net increase/(decrease) in Cash and Cash equivalents		(1,464)	(728)	(2,400)	(779)
Cash and Cash Equivalents at the beginning of the Financial Year		29,256	29,984	27,835	28,614
Cash and Cash Equivalents at the end of the Financial Year	12	27,792	29,256	25,435	27,835

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. BASIS OF FINANCIAL STATEMENT PREPARATION

(a) Objectives and Principle Activities of Racing Queensland Board trading as Racing Queensland (RQ)

RQ is a statutory body responsible for all three Codes of Racing (Thoroughbred, Harness, and Greyhound) in Queensland established under the Racing Act 2002. The Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs is responsible for this statutory body.

(b) Statement of Compliance

These general-purpose financial statements are prepared on a going concern basis.

RQ has prepared these financial statements in compliance with Financial Accountability Act 2009 and section 43 of the Financial Performance Management Standard 2009. These financial statements comply with Queensland Treasury's Financial Reporting Requirements for reporting periods beginning on or after 1 July 2018. The financial statements have been prepared on an accrual basis, with the exception of the Statement of Cash Flows which are prepared on a cash basis in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB).

The historical cost convention is used unless otherwise stated.

(c) The Reporting Entity and Controlled Entities

The consolidated financial statements include all income, expenses, assets, liabilities and equity of the 'economic entity' comprising of RQ and the entities it controls. All transactions and balances internal to RQ have been eliminated in full.

RQ controls other entities which mean that RQ has the power to control financial and operating policies so as to obtain benefits from its activities.

The Parent entity financial statements (titled "Parent") include all income, expenses, assets, liabilities and equity of the statutory body only.

The Reporting Entity (known as the Parent)

Racing Queensland Board trading as Racing Queensland

Directly Controlled Entities:	2019 (%)	2018 (%)
Sunshine Coast Racing Pty Ltd as trustee for the Sunshine Coast Racing Unit Trust	84.6	84.6
Rockhampton Racing Pty Ltd	63.8	63.8

The purpose and principal activities of the controlled entities is to own the land and racing infrastructure at the relevant race clubs (Sunshine Coast Turf Club and the Rockhampton Jockey Club). The controlled entities have a June financial year end.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Transfer of Rockhampton Racing Assets

On 5 April 2019, land, buildings and improvements were transferred to the Rockhampton Jockey Club as per the Heads of Agreement originally executed in October 2012. A deregistration application for Rockhampton Racing Pty Ltd was submitted to ASIC on 17 June 2019 and ASIC acknowledged the receipt of the application on 21 June 2019. As at the date of audit certifying these statements the application for deregistration remains pending, meaning Rockhampton Racing Pty Ltd remains a registered company.

The assets that were transferred to the Rockhampton Jockey Club was land with a fair value of \$1 million and buildings and improvements with a net book value of \$12.9 million. The revaluation of land, buildings and improvements had an associated deferred tax liability of \$2.4 million which was written off at the same time as the assets. As a result of this, the consolidated group recorded a consolidated loss on disposal of \$11.6 million.

(d) Presentation

Currency and Rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2017-18 financial statement, except for the following:

- The increment in the investment in Racing Australia Ltd has been adjusted to reflect the accounting treatment of being measured at Fair Value through Other Comprehensive Income in last year's Statement of Comprehensive Income and Statement of Changes in Equity for the Consolidated Group and the Parent.
- Parent Land and Parent Total in Note 16 Property, Plant and Equipment which has been adjusted to reflect the correct amount that was reported in the Property, Plant and Equipment line item in the Statement of Financial Position last year.

Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

(e) New and Revised Accounting Standards

Changes in Accounting Policy

RQ did not voluntarily change any of its accounting policies during 2018/19, except for the following:

- Change in the credit terms of some Trade Debtors for racing participants from "30 days" to "60 days" from the invoice date and ten business days from invoice date for major wagering operators. This has been disclosed in Note 13.

Early Adoption of Accounting Standards and Interpretations

No accounting pronouncements were adopted early in the 2018/19 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. BASIS OF FINANCIAL STATEMENT PREPARATION (CONTINUED)

(e) New and Revised Accounting Standards (continued)

First Time Mandatory Application of Accounting Standards and Interpretations

AASB 9 Financial Instruments

AASB 9 applied for the first time in the financial year 2018/19. Under AASB 9, debt instruments are categorised into one of three measurement bases - amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on two criteria:

- Whether the financial asset's contractual cash flows represent 'solely payments of principal and interest',
- The entity's business model for managing the assets.

RQ's debt instruments comprise of trade debtors disclosed in Note 13 and were measured at amortised cost. These receivables are held for collection of contractual cash flows. As such, they continue to be measured at amortised cost beginning 1 July 2018.

Trade debtors are the most significant financial instrument relevant to this new Standard. RQ's trade debtors can be categorised as either participant related (racing), government or corporate wagering providers. On adoption of AASB 9's new impairment model, RQ has determined no additional impairment losses on trade receivables to be recognised due a historical bad debt recovery over the previous last 12 months. Participant debts are offset against any prize money won, thereby limiting RQ's exposure to bad debts. Monies owed by the state government are deemed "risk free". Corporate wagering providers must keep their payables current as per the General Conditions for the use of Queensland Race Information.

New Accounting Standards for Application in Future Periods

AASB 16 Leases

This standard will first apply to RQ from its financial statements from 2019-20. AASB 16 will require the recognition of all leases on the Statement of Financial Position. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised to record the right to use the leased item over the lease term. RQ has undertaken an analysis of leased assets to identify and quantify the impact of AASB 16 and noted that currently RQ has four vehicles under an operating lease with an expiry date 20 May 2021. The combined right of use value for these vehicles is estimated at \$99,592.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The transition date for AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will first apply to RQ when preparing the financial statements for 2019-20. RQ has reviewed the impact of AASB 15 and AASB 1058 and identified the following material revenue streams impacted (or estimated impact where indicated) from the adoption the new standards:

Material Revenue Streams	Impact
Product Fee, Sport Retail, Race Field Fees Revenue Less Race Field Fees Deduction and QTAB POC Tax Deduction (Note 2)	RQ recognises revenue on a monthly basis as per the General Conditions for the use of Queensland Race Information which authorise wagering operators to utilise Queensland Race Information. In the 2018/19 financial year, RQ has recognised \$137.5 million for the Consolidated Group and Parent.
Fixed Fee (Note 2)	RQ will recognise revenue on receipt in July annually. In the 2018/19 financial year, RQ has recognised \$15.8 million for the consolidated group and parent.
Minimum Payment (MPO Top Up) (Note 2)	This is estimated progressively throughout the calendar year depending on the monthly result of the QTAB's Program and Product Fee (comprising of Product Fee, Fixed Fee, Sport Retail and Race Field Fees Deductions). RQ will recognise revenue progressively according to QTAB's Program and Product Fee result. In the 2018/19 financial year, RQ has recognised \$15.6 million for the consolidated group and parent. This comprises an amount of \$5.9 million related to the second half of calendar year 2018 and \$9.7 million for the first half of calendar year 2019.
POC Tax Compensation (Note 3)	This government compensation offsets the POCT deduction QTAB makes to the monthly product fee payable to RQ. RQ will recognise the revenue on a monthly basis as the performance obligation is satisfied on a monthly basis. In the 2018/19 financial year, RQ has recognised \$28.8 million for the consolidated group and parent.
Industry Viability Program (Note 3)	The grant is non-reciprocal in nature so does not require any goods or services to be provided in return. It is recognised on receipt. In the 2018/19 financial year, RQ has recognised \$17.6 million for the consolidated group and parent.
Country Racing Program (Note 3)	The funding comprises of \$15 million per annum to support country racing in order to maintain country racing product at the same level as the financial year 2016-17 and \$2.6 million per annum for Country Racing club infrastructure repairs and maintenance and asset replenishment. \$15 million component is recognised on receipt. The \$2.6 million component is recognised progressively over the term of the funding arrangement as goods or services are provided. In the 2018/19 financial year, RQ has recognised \$15.2 million for the consolidated group and parent.
Loan Write Off (Note 3)	This is a one-off contribution received on receipt and is reflective of the Queensland Treasury waiving 50% of the historical debt totalling \$35.7 million.
Miscellaneous Income (Note 4)	Miscellaneous income contains confidential legal settlements totalling \$13 million for the 2018/19 financial year. This was recognised on receipt.

Based on our assessment we estimate the new standard will have no impact to the current accounting treatment, we currently recognise the revenue as soon as the performance obligation is met as outlined in the table above.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. BASIS OF FINANCIAL STATEMENT PREPARATION (CONTINUED)

(f) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following notes:

- Note 2 – Net Wagering Revenue (QTAB (previously UBET QLD) MPO Top Up);
- Note 16 – Property, Plant and Equipment (valuation and estimation of useful lives);
- Note 19 – Other Provision;
- Note 21 – Employee Benefits.

(g) Authorisation of Financial Statements for Issue

The financial statements are authorised for issue by the Chief Executive Officer and the Chairperson at the date of signing the Certificate of Racing Queensland Board.

2. NET WAGERING REVENUE

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
WAGERING REVENUE				
Product Fee	121,151	124,869	121,151	124,869
Fixed Fee	15,801	15,588	15,801	15,588
QTAB MPO Top Up	15,629	5,407	15,629	5,407
Sport Retail	246	274	246	274
Race Field Fees Revenue	81,712	71,418	81,712	71,418
Gross Wagering Revenue	234,539	217,556	234,539	217,556
Race Field Fees Deduction	(36,830)	(37,204)	(36,830)	(37,204)
QTAB POC Tax Deduction	(28,765)	-	(28,765)	-
Queensland Product Rebate	-	928	-	928
Total	168,944	181,280	168,944	181,280

Accounting Policy

Wagering revenue is recognised when the revenue is earned and can be measured with a sufficient degree of certainty.

The product fee and sport retail revenue are charged on QTAB's betting transactions with customers and recognised on a monthly basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The fixed fee is recognised on receipt from QTAB at the beginning of the financial year.

Should QTAB not meet specific revenue targets during calendar years 2018, 2019 and 2020, RQ becomes entitled to a “top up” which is payable each January. A portion of the estimated “top up” revenue is recognised every month.

The race field fees revenue is received on a monthly basis from the authorised wagering service providers and bookmakers.

During the financial year 2017-18, Tabcorp Holdings merged with the Tatts Group and UBET QLD (now referred to as “QTAB”) became a subsidiary of Tabcorp. RQ and Tabcorp entered into a Deed of Understanding to consent to the scheme of arrangement and to continue with the previous Tatts Group Queensland Product and Program Deed.

Under this Deed, Tabcorp also committed to providing greater funding certainty in the form of minimum payment or ‘Top Up’, for RQ in relation to the fees that QTAB will deliver for the period from 1 January 2018 to 31 December 2020, post the merger.

Deductions

Deductions are comprised of overseas and inter-state race field fees incurred by QTAB (previously UBET QLD Ltd) in generating their wagering revenue and Point of Consumption (POC) Tax deductions made by QTAB on its wagering revenue from betting transactions with customers in Queensland, as a result of the introduction of the Betting Tax Act (2018).

The Queensland Product Rebate ceased on 31 December 2016 and accrual rebates were released during the financial year 2017-18.

Additional Disclosures

It is predicted that a ‘Top Up’ amount will be payable to RQ for the 2019 calendar year. The estimated ‘Top Up’ for the first six months of the 2019 calendar year is included in Note 13 Trade Debtors. We note that QTAB’s business is subject to seasonal fluctuations and this number does not reflect the seasonality of the wagering business or potential improvements in performance in the second half of the year which may impact the actual payment.

A POC Tax on the wagering revenue of betting operators arising from betting transactions with customers residing in Queensland was introduced by the State Government from 1 October 2018. Under the terms of the Queensland Product and Program Deed, RQ and UBET are required to amend the Product Fee payable to RQ by an amount proportionate to the increase in the tax rate. The amount of POC Tax deducted by QTAB is the subject of dispute (refer to Note 30).

The State Government committed to compensation payments to RQ for impacts from the implementation of the point of consumption betting tax. The State Government’s POC Tax Compensation (disclosed in Note 3) offsets the impact from the QTAB deduction.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

3. GRANTS AND CONTRIBUTIONS

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
POC Tax Compensation	28,765	-	28,765	-
Loan Write Off	17,800	-	17,800	-
Industry Viability Program	17,630	-	17,630	-
Country Racing Program	15,239	15,000	15,239	15,000
Training Track Subsidy Scheme	2,000	800	2,000	800
Other	150	-	146	-
	81,584	15,800	81,580	15,800

Accounting Policy

The grants and contributions are received from the Department of Local Government, Racing and Multicultural Affairs (DLGRMA) and are recognised as separate revenue and expense components (except for the Loan Write Off which is received from the Queensland Treasury and only a revenue component is recognised).

POC Tax Compensation

This offsets QTAB's POC Tax deduction at Note 2. The compensation is accrued on a monthly basis according to QTAB's POC Deduction. DLGRMA pay the compensation in the following month and a true up is performed after year end.

Loan Write Off

This one-off contribution was reflective of waiving 50% of the \$35.7 million debt. The remainder of the debt is non-interest bearing and not repayable until it is commercially viable for RQ to do so as disclosed in Note 14.

Industry Viability Program

This contribution is the Queensland Government's initiative to support the ongoing viability of the three Codes of Racing. This grant is non-reciprocal in nature so does not require any goods or services to be provided in return and is recognised on receipt from DLGRMA. For 2018/19, the viability funding was provided in two "tranches" becoming effective from November 2018 (thoroughbreds' tranche 1), December 2018 (harness and greyhounds' tranche 1) and June 2019 (all codes tranche 2). The expected funding for the financial year 2019-20 is \$30 million.

Country Racing Program

Following the merger of the previous Country Racing Support Program into the new Country Racing Program, the Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs has approved a total of \$70.4 million to RQ over four years towards Country Racing, commencing in the 2017-18 financial year. The funding is provided to RQ to maintain non-QTAB racing in Queensland at around the level delivered in 2016-17, through annual funding of \$17.6 million.

The funding comprises of \$15 million per annum to support Country Racing prize money (including the Queensland Thoroughbred Incentive Scheme), clubs, jockey riding fees, superannuation, WorkCover expenses, club meeting payments and RQ administration costs. This grant is non-reciprocal in nature so does not require any goods or services to be provided in return and is recognised on receipt from DLGRMA.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The remaining \$2.6 million per annum is for Country Racing club infrastructure repairs and maintenance and asset replenishment. This grant is reciprocal in nature and recognised progressively over the term of the funding arrangement as goods or services that are required in return for funding the agreement are provided. Where the full \$2.6 million is not spent within one year, it can be added to the following years' infrastructure component. Infrastructure funding not spent at the conclusion of the Term should be returned to the State.

Training Track Subsidy Scheme

This scheme is an initiative of the Queensland Government to provide a subsidy to assist thoroughbred race clubs licensed by RQ to offset the costs of maintaining thoroughbred racing training facilities. The Subsidy is recognised on receipt from DLGRMA. In the financial year 2018/19, RQ assumed responsibility for paying the entire \$2 million Training Track grant to the clubs, being both the threshold component (\$1.2 million) and the incentive component (\$0.8 million). In the 2017-18 financial year, RQ only paid the incentive component (\$0.8 million) to clubs.

4. OTHER REVENUE

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Sponsorship and Marketing Income	2,480	1,594	2,480	1,594
Interest Income	1,032	628	995	617
Miscellaneous Income	14,386	1,002	14,200	759
Total	17,898	3,224	17,675	2,970

Accounting Policy

Other revenue is recognised when the revenue is earned and can be measured with a sufficient degree of certainty.

Additional Disclosures

Miscellaneous income contains confidential legal settlements totalling \$13 million for the 2018/19 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

5. PRIZE MONEY AND BREEDERS BONUS PAYMENTS

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Prizemoney - RQ Funded	147,781	125,865	147,781	125,865
Prizemoney - Third Party Sponsored	6,528	7,463	6,528	7,463
Breeders Bonus	11,438	9,145	11,438	9,145
Total	165,747	142,473	165,747	142,473

Accounting Policy

Prize money payments include third party contributions of sponsored prizemoney. A corresponding amount is shown as Prize money Sponsored Income on the Statement of Comprehensive Income.

6. JOCKEYS AND DRIVERS (EXCLUDING PRIZE MONEY)

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Jockey Fees	11,052	10,042	11,052	10,042
Drivers Fees	1,217	997	1,217	997
Industry Insurance Expenses	4,922	4,759	4,922	4,759
Total	17,191	15,798	17,191	15,798

Accounting Policy

Jockey and driver fees contain riding fees paid to thoroughbred jockeys and harness drivers, jockey welfare and insurance.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

7. CLUB MEETING PAYMENTS

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Club Meeting Payments	16,674	14,621	16,674	14,621
Club Related Capital Works Expense	3,095	53	3,095	53
Sky Broadcasting Subsidies	1,440	1,668	1,440	1,668
Club Barrier Trial Subsidy	245	229	245	229
Industry Insurance Expenses	506	-	506	-
Total	21,960	16,571	21,960	16,571

Accounting Policy

Club meeting payments comprise of contributions to racing clubs to hold racing meetings, for club related capital expenditure and insurance.

In the 2018/19 financial year, Industry Insurance expenses were incurred by RQ. Previously these costs were re-charged to participants.

8. CONTRIBUTION TO THE INTEGRITY FUNCTION

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Contribution to the Integrity Function	15,597	15,191	15,597	15,191
Total	15,597	15,191	15,597	15,191

Accounting Policy

The Department of Agriculture and Fisheries (DAF) charges RQ a contribution towards the functions performed by the Queensland Racing Integrity Commission (QRIC). The functions of QRIC include licencing and registration of participants (not clubs), stewarding and animal welfare.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

9. SUPPLIES AND SERVICES

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Administration	7,315	3,934	7,311	3,991
Venue Expenses	2,197	2,212	1,962	2,007
Race Day Expenses	2,286	2,269	2,286	2,269
Industry Insurance Expenses	518	759	518	759
QAO - external audit fees for the audit of the financial statements	150	150	145	145
Other Expenses	1,814	725	1,811	725
Total	14,280	10,049	14,033	9,896

Total external audit fees quoted in the Queensland Audit Office(QAO) External Audit Plan for the financial year 2018/19 was \$150,000 for the Consolidated Group (2018: \$150,000) and \$145,000 for the Parent (2018: \$145,000).

10. EMPLOYEE EXPENSES

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Employee Benefits				
Wages and Salaries	8,488	8,561	8,488	8,561
Superannuation	885	883	885	883
Annual Leave	802	617	802	617
Long Service Leave	54	37	54	37
Employee Related Expenses				
Payroll Tax	525	541	525	541
WorkCover Insurance	138	73	138	73
Other Employee Related Expenses	777	701	777	701
Total	11,669	11,413	11,669	11,413

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

	2019	2018
Number of Full Time Equivalents	85	87

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Accounting Policy

Wages and salaries, annual leave, long service leave, and employer superannuation contributions are regarded as employee benefits. Worker's compensation insurance and payroll tax are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at the reporting date are recognised in the Statement of Financial Position at the current salary rates. As RQ expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at their undiscounted values.

Prior history indicates that on average, sick leave taken each reporting period is less than the accrued entitlement. This is expected to continue in future periods. As it is unlikely that existing accumulated entitlements will be used by employees, no liability for unused sick leave entitlements are recognised. As sick leave is non-vesting, the expense is recognised as it is taken.

Superannuation

RQ contributes to various accumulating Employee Superannuation Funds. Contributions are expensed in the period they are paid or payable. RQ's liability is limited to its contribution to these Funds.

11. OTHER EXPENSES

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Marketing Expenditure	3,050	2,435	3,050	2,435
Infrastructure Expense	468	452	468	452
Special Payments	79	430	79	430
Other	1,024	624	1,024	624
Total	4,621	3,941	4,621	3,941

Additional Disclosures

Special Payments

Special payments include expenses that RQ is not contractually or legally obliged to make to other parties.

In the financial year 2018/19, RQ made 4 special payments totalling \$78,607 and included the following payments over \$5,000:

- 4 ex-gratia payments to employees on termination.

In the financial year 2017-18, RQ made 8 special payments totalling to \$430,279 and included the following payments over \$5,000:

- 6 ex-gratia payments to employees on termination, and
- 2 out-of-court settlements to employees.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

12. CASH AND CASH EQUIVALENTS

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Cash at Bank and On Hand	20,339	28,408	19,482	26,987
Short Term Deposits*	1,500	-	-	-
Cash held for Infrastructure Projects**	34	36	34	36
Cash held for DLGRMA**	5,919	812	5,919	812
Total	27,792	29,256	25,435	27,835

Cash not available for use by the consolidated entity at 30 June 2019 was \$5,952,651 (2018: \$847,253). The unavailable cash is only utilised for county racing infrastructure and training track payments and not for the operational cash flow.

* Consolidated short term deposits includes the NAB short term deposit in the Sunshine Coast Racing Unit Trust (2019: \$1.5 million, 2018: \$0).

**Any funds not utilised on the projects will be returned to Government.

13. TRADE DEBTORS

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
CURRENT				
Trade Debtors	22,007	19,637	22,007	19,623
Less: Impairment of Trade Debtors	(487)	(380)	(487)	(380)
	21,520	19,257	21,520	19,243
Accrued Revenue	11,324	6,486	11,324	6,463
Sundry Receivables	748	713	464	350
Accrued Interest	75	445	73	445
Total	33,667	26,900	33,381	26,501

Accounting Policy

Trade Debtors

Trade Debtors represent amounts owed to RQ at the end of the reporting period and recognised at the nominal amounts due at the time of sale or service delivery with settlement generally required within 30 days from the invoice date, except for racing participants where settlement is 60 days from the invoice date and wagering operators where settlement is required 10 business days from the invoice date in accordance with the General Conditions for the use of Queensland Race Information.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Impairment of Trade Debtors

The loss allowance for trade debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact RQ's debtors.

Where RQ has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the debt is over 121 days past due and RQ has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss. All known bad debts were written off as at the last date of the financial year.

Additional Disclosures

Accrued revenue includes a predicted QTAB MPO Top Up of \$9.7 million for the first six months of the 2019 calendar year. Refer to Note 2 Net Wagering Revenue for more details.

The QTAB MPO Top Up payment is in dispute (refer to Note 30). RQ claims that the 2018 calendar year amount was underpaid by \$11.1 million. This figure is not included in the Trade Debtors table above.

Credit Risk Exposure of Receivables

The maximum exposure to credit risk at the balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security and no credit enhancements relate to receivables held by RQ.

Corporate wagering providers must keep their payables current as per the General Conditions for the use of Queensland Race Information.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

14. LOAN RECEIVABLE AND LOAN PAYABLE

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
LOAN RECEIVABLE CURRENT				
BRC - Infield Project	500	500	500	500
Racing Infrastructure Fund	5,405	1,642	5,405	1,642
Total	5,905	2,142	5,905	2,142
NON-CURRENT				
BRC - Infield Project	11,000	11,000	11,000	11,000
Clubs - Funding Loan	-	625	-	625
Total	11,000	11,625	11,000	11,625
LOAN PAYABLE				
Current				
Queensland Treasury - Infield Project	500	924	500	924
Total	500	924	500	924
NON-CURRENT				
Queensland Treasury - RQ	17,864	35,664	17,864	35,664
Queensland Treasury - Infield Project	11,000	11,000	11,000	11,000
Total	28,864	46,664	28,864	46,664

Accounting Policy - Loan Receivables

Loan receivables are measured at amortised cost which approximates their fair value at reporting date. Loan receivables are split between current and non-current assets using the principles set out in Note1 (d). Loan Receivable for Racing Infrastructure Fund refers to costs incurred by RQ but not yet reimbursed from the Infrastructure Fund.

Accounting Policy - Loan Payables

Loan payables are initially recognised at fair value, plus any transaction costs directly attributable to the loan payable. They are split between current and non-current liabilities as per the principles in Note 1(d). Any borrowing costs are added to the carrying amount of the loan payable to the extent they are not settled in the period in which they arise. RQ does not enter into transactions for speculative purposes, nor for hedging. No financial liabilities are measured at fair value through profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Additional Disclosures

Loan Receivable & Loan Payable - Brisbane Racing Club (BRC) Infield Project

The redevelopment of the Eagle Farm racecourse was funded by a loan from the Racing Infrastructure Fund. The loan commenced 1 July 2015 with a repayment term of 11 years with interest at 3.603% per annum. Loan repayments commenced 1 July 2017. There are two separate funding deeds for this project with a loan receivable from BRC to RQ and a loan payable from RQ to Queensland Treasury (via DLGRMA). RQ will pay an amount equivalent to the repayment amount from BRC to the Department upon receipt. Under a deed variation entered into during the 2019 financial year, the BRC's scheduled principal and interest repayments have been deferred for that financial year.

Loan Receivable - Racing Infrastructure Fund

DLGRMA provides funding to RQ to administer infrastructure projects to support racing in the State.

Loan Payable - Queensland Treasury

The State of Queensland has provided loans to enable RQ to meet its obligations. The loan terms currently do not attract interest and there is no recourse to make repayments until RQ is able to do so. During the financial year 2018/19, Queensland Treasury granted \$17.8 million as a loan write off to RQ. This is disclosed as Grant Income in Note 3.

15. OTHER FINANCIAL ASSETS

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
INVESTMENTS IN SUBSIDIARIES				
Sunshine Coast Racing Unit Trust	-	-	20,886	20,495
Rockhampton Racing Pty Ltd	-	-	-	6,225
	-	-	20,886	26,720
UNLISTED SECURITIES				
Equity in Racing Australia Ltd	5,650	4,956	5,650	4,956
Total	5,650	4,956	26,536	31,676

Accounting Policy

Investments in subsidiaries are accounted for using the carrying amount. These entities are consolidated into RQ's financial statements. Refer to Note 1 (c) for RQ's controlling share percentage in these subsidiaries. RQ's investment in Rockhampton Racing was written off during the financial year 2018/19 due to a deregistration application being submitted to ASIC. Refer to Note 1 (c) for details

The investment in Racing Australia Ltd is accounted for at fair value, RQ has an 18% share.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

16. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Land - At Fair Value	45,953	47,385	41,215	41,215*
Buildings, Tracks & Improvements - At Fair Value	88,394	100,516	35,492	33,501
Accumulated depreciation	(23,151)	(20,498)	(7,817)	(4,706)
	65,243	80,018	27,675	28,795
Plant and Equipment - At Cost	4,056	3,596	3,688	3,380
Accumulated depreciation	(2,254)	(1,858)	(2,142)	(1,772)
	1,802	1,738	1,546	1,608
Work In Progress - At Cost	149	6,562	148	6,251
Total	113,147	135,703	70,584	77,869*

* In last year's financial statements, Land at Fair Value and total Property, Plant and Equipment were incorrectly reported in Note 16, but were correctly reported in the Statement of Financial Position. It has been corrected this year.

Accounting Policy

Items of property, plant and equipment with a cost value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Land	\$1
Buildings, Tracks & Improvements	\$2,000
Plant and Equipment	\$2,000

Items with a lesser value are expensed in the year of acquisition.

Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting assets ready for use, architects' fees and engineering design fees. Any training costs are expensed as incurred.

The cost of items acquired during the financial year has been judged by RQ to materially represent their fair value at the end of the reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Revaluations of Non-Current Physical Assets

Land, Buildings, Tracks and Improvements are measured at fair value and revalued every 3-5 years by an independent professional valuer. A full appraisal was last performed for the financial year ended 30 June 2016.

For the financial years following the last appraisal, the indices for buildings, tracks and improvements have been obtained by an independent professional valuer and ABS residential indices obtained for land. Internal asset managers have assessed the condition and remaining life of all assets.

Based on the external indices and internal reviews, during the 2018/19 financial year, management have determined that there has been a material movement in the values of Buildings, Tracks and Improvements since the last full appraisal and has subsequently assessed and applied the indices. For the 2018/19 financial year, the Buildings, Tracks and Improvements have been revalued and the impact was \$1.7 million for the Parent and \$3.7 million for the Consolidated Group.

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation is provided on a straight-line basis on all Buildings, Tracks and Improvements, Plant and Equipment, over the estimated useful life of the assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Depreciation rates used for the different classes of assets are as follows:

Buildings, Tracks & Improvements	Range 2% - 33%
Plant and Equipment	Range 3% - 50%

Impairment

All property, plant and equipment assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value since that last valuation was completed. Where there are indicators of a significant change the asset is revalued at reporting date. If an indicator of impairment exists, RQ determines the assets recoverable amount, which is equal to or higher of the fair value less costs of disposal and the assets value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Property, Plant and Equipment

	Land \$'000	Buildings, Tracks and Improvements \$'000	Plant and Equipment \$'000	Work in Progress \$'000	Total \$'000
Fair Value Hierarchy Level	Level 2	Level 3*			
CONSOLIDATED					
Carrying amount at 1 July 2017	47,385	82,440	2,194	2,425	134,444
Additions	-	-	22	6,112	6,134
Disposals	-	-	(9)	(390)	(399)
Transfers	-	1,035	-	(1,585)	(550)
Depreciation	-	(3,457)	(469)	-	(3,926)
Carrying amount at 30 June 2018	47,385	80,018	1,738	6,562	135,703
Carrying amount at 1 July 2018	47,385	80,018	1,738	6,562	135,703
Additions	-	115	107	2,238	2,460
Disposals	(1,432)	(13,076)	(47)	-	(14,555)
Write Off to Expenses	-	-	-	(3,756)	(3,756)
Net Revaluation Increment/(Decrement)	-	3,654	-	-	3,654
Transfers	-	582	490	(1,072)	-
Transfers to Loan Receivable**	-	-	-	(3,823)	(3,823)
Depreciation	-	(6,050)	(486)	-	(6,536)
Carrying amount at 30 June 2019	45,953	65,243	1,802	149	113,147

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	Land \$'000	Buildings, Tracks and Improvements \$'000	Plant and Equipment \$'000	Work in Progress \$'000	Total \$'000
Fair Value Hierarchy Level	Level 2	Level 3*			
PARENT					
Carrying amount at 1 July 2017	41,215	30,204	2,050	1,422	74,891
Additions	-	-	22	5,769	5,791
Disposals	-	-	(9)	(390)	(399)
Transfers	-	-	-	(550)	(550)
Depreciation	-	(1,409)	(455)	-	(1,864)
Carrying amount at 30 June 2018	41,215	28,795	1,608	6,251	77,869
Carrying amount at 1 July 2018	41,215	28,795	1,608	6,251	77,869
Additions	-	115	107	2,086	2,308
Disposals	-	(31)	(47)	-	(78)
Write off to Expenses	-	-	-	(3,756)	(3,756)
Net revaluation Increment/(Decrement)	-	1,660	-	-	1,660
Transfers	-	272	338	(610)	-
Transfers to Loan Receivable**	-	-	-	(3,823)	(3,823)
Depreciation	-	(3,136)	(460)	-	(3,596)
Carrying amount at 30 June 2019	41,215	27,675	1,546	148	70,584

* Refer to Note 17 for Fair Value Hierarchy for more information. Please note the fair value of majority of the Building, Tracks and Improvements are determined to be Level 3.

** These works related to infrastructure projects to support racing in the State that were approved to be funded under the Racing Infrastructure Fund by DLGRMA.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

17. FAIR VALUE HIERARCHY

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13 Fair Value Measurement. The fair value hierarchy is categorised into three levels based on the observability of the inputs to fair valuation techniques:

- Level 1 represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2 represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- Level 3 represents fair value measurements that are substantially derived from unobservable inputs.

According to the above hierarchy, the fair values of each class of financial assets and liabilities carried at fair value are as follows:

	Level 2 \$'000	Level 3 \$'000	Total \$'000
CONSOLIDATED			
At 30 June 2018			
Other Financial Assets - Equity securities	4,956	-	4,956
Land	47,385	-	47,385
Buildings, Tracks and Improvements	180	79,838	80,018
Total	52,521	79,838	132,359
At 30 June 2019			
Other Financial Assets - Equity Securities	5,650	-	5,650
Land	45,953	-	45,953
Buildings, Tracks & Improvements	1,151	64,092	65,243
Total	52,754	64,092	116,846
PARENT			
At 30 June 2018			
Other Financial Assets - Equity securities	4,956	-	4,956
Land	41,215	-	41,215
Buildings, Tracks & Improvements	180	28,616	28,796
Total	46,351	28,616	74,967
At 30 June 2019			
Other Financial Assets - Equity Securities	5,650	-	5,650
Land	41,215	-	41,215
Buildings, Tracks & Improvements	160	27,515	27,675
Total	47,025	27,515	74,540

There were no transfers between levels for recurring fair value measurements during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

18. TRADE AND OTHER PAYABLES

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Trade Payables	12,556	28,851	12,895	28,795
GST Payable	209	1,839	209	1,839
Other Payables	1,154	1,110	1,154	1,110
ATO Jockey Superannuation	950	950	950	950
Total	14,869	32,750	15,208	32,694

Accounting Policy

Trade Payables are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, net of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30-day terms.

Additional Disclosures

Refer to Note 19 for more information on the ATO Jockey Superannuation.

19. OTHER PROVISION

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
CURRENT				
Provision for Jockey Superannuation	4,001	4,001	4,001	4,001
Provision for Settlement	2,000	-	2,000	-
Total	6,001	4,001	6,001	4,001

Accounting Policy

Provisions are recorded when RQ has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected to be paid in a future period.

Additional Disclosures

In March 2015, the ATO issued RQ with default assessments with respect to superannuation contributions payable for certain jockeys for the period 1 July 2009 - 30 September 2014.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

19. OTHER PROVISION (CONTINUED)

Additional Disclosures (continued)

During the financial year 2018/19, the Federal Court found that the default assessments were not payable by RQ. The ATO has appealed the judgement. Notwithstanding this, the obligation to pay the default assessment of \$949,696 arose when the default assessment was issued and as such has been included under Note 18 to cover this obligation.

RQ has calculated the full extent of superannuation payable for all remaining jockeys for the period covered by the default assessments and has made a provision for the amount that would be payable to the ATO if default assessments were issued for all jockeys. The amounts disclosed in Notes 18 and 19 were expensed in Jockey Fees in the 2015-16 financial year.

20. OTHER CURRENT LIABILITIES

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Government Unearned Revenue	6,314	2,600	6,314	2,600
Other	3,730	1,271	3,730	1,269
Total	10,044	3,871	10,044	3,869

The government unearned income reflects two years of unallocated Country Racing Program infrastructure funding (\$4.9 million) (refer to more details at Note 3) and project feasibility funding (\$1.4 million) which RQ uses to develop future business cases for Racing Infrastructure Fund projects.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

21. EMPLOYEE BENEFITS

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
CURRENT				
Annual Leave	620	467	620	467
Long Service Leave	351	303	351	303
Total	971	770	971	770
NON-CURRENT				
Long Service Leave	66	141	66	141
Total	66	141	66	141

Accounting Policy

Annual leave and long service leave liabilities are accounted for as short-term employee benefits if RQ expects to wholly settle such liabilities within the 12 months following the reporting date. Otherwise, annual leave and long service leave liabilities are accounted for as 'other long-term employee benefits' in accordance with AASB 119 and split between current and non-current components.

Other long-term employee benefits are presented as current where RQ has no unconditional right to defer payment for at least 12 months after the end of the reporting period.

Entitlements expected to be paid within the 12 months following balance date are recognised at their undiscounted value. For those entitlements not expected to be paid within the 12 months following balance date, the liabilities are recognised at their present value, calculated using yields on Australian Government bond rate at the end of the reporting period.

Long service leave liabilities are estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 8 years of qualifying service, the probability that they will reach the required minimum period of service has been considered in estimating the long service leave liability.

All directly associated on-costs (e.g. employer superannuation contributions, payroll tax, and workers' compensation insurance) are also recognised as liabilities where these costs are material.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

22. DEFERRED TAX LIABILITIES

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Revaluation of Land, Buildings, Tracks and Improvements	-	2,356	-	-
Total	-	2,356	-	-

Refer to Note 33 for taxation information on the Parent and controlled entities.

Accounting Policy

Deferred income tax is provided on all temporary differences, using the liability method, at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Additional Disclosures

The deferred tax liability comprises of temporary differences attributable to the revaluation of Land, Buildings, Tracks and Improvements in the controlled entity of Rockhampton Racing Pty Ltd. An application to deregister Rockhampton Racing was submitted during the financial year 2018/19. The deferred tax liability has been unwound through the disposal of the Land, Buildings, Tracks & Improvements and written off.

Refer to Note 1 (c) for details.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

23. ASSET REVALUATION SURPLUS

	Land \$'000	Buildings, Tracks and Improvements \$'000	Other \$'000	Total \$'000
CONSOLIDATED				
Balance at 1 July 2017	876	32,583	(17)	33,442
Revaluation Increments	-	-	-	-
Revaluation Decrements	-	-	-	-
Balance at 30 June 2018	876	32,583	(17)	33,442
Balance at 1 July 2018	876	32,583	(17)	33,442
Revaluation Increments	-	3,347	-	3,347
Revaluation Decrements	-	-	-	-
Transfer to Retained Earnings	-	(3,547)	-	(3,547)
Balance at 30 June 2019	876	32,383	(17)	33,242
PARENT				
Balance at 1 July 2017	455	9,815	(17)	10,253
Revaluation Increments	-	-	-	-
Revaluation Decrements	-	-	-	-
Balance at 30 June 2018	455	9,815	(17)	10,253
Balance at 1 July 2018	455	9,815	(17)	10,253
Revaluation Increments	-	1,660	-	1,660
Revaluation Decrements	-	-	-	-
Balance at 30 June 2019	455	11,475	(17)	11,913

Please refer Note 16 net revaluation increment/(decrement) of property, plant and equipment containing the details of the revaluation movements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

24. NON-CONTROLLING INTERESTS

Non-controlling interests relate to equity investments held by Sunshine Coast Turf Club Inc. in Sunshine Coast Racing Unit Trust (15.4%) and Rockhampton Jockey Club Inc. in Rockhampton Racing Pty Ltd (36.2%).

In relation to Sunshine Coast Racing Unit Trust, the non-controlling interest is held by way of units in the Unit Trust. It is the opinion of RQ that these units are in the nature of equity and not a financial liability.

A deregistration application for Rockhampton Racing Pty Ltd was submitted during the financial year 2018/19. Refer to Note 1 (c) for details.

Non-controlling interests are reconciled as follows:

	2019 \$'000	2018 \$'000
Capital Contributions	11,394	11,747
Retained Earnings/(Losses)	(4,765)	(409)
Asset Revaluation Surplus	307	-
Sinking Fund Reserve	76	56
Total Non-Controlling Interest	7,012	11,394

Summary financial information for the Controlled Entities:

	Sunshine Coast Racing Unit Trust		Rockhampton Racing Pty Ltd	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Total Income	927	380	181	123
Total Expense	2,608	1,656	12,365	637
Operating Result	(1,681)	(1,276)	(12,184)	(514)
Other Comprehensive Income	1,875	-	-	-
Total Comprehensive Income	194	(1,276)	(12,184)	(514)
Total Current Assets	3,036	1,805	-	13
Total Non-Current Assets	42,563	43,291	-	14,542
Total Assets	45,599	45,096	-	14,555
Total Current Liabilities	233	214	-	15
Total Non-Current Liabilities	2,251	2,424	-	2,356
Total Liabilities	2,484	2,638	-	2,371
Net Assets	43,115	42,458	-	12,184
Net Cash Increase/(Decrease) in Cash over the Reporting Period	936	50	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

25. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of loss after income tax to net cash provided by Operating Activities

	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Parent 2019 \$'000	Parent 2018 \$'000
Operating Surplus/ (Deficit)	12,383	(3,175)	20,314	(1,215)

NON-CASH FLOWS IN OPERATING ACTIVITIES

Depreciation Expense	6,536	3,926	3,596	1,864
Net (gain)/loss on sale of Property, Plant and Equipment	11,255	-	58	-
Other	(6,345)	877	(405)	570

CHANGES IN ASSETS AND LIABILITIES

(Increase) / Decrease in Trade Receivables	(11,393)	(2,307)	(11,407)	(2,300)
(Increase) / Decrease in Sundry Receivables	(36)	(47)	(114)	293
(Increase) / Decrease in Impairment of Debtors	107	(67)	107	(67)
(Increase) / Decrease in Accrued Revenue	(4,838)	(6,123)	(4,861)	(6,100)
(Increase) / Decrease in Accrued Interest	368	225	372	222
(Increase) / Decrease in GST Receivable	(384)	36	(384)	(37)
Increase / (Decrease) in GST Payable	(1,245)	1,218	(1,245)	1,219
Increase / (Decrease) in Trade Payables and Accrued Expenses	(8,371)	8,571	(8,368)	8,347
Increase / (Decrease) in Sundry Payables	44	366	44	366
(Increase) / Decrease in Other Current Assets	(69)	(35)	(68)	(36)
Increase / (Decrease) in Other Current Liabilities	3,674	2,606	3,674	2,607
Increase / (Decrease) in Provisions	127	(54)	127	(53)
Net Cash Provided by Operating Activities	1,813	6,016	1,440	5,680

26. CAPITAL AND LEASING COMMITMENTS

Non-Cancellable Operating Lease Commitments

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

Payable Within 1 Year	61	10	61	10
Payable 1 - 5 Years	47	-	47	-
Total	108	10	108	10

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

27. RELATED PARTIES

A related party is one that controls, or is controlled by, or under common control with the entity.

(a) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 28.

(b) Investments in Companies

RQ has a controlling share of Board Directors in the following entities:

- Sunshine Coast Racing Pty Ltd as trustee for the Sunshine Coast Racing Unit Trust (84.6%)
- Rockhampton Racing Pty Ltd (63.8%)

An application to deregister Rockhampton Racing Pty Ltd was submitted during the financial year 2018/19. Refer to Note 1(c) for details.

(c) Transactions with Related Parties

The Rockhampton Jockey Club and Sunshine Coast Turf Club have a non-controlling share in Rockhampton Racing and Sunshine Coast Racing. RQ had the following transactions with these two racing clubs:

- These two racing clubs receive a club licence from RQ. The conditions applying to the club licence is not different to those applying to a club licence issued to an unrelated racing club. RQ makes Club Meeting Payments for holding racing meetings, barrier trials and Sky broadcasting subsidies. The club meeting payments received by the Rockhampton Jockey Club totals \$0.9 million and the Sunshine Coast Turf Club totals \$1.9 million.
- On 5 April 2019, land and buildings, tracks and improvements in Rockhampton Racing were transferred to the Rockhampton Jockey Club as per the terms and conditions under the Heads of Agreement between the Rockhampton Jockey Club, Racing Queensland Rockhampton Racing (Refer to Note 1 c) for more details).
- RQ administers the Training Track Subsidy Scheme on behalf of the Queensland Government as disclosed at Note 3. The Sunshine Coast Turf Club received \$289,363 for the incentive and threshold subsidies and the Rockhampton Jockey Club received \$137,571 for the incentive and threshold subsidies. The terms and conditions of these scheme with these two racing clubs are no different to those with an unrelated racing club.

The following transactions with other related parties occurred during the 2018/19 financial year:

- RQ's investment in Sunshine Coast Racing was \$20.9 million (refer to Note 15). A sinking fund was established under the Deed of Variation to the Unitholders' Deed between RQ, Sunshine Coast Turf Club, and Sunshine Coast Racing. Each unitholder contributes annually to the sinking fund. RQ's contribution for the 2018/19 financial year was \$391,000.
- RQ's investment in Rockhampton Racing was fully written off and a \$6.2 million impairment was recorded in the Parent's Statement of Comprehensive Income. The investment was written off due to the transfer of the land and buildings, tracks and improvements to the Rockhampton Jockey Club. Refer to Note 1c) for more details.
- RQ has a 18% share in Racing Australia Ltd of \$5.7 million that is fair valued annually (refer to Note 15). Transactions with Racing Australia during the financial year totalled \$447,813 for monthly transactional charges for using the Single National System for Thoroughbred race information.
- One Board Member disclosed their interest in a controlled entity that owns racehorses that received prize money during the financial year totalling \$381,245.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(d) Transactions with other Queensland Government-controlled entities

RQ has a loan payable to Queensland Treasury to assist RQ meet its obligations and received a 50% loan waiver during the current financial year of \$17.8 million. Refer to details in Note 3 and Note 14.

RQ has the following transactions with DLGRMA:

- RQ received grants and contributions for the financial year 2018/19 totalling \$68.1 million comprising:

Grant and Contributions	Cash Received \$'000
POC Tax Compensation	29,333
Industry Viability Program	17,630
Country Racing Program	17,600
Training Track Subsidy Scheme	2,000
Feasibility and Planning Work	1,500
Total	68,063

\$63.8 million is recognised as revenue (as shown at Note 3) as the balance of the Country Racing Infrastructure (2019: \$2.4 million and 2018: \$2.6 million) and Feasibility and Planning Work (2019: \$1.3 million) is reciprocal in nature and recognised when the services are provided (disclosed in Note 20 Government Unearned Revenue), and the true up of the POC Tax Compensation resulted in a \$568,333 over recoupment that will be returned in the 2019-20 financial year.

- RQ received a loan from the Racing Infrastructure Fund for the redevelopment of the Eagle Farm Race course on behalf of the Brisbane Racing Club. Refer to the BRC Infield Project details in Note 14.
- RQ's receives funding via a grant deed to administer infrastructure projects to support racing in the State. Transactions during the financial year totalled \$13.2 million and at 30 June 2019 there was a Racing Infrastructure Fund Loan Receivable of \$5.4 million outstanding (as disclosed in Note 14).

The Department of Agriculture and Fisheries (DAF) charges RQ a contribution towards the functions performed by the Queensland Racing Integrity Commission (QRIC). The functions of the QRIC include licencing and registration of participants (not clubs), stewarding and animal welfare. Refer to details in Note 8.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

28. KEY MANAGEMENT PERSONNEL

For the financial year 2018/19, RQ's responsible Minister is identified as Stirling Hinchliffe - Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs.

Key management personnel are defined as those persons having authority and responsibility for the planning, directing and controlling of activities of RQ, being members of the Board of Directors, the Chief Executive Officer, Chief Commercial Officer and Chief Operating Officer. Key management personnel and remuneration disclosures are made in accordance with the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury.

As per section 31 of the Racing Act 2002, the Chief Executive Officer is the only legislated role within RQ. The Chief Commercial Officer and Chief Operating Officer are adjudged Key Management Personnel due to the scope of their portfolios and influence on the planning, directing and controlling of RQ. Other Senior Executive positions are responsible for their individual areas, not the organisation as a whole.

(a) Remuneration Principles

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. RQ does not bear any remuneration costs of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as Key Management Personnel of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2018/19, which are published as part of Queensland Treasury's Report on State Finances.

The remuneration policy for the Members of the Board and Chief Executive Officer of RQ is set by the Governor in Council.

Remuneration packages for Key Management Personnel comprise of the following components:

- Short term employment benefits which include:
 - (i) Base consisting of base salary, where applicable, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the Member or employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - (ii) Benefits consisting of the provision of a motor vehicle together with fringe benefits tax applicable to the benefit.
- Long service leave accrued is the only long-term employment benefit provided; and
- Superannuation contributions are the only post-employment benefits provided.
- Termination benefits include payments in lieu of notice of termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

(i) Board Members

Details of the nature and amount of each major element of the remuneration are as follows:

Position	Date Ap- pointed	Tenure Com- pleted	Short Term		Post-Employment		Total	
			Employee Benefits		Benefits			
			2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018
As at 30 June								
Steven Wilson AM - Chairperson			61,653	62,123	7,801	7,801	69,454	69,924
Margaret Reynolds			40,144	39,604	3,734	3,734	43,877	43,338
Dale Cartwright			40,690	40,008	3,734	3,734	44,424	43,742
Sharon Dawson			42,803	41,928	4,066	3,983	46,869	45,911
Maxwell Walters			45,303	44,678	4,304	4,244	49,607	48,922
Mark Sowerby		30/4/19	32,753	39,303	3,112	3,734	35,864	43,037
Susannah George		30/4/19	34,836	41,178	3,309	3,912	38,145	45,090
Jane Seawright	1/5/19		6,551	-	622	-	7,173	-
Total Remuneration			304,733	308,822	30,682	31,142	335,413	339,964

(ii) Executive Management

	Date Ap- pointed	Date Ceased Employ- ment	Short Term Employee Benefits Base \$	Non- Monetary \$	Long Term Employee Benefits \$	Post-Em- ployment Benefits \$	Termination Benefits \$	Total \$
30 June 2019								
Chief Executive Officer			472,146	13,893	8,515	41,318	-	535,872
Chief Financial Officer		13/7/18	8,431	-	141	3,993	51,370	63,935
Chief Commercial Officer	17/9/2018		191,903	-	3,447	17,101	-	212,451
Chief Operating Officer	1/7/2018		245,315	-	4,384	21,690	-	271,388
General Manager Racing†			19,054	-	335	1,627	-	21,016
General Counsel & Board Secretary			240,711	-	4,384	21,690	-	266,785
General Manager Development & Construction	5/11/2018		217,597	-	4,002	19,212	-	240,811
General Manager People & Performance			205,748	-	3,812	18,861	-	228,421
General Manager Sales & Marketing		24/7/2018	15,229	-	290	7,033	113,245	135,797
General Manager Special Projects		14/12/2018	121,741	-	2,166	10,690	-	134,597
General Manager Corporate Affairs & Policy			222,111	-	4,064	20,106	-	246,281
Total KMP Remuneration			1,959,986	13,893	35,540	183,320	164,615	2,357,354

†role ceased being part of the executive on 31/07/2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

28. KEY MANAGEMENT PERSONNEL (CONTINUED)

(ii) Executive Management (continued)

	Date Appointed	Date Ceased Employment	Short Term Employee Benefits Base \$	Non-Monetary \$	Long Term Employee Benefits \$	Post-Employment Benefits \$	Termination Benefits \$	Total \$
30 June 2018								
Chief Executive Officer		20/3/18	271,447	-	4,156	43,113	262,004	580,720
Acting Chief Executive Officer	21/3/18	13/5/18	57,209	-	964	7,294	-	65,467
Chief Executive Officer	14/5/18		62,765	-	972	5,779	-	69,516
Chief Financial Officer		17/11/2017	74,198	-	1,717	7,568	-	83,483
Chief Financial Officer	25/9/2017		166,426	-	3,020	15,016	-	184,462
General Manager Racing			178,985	-	3,291	15,187	-	197,463
General Counsel & Board Secretary	17/10/2017		168,588	-	2,967	14,762	-	186,317
General Manager Infrastructure		18/6/2018	261,777	-	4,755	25,293	39,341	331,166
General Manager People & Performance [†]	1/10/2017		7,792	-	128	684	-	8,604
General Manager Sales & Marketing			233,679	-	3,824	22,605	-	260,108
General Manager Special Projects	29/5/2018		24,423	-	429	2,132	-	26,984
General Manager Strategy & Policy	18/9/2017		174,853	-	3,096	15,391	-	193,340
Total KMP Remuneration			1,682,142	-	29,319	174,824	301,345	2,187,630

[†]role commenced being part of the executive on 18/06/2018

(b) Other Transactions

There were no loans to and from key management personnel during the financial year.

29. PARENT ENTITY INFORMATION

Financial Support to Subsidiaries

RQ, the ultimate controlling entity, will provide financial and operational support to the Sunshine Coast Racing Unit Trust as and when required. The Sunshine Coast Racing Unit Trust made an operating loss for the financial year 2018/19. The financial statements for the Sunshine Coast Racing Unit Trust have been prepared on a going concern basis as there is no intention to liquidate or to cease operations.

A deregistration application for Rockhampton Racing Pty Ltd was submitted during the 2018/19 financial year. As a result, the financial statements for Rockhampton Racing Pty Ltd have not been prepared on a going concern basis. The deregistration will be processed in 2019-20 financial year. Refer to Note 1(c) for details.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

30. CONTINGENCIES

On 28 June 2019, RQ filed proceedings in the Supreme Court of Queensland against Tabcorp Holdings Limited and its subsidiary UBET QLD Limited. The dispute relates to the calculation of fees following the introduction of the point of consumption tax (POCT) in Queensland and affects the amounts of the QTAB POC Tax Deduction and the MPO Top Up payment. As legal action has only recently commenced, RQ is currently unable to reliably estimate any potential future financial implications arising from the outcome of the dispute.

Litigation in Progress

As at 30 June 2019, the following cases were filed in the court naming the State of Queensland acting through RQ as defendant:

	2019 Number of Cases	2018 Number of Cases
Supreme Court	1	1
Total	1	1

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time.

31. FINANCIAL INSTRUMENTS

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised in the Statement of Financial Position when RQ becomes party to the contractual provisions of the financial instrument.

Financial instruments are classified and measured as follows:

- Cash and Cash Equivalents: held at fair value through profit and loss. Refer to Note 12.
- Trade Debtors: held at amortised cost. Refer to Note 13.
- Other Financial Assets: held at fair value through profit and loss. Refer to Note 15.
- Trade and Other Payables: held at amortised cost. Refer to Note 18.

The carrying amounts of trade receivables and payables approximate their fair value.

No financial assets and financial liabilities have been offset and presented on a net basis in the Statement of Financial Position. RQ does not enter into, or trade with such instruments for speculative purposes nor for hedging.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

32. GOING CONCERN

The financial report has been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Board in their consideration of the appropriateness of the preparation of the financial report on a going concern basis have prepared cash flow forecasts and revenue projections for a period of not less than thirteen months from the date of this report.

These cash flow projections show that RQ is able to meet debts as and when they are payable. Historical loans were provided to Racing Queensland in August 2015 and August 2016 to assist with operational funding. A 50% write off of the total loan values was approved in March 2019. As stipulated in letters from the relevant government departments, the loans are only to be repaid once RQ become financially viable. (refer to Note 14).

33. OTHER INFORMATION

Insurance

RQ insures its Buildings, Tracks and Improvements and Plant and Equipment for loss and damage and also insures for public liability risks.

Taxation

RQ is exempt from income tax with the exception of Fringe Benefits Tax and Goods and Services Tax payable to the ATO which are recognised as incurred and accrued.

Income tax is provided for in Sunshine Coast Racing Pty Ltd as trustee for Sunshine Coast Racing Unit Trust to the extent that accumulated income is assessable to the trustee. No income tax is payable by the trust in accordance with the trust deed, and taxable income is fully distributed to the beneficiaries.

Income tax is provided for in Rockhampton Racing Pty Ltd to the extent that accumulated income is assessable to the company.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. GST payable to the ATO at reporting date are separately recognised in Trade and Other Payables within Note 18.

34. EVENTS OCCURRING AFTER BALANCE DATE

Subsequent to 30 June 2019, Mr Graham Quirk was appointed as the Board Member - Thoroughbred Representative on 4 July 2019.

Other than the item noted above, there have not been any matters or circumstances occurring subsequent to the end of the year that has materially affected, or may materially affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future periods.

CERTIFICATE OF RACING QUEENSLAND BOARD

FOR THE YEAR ENDED 30 JUNE 2019

These general-purpose financial statements have been prepared pursuant to section 62 (1) of the Financial Accountability Act 2009 (the Act), section 43 of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with section 62 (1) (b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Racing Queensland Board trading as Racing Queensland for the financial year ended 30 June 2019 and of the financial position of Racing Queensland as at the end of that financial year.

We acknowledge responsibility under section 8 and section 15 of the Financial and Performance Management Standard 2009 for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Brendan Parnell
CHIEF EXECUTIVE OFFICER
28/8/2019



Steve Wilson AM
CHAIRPERSON
28/8/2019

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Board of Racing Queensland Board (trading as Racing Queensland)

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Racing Queensland Board (the parent) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2019, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 30 June 2019, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificate of Racing Queensland Board.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the parent and group 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Entity for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

INDEPENDENT AUDITOR'S REPORT



Auditor's responsibilities for the audit of the financial report

My 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 my 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

INDEPENDENT AUDITOR'S REPORT



Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

A handwritten signature in blue ink, appearing to be 'MF' followed by a stylized flourish.

30 August 2019

Melissa Fletcher
as delegate of the Auditor-General

Queensland Audit Office
Brisbane



RACING
QUEENSLAND