

2017/18

ANNUAL REPORT





Racing Queensland
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24 September 2018

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

**ANNUAL REPORT 2017-18 FOR THE RACING QUEENSLAND BOARD
TRADING AS RACING QUEENSLAND**

I am pleased to submit for presentation to the Parliament the Annual Report 2017-18 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 2009*, 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 58 of this Annual Report.

Yours sincerely

Steve Wilson AM
Chair
Racing Queensland

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Annual Report 2017-18 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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FURTHER INFORMATION

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YOUR FEEDBACK

Racing Queensland values comments and welcomes feedback from readers.

To provide feedback, please email:
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This publication can be accessed and downloaded from our website:
www.racingqueensland.com.au/Corporate/Our-Plan

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

CHAIR'S HIGHLIGHTS



THIS YEAR, THE BOARD'S CONTINUED FOCUS HAS BEEN ON GROWING AND DEVELOPING THE \$1.2 BILLION QUEENSLAND RACING INDUSTRY TO CONNECT PEOPLE AND COMMUNITIES THROUGH THE THRILL OF RACING

I am pleased to present my third Annual Report as Chair of Racing Queensland charged with responsibility to drive positive outcomes for the fabulous sport of racing across the codes. So often outsiders underestimate the industry's scale, depth and community importance.

All of your Board and Management are imbued with passion and responsibility to improve outcomes for the 41,800 plus participants.

Racedays are organised and run each year by the 130 clubs at 119 racecourses in towns and cities across Queensland. Importantly many of these events are a central feature of local life bringing individuals, families and communities together to enjoy a day of fun. We aim to have more of these and so it was especially pleasing that the Government supported our request for a dedicated country racing package aimed at boosting regional communities around the love of the horse and the thrill of racing. These really are quintessentially Australian events "where battlers beat billionaires".

The economic contribution of our sport is a significant \$1.2 billion per annum so by any measure we are governing a critical part of the fabric of our State and Nation.

To be effective we need to be financially sound. To this end I am pleased to report a turnaround of over \$40 million versus FY16, going from a parent company loss in FY16 of \$19.9 million to one of \$1.2 million in FY18 whilst increasing payments to participants by \$10.8 million in FY18, and committing to further increases exceeding \$10 million in FY19.

Queensland's racing continues to shine on the national and international stages with each code's

Summer and Winter Carnivals developing as key strengths. We also successfully hosted the 2017 Australian Racehorse of the Year Awards, the Greyhound National Sprint and Distance Championships as well as the Australasian Young Drivers Championship in harness.

Overall annual wagering turnover on Queensland races was up 5.2 per cent — made up by thoroughbreds 1.7 per cent, greyhounds 17.1 per cent and harness 8.8 per cent.

A key challenge for thoroughbreds has been the closure of Eagle Farm and its return is a high priority to ensure confidence. This has also impacted our financial performance. The remediation project was completed in April 2018 and we are now working with the Brisbane Racing Club to ensure that racing can commence when the track is ready.

Whilst there are clear signs of improvements, optimism needs to be balanced as New South Wales and Victoria are significantly raising prizemoney and improving infrastructure. This means we need to continue to innovate and drive confidence in Queensland product, whilst supporting clubs to become more viable.

For infrastructure we have prepared our vision for the next ten years following extensive feedback from industry. This plan involves over \$100 million of expenditure over the next five years and now awaits Government approval. Apart from our deep concern for welfare much focus is around modernisation of facilities and co-ordinating programming to twilight and night racing, so appropriate in our climate.

The Queensland Government's announcement

to introduce a Point of Consumption Tax from 1 October 2018 provides opportunities as well as challenges.

Translating the benefits of the Tabcorp merger into results is also vital.

The State election in November 2017 saw a number of changes. I would like to thank the Honourable Grace Grace MP for her support during her time as Minister, and I look forward to continuing to work with the Honourable Stirling Hinchliffe MP as Minister.

I would also like to thank Dr Eliot Forbes, former Chief Executive Officer, for his contribution. His leadership and insight established a number of the building blocks which are delivering benefits to the industry.

We welcome our new Chief Executive Officer, Brendan Parnell, whom we have charged with the task of developing and leading a team for the purpose of growing interest, participation and confidence in our great sport. We have set the organisation's Key Performance Indicators (KPIs) to these goals and we look forward to further improvements on the \$40 million turnaround already achieved.



Steve Wilson AM
Chair

CEO'S HIGHLIGHTS



WORKING TOGETHER IS CRITICAL TO ACHIEVE BETTER RESULTS

Joining the Racing Queensland team is an absolute privilege. The initial months in the role have been busy and challenging, but also extremely enjoyable.

The passion and commitment of the Racing Queensland team and the 41,800 participants in the Queensland racing industry is impressive. Meeting racing people from Beaudesert to Cairns and the outback, you can see that the foundations have been put in place to support the transition to a better future. Thanks to my predecessor, Dr Eliot Forbes, for beginning those foundations, the critical prizemoney increases and the country racing package.

This transition, and the future of Queensland's racing industry, is a work in progress. Queenslanders continue to have a strong connection to racing, especially in country Queensland, where clubs play a vital economic and social contribution to community life. The success and popularity of the Country Racing Series, and in particular Battle of the Bush, is a testament to this, where competitors from across Queensland fought for a place in the final conducted at Doomben.

Our performance is heavily dependent on our wagering partners, in particular UBET. This performance has been adversely impacted by UBET's declining returns, the outage of Eagle Farm, and inclement weather on or before key race meetings. The merger of Tatts Group and Tabcorp caused some distraction during the year and it is important that Tabcorp starts to deliver on its publicised merger benefits as well

as increasing its promotion of Queensland racing. We recorded a parent company loss of \$1.2 million and a consolidated loss of \$3.2 million for FY18 while delivering an additional \$10.8 million to participants.

Total wagering turnover was up 3.6 per cent to \$5.7 billion on FY17. Ultimately our industry is funded through revenue (wagering turnover less dividends or punter returns) and total wagering revenue was up to 3.8 per cent to \$218.5 million.

Our focus will be to continue to build partnerships across the industry and develop a strategy for racing with a 2025 vision. This aims to provide stronger foundations as well as bringing alignment and stability, which will enable greater confidence. There are significant strengths in Queensland racing — the size, scale and reach of the industry is unmatched while our weather also creates a unique platform. However, the record prizemoney in southern states highlights our challenges with viability and competitiveness.

The importance of racing to communities as well as the passion and drive of the participants is evident each and every day. This is clearly demonstrated by the 1,522 race meetings, 12,362 races and 103,002 starters across the State. Clubs are also leading the transition with examples being the grandstand replacement at Dalby and the new turf track at Barcaldine. We worked closely with clubs to develop the innovative Origin greyhound series, and converted non-TAB meetings at Marburg Pacing Association to TAB status. Innovative programming during the Winter

Racing Carnivals, with key races under lights at the Sunshine Coast, delivered a great racing spectacle and impressive wagering returns.

Our thoroughbred breeding industry is showing positive signs following the remarkable success of star first season sire Spirit of Boom. Congratulations to the McAlpine family on the efforts of the Eureka Stud pin-up stallion. Additionally, the multi-million dollar investments made by Canungra's Aquis Farm continue to highlight the important role of our breeding industry. In harness, it was great to see Queensland bred Colt Thirty One starring on the national stage winning the Victoria Derby.

Our focus in the coming months, and years, will be to increase returns to participants along with delivering new facilities and a racing calendar that showcases Queensland at its best.

Our transition means we're re-setting our direction, with that comes change and the need to enhance our leadership capability. This has resulted in an increase in staffing costs and our turnover remained high. The aim is to ensure we have the leadership and capabilities so we can continue to maximise returns to participants.

Thanks to the Queensland racing industry participants — owners, trainers, jockeys, drivers, trackworkers, breeders, stable hands and attendants as well as our many racegoers for their dedication and passion.

The efforts of our key stakeholders such as the 130 racing clubs across Queensland and the Queensland Racing Integrity Commission (QRIC) are also important to highlight. The guidance and support of the Board led by Chair Steve Wilson AM and Deputy Chair Sharon Dawson, is acknowledged. Also worthy of note, the dedication and hard work of the Racing Queensland staff as they support the delivery of our goals.

We have a great foundation and by working together, we will achieve better results and secure a brighter future.



Brendan Parnell
Chief Executive Officer

AT A GLANCE

130

CLUBS

41,800

TOTAL PARTICIPANTS

847,833

ATTENDANCES

21,932

OWNERS

\$1.2BILLION

TOTAL ECONOMIC
CONTRIBUTION

119

RACECOURSES

12,362

RACES

103,002

STARTERS

8.3

AVERAGE FIELD SIZE

129

GROUP &
LISTED RACES

**THERE IS AN AVERAGE OF
MORE THAN **FOUR RACE MEETINGS**
HELD **EACH DAY** IN QUEENSLAND.**

19,995

HOLD CLUB MEMBERSHIPS

490

COMMUNITY
ORGANISATIONS ASSISTED
BY RACING CLUBS

333

COMMUNITY
ORGANISATIONS
SHARE CLUB FACILITIES

7,700

VOLUNTEERS

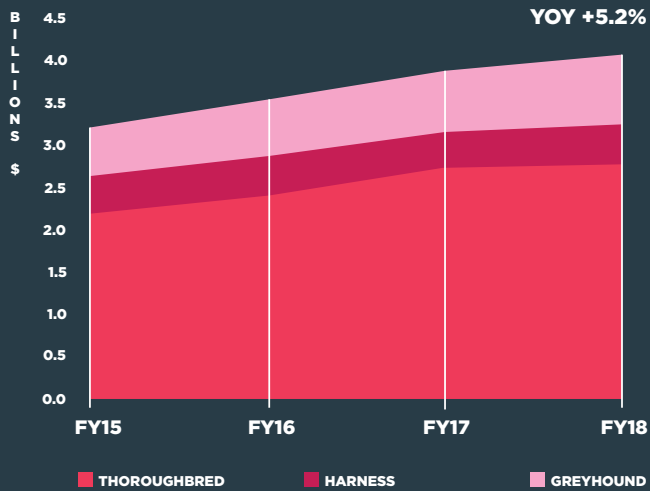
59

APPRENTICES & TRAINEES

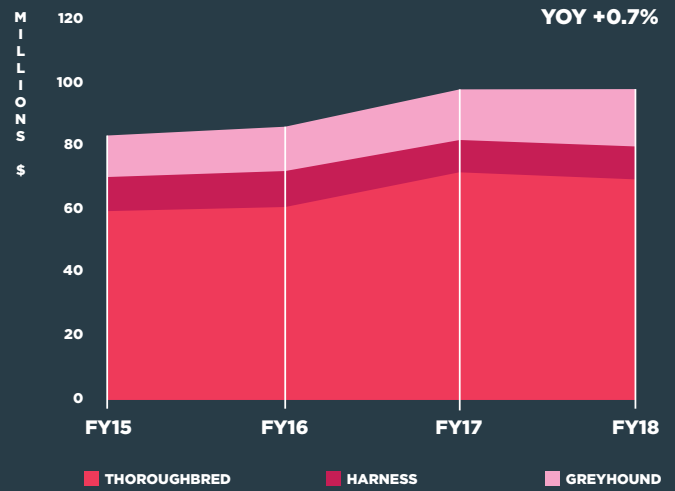
20%

OF CLUBS HAVE
PARTNERSHIPS WITH
PRIMARY, SECONDARY,
TRADE OR TERTIARY
INSTITUTIONS

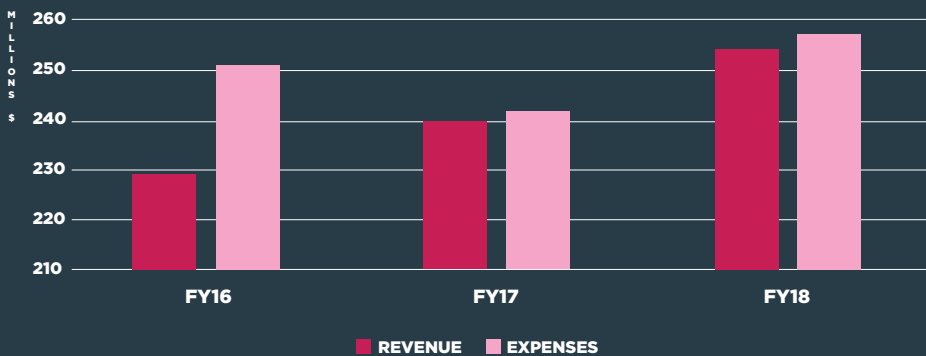
QUEENSLAND WAGERING TURNOVER BY CODE



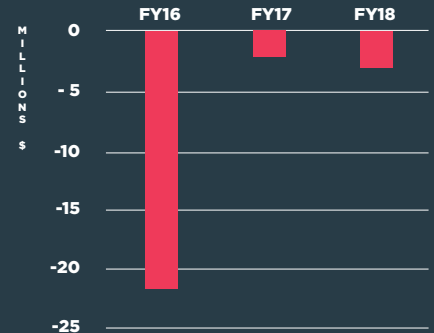
QUEENSLAND WAGERING NET REVENUE BY CODE



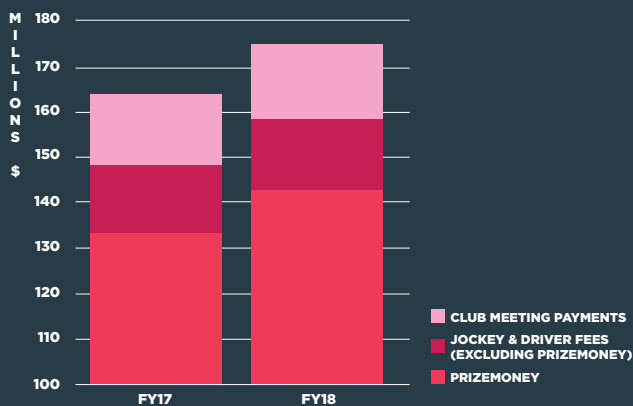
REVENUE VS EXPENSES BY YEAR



CONSOLIDATED PROFIT / LOSS

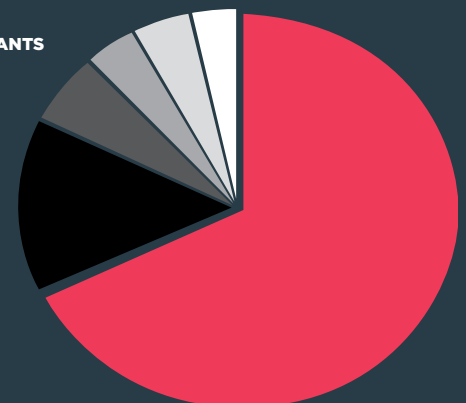


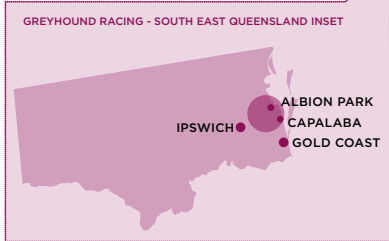
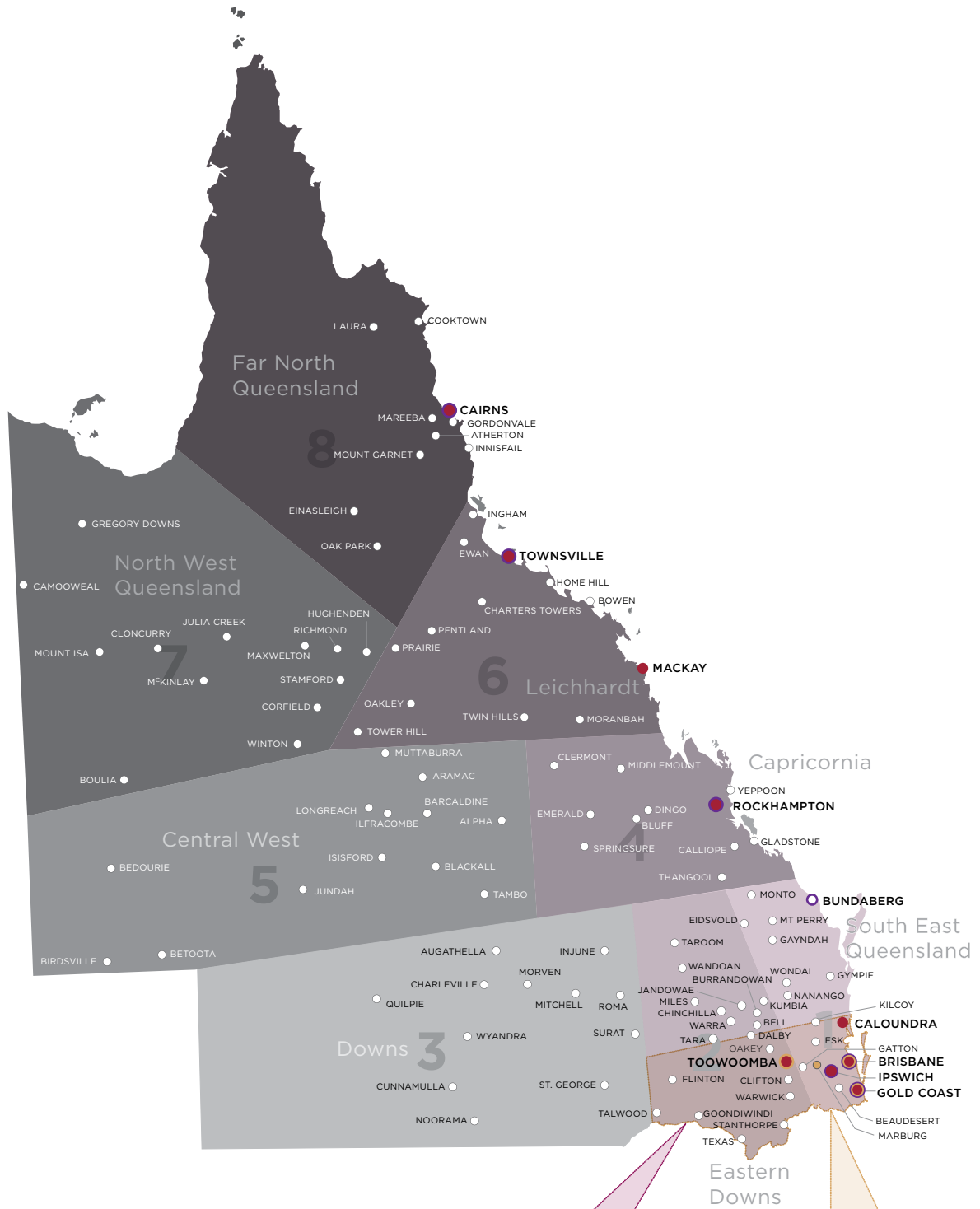
PAYMENTS TO PARTICIPANTS



COMPOSITION OF EXPENDITURE

- PAYMENTS TO PARTICIPANTS
- WAGERING EXPENSE
- QRIC
- SUPPLIES & SERVICES
- EMPLOYEE EXPENSES
- OTHER EXPENSES





ABOUT RACING QUEENSLAND

Our primary function, under the *Racing Act 2002* (the Act), 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.

We 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, we have 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
- considering a matter referred to the board by the Minister and reporting to the Minister about the matter.

We maintain our head office at Racecourse Road in Deagon, Queensland.

OUR VISION

**CONNECTING PEOPLE THROUGH
THE THRILL OF RACING**

OUR MISSION

**TO BE QUEENSLAND'S FAVOURITE
SPORT AND AUSTRALIA'S BEST
RACING JURISDICTION**

OUR PERFORMANCE

This report is prepared on the basis of the current administrative arrangements applying for the whole of the 2017-18 financial year. That is, it reflects the structure, operations and performance as it existed on 30 June 2018.

The racing industry in Queensland continues to change and transform to meet the challenges identified in our 2018-21 Strategic Plan. In summary the challenges were:

- Changing Customer Demands
- Dynamic Commercial Landscape
- Asset Replenishment
- Non-TAB Community Racing
- Earnings Quality
- Animal Welfare and Integrity.

These challenges and the long lead-in times continue to impact the pace and scale of change in delivering a more viable industry.

In September 2017, we published a study by IER that detailed the size and scope of the Queensland racing industry as well as the economic and social contribution of the racing industry in Queensland. The report and summaries can be viewed on our website at <http://www.racingqueensland.com.au/research>.

We recorded a parent company loss of \$1.2 million and a consolidated loss of \$3.2 million for FY18. This compares to a parent loss of \$0.1 million and a consolidated loss of \$2.3 million in FY17. The result was delivered with increased returns to participants of \$10.8 million, which continues to demonstrate our commitment to creating a more sustainable racing industry in Queensland. It further solidifies the significant improvement in financial performance from FY16, where we reported a parent loss of \$19.9 million and a consolidated loss of \$21.8 million.

The increased returns to participants were comprised of prizemoney and breeders' payments increases of \$9.3 million, jockey/driver fees of \$0.5 million and club meeting payments of \$1.0 million.

Total wagering turnover growth of 3.6 per cent was recorded for the year. Despite the absence of Eagle Farm and unfavourable weather conditions in Queensland prior to or during key race meetings, wagering turnover on Queensland product alone was up 5.2 per cent.

We achieved annual revenue growth of 5.9 per cent to \$254.2 million.

The strong revenue growth was driven by the additional grant provided for the Country

Racing Program, changes made to our wagering business model in January 2017, and the minimum payment obligation contribution from Tabcorp. We negotiated and agreed this obligation as part of the merger process to secure continued investment into the Queensland racing industry.

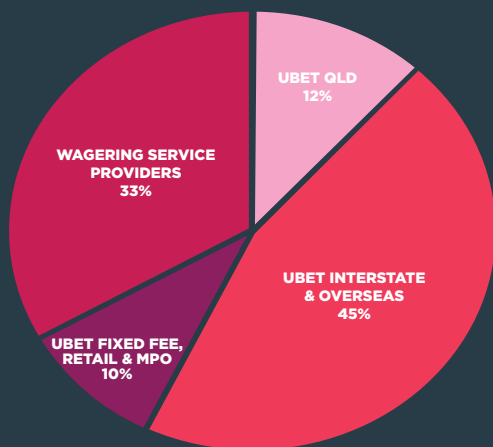
Total wagering revenue growth of 3.8 per cent was driven principally by corporate bookmakers. UBET's underlying revenue performance was disappointing, with a 10.2 per cent decline in revenue from Queensland product and a modest, 1.8 per cent, increase from interstate and overseas product. This resulted in an overall reduction of 0.7 per cent. The impact of this decline was mitigated by the minimum payment obligation, which boosted their total wagering revenue contribution, up 3.1 per cent, for the year.

The Eagle Farm track outage, untimely inclement weather in Queensland around racing carnivals, the ongoing trend away from Tote to fixed odds, and a loss of market share to corporate bookmakers all contributed to UBET's performance. We moved quickly to respond to the potential challenges arising from the Eagle Farm outage by rescheduling races to other suitable venues and introducing a ninth race to Saturday metropolitan meetings. The ninth race provided opportunities to all wagering service providers to increase revenue. We are hopeful that the merger will deliver the synergies and improved returns in the longer term, which are assured until December 2020 by the minimum payment obligation provided by Tabcorp.

Revenue from corporate bookmakers increased by 5.3 per cent year-on-year. The primary drivers behind the growth were the shift away from the Tote, increasing market share with digitalisation, higher race field fees introduced in January 2017 and a writeback of the rebates accrued for FY17.

Total expenses increased by \$15.3 million (6.3 per cent on FY17) primarily due to increases in payments to participants, higher wagering expenses related to interstate race field fee deductions from UBET, employee expenses mainly due to racing infrastructure projects, marketing and increased funding to the QRIC.

WHERE OUR WAGERING REVENUE COMES FROM



COMPOSITION OF EXPENDITURE (CONSOLIDATED)

(\$ '000)	FY18
PAYMENTS TO PARTICIPANTS	174,842
WAGERING EXPENSE	37,204
QRIC	15,191
SUPPLIES AND SERVICES	10,049
EMPLOYEE EXPENSES	11,413
DEPRECIATION	3,926
GRANT EXPENSE	800
OTHER EXPENSES	3,941
TOTAL	257,366

RACING QUEENSLAND ACHIEVED ANNUAL REVENUE GROWTH OF +5.9% TO \$254.2 MILLION



EAGLE FARM

In May 2017, after the Kingsford Smith Cup meeting and consultation with key stakeholders, we deemed Eagle Farm unfit for racing.

Acting on a Direction from the then Minister for Racing, the Honourable Grace Grace MP, we worked in partnership with the Brisbane Racing Club to remediate the track. In April 2018, the final sods of turf were laid.

In collaboration with the Brisbane Racing Club, we continue to manage the maintenance of the track. The track continues growing-in as anticipated.

Racing will gradually return to Eagle Farm when the track is fit-for-purpose and after successful horse gallops and trials.



MASON'S CHANCE AT BARCALDINE PRIOR TO WINNING THE BATTLE OF THE BUSH AT DOOMBEN
PHOTO: BRIAN PUGH, OUTBACK TRACKS PHOTOGRAPHY

OPPORTUNITIES

The Queensland Government's \$70.4 million four-year support package for country racing announced in late 2017, provides stability and certainty for non-TAB thoroughbred racing. The Country Racing Program, supercedes the Country Racing Support Program and sees the allocation of \$15 million annually towards prizemoney and race day costs. The remaining \$2.6 million per year will contribute to country racing infrastructure.

It provided us the opportunity to re-direct resources and enabled us to announce a \$12 million increase in prizemoney across all codes, which became effective from 1 February 2018.

In May 2017, we secured a number of benefits for the Queensland racing industry that would be implemented after the proposed merger between Tatts Group (UBET) and Tabcorp. These will come to fruition over the coming years as we work with the Queensland Government and Tabcorp to develop and deliver greater investment in the Queensland racing industry and broaden our revenue base.

The performance of UBET is paramount and their promotion of Queensland racing is a critical priority. Revenues from non-UBET operators continue to grow and their support is increasingly valuable.

Our continued investment in our IT infrastructure will enable the delivery of services more effectively and efficiently, and attract and retain customers to our products. We have commenced investing in Customer Relationship Management systems as well as improving our data handling and analysis capabilities.

We continue to review our investment in new infrastructure, through the Racing Infrastructure Fund (RIF). This will support the delivery of improved participant outcomes and develop new and more exciting racing to help grow our wagering revenue. Where appropriate we will also use the fund to enable clubs to become more sustainable by facilitating and leveraging commercial opportunities.

Clubs and participants across the State also have an increasing role in delivering a more sustainable racing industry. We will continue to engage with participants and empower clubs to transform to become more sustainable. During September and October 2017, senior representatives travelled across Queensland to meet participants in each region.

To enable clubs to become more viable, we proposed, then consulted with the clubs on a revised funding model. These changes, as well as changes to the licence agreements, will be implemented during Q2 of FY19.



MASON'S CHANCE WON
THE BATTLE OF THE BUSH
PHOTO: NOEL PASCOE

POLICY CHANGES

On 1 January 2018, we implemented Minimum Bet Limits (MBL) for all off-course wagering operators, excluding betting exchanges. This change was delivered following consultation with stakeholders as well as legislative changes and ensures Queensland remains relatively consistent with the rest of the industry.

The MBL applies to fixed odds bets on Queensland thoroughbred races only. Bets must be placed from 9:00am (AEST) on the day of the race for race meetings commencing before 5:30pm (AEST) and 2:00pm (AEST) for race meetings commencing after 5:30pm (AEST).



QUEENSLAND SUMMER RACING CARNIVAL



QUEENSLAND WINTER RACING CARNIVAL 2018



OTIS JEWEL RACEDAY

We're Racing Everywhere!

OTIS

BRED

CODE UPDATE OVERVIEW

FINANCIAL PERFORMANCE BY CODE PARENT ENTITY

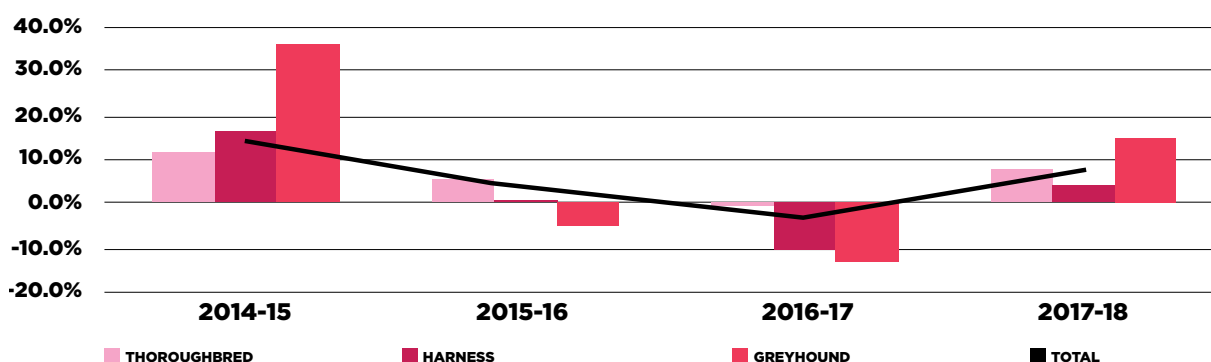
	Queensland \$'000	Thoroughbred \$'000	Greyhound \$'000	Harness \$'000
Total Revenue	253,318	195,265	37,210	20,843
Total Expenditure	(253,288)	(197,712)	(29,221)	(26,356)
Profit / (Loss) Before Depreciation, Interest & Asset Disposals	30	(2,447)	7,989	(5,512)
Depreciation Expense	(1,864)	(865)	(512)	(486)
Interest Revenue	617	206	206	206
Net Gain / (Loss) on Disposal of Assets	1	1	0	0
Parent Profit / (Loss) for the Year	(1,215)	(3,106)	7,638	(5,793)

Notes: Due to rounding, numbers presented may not add up precisely to the totals provided. 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 direct revenue. For the FY18 year, that allocation was 77 per cent for Thoroughbred, 8 per cent for Harness and 15 per cent for Greyhound. This allocation is adjusted each year in accordance with the actual results.

OUR CONTRIBUTION TO PRIZEMONEY & BREEDING SCHEMES

Year \$M	2014-15	2015-16	2016-17	2017-18
Thoroughbred	93.5	98.5	98.2	105.5
Greyhound	14.7	14.0	12.2	14.0
Harness	16.5	16.6	14.9	15.5
TOTAL	124.7	129.1	125.3	135.0

YOY PERCENTAGE CHANGE IN PRIZEMONEY & BREEDING SCHEMES BY CODE



CODE UPDATE

ADVISORY PANELS

Our racing advisory panels are chaired by a member of the Board. The panels are:

- Thoroughbred Racing Advisory Panel
- Country Racing Advisory Panel
- Harness Racing Advisory Panel
- Greyhound Racing Advisory Panel

The panels are part of our continued commitment to working with industry. They complement our engagement strategy, and assist in the development and delivery of strategies as well as develop the codes of racing. Specifically, the panels:

- formulate proposals
- review and provide feedback on proposals
- provide feedback or suggestions received from other industry stakeholders.

Panel members of each panel are published on our website in the 'About Us' section.

We have welcomed the contribution and passion of each panel member and would like to thank them for their participation. At each of the quarterly panel meetings a range of topics and issues were discussed. A summary of the key topics by each panel are shown below.

THOROUGHBRED RACING ADVISORY PANEL

The panel provided a strong forum for the discussion and direction of racing in Queensland. Key areas included:

- Development of the race program, in particular the Summer Carnival
- Prizemoney distribution and key targets for the future
- Support of the Country Racing Program proposal
- A review of the QTIS program including the development of the QTIS Jewel Raceday.

COUNTRY RACING ADVISORY PANEL

The panel played an integral role in securing the Country Racing Program. The panel was also instrumental in the success of the following

Country Racing Series:

- Battle of the Bush
- Road to Roma
- Outback Showcase
- Race to the Reef.

The panel also supported the review of the revised club funding model.

HARNESS RACING ADVISORY PANEL

This panel's primary focus was on developing and growing the code. The panel's contribution enabled us to implement the following initiatives:

- QBRED Cash
- Introduction of a broodmares register
- Revised Winter Carnival program
- Development of a Trotters growth strategy.

Another focus of the panel was to consider and support the national revisions to the whip rules, which came into force from September 2018.

GREYHOUND RACING ADVISORY PANEL

The panel played an important role in developing and delivering on a variety of topics, including a trial of Finish-on-Lure (FOL) at Brisbane Greyhound Racing Club. The panel's feedback and input supported the continuation of FOL for four meetings per month at Brisbane Greyhound Racing Club.

The panel also contributed to implementation of the following initiatives:

- Distribution of prizemoney increases
- Changes to various policies, dress code, grading etc.
- Revision of the racing calendar
- Infrastructure requirements and priorities.

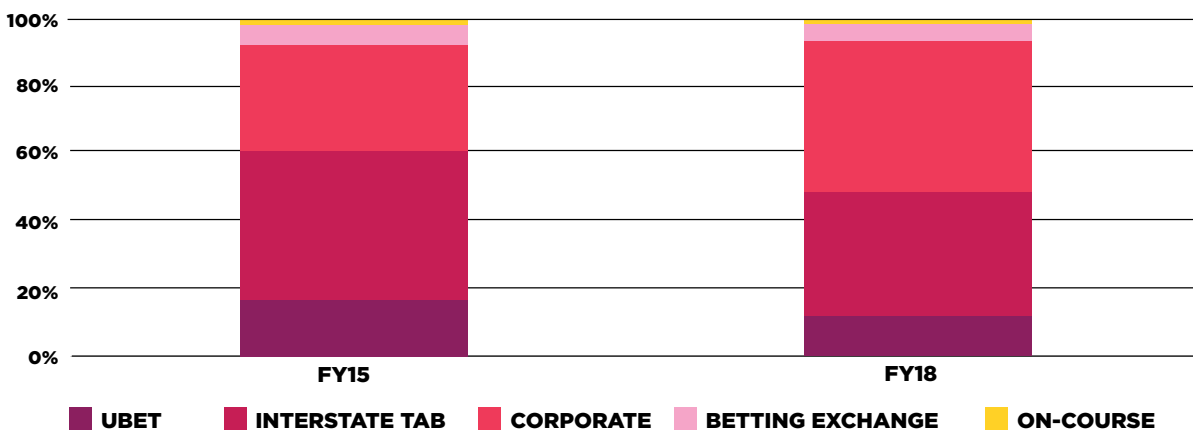
Another goal of the panel included input into measures to improve integrity by providing advice to the QRIC.



CODE UPDATE

THOROUGHBRED

PROPORTION OF TURNOVER BY OPERATOR QUEENSLAND PRODUCT



QUEENSLAND PRODUCT TURNOVER

FY18 TURNOVER	\$2.8 BILLION
FY18 YOY	↑ + 1.7%
3 YEAR CAGR	↑ + 8.1%

The Queensland thoroughbred racing industry improved this year with the continued development of the racing program.

QUEENSLAND PRODUCT REVENUE

FY18 REVENUE	\$70.3 MILLION
FY18 YOY	↓ (2.9%)
3 YEAR CAGR	↑ + 5.0%

	TAB	Non-TAB	TOTAL
Licensed Clubs	13	105	118
Race Meetings	424	253	677
Races	3,237	1,323	4,560
Race starters	30,119	10,436	40,555
Average Field Size	9.3	7.9	8.9

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

Wagering turnover on Queensland thoroughbred races increased to \$2.8 billion despite the outage of Eagle Farm race track. This represents an increase of approximately 1.7 per cent when compared to FY17. The increase may be attributed to a range of factors including race programming and enhanced coverage of Queensland racing driven by marketing initiatives.

Despite the increase in turnover, the wagering revenue generated by Queensland thoroughbred races decreased to \$70.3 million. This represents a decrease of 2.9 per cent when compared to FY17.

PRIZEMONEY & INDUSTRY SUSTAINABILITY

Following on from the Country Racing Program, confirmed in January 2018, we announced an \$8.6 million prizemoney increase, which saw Saturday Metropolitan premier stakes raised from \$60,000 to \$70,000, with the two Saturday restricted grade races increasing to \$40,000 each.

The Sunshine Coast Turf Club, Gold Coast Turf Club and Ipswich Turf Club had prizemoney for Maiden races increased by \$1,000 to \$15,000 per race. Regional provincial clubs also had standard stakes boosted by \$2,000 per race, while North Queensland Carnival stakes increased by \$527,000.

The \$8.6 million increase announced in January 2018 complemented the \$2.3 million delivered in July 2017 and brought the FY18 annualised increase to thoroughbred racing to \$10.9 million. The July increase delivered an additional restricted race to all Saturday metropolitan meetings and an increase to \$16,000 for all provincial races at the Gold Coast Turf Club, Sunshine Coast Turf Club and Ipswich Turf Club excluding Maidens.

QTIS HIGHLIGHTS

As part of a continued commitment to increase returns to participants, the first edition of the QTIS Jewel Raceday was held in March 2018 in conjunction with the Magic Millions March Yearling Sale. The first edition of the \$250,000 2YO QTIS Jewel was won by the Chris Munce-trained and Queensland owned Spirit of Boom gelding Boomsara. The \$125,000 3YO Jewel was taken out by Sista Act.

This race meeting and the subsequent Magic Millions March Yearling Sale were deemed major successes and will help to grow Queensland racing product and the breeding industry. The record-breaking sale grossed \$13.9 million from 311 lots sold, with a clearance rate of 86 per cent. Eighteen of the top 20 lots sold were by Queensland sire Spirit of Boom, with the first-season sire producing 18 individual winners in the 2017-18 Australian racing season.

This event followed another record-breaking Magic Millions Gold Coast Yearling Sale in January 2018. The sale grossed \$156.9 million with a top price of \$2 million paid, and an average sale price of \$225,878.

The success of QTIS was again evidenced throughout the State with more than 690 bonuses won, delivering \$7.45 million in QTIS bonuses to the winning connections of Queensland bred horses. A highlight was provided by a provincial performer, with Mackay trained 2YO filly Cyclone Topgirl the most prolific bonus earner with seven wins from nine starts and over \$90,000 in QTIS bonuses.

SUMMER & WINTER CARNIVALS

Our Winter Racing Carnival proved again to be the pinnacle of racing in our State. Despite the absence of Eagle Farm due to the remediation project, strong wagering numbers were recorded throughout the Carnival. Turnover of \$326 million was up 1.8 per cent on FY17. The 61 Black Type Races contested were among the strongest in the country, as evidenced by the strong ratings given by the Australian Pattern and Development Committee. Notably, the Group 1 Doomben 10,000 rated as the ninth best performing race in Australia, despite the fact that its purse of \$700,000 was

only the 44th highest stake paid during the racing season.

The 2018 Carnival provided eight additional races compared to the same period in 2017, attracting an additional 97 starters. This contributed to the total wagering turnover for the Carnival growing by \$6.9 million. The Tattersall's Tiara Raceday recorded the best year-on-year growth of 29.9 per cent.

The Brisbane Racing Club's Doomben track was resilient throughout the 13-week Carnival in the absence of Eagle Farm, with breaks programmed to ensure the track was in the best possible condition for Group 1 racing and Queensland's premier race meeting in June, the Stradbroke Handicap Day.

Trainers Gai Waterhouse and Adrian Bott's continued support of the Queensland Carnival resulted in the partnership bookending the Group 1 races with English (Doomben 10,000) and Prompt Response (Tattersall's Tiara) triumphing. Champion trainer Chris Waller also featured prominently with three Group 1 winners, namely Comin' Through (Doomben Cup), Youngstar (Queensland Oaks) and The Autumn Sun (J.J. Atkins).

The Group 1 Race winners in Queensland in 2017-18 were:

- Doomben 10,000** English
- Doomben Cup** Comin' Through
- Kingsford Smith Cup (ex BTC Cup)** Impending
- Queensland Oaks** Youngstar
- Stradbroke Handicap** Santa Ana Lane
- Queensland Derby** Dark Dream
- J.J. Atkins** The Autumn Sun
- Tattersall's Tiara** Prompt Response

We worked closely with our broadcast and wagering partners throughout the Carnival to promote our premier product to a nationwide audience through multiple platforms including traditional and social media.

The decision to schedule races at Sunshine Coast Turf Club for the Moreton Cup and Caloundra Cup meetings enabled us to run a number of the races under lights. This contributed to the Moreton Cup meeting recording the highest wagering turnover for a meeting outside the Brisbane Racing Club and Magic Millions.

The Queensland Summer Racing Carnival was again a resounding success with turnover for its



ENGLISH WINNING THE DOOMBEN 10,000
PHOTO: NOEL PASCOE

11 weeks at \$282 million, up 6.3 per cent on FY17. The Carnival, which was revamped on the prior years' edition and marketed as the 'Summer of Millions', provided a clear pathway for horses targeting the \$10 million Magic Millions Day in January 2018. This was on top of a boost to the Bernborough Handicap to \$300,000 and \$125,000 for the Nudgee Handicap. Wagering turnover on the Group and Listed races increased by 9.1 per cent on last year.

South Australian filly Sunlight won the Magic Millions 2YO Classic for trainer Tony McEvoy, with Queensland's best performer on the day, I'm A Ripper, winning the \$1 million Magic Millions QTIS Open for trainer Tony Gollan.

The new-look UBET Origin Jockey Series was also a great success this year and was held over three days at the Brisbane Racing Club and the Sunshine Coast Turf Club. Clare Lindop and Luke Nolen shone over the three days and took the series for Victoria.

The UBET Summer Crowns Series were also hotly contested with up to \$1.6 million in bonuses on offer. Warwick Farm-trained colt Pierata won the \$500,000 3YO Crown, after he secured his third win of the series in the \$2 million Magic Millions 3YO Guineas. Pierata's connections netted \$1.7 million in stakes and bonuses on the day, making it the largest cheque ever paid on a Queensland race track. Tony Gollan won the \$50,000 trainer's crown, while Corey Brown won the \$50,000 prize for jockeys.

PREMIERSHIPS & HIGHLIGHTS

The 2017-18 season in its entirety saw a number of racing highlights, both equine and human.

Tony Gollan set a new record for most metropolitan winners (90) in a Brisbane season, en-route to winning his fifth consecutive Brisbane Metropolitan Trainers' Premiership. Toowoomba trainer Ben Currie trained 154 winners as he claimed a second Queensland Trainers' title.

Jeff Lloyd won yet another State Jockeys' Premiership with 141 winners of which 108 were Metropolitan. Justin Stanley, with 108 winners, claimed honours in the Provincial ranks. Mount Isa jockey and Turf Club president Dan Ballard won the Country Jockeys' Premiership with 54 winners. Rising star Jag Guthmann-Chester was the leading Metropolitan Apprentice with 23 wins.

Queensland horses also performed well at home and interstate, with Crack Me Up (G2 Villiers), Savanna Amour (G3 Cockram and How Now) and Havasay (Listed Ramornie Hcp) all claiming stakes races in NSW or Victoria. At home, Monsieur Gustave won the Eye Liner, Glasshouse, Keith Noud and George Moore.

Desleigh Forster won the Listed Bernborough Handicap with Someday, while Tony Gollan's Most Important enjoyed further Listed wins in the Lough Neagh and Sunshine Coast Cup.



JAG GUTHMANN-CHESTER
LEADING METROPOLITAN
APPRENTICE WITH 23 WINS
PHOTO: NOEL PASCOE

NEW EVENTS

Many of the racing initiatives implemented within the financial year were delivered through industry consultation provided by the Thoroughbred and Country Racing Advisory Panels. A number of new events were added to the racing calendar, including the previously mentioned \$250,000 QTIS Jewel for 2YO and the \$125,000 Jewel for 3YO. The Battle of the Bush Series was also introduced for the Winter Carnival and culminated in a rich \$100,000 final at Doomben on Tattersall's Tiara Day. The series comprised of 16 qualifiers spread across the eight regions in Queensland and proved a major success.

Prior to the end of the season we announced a new Country Cups Challenge, including a \$70,000 final to be held at Doomben on George Moore Stakes Day, 1 December 2018. The final will comprise the winners of 16 Country Cups held throughout Queensland between September and November.



MATTHEW MCGILLIVRAY
WINNING THE QTIS JEWEL
WITH BOOMSARA
PHOTO: NOEL PASCOE

2017 THOROUGHBRED RACING AWARD WINNERS

In September 2017, we hosted the thoroughbred racing awards night which brought participants from across the State to celebrate and acknowledge the successes of the industry. During the night the following key awards were presented, reflecting their performance in 2016-17.

Queensland Horse of the Year

Yankee Rose

Queensland Jockey of the Year

Jeff Lloyd

Queensland Trainer of the Year

Tony Gollan

Queensland Apprentice of the Year

Tiffani Brooker

4YO & Older Horse of the Year

Most Important

3YO Horse of the Year

Yankee Rose

2YO Horse of the Year

Houtzen

QTIS Horse of the Year

Paradis Imperial

HALL OF FAME INDUCTEES

Hall of Fame Inductee (Associate)

PJ O'Shea

Hall of Fame Jockey

Ken Russell

Hall of Fame Horse

Buffering

Hall of Fame Trainer

Peter Moody

The awards ceremony for 2017-18 season was held in September 2018 and the winners will be published in the 2018-19 Annual Report.



CODE UPDATE

COUNTRY RACING

In 2017, the Queensland Government announced a four-year \$70.4 million package to support country racing. This was delivered in 2018 through the Country Racing Program Grant Deed.

This funding allows us to maintain non-TAB thoroughbred racing in Queensland at, or close to, the level delivered in FY17. The annual grant of \$17.6 million, includes \$2.6 million per annum for infrastructure repairs and maintenance and asset replenishment at country thoroughbred clubs.

The table (over page) illustrates how we met our obligations under the Deed with regards to spending on Country Racing. The Service Delivery Statement for the Department of National Parks, Sport and Racing contained an Effectiveness Measure for the percentage of country racing meetings in the approved schedule that are conducted. A total of 265 meetings were scheduled and 253 were delivered, we therefore achieved the target of 95 per cent.



THE ICONIC BIRDSVILLE RACES
PHOTO: SUPPLIED

As the \$2.6 million club infrastructure payment was only received on 29 June 2018, we did not have the opportunity to expend any funding in FY18. This value will be rolled forward into FY19 as allowable under the Deed.

We facilitated a number of Country Racing Series throughout the season including the Race to the Reef (won by Platinum Tycoon), Outback Showcase (won by Far North) and Race to Roma (won by Dennis Denuto).



PHOTO: NOEL PASCOE

BATTLE OF THE BUSH

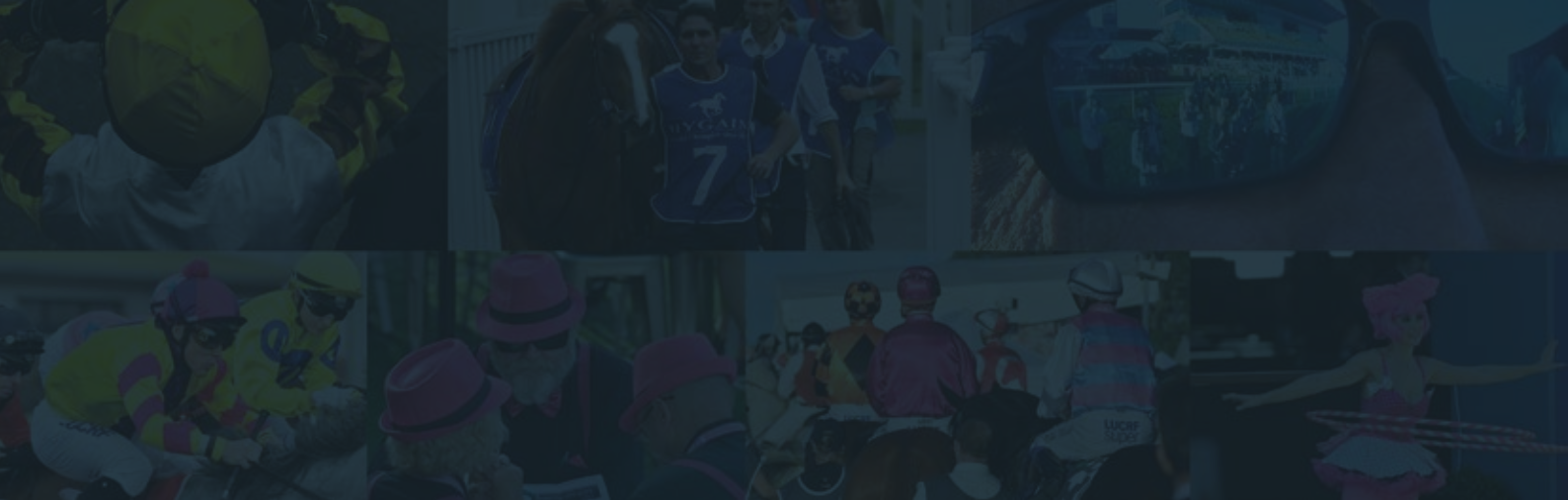
The inaugural Battle of the Bush Series, which comprised of 16 heats across Queensland, was well received by all.

We also partnered with racing enthusiasts in regional areas to provide a selection of video replays of each heat, which allowed punters to study the form prior to the \$100,000 final.

Participants and owners were welcomed to Brisbane at a function on the Friday night prior to the final.

The final, which was run on Group 1 Sky Racing Tattersall's Tiara Day was won in a tight finish by the well-travelled galloper Mason's Chance, trained by Mackay's Olivia Cairns.

The Battle of the Bush will now be complemented by the running of the 2018 Country Cups Challenge in the spring and summer months. The \$70,000 final will be run at Doomben on George Moore Stakes Day 1 December 2018.



COUNTRY RACING PROGRAM EXPENDITURE

	FY18 ('000)
State of Queensland Country Racing Program	\$15,000
Prizemoney paid non-UBET thoroughbred meetings	\$9,541
QTIS paid non-UBET thoroughbred meetings	\$751
Jockey Riding Fees, Superannuation and WorkCover for non-UBET meetings	\$3,846
Additional Country Racing Club Costs incurred by RQ*	\$5,278
Total Country Racing Expenditure	\$19,417
Net Over / (Shortfall) in Country Racing Program	\$4,417

**Note: Additional Country Racing costs include club meeting payments, marketing and overhead support functions within Racing Queensland and the funding of the QRIC.*



NOORAMA PICNIC RACE CLUB
PHOTO: SUPPLIED



2017 COUNTRY THOROUGHBRED RACING AWARD WINNERS

In September 2017, we hosted the thoroughbred racing awards night which brought participants from across the State to celebrate and acknowledge the successes of the industry. During the night the following key awards were presented, reflecting their performance in 2016-17.

Country Horse of the Year

Fab's Cowboy

Country Apprentice of the Year

Dakota Graham

Country Premiership Jockey

Dakota Graham

Country Premiership Trainer

Bevan Johnson

The awards ceremony for 2017-18 season was held in September 2018 and the winners will be published in the 2018-19 Annual Report.



COUNTRY WINNER: COUNTRY APPRENTICE OF THE YEAR & COUNTRY PREMIERSHIP JOCKEY OF THE YEAR, DAKOTA GRAHAM.
PHOTO: MICHAEL MCINALLY PHOTOGRAPHY

WINTER CARNIVAL & ORIGIN GREYHOUND SERIES

The Winter Racing Carnival started on 7 June 2018 and saw six nights of racing at Albion Park raceway. The Carnival was a huge success with five meetings ranking in the top 15 highest wagering turnover greyhound meetings ever recorded in Queensland.

The Carnival featured a new race (The Dashing Corsair), a new series (UBET Origin Greyhound Series), and a first prize of \$100,000 for the Group 1 Winter Cup.

The UBET Origin Greyhound Series, which followed the Winter Cup Final, significantly increased interest and the quality of the Carnival, by attracting the best greyhounds from across Queensland and interstate. The Series was promoted and supported through partnerships with Rugby League celebrities Terry Hill and Chris Walker, and through charity alignment with the Mark Hughes Foundation and the final State of Origin game held at Suncorp Stadium. Queensland won the Series with Jury winning the Sprint and Double Gee winning the Distance. NSW claimed a consolation prize by winning the Origin Greyhound Series Match Race with Mister Beluchi. The inaugural Origin Greyhound Series meeting recorded wagering turnover of more than \$3.2 million.

Other racing highlights during the carnival included Tornado Tears taking out the Group 1 Gold Cup and the Group 3 Superstayers. Mepunga Blazer broke the 520-metre track record in the heats of the Group 1 Winter Cup.

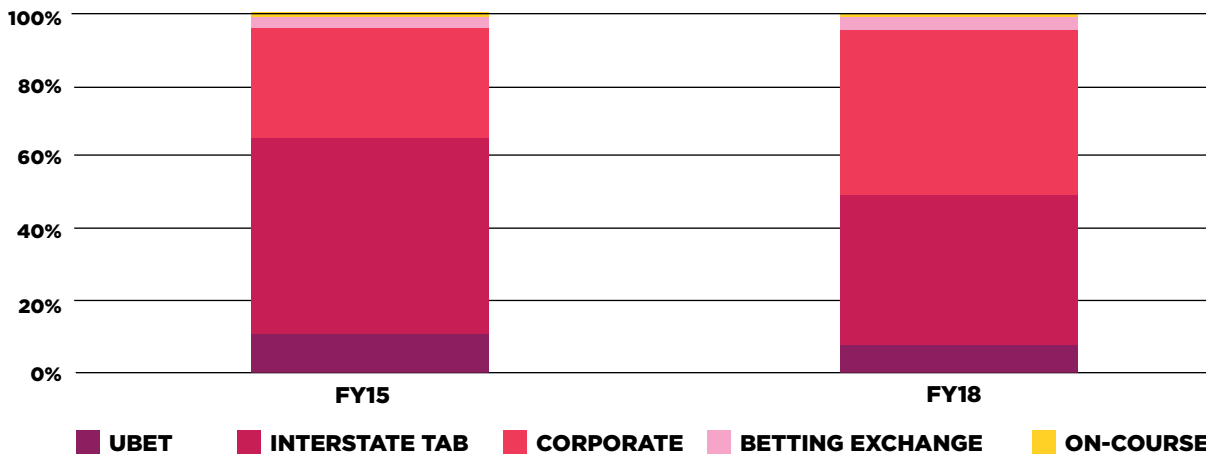
*CHRIS WALKER, HOLDS THE GREYHOUND ORIGIN SHIELD ALOFT FOR THE WINNING QUEENSLAND TEAM
PHOTO: BOX 1 PHOTOGRAPHY*





CODE UPDATE GREYHOUND

PROPORTION OF TURNOVER BY OPERATOR QUEENSLAND PRODUCT



QUEENSLAND PRODUCT TURNOVER

FY18 TURNOVER	\$0.8 BILLION
FY18 YOY	↑ + 17.1%
3 YEAR CAGR	↑ + 12.7%

QUEENSLAND PRODUCT REVENUE

FY18 REVENUE	\$17.5 MILLION
FY18 YOY	↑ + 17.0%
3 YEAR CAGR	↑ + 11.6%

Greyhound racing in Queensland continues to strengthen as it transforms to deliver the recommendations of the MacSporran Report. Queensland's greyhound racing code delivered a number of high profile events throughout the year that showcased Queensland on the national and international stage, which helped to continue the growth in wagering turnover and confidence.

Wagering turnover on Queensland greyhound races increased to \$0.8 billion. This represents an increase of 17.1 per cent when compared to FY17.

The revenue generated by Queensland greyhound races increased to \$17.5 million. This represents an increase of 17.0 per cent.

	TAB	Non-TAB	TOTAL
Licenced Clubs	4	3	7
Race Meetings	463	103	566
Races	4,746	724	5,470
Race starters	36,212	4,904	41,116
Average Field Size	7.6	6.8	7.5

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

PRIZEMONEY & INDUSTRY SUSTAINABILITY

In January 2018, we announced a \$3 million increase in returns to participants. This included increases in prizemoney and appearance fees as well as \$800,000 funding to support the sustainability of the industry. The sustainability payments are tiered and structured to encourage and promote confidence in the industry, more sustainable breeding and training practices, with some payments shared between the owner and breeder.

In June 2017, we also announced an increase of \$415,000 in prizemoney for greyhound racing.

NATIONALS

The 2017 Greyhound National Sprint and Distance Championships were hosted by the Brisbane Greyhound Racing Club in August 2017. We worked very closely with the club and UBET to deliver exceptional racing. This event generated over \$3.2 million in wagering turnover. In addition, the event attracted in excess of 1,000 people to the track to watch the races live.

The Group 1 National Sprint Final was won by Jury, trained by Tony Brett, and the Group 1 National Distance Final was won by champion stayer Fanta Bale for Victoria.

COUNTRY CUP

Albion Park hosted the inaugural Country Cup on 25 January 2018. This series supported participants north of Gympie, with local qualifier races in Rockhampton and Townsville. The event enhanced wagering returns and was well received by participants and will be conducted annually.

FINISH-ON-LURE (FOL)

The FOL trial that commenced in February 2017 concluded in October 2017. Key findings of the trial were published on our website and revealed:

- significantly less marring offences at FOL meetings
- no significant difference in the number of injuries at Catching Pen and FOL meetings
- approximately 50 per cent of respondents requested that the FOL be made available for at least some race meetings.

After considering the findings and discussion with the Greyhound Racing Advisory Panel we concluded that the FOL provided a valuable racing option for a significant portion of the industry and in May 2018 recommended using the FOL at four Albion Park meetings per month.



PHOTO: BOX 1 PHOTOGRAPHY



INNOCENT MAN, WINNER OF THE COUNTRY CUP
PHOTO: BOX 1 PHOTOGRAPHY

GRADING

To improve opportunities for greyhounds of all abilities, we introduced a number of enhancements to our Grading Procedures. All changes to the procedures were implemented following consultation with the Greyhound Racing Advisory Panel.

In February 2018, we introduced New Interstate Track Classifications and the Masters Age Re-Grade. The Interstate Classifications addressed the issue of both B and C level meetings being conducted at Lismore, Casino, and Grafton, which affects many greyhounds that race both in Queensland and northern New South Wales.

The purpose of the Masters Age Re-Grade is to allow older greyhounds to drop down in grade to find a more suitable level of racing if they haven't won a race in the preceding six months. As a result of this rule, 87 greyhounds older than 42 months had their grades lowered between February 2018 and June 2018.

In addition, from July 2017 we trialed new grading rules to enable top-grade races to be conducted more regularly by enabling greyhounds to progress into higher grades quicker. This has now been implemented.

To reduce scatchings and increase average field sizes a new grading schedule was introduced as a trial in May 2018. This new approach results in race meetings being graded closer to the actual day of the race meeting.

In February 2018, we increased the age restriction from 27 months to 30 months for all age-restricted Group races in Queensland. The purpose of this is to ensure the best quality and quantity of nominations received.



BRISBANE GREYHOUND OF THE YEAR, CYNDIE'S MAGIC
PHOTO: BOX 1 PHOTOGRAPHY

2017 GREYHOUND RACING AWARD WINNERS

In March 2018, we hosted the greyhound racing awards night which brought participants from across the State to celebrate and acknowledge the successes of the industry. During the night the following key awards were presented, reflecting their performance in 2017.

Greyhound of the Year

Fast Times (Tony Brett)

Brisbane Greyhound of the Year

Cyndie's Magic (Bill Elson)

Bundaberg Greyhound of the Year

Cabello Mucho (Tim Jones)

Cairns Greyhound of the Year

Hara's Flyer (Emma Bryant)

Capalaba Greyhound of the Year

Straight Shadow (Douglas Gladman)

Ipswich Greyhound of the Year

Little Ach Cee (Col Byers)

Rockhampton Greyhound of the Year

Twelve Plus Two (Dallas Beckett)

Townsville Greyhound of the Year

Innocent Man (Glen Olsen)

Darryl & Maree Heck Trainer's Strike-Rate Award

Craig Chandler

Brisbane Sire of the Year

Fabregas

Brisbane Dam of the Year

Regal Silver

Metropolitan Trainer of the Year

Bill Elson

Provincial Trainer of the Year

Mal Cuneo

Central Queensland Trainer of the Year

Mark Bube

Far North Queensland Trainer of the Year

Glen Olsen

Brisbane Leading Owner

Cynthia Elson

Top Simbi Award

2017 UBET Nationals

Young Achiever Award

Brodie Prater

Women in Racing Award

Rhonda Essery

HALL OF FAME INDUCTEES

Mick Cox, Miss Perlita, Acacia Ablaze, Tony Brett

2017 HARNESS RACING AWARD WINNERS

In October 2017, we hosted the harness racing awards night which brought participants from across the State to celebrate and acknowledge the successes of the industry. During the night the following key awards were presented, reflecting their performance in 2016-17.

Queensland Harness Horse of the Year

Leos Best

Trotter of the Year

Melpark Royal Son

Trainer of the Year

Grant Dixon

Driver of the Year

Shane Graham

Filly/Mare of the Year

Bettorthanspecial

Aged Pacer of the Year

Leos Best

Breeder of the Year

Solid Earth Pty Ltd (Kevin and Kay Seymour)

Owner of the Year

Raboki Pty Ltd (Shannon Price)

Concession Driver of the Year

Nathan Dawson

HALL OF FAME INDUCTEES

Hall of Fame Associate Inductee

Gary Keep

Hall of Fame Breeder

Mark Lichtwark

Hall of Fame Horse

Destreos

Hall of Fame Trainer/Driver

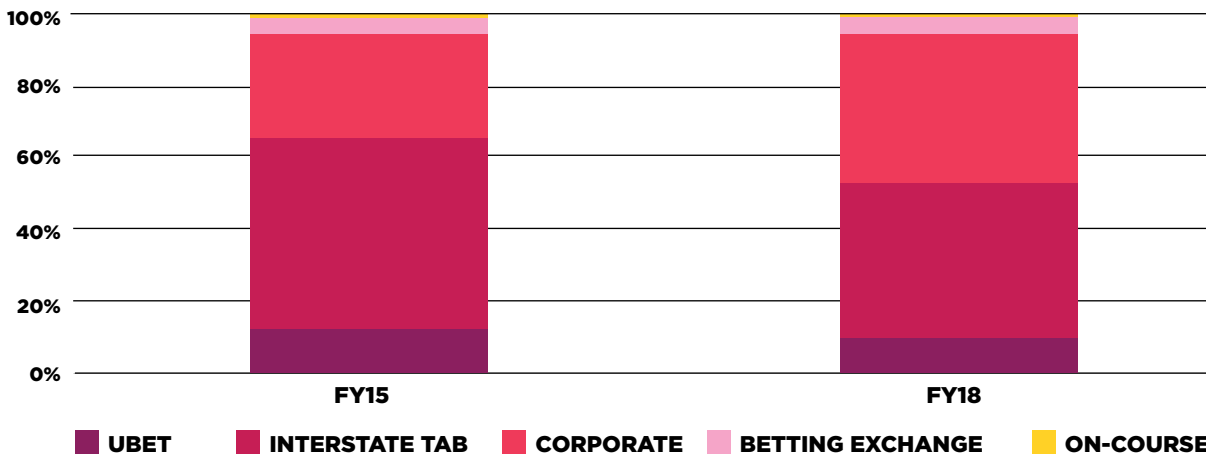
Graeme Bowyer

The awards ceremony for 2017-18 season will be held in October 2018 and the winners will be published in the 2018-19 Annual Report.



CODE UPDATE HARNESS

PROPORTION OF TURNOVER BY OPERATOR QUEENSLAND PRODUCT



QUEENSLAND PRODUCT TURNOVER

FY18 TURNOVER	\$0.5 BILLION
FY18 YOY	↑ + 8.8%
3 YEAR CAGR	↑ + 2.5%

The harness racing code saw some significant highlights and changes in FY18, which have resulted in improved wagering performance and confidence.

	TAB	Non-TAB	TOTAL
Licenced Clubs	2	3	5
Race Meetings	264	15	279
Races	2,237	95	2,332
Race starters	20,600	731	21,331
Average Field Size	9.2	7.7	9.1

QUEENSLAND PRODUCT REVENUE

FY18 REVENUE	\$10.2 MILLION
FY18 YOY	↑ + 2.9%
3 YEAR CAGR	↑ + 0.1%

The code saw Queensland wagering turnover increase to \$0.5 billion. This represents an increase of 8.8 per cent when compared to FY17.

The revenue generated by Queensland harness races increased to \$10.2 million. This represents an increase of 2.9 per cent.

A combination of factors has driven these results, including our refreshed approach to promoting the Queensland trots to punters, increasing the number of TAB races by almost 3 per cent (this included converting two meetings hosted by Marburg Pacing Association), and an enhanced racing program.

PRIZEMONEY & INDUSTRY SUSTAINABILITY

We announced over \$900,000 in annualised increases in FY18, with the full benefits to be realised during FY19. In addition to funding additional races to support a commercialisation strategy the increased stakes will help fund enhancements to the Winter Carnival, monthly M0 (Metropolitan Class) races and new QBRED feature races and bonuses.

The QBRED incentive scheme continued to make positive returns to the industry. We made a number of significant changes to this breeding incentive scheme. We re-introduced the 4YO first win bonus and introduced QBRED Cash. QBRED Cash has been well received and saw an additional 65 \$1,000 bonuses distributed to owners and breeders from February 2018 to the end of June 2018. We continued to offer over \$1.5 million in stakes and bonuses through the scheme.

In addition, we created the \$250,000 'All QBRED' race night at Albion Park Harness Racing Club. The meeting held in May 2018 saw the emergence of star 2YO Smart As Camm Be and Colt Thirty One continued his dominance at Albion Park.

QBRED 2YO stars for the year include Regulus and Smart As Camm Be. Both look to have bright futures.

WINTER CARNIVAL

The Winter Carnival continued to be Queensland's flagship harness event attracting the best from across Australasia.

Hector Jay Jay was successful in the UBET Blacks A Fake for trainer David Aiken. The All Stars Racing Stables from New Zealand, headed up by Mark Purdon and Natalie Rasmussen, took out the Derby with The More The Better.

The Oaks winner, Shartin, went from strength to strength after her Queensland campaign. She headed to the USA where she quickly became recognised as one of the leading horses in the world winning numerous feature races.

OTHER FEATURE EVENTS

In conjunction with the Albion Park Harness Racing Club we hosted the first ever all female drivers race meeting. The night featured drivers from across Australia including world champion reinswomen Kerryn Manning. The overall winner was Brittany Graham.

In 2017, we hosted the prestigious Australasian Young Drivers Championships. The last time this event was held here was in 2009. In a stirring finish to the Championships, Queenslander Narissa McMullen held off the fast finishing New Zealander Dylan Ferguson in the last of 10 heats to win the title. Narissa became the first Queenslander to win the series since Chris Petroff in 2000.



GRANT DIXON, WINNER OF HIS 6TH STRAIGHT QUEENSLAND LEADING TRAINER AWARD
PHOTO: DAN COSTELLO PHOTOGRAPHY



NATIONALLY

Harness Racing Australia (HRA) members agreed to the reformed whip rules which will see whip use restricted to a wrist and elbow action only. The new rule commenced on 1 September 2018.

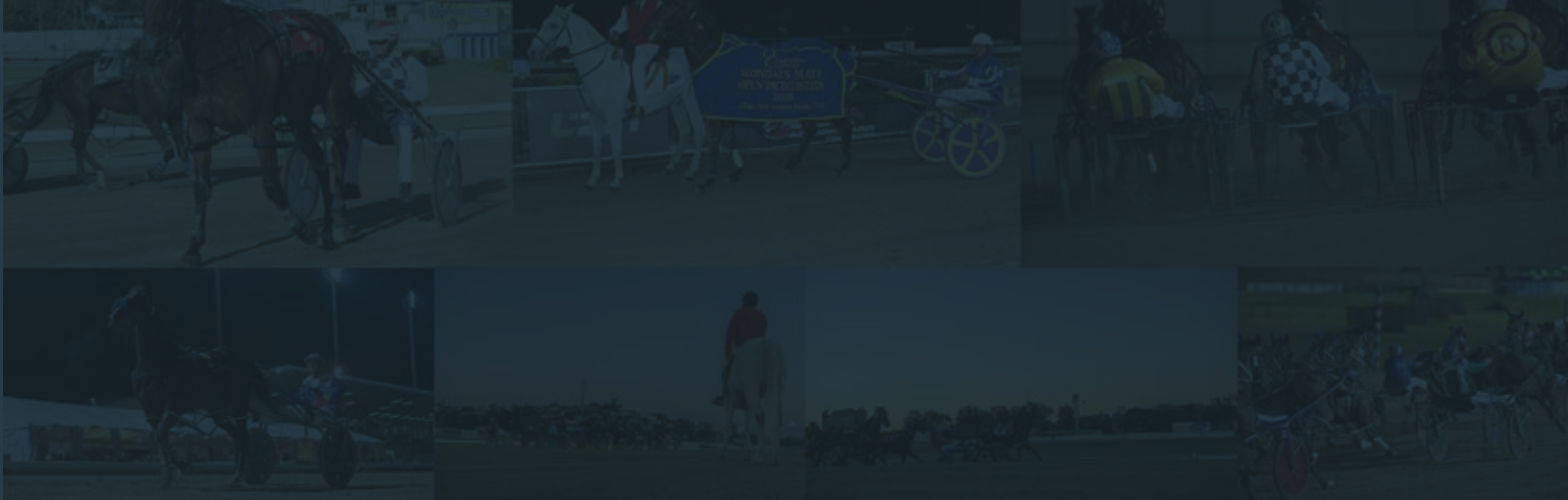
The microchipping of all new standardbred foals was completed for the first time. This will continue for the forthcoming season before the review of the need for both microchipping and freezebranding.

Work continues on a ratings based handicapping system to aid the formation of even fields to make our product more attractive from a wagering perspective and ensure competitive racing opportunities. This is likely to be trialed during 2018-19.

PREMIERSHIPS

In the 2017-18 season, Grant Dixon won his sixth straight Queensland leading trainer title with 286 winners. Grant was also recognised on the national stage being the leading Australian trainer.

Nathan Dawson was the leading driver and leading concession driver greeting the judge 208 times for the season.



OTHER

We supported a number of pony trot participants who attended the Miracle Mile meeting at Menangle, NSW, and competed in the Mini-Miracle.

The Queensland harness industry continued support for the Women’s Cancer Foundation Team Teal promotion and raised over \$10,000. The promotion was also supported by our wagering partner, UBET, and Albion Park Harness Racing Club and Redcliffe Peninsula Harness Racing and Sporting Club.

At the end of May, we launched the ‘In the Driver’s Seat’ promotion. Racegoers enjoyed the opportunity to experience the thrill of harness racing first hand in an exhibition race.

A range of new racing initiatives were introduced

during the year, primarily targeted at the grassroots participants and horses. These included the Aspirational and Perseverance races at Albion Park and the Marburg to Metro heats and Finals series which continue to attract good nominations.

Star 3YO, Colt Thirty One, took out one of the nation’s prized races the Victoria Derby in February. Run at Victoria’s Tabcorp Park Melton, Colt Thirty One came from well back with a lap to run to defeat a star-studded field.

Tuesday 17 July 2017 marked the end of an era in Queensland harness racing when veteran pacer Destreos finished his Queensland career. Known as the ‘Freak from the Creek’, Destreos won 73 races at Albion Park, a record unlikely to ever be broken.



LOOKING AHEAD

We are introducing a number of enhancements in the 2018-19 season, including:

- Hosting the Australian Female Drivers Championship for the first time (9 March 2019)
- Hosting the Australasian Young Drivers Championships for a second year running (November 22 – 24 2018)
- Enhancing the Winter Carnival program
- Continued conversion of Marburg non-TAB to TAB
- \$350,000 APG 2YO finals to be run at Albion Park on 11 May 2019
- Introduction of new QBRED features including a Double QBRED race for 2YO Pacers and a 2YO Trotters feature.

PHOTO: DAN COSTELLO PHOTOGRAPHY



Punters Land.

VIDEO REPLAYS THIS YEAR

Sessions: 2.2 million. Up 120%
Pageviews: 3.3 million. Up 137%

PUNTERS LAND SOCIAL CONTENT

1.7 million minutes viewed of video content
4.1 million (3-second) video views
11.0 million+ impressions nationally
(‘Cut to the Chase’, Digital TVC’s, ‘Runners to Watch’)

WE’RE RACING EVERYWHERE

216 events promoted across 3 codes
7.4 million total impressions from the campaign
Over 12,000 click throughs to an event page

*PHOTO: STILL FROM THE PUNTERS LAND PRODUCTION
‘CUT TO THE CHASE’ WITH SAM HYLAND AND UBET’S NICOLE THOMAS*

MARKETING & PROMOTION

Our marketing team continued to focus on increasing engagement with industry, attracting new audiences, supporting clubs to attract more racegoers and increasing wagering consumers' confidence by providing greater insights.

During the year we updated our website and developed audience specific social media pages, Racing Queensland Events and Puntersland. These updates have enabled us to deliver race previews, and form and analysis. We also continued the 'We're Racing Everywhere' campaign to broaden exposure of racing across the State.

To drive coverage and shine the light on our racing products on the national and international stage, our marketing team developed promotional campaigns around specific events. This approach delivered significant results in wagering performance. For example, the UBET Greyhound Nationals saw the highest ever greyhound wagering turnover result in Queensland.

We also developed and delivered a number of online video previews to highlight UBET Origin Jockey Series, UBET Queensland Summer Carnival, Magic Millions and the Queensland Winter Racing Carnival.

We continued to collaborate and build partnerships with Punters.com.au and Newscorp while our partnerships delivered increased

sponsorship, enhanced editorial and content to promote clubs and racing in Queensland.

As part of our support provided to country and regional racing, we continued to develop the thoroughbred Country Racing Series, including the Battle of the Bush, Road to Roma, Race to the Reef and Outback Showcase. The Battle of the Bush series was exceptionally well received by stakeholders, the racing media and the broader community.

To support and promote harness racing, the Winter Carnival offered the 'In The Driver's Seat' promotion where racegoers and punters alike had the opportunity to win a lap around Albion Park or Redcliffe, with the help of an experienced driver and harness horse.

RACE and PACE industry publications were reviewed and revised to bring the publications into a more contemporary magazine look and feel. We also partnered with all three codes to host awards nights to celebrate industry champions for their respective racing codes. In addition, we hosted the 2017 Australian Racehorse of the Year Awards.

The year concluded with the development of the inaugural Origin Greyhound Series. The Series received great recognition in the racing industry for its ability to push into mainstream sports marketing circles.

We're Racing Everywhere!

WEBSITE, SOCIAL & EVENT STATISTICS FOR 2017-18

	2017-18	YOY Change
Website sessions	2.2 million	Up 32%
Website users	0.6 million	Up 32%
Pageviews	11.9 million	Up 57%

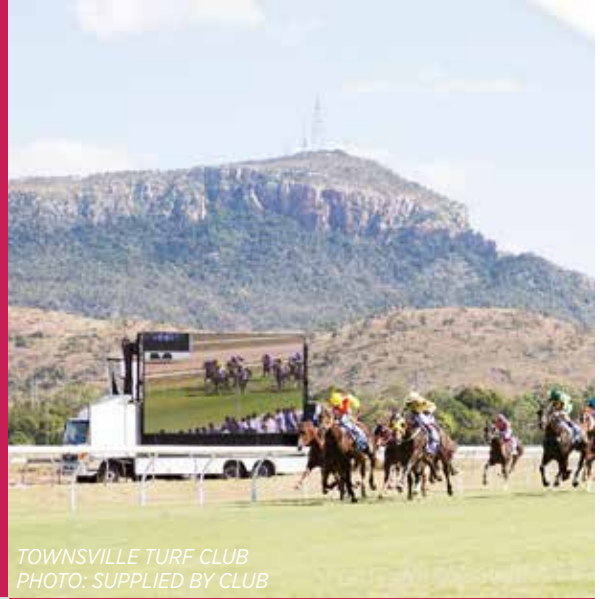
THOROUGHBRED

We continued to work with clubs across the State to ensure that facilities and surfaces deliver exciting racing as well as improve animal welfare. During the last 12 months we provided on-site advice to Mount Isa Race Club, Charters Towers Amateur Race Club, Clermont Race Club and Emerald Jockey Club to enable clubs to rectify and maintain their racing surfaces.

We worked with Townsville Turf Club and Mackay Turf Club to rectify the racecourse proper at these clubs.

We also undertook a full audit and analysis of the racing surface at Rockhampton Jockey Club, Bundaberg Race Club, Ipswich Turf Club, Gold Coast Turf Club and Dalby and Northern Downs Jockey Club.

In addition, we conducted emergency renovations of the racing surface at Beaudesert Race Club.



TOWNSVILLE TURF CLUB
PHOTO: SUPPLIED BY CLUB



NEW LURE AT ROCKHAMPTON GREYHOUND RACING CLUB
PHOTO: SUPPLIED

GREYHOUND

In March 2018, the Albion Park greyhound track was successfully renovated by the Brisbane Greyhound Racing Club. The works included testing the track base and completely replacing the surface with new sand.

We replaced the old lure for the Townsville Greyhound Racing Club. The works were completed in June 2018, with the loss of no race meetings.

At the Rockhampton Greyhound Racing Club, we also installed a new cable driven lure. Works were completed in June 2018, with no loss of race meetings. The new lure mechanism has been designed for future flood events.

HARNESS

We resurfaced the racing surface for Marburg Pacing Association as well as upgraded participant facilities.

We also installed a new semaphore board for Redcliffe Peninsula Harness Racing and Sporting Club.

We commenced the installation of mechanical standing start system at Albion Park Harness Racing Club and Redcliffe Peninsula Harness Racing and Sporting Club.



MARBURG EASTER TROTS
PHOTO: SUPPLIED BY CLUB

INFRASTRUCTURE

Our Infrastructure Plan was published in September 2017. The Plan was developed following independent analysis of industry needs and engagement with stakeholders.

Our infrastructure goals are to 'enhance racing infrastructure and use the commercial leverage of industry assets to improve sustainability'.

Our Plan highlighted that we faced significant challenges meeting industry and race club requirements and expectations within existing budgets.

Government funding, from the Racing Infrastructure Fund (RIF), is being used for the following projects:

- Country and Regional Capital Works Program
- Ipswich Turf Club Redevelopment
- Eagle Farm Track Remediation
- Brisbane Racing Club Critical Infrastructure.

A key focus for the year has been the identification and delivery of new harness and greyhound facilities. The Expression of Interest (EOI) process commenced in May 2017. The process identified over 40 potential sites that were assessed against our criteria. We identified a number of potential sites that we continue to investigate.

We also reviewed our priorities and submitted an update on the status and implementation of the projects to the Minister for Racing.



ARTIST IMPRESSION ONLY - IPSWICH TURF CLUB

RACING INFRASTRUCTURE FUNDING SUMMARY

	PROJECT \$ '000	GRANT DEED FUNDING	ACTUAL PROJECT COSTS FOR THE LIFE OF THE PROJECT TO THE 30/06/2018	FUNDS RECEIVED FROM GOVERNMENT FOR THE LIFE OF THE PROJECT TO 30/06/2018
LEGACY	Eagle Farm Track, Brisbane ^{*1}	10,000	9,946	9,946
	Cluden Park, Townsville ^{*2}	7,000	6,995	7,000
	Eagle Farm Infield, Brisbane	12,000	12,000	12,000
CURRENT	Bundamba Racecourse, Ipswich	13,000	1,618	969
	Country & Regional Capital Works Program	6,000	1,019	94
	Eagle Farm Track Remediation, Brisbane	3,700	3,133	0
	Brisbane Racing Club, Brisbane	3,500	701	701
	TOTAL	55,200	35,412	30,710
NOTES	*1 - This relates to the 2014 project. The outstanding element of the project is the installation of sectional timing system that has been impacted by the subsequent development activity at Eagle Farm.			
	*2 - This relates to the 2015 infrastructure project that was completed in 2017.			
<i>Due to rounding, numbers presented may not add up precisely to the totals provided.</i>				

VENUE INSPECTIONS

During the year we visited and undertook inspections of all thoroughbred, harness and greyhound racing venues across the State.

Inspections focussed on ensuring compliance with the Minimum Venue and Equipment Standards and provided education about those standards to the clubs.

Following each inspection, we provided the club a report detailing our findings along with recommendations and timeframes to rectify any non-compliance with the published standards.



ALBION PARK HARNESS RACING CLUB AT TWILIGHT
PHOTO: MICHAEL MCINALLY PHOTOGRAPHY



NEW LURE AT TOWNSVILLE
GREYHOUND RACING CLUB
PHOTO: SUPPLIED



NOORAMA PICNIC RACE CLUB
PHOTO: SUPPLIED

EDUCATION & TRAINING

VANDYKE RACING .COM

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As a Registered Training Organisation (RTO), we provide a range of nationally recognised training to support new entrants to the industry as well as ensuring participants are kept abreast of the latest standards.

Training programs are run at Deagon as well as selected tracks and schools around the State. We continue to review and improve the service and training we provide. We tailored our delivery model to ensure that all apprentices receive quality training, especially in remote locations.

We appointed Regional and Remote Apprentice Mentors. These key positions provide apprentices access to experienced and trusted advisors to support them through their training. In addition, we developed a suite of compliant resources, with the aim of ensuring consistency and delivery of quality training.

We have established the Riding Skills Panel as part of our continued commitment to working with industry.



WELFARE

We are committed to the welfare of all participants and have established a Welfare Department.

We also manage a re-skilling program for injured jockeys suffering career ending injuries. We have been working with Ben Saunders since his accident on 8 April 2017 to continue his career in racing. Ben Saunders and fellow rider Wade Clasohm were involved in an accident that left them both severely disabled. We have been supporting Ben with additional tuition to enable him to complete the Certificate IV Workplace Training and Assessing course. He is also employed as our Eastern Downs Workplace Trainer and Assessor based at Toowoomba. Ben is planning to complete his course in October 2018.

We coordinated emergency response systems for injured jockeys, liaising with the injured jockey's next of kin, the injured jockey and the Queensland Jockeys' Association doctor.

We plan to expand our service to also include harness drivers.



PROGRESS TOWARDS THE DELIVERY OF OUR STRATEGIC PLAN

Our Strategic Plan 2018-21 is a key element of our performance management framework. The published Strategic Plan identified a number of key performance indicators to enable us to track progress towards achieving our strategic objectives and ultimately the delivery of our vision of connecting people through the thrill of racing.

The indicators provide a broad measure of targets to assess progress. They do not provide a comprehensive measurement of every activity but are chosen to clearly show progress towards the achievement of our mission to be Queensland's favourite sport and Australia's best racing jurisdiction.

Our overall performance against this Plan for FY18 is demonstrated within the report with a summary provided below against each strategic objective.

Beyond FY18, our strategic objectives and indicators have been modified slightly and may continue to evolve as necessary in response to changes in our commercial and operating environments.

STRATEGIC PLAN FY18- FY21



Commercial

Manage and drive the commercial performance of the business of racing in Queensland.

Key Performance Indicators

- Grow total revenue by 5% by FY2020
- Grow net wagering revenue by 8% by FY2020
- Achieve budget
- RQ's market share of wagering in line with Qld's share of national total races by FY2022
- Reduce overhead costs as a percentage of net wagering revenue by FY2020

Improving the commercial performance of the business has been a key focus in FY18. Our performance against the indicators for this objective indicate that we are tracking favourably, with total revenue growth of 5.9 per cent to \$254.2 million against FY17 and net wagering revenue growing by 3.5 per cent to \$181.3 million against FY17. Consumer behaviour and a highly competitive wagering environment continued to present challenges in increasing wagering revenue.

Total expenses against FY17 grew by 6.3 per cent. This increase was predominantly driven by the increase in returns to participants of \$10.8 million against FY17.

We worked with the State government to develop a roadmap to deliver a more viable racing industry in Queensland.

STRATEGY



Industry Sustainability

Create a sustainable racing industry in Queensland.

Key Performance Indicators

- Long-term funding solution in place for community racing events by FY2020
- 10% reduction in the number of lost work days impacting injured jockeys and apprentices
- Increase returns to participants by 11% by FY2020
- Race clubs to be fully compliant with RQ licensing requirements by FY2020

Securing the four-year \$70.4 million Country Racing Program which commenced in FY18, has provided security and a guarantee for non-TAB thoroughbred racing. The funding includes \$10.4 million for infrastructure investment.

This funding enabled us to implement an increase in prizemoney for TAB racing from February 2018. The net impact of these changes has been an increase of returns to participants of \$10.8 million or 6.6 per cent in FY18 against FY17.

Our focus in FY18 has been on improving and streamlining club licencing requirements, which has significantly improved the number of clubs providing the required information within agreed timelines.

Whilst we establish our baseline to measure the reduction of lost working days by injured jockeys and apprentices, we continued to work with jockeys and apprentices to ensure that they receive the support they required.



Community

Racing to be recognised as a significant contributor to the Queensland community.

Key Performance Indicators

- Identify and grow economic impact of racing to the Queensland economy
- Develop and implement a reconciliation action plan
- Improvements to animal welfare outcomes funded by new initiatives identified and introduced or supported by RQ by FY2020

In September 2017, we published a report that illustrates the size and scope of the Queensland racing industry. The study identified that the Queensland racing industry's contribution to the State's economy was \$1.2 billion and that 41,800 individuals participate in the sport. The report and summaries can be found on our website at: www.racingqueensland.com.au/research.

We continue to place animal welfare at the centre of what we do. This has been achieved through our investment in infrastructure, in particular through the Country and Regional Capital Works Program that has delivered a number of projects to improve animal and participant safety. We have also worked with the QRIC to implement a number of measures to improve integrity of the codes. As detailed within the code updates these ranged from trialling new policy initiatives to engaging with other Principal Racing Authorities on changes to the rules of racing.

We have not commenced developing a reconciliation action plan.



Infrastructure

20+ year plan to meet operational requirements, customer expectations and leverage industry assets.

Key Performance Indicators

Deliver the following infrastructure projects by 2020:

- Revitalise facilities at Ipswich Turf Club
- Night racing at the Gold Coast
- At least one new or replacement harness racing venue and two new or replacement greyhound racing venues, one of which offering a one turn track
- Country and regional capital works package

We progressed a number of projects that were identified in our Infrastructure Plan that was published in September 2017. We have also found it necessary to undertake emergent works at a number of racing venues.

Current projects approved for funding from the Racing Infrastructure Fund include:

- \$13 million redevelopment at the Ipswich Turf Club
- \$6 million Country and Regional Capital Works Program
- \$3.7 million for the track remediation works at Eagle Farm Racecourse
- \$3.5 million for an upgrade of racing and other infrastructure at the Brisbane Racing Club's Eagle Farm and Doomben Racecourses

The redevelopment at Ipswich Turf Club aims to ensure the club's infrastructure needs for the future and allow for potential new income streams to assist the club to grow non-racing revenues. To avoid any disruption to the Ipswich Cup meeting, we agreed with the club to delay the main component of the construction works until after the Cup meeting, with these major works expected to commence in the Spring of 2018. Work is underway with a construction site established and we have delivered the enabling works package ahead of the main contract.

The Country and Regional Capital Works Program will deliver over 320 individual project components at venues across the State. Projects were primarily prioritised and selected based on improving the welfare and safety of animals and participants. We continue to work with clubs to scope and procure the works. Examples of works being delivered through this program are barrier upgrades, stewards/camera tower upgrades, irrigation works, minor track upgrades and the supply of various equipment.

We are also currently progressing with preliminary works on other priority projects identified within the Infrastructure Plan, including a proposed redevelopment at the Gold Coast Turf Club, comprising the installation of lights for night racing, refurbishment of the racing surface and development of a synthetic track on the inner of the main track. In addition, we also continued our process to identify new or replacement harness and greyhound racing venues.



Organisational

Develop organisational systems and capability to improve performance delivery and efficiencies.

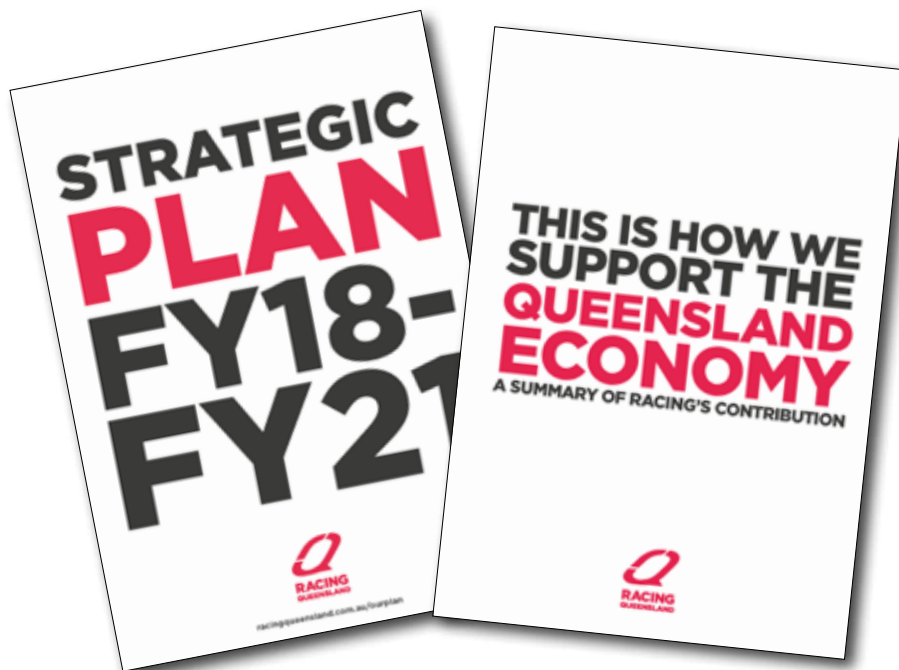
Key Performance Indicators

- Grow website traffic by 15% per annum by FY2020
- Grow audience engagement by 15% per annum by FY2020
- Establish and improve agency-stakeholder satisfaction score sentiment
- Establish and set goals for employee engagement (baseline set in FY2018)
- Recognition as an employer of choice by FY2020

As detailed within the Marketing section, we have made a number of significant amendments to our online resources and presence. These have had positive impacts on our financial performance. The number of website sessions increased by 32 per cent and pageviews by 57 per cent against FY17.

We undertook a staff survey in FY18 which has established our employee engagement as well as identified our organisational strengths and opportunities that will help us achieve becoming an employer of choice by FY20.

We continue to build and strengthen our relationships with partners and stakeholders.



OUR CONTRIBUTION TO THE QUEENSLAND GOVERNMENT'S OBJECTIVES FOR THE COMMUNITY

We contribute to the delivery of the following 2017-18 Queensland Government's Objectives for the Community.

CREATING JOBS IN A DIVERSE ECONOMY

Our funding and management of the codes of racing continues to create and maintain jobs directly and indirectly related to the racing industry. There are 41,800 individuals employed or directly engaged within the Queensland racing industry.

Our infrastructure investment injects additional jobs into the State's economy.

DELIVERING QUALITY FRONTLINE SERVICES

Our enhanced website, new information technology and management systems, and engagement model is improving the service we provide to participants and racegoers.

Our continued investment in our people and introduction of performance development framework is helping to improve the services we deliver.

PROTECTING THE ENVIRONMENT

Our infrastructure investments are in line with responsible development procedures and all relevant planning legislation.

We work with race clubs across Queensland to ensure compliance with work health and safety and environmental requirements.

BUILDING SAFE, CARING & CONNECTED COMMUNITIES

The delivery of racing across Queensland provides a number of community and social benefits including:

- building inclusive and welcoming communities featuring powerful collaborative partnerships and relationships

- education and training of participants, club staff and volunteers
- providing leisure opportunities for hobby participants as well as facilities for other leisure activities.

Going forward we will contribute to the following Objectives for the Community:

- Create Jobs in a strong economy
- Keep Communities Safe
- Be a responsive Government.

COMPLIANCE WITH WHOLE-OF-GOVERNMENT PLANS

In 2017, we commenced implementation of the Queensland Government Procurement Policy to enhance our decisions and help Queenslanders prosper, make it easier for local businesses, and to create and sustain real value.

MACHINERY-OF-GOVERNMENT CHANGES

A number of changes in the machinery-of-government were implemented by the Queensland Government following the 2017 State elections.

From 12 December 2017, we started to report through the Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs. Prior to the changes we reported through the Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs.

DIRECTIONS FROM THE MINISTER

There were no Ministerial directions issued under section 44 of the *Racing Act 2002* to Racing Queensland in 2017-18.

The Minister for Racing re-confirmed the Direction of 18 July 2013 from the then Minister for Racing. The Direction in essence requires us to seek approval from the Minister prior to entering into an agreement or paying an account exceeding \$1 million.

FUTURE STRATEGY

As we adjust our strategic plans to address the immediate challenges and opportunities, we will continue to develop and build on the strengths of the Queensland racing industry.

The strengths of the industry are broad reflecting the size and scale of the racing industry in Queensland. We will seek to engage productively with the 130 licensed race clubs that create a network that reaches right across the State. Irrespective of the number of meetings they host, clubs play an important social and economic role in community life. They provide benefits including:

- building inclusive and welcoming communities featuring powerful collaborative partnerships and relationships
- education and training of participants, club staff and volunteers
- providing leisure opportunities for hobby participants as well as facilities for other leisure activities
- creating employment and a variety of career opportunities locally and within the wider region.

We will seek to mobilise the passion, drive and commitment of the 41,800 racing participants to continue to invest, grow and deliver exciting racing.

Looking forward we will also seek to build on our foundations.

Developing and delivering exciting racing across the whole State. We have established the Summer and Winter Racing Carnivals as a celebration of all codes. We will look to develop and enhance these Carnivals as well as develop racing series to capture our strengths and reach.

Feature events will also play a more important role to help drive commercial returns, increase interest and support clubs to attract new racegoers.

Stabilise our finances. Our key revenue streams are dependent on the performance of wagering partners. We will continue to engage with all our partners to ensure greater stability. This will enable us to increase returns to participants responsibly.

Support the transition and transformation of racing. Like many industries, we need to ensure that we remain current and relevant today. We are also seeing a shift in participants with more women taking leading roles across all aspects

of the industry. The challenge will be ensuring our infrastructure can support this transition, in particular jockey and driver facilities.

Our engagement through the advisory panels and workshops provided a foundation for engagement and collaboration. We will build on this to continue to co-produce solutions.

Infrastructure priorities going forward for each code are detailed below.

Thoroughbred: One of our opportunities going forward is to increase our capacity to deliver racing under lights in South East Queensland. This investment would complement existing infrastructure and open new product.

Other identified major priorities include refurbishment and upgrading of facilities at the Gold Coast and Sunshine Coast Turf Clubs.

Country racing: We will develop a yearly program of infrastructure works including repairs and maintenance to deliver the \$2.6 million annual infrastructure and maintenance allocation under the Country Racing Program.

Greyhound: We will continue to identify and endeavour to secure replacement sites for Brisbane Greyhound Racing Club and Ipswich Greyhound Racing Club.

In consultation with the Townsville Greyhound Racing Club, we negotiated a new lease at the existing site and will continue to improve welfare outcomes and participant experience.

Harness: We have identified an opportunity to support, promote and stimulate grassroots harness racing in the south east Queensland region.

We will continue to identify a solution to unlock Albion Park raceway to maximise outcomes and benefits for the Queensland racing industry as a whole, including seeking to identify and secure an alternative racing venue.

We are also undertaking pre-planning works on a number of other potential major projects. These proposed projects are subject to Government approval.

MANAGEMENT & 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. We are 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 Corruption Act 2001*.

Our governance structure has been established to set direction and oversee performance. Information about strategic and operational performance is provided by our analytics, human resource and financial systems. Strategic and operational direction is communicated and managed through our Commercial Plan and targets as well as a structured risk management process.

GOVERNANCE

The Racing Queensland Board has seven members constituted in accordance with the *Racing Act 2002*. The term of the current Board expires on 20 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.

Our governance incorporates the cultural and operational aspects of our organisation that are influenced by our actions and decisions and includes the concepts of:

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

We updated our Code of Conduct to reflect the Queensland Public Service Code of Conduct and it aligns 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.

Our 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
- HR and Remuneration Committee (established June 2017).



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BOARD MEMBERS

STEVE WILSON AM CHAIR OF THE BOARD

Steve Wilson AM had an extensive career in the investment industry in the United Kingdom and Australia. He led the Brisbane stockbroker Wilsons to become a national leader in emerging companies whilst also establishing investment management companies Hyperion (1996) and Pinnacle (2006). Currently ASX 300 Pinnacle's affiliates have funds under management of \$45 billion.

He is a director of Pinnacle Investment Management Group, Centre for Independent Studies, Racing Australia, Australian Oil Shale Holdings and The Committee for Brisbane. He previously chaired South Bank Corporation (16 years), 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 is the CEO of the Dawsons Group, a diversified heavy engineering and services company operating nationally from workshops in Cairns, Townsville, Mount 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.



SUSANNAH GEORGE MEMBER

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.



MARK SOWERBY MEMBER

Mark 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 on the Boards 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).



MARGARET REYNOLDS MEMBER

Margaret has over 50 years involvement in all aspects of harness racing as a breeder, owner and licensee and was previously the Secretary/Treasurer of the Queensland Breeders Owners Trainers Reinspersons Association.

She 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.



DALE CARTWRIGHT MEMBER

Dale 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 Racing Advisory Panel meetings. He is also a former President of the Brisbane Greyhound Racing Club.



MAX WALTERS OAM MEMBER / CHAIR OF AUDIT & RISK COMMITTEE

Max 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.



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ATTENDANCE OF BOARD MEETINGS & 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	Steve Wilson AM	10	4	3	1*
Deputy Board Chair / Chair Rem & HR	Sharon Dawson	9	4	-	2
Member	Margaret Reynolds	9	4	-	-
Member	Dale Cartwright	10	4	-	-
Member	Mark Sowerby	8	4	-	-
Member / Chair of ARC / Member Rem & HR	Max Walters OAM	9	4	3	1
Member / Member Rem & HR	Susannah George	8	2	-	2
Total No. of scheduled meetings		10	4	3	2

*Meeting attended in an observer capacity, not as a member of the Committee.

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. He had over 30 years with global professional services firm Ernst & Young. After retiring from EY in 2015, he was appointed to a number of boards of Australian companies, including three ASX listed companies. Mr Dennis 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.

EXECUTIVE LEADERSHIP TEAM

AS AT 30 JUNE 2018

CHIEF EXECUTIVE OFFICER
BRENDAN PARNELL

**GENERAL
MANAGER
RACING**

**GENERAL
MANAGER
SALES &
MARKETING**

**GENERAL
MANAGER
STRATEGY
& POLICY**

**GENERAL
MANAGER
PEOPLE &
PERFORMANCE**

SIMON
STOUT

ADAM COWARD

MARY COLLIER

MICHELLE
MCCONACHY

Strategy &
Operations
Thoroughbred

Strategy &
Operations
Harness

Strategy &
Operations
Greyhound

Education &
Jockey/Driver
Welfare

Corporate
Affairs

Brand
Management

Wagering &
Partnerships

Digital Media

Corporate
Strategy

Government
Liaison

Club Licensing
Compliance

Club
Commercial
Development

Human
Resources

Employee
Communications

**CHIEF
FINANCIAL
OFFICER**

**ACTING
GENERAL MANAGER
INFRASTRUCTURE**

**GENERAL
COUNSEL
& BOARD
SECRETARY**

**GENERAL
MANAGER
- SPECIAL
PROJECTS**

MICHAEL DAHL

DARREN WEIR

TARA HASTINGS

JUSTINE
HENWOOD

Finance

Business
Analysis

Commercial
Development

Procurement

Information
Technology (IT)

Infrastructure
Strategy &
Development

Master Planning
& Development

Racing
Infrastructure

Capital Projects

Legal Services

Board Services

OUR PEOPLE

We aim to create an environment where our people are engaged and aligned with the strategic direction of the organisation and can reach their full potential.

Our workforce is comprised predominantly of full-time staff based at our head office in Deagon.

As at 30 June 2018, we employed 87.3 full-time equivalent employees (FTE), excluding Board Members. More than 80 per cent of staff are permanent with an increasing number of temporary or fixed term roles created to provide additional flexibility in the short term.

In FY18, there were four employees working on a permanent part-time basis, an employee on a temporary flexible working arrangement, and two employees participating in formal telecommuting arrangements.

The separation rate for permanent employees was 41.4 per cent compared to 43 per cent for FY17.

The separation rate reflects the significant transformational change agenda that had commenced in FY17 and an organisational redesign that was undertaken following commencement of a new Chief Executive Officer in Q4 FY18.

EXECUTIVE LEADERSHIP TEAM

Our executive leadership team oversees the organisation's strategic direction and performance. The group is assisted by the Audit and Risk Committee and the Remuneration and HR Committee.

The executive leadership team's role is to:

- Administer the rules of racing
- Implement sound policies
- Establish and maintain standards of safety and integrity
- License race clubs, venues and monitor their activities and performance
- Monitor the condition of racecourses and work with race clubs to ensure courses are maintained to a suitable standard
- Commission and undertake research and promotional activities
- Administer industry funding and commercial agreements
- Represent the Queensland racing industry on the three peak national bodies (Racing Australia (RA), Harness Racing Australia (HRA) and Greyhounds Australasia Limited (GAL)) and their subcommittees
- Develop an effective racing product and program mix
- Provide an effective and efficient system for the distribution of prizemoney and other industry funding.

WORKFORCE PLANNING & PERFORMANCE

Our talent management approach is to incorporate essential talent activities with critical talent growth by selecting the right people for the right roles, developing their potential, igniting their enthusiasm, building commitment, and supporting them through cultural change.

Talent management underpins our success and is planned and executed in line with our current and future business goals. Our focus has been on improving effectiveness by:

- building depth in our leadership bench strength
- creating flexibility and agility in our workforce to meet rapidly changing market conditions.

Commencing in FY18, our structured talent management process aimed to systematically close the gap between our existing human capital and the required leadership talent to respond to tomorrow's business challenges.

In June 2018, we conducted final performance reviews for all employees. The performance reviews were based on a new and bespoke performance management system that provided ongoing support to develop our employees and continue to improve our performance.

During FY18, we recognised the following service milestones:

- 5 years' service 2 employees
- 15 years' service 1 employee
- 40 years' service 1 employee

COMMITTEES

AUDIT & RISK COMMITTEE

The Audit and Risk Committee was established in August 2016, and operates under an audit charter which defines the purpose and responsibility of the Committee. The charter is reviewed annually and approved by the Board.

The role of the Committee is to provide advice to the Board on risk, control and compliance frameworks, including our external accountability and responsibilities.

The internal audit function is independent of management and external auditors and is outsourced to Protiviti.

The effectiveness of the internal audit function is monitored by the Audit and Risk Committee, with the outsourced internal auditor attending Committee meetings and 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 FY18 in the following areas:

- Cybersecurity
- Project Assurance
- IT Penetration Testing
- HR & Payroll
- Procurement & Accounts Payable.

The Committee continued its focus on embedding our risk management framework with a goal of improving the visibility and management of risks faced by the business.

The Board maintain a risk appetite that guides the decision-making frameworks across the organisation. The Committee reviewed new and emerging risks, including the establishment and monitoring of mitigation strategies.

Risk management enables us to:

- Meet strategic objectives
- Encourage proactive management of strategies to identify and manage risks
- Promote a positive risk management culture integrated across RQ
- Ensure a continuous improvement regime across RQ
- Establish an effective method for decision making and planning

- Improve operational effectiveness and efficiencies throughout RQ
- Establish the roles and responsibilities of risk management throughout RQ.

The goal is not to eliminate all risks, but rather to manage risks involved in our functions and services and to maximise opportunities whilst minimising negative exposures.

Our 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.

REMUNERATION & HUMAN RESOURCES COMMITTEE

The Remuneration and Human Resources Committee was established in June 2017 and operates under a charter which defines its purpose and responsibility. The charter is reviewed annually and approved by the 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.

Some of the 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
- Monitoring compliance with applicable laws and regulations.

OTHER REPORTING REQUIREMENTS

INFORMATION SYSTEMS & RECORD KEEPING

We have previously worked with the State archivist with a view to finalising our retention and disposal schedule. We will continue to work to adapt the current schedule as appropriate and put in place retention and disposal procedures.

We continue to review our record keeping with a view to establishing best practice and to better facilitate compliance with the *Public Records Act 2002*, *Information Privacy Act 2009*, and *Right to Information Act 2009*.

EXTERNAL SCRUTINY

Racing Queensland was not subject to external scrutiny for this reporting period.

SECTION 12 RACING ACT 2002

Section 12 of the *Racing Act 2002* requires us to expend at least 5.32 per cent of the net product fee generated from UBET for the financial year on prizemoney related to non-UBET thoroughbred races conducted by non-UBET thoroughbred clubs.

The table below demonstrates that we have fulfilled our obligations under the Act.

RACING QUEENSLAND Section 12 Racing Act 2002	FY18 (\$'000)
Product Fee Variable	\$124,869
Product Fee Fixed	\$15,588
UBET QLD Wagering Revenue	\$140,457
Interstate Race Field Fees deducted by UBET	(\$32,403)
Overseas Race Field Fees deducted by UBET	(\$4,800)
UBET QLD Wagering Expense	(\$37,204)
Net UBET QLD Product and Program fee paid to Racing Queensland	\$103,253
5.32% of Net Product Fee as RQ's Prizemoney obligation under Section 12 Racing Act 2002	\$5,493
Prizemoney paid non-UBET (TAB) Thoroughbred meetings	\$9,541
QTIS paid non-UBET (TAB) Thoroughbred meetings	\$751
Total Non-TAB Thoroughbred Prizemoney Paid	\$10,293
Net Over / (Shortfall) in Racing Act 2002 Obligation Section 12	\$4,800

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 prizemoney.
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 <i>Racing Act 2002</i> .
Country Racing	Classification of racing or race meetings outside of Metropolitan and Provincial. For thoroughbred racing this can also refer to non-TAB racing.
Group 1, 2, 3 and Listed	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.
Non-TAB Meeting	A meeting on which UBET does not, or is unlikely to, offer wagering.
Off-course	Wagering activities conducted away from a racecourse venue.
On-course	Wagering activities conducted at a racecourse 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 their animal winning or placing in a race.
Product and Program Deed	The agreement between Racing Queensland and the Tatts Group which provides revenue to Racing Queensland for the supply of racing product.
Provincial	A classification of racing or race meetings as designated by the control body.
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 race information for the purposes of wagering.

GLOSSARY OF TERMS & ACRONYMS

TERM	DEFINITION
Racing Infrastructure Fund (RIF)	A fund established by the Government to set aside funds for use for racing infrastructure. The funds are principally drawn down from UBET's 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 administered and published by the control body. The QRIC enforces the Rules of Racing.
Speed map	A tool to assist in analysing the way a race is likely to be run in terms of speed, positioning and use of any track bias that may be present.
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 on which off-course wagering is available.
Total Wagering Turnover	Queensland Product Turnover (via UBET, interstate Tote operators, Corporates, Betting Exchanges and On-course Bookmakers) plus non-Queensland Product Turnover (via UBET only).
Trotting or Trot	Used to describe the particular style of Harness racing in reference to the horses' gait.
Wagering	Gambling on code-specific racing product.
Wagering Turnover	Bets taken minus Bet Backs.
UBET	UBET QLD Limited ACN 085 691 738.

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

TERM	DEFINITION
2YO	2-Year-Old in relation to a horses age
3YO	3-Year-Old in relation to a horses age
4YO	4-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
RQ	Racing Queensland

COMPLIANCE CHECKLIST

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	PAGE REFERENCE
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs - section 7	(i)
Accessibility	Table of contents	ARRs - section 9.1	1
	Glossary		56 - 57
	Public availability	ARRs - section 9.2	1
	Interpreter service statement	Queensland Government Language Services Policy ARRs - section 9.3	N/A
	Copyright notice	Copyright Act 1968 ARR - section 9.4	1
	Information Licensing	QGEA - Information Licensing ARRs - section 9.5	1
	General information	Introductory Information	ARRs - section 10.1
Agency role and main functions		ARRs - section 10.2	9, 47
Operating environment		ARRs - section 10.3	10 - 13
Non-financial performance	Government's objectives for the community	ARRs - section 11.1	44
	Other whole-of-government plans / specific initiatives	ARRs - section 11.2	45
	Agency objectives and performance indicators	ARRs - section 11.3	40 - 43
	Agency service areas and service standards	ARRs - section 11.4	40 - 43
Financial performance	Summary of financial performance	ARRs - section 12.1	7, 15
Governance - management and structure	Organisational structure	ARRs - section 13.1	47 - 51
	Executive management	ARRs - section 13.2	52
	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
Governance - risk management and accountability	Risk management	ARRs - section 14.1	51, 54
	Audit committee	ARRs - section 14.2	51, 54
	Internal audit	ARRs - section 14.3	54
	External scrutiny	ARRs - section 14.4	55
	Information systems and record keeping	ARRs - section 14.5	55
Governance - human resources	Workforce planning and performance	ARRs - section 15.1	53
	Early retirement, redundancy and retrenchment D	Directive No.11/12 Early Retirement, Redundancy and Retrenchment Directive No.16/16 Early Retirement, Redundancy and Retrenchment (from 20 May 2016) ARRs - section 15.2	N/A
Open Data	Statement advising publication of information	ARRs - section 16	1
	Consultancies	ARRs - section 33.1	Open Data
	Overseas travel	ARRs - section 33.2	Open Data
	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	90
	Independent Auditor's Report	FAA - section 62 FPMS - section 50 ARRs - section 17.1	91 - 93

FAA Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2009

ARRs Annual report requirements for Queensland Government agencies

FINANCIAL

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2018

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Statement of Comprehensive Income

For the period ended 30 June 2018

		Consolidated	Consolidated	Parent Entity	Parent Entity
	Note	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations					
Revenue and Other Income					
Wagering Revenue	3	218,484	210,424	218,484	210,424
Racing Fees		7,727	8,195	7,727	8,195
Local Breeder Nomination Fees		1,492	1,410	1,492	1,410
Grants and Contributions	4	15,800	7,797	15,800	7,591
Prizemoney Sponsored Income		7,463	8,594	7,463	8,594
Other Revenue	5	3,225	3,645	2,971	3,368
Total Revenue and Other Income		254,191	240,066	253,937	239,583
Expenses from Continuing Operations					
Prizemoney and Breeders Bonus Payments	6	142,473	133,179	142,473	133,179
Jockeys and Drivers (excluding Prizemoney)	7	15,798	15,252	15,798	15,252
Club Meeting Payments	8	16,571	15,578	16,571	15,575
Total Payments to Participants		174,842	164,010	174,842	164,007
Wagering Expense	3	37,204	35,236	37,204	35,236
Queensland Racing Integrity Commission Funding	2	15,191	14,746	15,191	14,746
Supplies and Services	9	10,049	10,177	9,896	9,832
Employee Expenses	10	11,413	8,798	11,413	8,798
Depreciation Expense		3,926	3,870	1,864	1,845
Grants Expense	4	800	1,591	800	1,591
Other Expenses	11	3,941	3,675	3,941	3,675
Total Expenses		257,366	242,102	255,151	239,729
Operating Result from Continuing Operations		(3,175)	(2,036)	(1,215)	(146)
(Loss) Attributable to Members of Racing Queensland		(2,766)	(1,922)	(1,215)	(146)
(Loss) Attributable to Non-Controlling Interests	24	(409)	(380)	-	-
		(3,175)	(2,302)	(1,215)	(146)
Other Comprehensive Income					
Items that will not be Reclassified to Profit or Loss:					
(Decrease) / Increase In Asset Revaluation Surplus		-	(1,924)	-	(1,756)
Total items that will not be Reclassified to Profit or Loss		-	(1,924)	-	(1,756)
Total Other Comprehensive Income/(Loss)		(3,175)	(3,960)	(1,215)	(1,902)
Total Comprehensive Income/(Loss) for the period:					
- Attributable to Members of Racing Queensland		(2,766)	(3,445)	(1,215)	(1,902)
- Attributable to Non-Controlling Interests	24	(409)	(515)	-	-
		(3,175)	(3,960)	(1,215)	(1,902)

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

STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 30 JUNE 2018

Racing Queensland Board Trading As Racing Queensland

ABN 80 730 390 733

Statement of Financial Position

As at 30 June 2018

		Consolidated	Consolidated	Parent Entity	Parent Entity
	Note	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash and Cash Equivalents	12	29,256	29,984	27,835	28,614
Trade Debtors	13	26,900	18,584	26,501	18,550
Loan Receivable	14	2,142	859	2,142	859
Other Current Assets		619	584	620	584
Total Current Assets		58,917	50,011	57,098	48,607
Non-Current Assets					
Loan Receivable	14	11,625	11,711	11,625	11,711
Other Financial Assets	15	4,956	4,254	31,676	30,667
Property, Plant and Equipment	16	135,703	134,444	77,869	74,891
Total Non-Current Assets		152,284	150,409	121,170	117,269
Total Assets		211,201	200,420	178,268	165,876
Current Liabilities					
Trade & Other Payables	18	32,750	22,558	32,694	22,800
Other Provision	19	4,001	4,001	4,001	4,001
Employee Benefits	21	770	774	770	774
Loan Payable	14	924	1,128	924	1,128
Other Current Liabilities	20	3,871	103	3,869	98
Total Current Liabilities		42,316	28,564	42,258	28,801
Non-Current Liabilities					
Employee Benefits	21	141	190	141	190
Deferred Tax Liabilities	22	2,356	2,356	-	-
Loan Payable	14	46,664	47,167	46,664	47,167
Total Non-Current Liabilities		49,161	49,713	46,805	47,357
Total Liabilities		91,477	78,277	89,063	76,158
Net Assets		119,725	122,143	89,205	89,718
Equity					
Contributed Equity		123,144	123,144	120,152	120,152
Accumulated Deficit		(51,124)	(48,358)	(44,070)	(42,855)
Asset Revaluation Reserve	23	33,442	33,442	10,253	10,253
Other Reserves		2,870	2,168	2,870	2,168
Capital and Reserves Attributable to Racing Queensland		108,331	110,396	89,205	89,718
Non-Controlling Interests	24	11,394	11,747	-	-
Total Equity		119,725	122,143	89,205	89,718

The above statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2018

Racing Queensland Board Trading As Racing Queensland
 ABN 80 730 390 733

Statement of Changes in Equity

For the period ended 30 June 2018

	Contributed Equity	Accumulated Surplus / (Deficit)	Assets / Revaluation Reserve	Other Reserves	Total attributable to RQ	Non-Controlling Interests (Note 24)	Total Equity
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	122,183	(46,719)	35,323	1,625	112,412	12,131	124,543
Operating Result from Continuing Operations	-	(1,656)	-	-	(1,656)	(380)	(2,036)
Other Comprehensive Income							
- Increase / (Decrease) in Asset Revaluation Surplus	-	-	(1,864)	-	(1,864)	(60)	(1,924)
- Net transfer between Equity Accounts	-	17	(17)	-	-	-	-
Total Comprehensive Income for the year	-	(1,639)	(1,881)	-	(3,520)	(440)	(3,960)
Transactions with Owners as Owners							
- Racing Australia Ltd Investment	-	-	-	543	543	-	543
- Contributions to Sinking Fund	-	-	-	-	-	56	56
- Net transfer out to the Queensland Racing Integrity Commission	961	-	-	-	961	-	961
Net Transactions with Owners as Owners	961	-	-	543	1,504	56	1,560
Balance at 30 June 2017	123,144	(48,358)	33,442	2,168	110,396	11,747	122,143
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	-	(2,766)	-	-	(2,766)	(409)	(3,175)
Total Comprehensive Income for the year	-	(2,766)	-	-	(2,766)	(409)	(3,175)
Transactions with Owners as Owners							
- Racing Australia Ltd Investment	-	-	-	702	702	-	702
- Contributions to Sinking Fund	-	-	-	-	-	56	56
Net Transactions with Owners as Owners	-	-	-	702	702	56	758
Balance at 30 June 2018	123,144	(51,124)	33,442	2,870	108,332	11,394	119,725

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

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2018

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Statement of Changes in Equity

For the period ended 30 June 2018

	Contributed Equity \$'000	Accumulated Surplus / (Deficit) \$'000	Assets Revaluation Reserve \$'000	Other Reserves \$'000	Total Equity \$'000
Parent Entity					
Balance at 1 July 2016	119,191	(42,726)	12,026	1,625	90,116
Operating Result from Continuing Operations	-	(146)	-	-	(146)
Other Comprehensive Income					
Changes in Fair Value of Land, Buildings, Tracks & Improvements	-	-	(1,756)	-	(1,756)
Total Comprehensive Income for the year	-	(146)	(1,756)	-	(1,902)
Transactions with Owners as Owners					
- Racing Australia Ltd Investment	-	-	-	543	543
- Net transfer out to the Queensland Racing Integrity Commission	961	-	-	-	961
- Net transfer between Equity Accounts	-	17	(17)	-	-
Net Transactions with Owners as Owners	961	17	(17)	543	1,504
Balance at 30 June 2017	120,152	(42,855)	10,253	2,168	89,718
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					
Changes in Fair Value of Land, Buildings, Tracks & Improvements	-	-	-	-	-
Total Comprehensive Income for the year	-	(1,215)	-	-	(1,215)
Transactions with Owners as Owners					
- Racing Australia Ltd Investment	-	-	-	702	702
Net Transactions with Owners as Owners	-	-	-	702	702
Balance at 30 June 2018	120,152	(44,070)	10,253	2,870	89,205

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

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2018

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Statement of Cash Flows

For the period ended 30 June 2018

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
Cash flows from operating activities				
Inflows:				
Receipts from Customers	218,907	220,929	219,028	221,113
Grants and Other Contributions	15,800	7,591	15,800	7,591
GST Collected	21,356	20,633	21,356	20,594
Interest Received	853	591	839	545
Outflows:				
Payment to Suppliers and Employees	(229,544)	(224,612)	(229,987)	(224,948)
Net cash transfer to the Queensland Racing Integrity Commission	2	-	-	(243)
GST Paid	(9,914)	(8,720)	(9,801)	(8,510)
GST Remitted to ATO	(11,442)	(11,913)	(11,555)	(12,084)
Net cash provided by / (used in) operating activities	6,016	4,256	5,680	4,058
Cash flows from investing activities				
Inflows:				
Sale of Property, Plant and Equipment	10	99	10	99
Outflows:				
Purchase of Property, Plant and Equipment	(6,685)	(2,796)	(6,344)	(1,686)
Net cash provided by / (used in) investing activities	(6,675)	(2,697)	(6,334)	(1,587)
Cash flows from financing activities				
Inflows:				
Proceeds from Borrowings	1,964	12,021	1,964	12,021
Repayment by Related Party	56	56	-	-
Outflows:				
Repayment of Borrowings	(2,089)	(25)	(2,089)	(25)
Net cash provided by / (used in) financing activities	(69)	12,052	(125)	11,996
Net Increase/(Decrease) in Cash and Cash Equivalents	(728)	13,611	(779)	14,467
Cash and Cash Equivalents at the Beginning of the Financial Year	29,984	16,373	28,614	14,147
Cash and Cash Equivalents at the End of the Financial Year	29,256	29,984	27,835	28,614

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

Note 1	Basis of Financial Statement Preparation
Note 2	Queensland Racing Integrity Commission Funding
Note 3	Wagering Revenue and Expense
Note 4	Grants and Contributions
Note 5	Other Revenue
Note 6	Prizemoney and Breeders Bonus Payments
Note 7	Jockeys and Drivers (excluding Prizemoney)
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Note 9	Supplies and Services
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Note 12	Cash and Cash Equivalents
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Note 15	Other Financial Assets
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Note 24	Non-Controlling Interests
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

1 Basis of Financial Statement Preparation

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

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

(b) Statement of Compliance

RQ is a not-for-profit entity and these general purpose financial statements are prepared on a going concern basis.

The financial statements have been prepared on an accrual basis, with the exception of the Statement of Cash Flows which is prepared on a cash basis, in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) based on Tier 2 Reduced Disclosure Requirements and Interpretations, and in compliance with the *Financial Accountability Act 2009* and *Financial and Performance Management Standard 2009*.

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 means 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 Entity") include all income, expenses, assets, liabilities and equity of the department only.

The Reporting Entity (known as the Parent Entity)

Racing Queensland Board trading as Racing Queensland

Directly Controlled Entities:	2018%	2017%
Sunshine Coast Racing Pty Ltd as trustee for the Sunshine Coast Racing Unit Trust	84.6	84.6
Rockhampton Racing Pty Ltd	64.8	64.8

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).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

1 Summary of Significant Accounting Policies (continued)

(d) Currency and Comparatives

Currency and Rounding

All amounts throughout the financial statements are in Australian dollars and the statements have a June financial year end. Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars.

Comparatives

Comparative information has been restated in a manner that is more informative to meet the common needs of users.

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

Early Adoption of Accounting Standards and Interpretations

No accounting pronouncements were adopted early in the 2017-18 financial year.

New Accounting Standards for Application in Future Periods

RQ did not voluntarily change any of its accounting policies during the financial year.

Standard	Effective Date
AASB 15 Revenue from Contracts with Customers	Annual reporting periods beginning on or after 1 January 2019 (per AASB 2016-17 deferral for not-for-profit entities)

The core principle of AASB 15 is to recognise revenue as RQ obtains control of the promised goods or services in an amount that reflects the consideration to which RQ expects to be entitled in exchange for those goods or services. RQ performed an internal review of revenue streams to assess the impact of new standard and concluded that the implementation of this standard will have immaterial impact on RQ's financial statements. Further review will be undertaken at the implementation date of the standard.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

1 Summary of Significant Accounting Policies (continued)

(e) New and Revised Accounting Standards (continued)

AASB 16 Leases	Annual reporting periods beginning on or after 1 January 2019
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AASB 16 will require the recognition of all leases on the balance sheet. 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 introducing AASB 16 and noted that the current leases will expire before the effective date of the standard and as such will have no impact on the financial statements. Another review will be completed at the implementation date.

AASB 1058 Income of Not-for-Profit Entities	Annual reporting periods beginning on or after 1 January 2019
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RQ has undertaken an analysis to identify and quantify the impact of introducing AASB 1058 and the result of that analysis determined that the impact on the financial statements will be immaterial.

(f) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
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Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
2 Queensland Racing Integrity Commission Funding				
Queensland Racing Integrity Commission	15,191	14,746	15,191	14,746
	15,191	14,746	15,191	14,746

Additional Disclosure

Under Section 56 of the *Racing Integrity Bill 2015*, RQ will contribute annually to the Queensland Racing Integrity Commission (QRIC) for the management of the functions of Licensing and Registration (excluding Club Licensing), Stewarding and Integrity Operations and Animal Welfare.

3 Wagering Revenue and Expense

Wagering Revenue

Product Fee	124,869	126,092	124,869	126,092
Fixed Fee	15,588	15,362	15,588	15,362
UBET MPO Top Up	5,407	-	5,407	-
Sport Retail	274	262	274	262
Race Field Fees Revenue	71,418	70,019	71,418	70,019
Gross Wagering Revenue	217,556	211,735	217,556	211,735
Queensland Product Rebate	928	(1,311)	928	(1,311)
Total	218,484	210,424	218,484	210,424

Wagering Expense

Race Field Fees Expenses	37,204	35,236	37,204	35,236
Total	37,204	35,236	37,204	35,236

Net Wagering Revenue

	181,280	175,188	181,280	175,188
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Accounting Policy

Wagering revenue is recognised when the revenue is earned and can be measured with a sufficient degree of certainty. The Queensland Product Rebate ceased on 31 December 2016.

Wagering expenses are comprised of overseas and interstate race field fees incurred by UBET QLD Limited in generating their wagering revenue.

Additional Disclosures

As a result of the cessation of the Queensland Product Rebate, accrued rebates have been released during the financial year 2017-18.

During the financial year 2017-18, Tabcorp Holdings merged with the Tatts Group and UBET QLD became a subsidiary of Tabcorp. Racing Queensland 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 new Deed, Tabcorp also committed to providing greater funding certainty in the form of minimum payment or 'Top Up', for Racing Queensland in relation to the fees that the UBET Qld business will deliver for the period from 1 January 2018 to 31 December 2020, post the merger.

It is predicted that a 'Top Up' amount will be payable to Racing Queensland for the 2018 calendar year. The estimated 'Top Up' for the first six months of the 2018 calendar year is included in Note 13 Trade Debtors. We note that UBET'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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland

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Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
4 Grants and Contributions				
Grants and Contributions - Income				
Country Racing Support Package	-	6,000	-	6,000
Country Racing Program	15,000	-	15,000	-
Training Track	800	813	800	813
Cyclone Relief	-	778	-	778
Contributions of Physical Assets	-	206	-	-
	15,800	7,797	15,800	7,591
Grants - Expense				
Training Track	800	813	800	813
Cyclone Relief	-	778	-	778
	800	1,591	800	1,591

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

Accounting Policy

Grants that are non-reciprocal in nature are recognised as revenue when RQ obtains control over them (control is generally obtained at the time of receipt). Where grants received are reciprocal in nature, revenue is progressively recognised over the term of the funding arrangement.

Contributions of physical assets are received from the Government and other parties. These assets are recognised at fair value on the date of acquisition in the Statement of Financial Position, with a corresponding amount of revenue recognised in the Statement of Comprehensive Income.

Additional Disclosures

The Country Racing Support Package, Country Racing Program, Training Track and Cyclone Relief grants are received from the Queensland Government and are recognised as separate revenue and expense components.

The purpose of the Country Racing Program grant is to enable RQ to maintain non-TAB thoroughbred racing in Queensland at the level delivered in the financial year 2017-18 and replaces the Country Racing Support Package.

RQ distributes the Training Track subsidy incentive component to approved thoroughbred clubs each year based on the number of starters generated by a venue.

The Cyclone Relief grant of \$0.8m in the financial year 2016-17 provided financial relief to approved clubs that suffered damage as a result of Cyclone Debbie.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
5 Other Revenue				
Gain on Sale of Assets	1	1,021	1	1,021
Marketing Income	1,594	551	1,594	551
Interest Income	628	591	617	545
Recognition of Prior Period Provision	-	327	-	327
Parking Revenue	362	316	362	316
Property Income	206	231	-	-
Industry Insurance Recoupment	-	148	-	148
Industry Training Income	92	106	92	106
Other Revenue	342	354	305	354
Total	3,225	3,645	2,971	3,368

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

Accounting Policy

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

6 Prizemoney and Breeders Bonus Payments

Prizemoney - RQ Funded	125,865	116,232	125,865	116,232
Prizemoney - Third Party Sponsored	7,463	8,595	7,463	8,595
Breeders Bonus	9,145	8,352	9,145	8,352
Total	142,473	133,179	142,473	133,179

Accounting Policy

Prizemoney payments include third party contributions of sponsored prizemoney. A corresponding amount is shown as prizemoney sponsored income.

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

7 Jockeys and Drivers (excluding Prizemoney)

Jockey Fees	14,801	14,308	14,801	14,308
Drivers Fees	997	944	997	944
Total	15,798	15,252	15,798	15,252

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

8 Club Meeting Payments

Club Meeting Payments	14,621	13,577	14,621	13,577
Sky Broadcasting Subsidies	1,668	1,254	1,668	1,254
Other Subsidies	282	747	282	744
Total	16,571	15,578	16,571	15,575

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

FOR THE PERIOD ENDED 30 JUNE 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
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Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
9 Supplies and Services				
Administration	3,934	4,426	3,991	4,318
Venue Expenses	2,212	2,215	2,007	1,983
Race Day Expenses	2,269	2,096	2,269	2,096
Industry Insurance Expenses	759	669	759	669
Other Expenses	875	771	870	766
Total	10,049	10,177	9,896	9,832

Total external audit fees paid to the Queensland Audit Office, relating to the 2018 financial year is estimated to be \$150,000 (2017: \$158,000).

10 Employee Expenses

Employee Benefits

Wages and Salaries	8,561	6,433	8,561	6,433
Superannuation	883	678	883	678
Annual Leave	617	496	617	496
Long Service Leave	37	35	37	35

Employee Related Expenses

Payroll Tax	541	389	541	389
WorkCover Insurance	73	109	73	109
Other Employee Related Expenses	701	658	701	658
Total	11,413	8,798	11,413	8,798

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

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

	2018	2017
Number of Full Time Equivalents	87	82

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
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Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

10 Employee Expenses (continued)

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.

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
11 Other Expenses				
Marketing Expenditure	2,435	1,665	2,435	1,665
Infrastructure Expense	452	1,354	452	1,354
Loss on Disposal of Assets	-	301	-	301
Special Payments	430	65	430	65
Other	624	290	624	290
Total	3,941	3,675	3,941	3,675

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

Additional Disclosure*

Special payments include expenses that RQ is not contractually or legally obliged to make to other parties. In the financial year 2017-18, eight special payments totalling to \$430,279 were made during 2017-18 and included the following payments over \$5000;

- 6 ex-gratia payments to employees
- 2 out-of-court settlements to employees.

In 2016-17, RQ made four special payments totalling \$65,096 to employees. Two employees received payments over \$5,000.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
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Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

12 Cash and Cash Equivalents

Cash at Bank and On Hand	28,408	28,441	26,987	27,671
Short Term Deposits*	-	600	-	-
Cash held for Infrastructure Projects**	36	46	36	46
Cash held for the Department of Local Government, Racing and Multicultural Affairs**	812	897	812	897
Total	29,256	29,984	27,835	28,614

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

Cash not available for use by the consolidated entity at 30 June 2018 is \$847,253 (2017: \$942,302)

* Consolidated short term deposits includes the NAB short term deposit in the Sunshine Coast Racing Unit Trust (2018: \$0, 2017: \$600,000).

**Any funds not utilised under the grant deeds will be returned to Government.

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
13 Trade Debtors				
Current				
Trade Debtors	19,637	17,331	19,623	17,323
Less: Impairment of Trade Debtors	(380)	(446)	(380)	(446)
	19,257	16,885	19,243	16,877
Accrued Revenue	6,486	363	6,463	363
Sundry Receivables	713	666	350	643
Accrued Interest	445	670	445	667
Total	26,901	18,584	26,501	18,550

Accounting Policy

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. The collectability of receivables is assessed periodically with provisions being made for any amounts believed to be impaired. Bad debts are written off in the period in which they are recognised as being uncollectable. All known bad debts were written off as at the last date of the financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
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Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

13 Trade Debtors (continued)

Additional Disclosure

Accrued revenue includes \$5,407,026 shortfall from Tabcorp for the 2018 calendar year. Refer to Note 3 Wagering Revenue and Expense for more details.

Accrued interest includes \$423,873 of interest payable by the Brisbane Racing Club (BRC) related to the \$12m loan for the infield project (2017: \$628,094). Refer to Note 14 for Loan Receivables and Loan Payable BRC- Infield Project.

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.

RQ provides for impairment of receivables based on an ageing of outstanding receivables from its clients.

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
14 Loan Receivable and Loan Payable				
Loan Receivable				
Current				
BRC - Infield Project	500	500	500	500
Racing Infrastructure Fund	1,642	359	1,642	359
Total	2,142	859	2,142	859
Non-Current				
BRC - Infield Project	11,000	11,500	11,000	11,500
Clubs - Funding Loan	625	211	625	211
Total	11,625	11,711	11,625	11,711
Loan Payable				
Current				
Queensland Treasury - Infield Project*	924	1,128	924	1,128
Total	924	1,128	924	1,128
Non-Current				
Queensland Treasury - RQ	35,539	35,664	35,539	35,664
Queensland Treasury - Infield Project*	11,125	11,503	11,125	11,503
Total	46,664	47,167	46,664	47,167

FOR THE PERIOD ENDED 30 JUNE 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
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Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

14 Loan Receivable and Loan Payable (continued)

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 Note 1(d).

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. Loan payables are split between current and non-current liabilities using the principles set out in Note 1(d).

RQ does not enter into transactions for speculative purposes, nor for hedging. No financial liabilities are measured at fair value through profit or loss.

Additional Disclosure

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

The redevelopment of the Eagle Farm racecourse is 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 Treasury (via the Department of Local Government, Racing and Multicultural Affairs). RQ will pay an amount equivalent to the repayment amount from BRC to the Department upon receipt.

* Included within the current loan payable to Treasury is \$423,873 of interest that is accrued on the \$12 million loan forwarded to the BRC (2017: \$628,094). Refer to Note 13 Trade Debtors.

Included within the non-current loan payable to Treasury is \$125,000 quarterly repayment that has not yet been paid to the Department.

Loan Receivable - Racing Infrastructure Fund

Department of Local Government, Racing and Multicultural Affairs 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
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For the period ended 30 June 2018

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
15 Other Financial Assets				
<u>Investments in Subsidiaries</u>				
- Sunshine Coast Racing Unit Trust *	-	-	20,495	20,188
- Rockhampton Racing Pty Ltd *	-	-	6,225	6,225
	-	-	26,720	26,413
<u>Unlisted Securities **</u>				
- Equity in Racing Australia Ltd	4,956	4,254	4,956	4,254
Total	4,956	4,254	31,676	30,667

* Investments in subsidiaries are accounted for using the carrying amount. These entities are consolidated into RQ's financial statements.

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

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
16 Property, Plant and Equipment				
Land - At Fair Value	47,385	47,385	(22,785)	41,215
Buildings, Tracks & Improvements - At Fair Value	100,516	99,481	33,501	33,501
Accumulated Depreciation	(20,498)	(17,041)	(4,706)	(3,297)
	80,018	82,440	28,795	30,204
Plant and Equipment - At Cost	3,596	3,587	3,380	3,371
Accumulated Depreciation	(1,858)	(1,393)	(1,772)	(1,321)
	1,738	2,194	1,608	2,050
Work In Progress - At Cost	6,562	2,425	6,251	1,422
Total	135,703	134,444	13,869	74,891

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
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Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

16 Property, Plant and Equipment (continued)

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.

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 year end 30 June 2016. For year end 30 June 2017 and 2018, indices provided by an independent professional valuer have been used to determine if any interim revaluations were required. Internal asset managers have assessed the condition and remaining life of all assets. Based on the external indices and internal reviews, RQ has determined that there has been no material movement in the values of Land, Building, Tracks and Improvements since the last full appraisal.

In May 2017, management sought independent land valuations for Albion Park, as they considered redevelopment options for the site. The valuation was based on the potential highest and best use of the entire site, and referenced recent market transactions in determining a potential range of values. The valuation reports provided an indicator for potential market values and the range of values proposed in the valuation reports were materially higher than the current fair value of the land recorded in the financial statements. However, as the Brisbane City Council has declined Racing Queensland's development application under the superseded Neighbourhood Plan, management have opted to continue to report the current value of \$33.6 million, derived from the 2016 valuation, remaining consistent with AASB 13, reflecting highest and best use with the constraint of legal permissibility.

Depreciation

Depreciation is provided on a straight-line basis on all Buildings, Tracks & 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 0.4% - 33.3%
Plant and Equipment	Range 0.4% - 50.0%

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of Plant and Equipment is the higher of, fair value less costs to sell, and value in use. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount.

FOR THE PERIOD ENDED 30 JUNE 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland

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For the period ended 30 June 2018

16 Property, Plant and Equipment (continued)

a) Reconciliation of Property, Plant and Equipment

	Land \$'000	Buildings, Tracks & Improvement \$'000	Plant and Equipment \$'000	Work in Progress \$'000
Consolidated				
Carrying amount at 1 July 2016	54,385	85,780	2,565	217
Additions	-	-	-	2,876
Donation Received	-	206	-	-
Disposals	(5,000)	(56)	(323)	(79)
Net Revaluation Increment / (Decrement)	(2,000)	(240)	244	-
Transfers	-	209	380	(589)
Transfer of PPE to Queensland Racing Integrity Commission	-	(38)	(223)	-
Depreciation	-	(3,421)	(449)	-
Carrying amount at 30 June 2017	47,385	82,440	2,194	2,425
Carrying amount at 1 July 2017	47,385	82,440	2,194	2,425
Additions	-	-	22	6,112
Disposals	-	-	(9)	(390)
Net Revaluation Increment / (Decrement)	-	-	-	-
Transfers	-	1,035	-	(1,585)
Depreciation	-	(3,457)	(469)	-
Carrying amount at 30 June 2018	47,385	80,018	1,738	6,562

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

Parent Entity

Carrying amount at 1 July 2016	48,215	31,658	2,435	217
Additions	-	-	-	1,686
Disposals	(5,000)	(55)	(324)	(79)
Net Revaluation Increment / (Decrement)	(2,000)	-	244	-
Transfers	-	49	353	(402)
Transfer to Queensland Racing Integrity Commission	-	(38)	(223)	-
Depreciation	-	(1,410)	(435)	-
Carrying amount at 30 June 2017	41,215	30,204	2,050	1,422
Carrying amount at 1 July 2017	41,215	30,204	2,050	1,422
Additions	-	-	22	5,769
Disposals	-	-	(9)	(390)

FOR THE PERIOD ENDED 30 JUNE 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
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Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

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:

Consolidated	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2017				
Cash and Cash Equivalents	29,041	-	-	29,041
Other Financial Assets - Equity Securities	-	4,254	-	4,254
Land	-	47,385	-	47,385
Buildings, Tracks & Improvements	-	209	82,231	82,440
Total	29,041	51,848	82,231	163,120
At 30 June 2018				
Cash and Cash Equivalents	28,408	-	-	28,408
Other Financial Assets - Equity Securities	-	4,956	-	4,956
Land	-	47,385	-	47,385
Buildings, Tracks & Improvements	-	180	79,838	80,018
Total	28,408	52,521	79,838	160,767
Parent				
At 30 June 2017				
Cash and Cash Equivalents	27,671	-	-	27,671
Other Financial Assets - Equity Securities	-	4,254	-	4,254
Land	-	41,215	-	41,215
Buildings, Tracks & Improvements	-	209	29,995	30,204
Total	27,671	45,678	29,995	103,344
At 30 June 2018				
Cash and Cash Equivalents	26,987	-	-	26,987
Other Financial Assets - Equity Securities	-	4,956	-	4,956
Land	-	41,215	-	41,215
Buildings, Tracks & Improvements	-	180	28,616	28,796
Total	26,987	46,351	28,616	101,954

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
18 Trade & Other Payables				
Trade Payables	28,851	20,279	28,795	20,448
GST Payable	1,839	585	1,839	658
Other Payables	1,110	744	1,110	744
ATO Jockey Superannuation*	950	950	950	950
Total	32,750	22,558	32,694	22,800

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.

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

19 Other Provision

Current

Provision for Jockey Superannuation*	4,001	4,001	4,001	4,001
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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 Disclosure

The ATO issued RQ with default assessments with respect to superannuation contributions payable for certain jockeys in relation to the period 1 July 2009 - 30 September 2014. RQ has lodged an objection against the default assessment which is currently under consideration by the ATO. 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 in Note 18 to cover this obligation.

RQ has calculated the full extent of superannuation payable for all remaining jockeys for the period mentioned 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 2016 financial year.

20 Other Current Liabilities

Unearned Revenue

Country Racing Infrastructure	2,600	-	2,600	-
Other	1,271	103	1,269	98
Total	3,871	103	3,869	98

Additional Disclosure:

Under the Deed of Grant- Country Racing Program, RQ received \$2.6 million from the Department of Local Government, Racing and Multicultural Affairs to fund Country Racing club infrastructure repairs and maintenance and asset replenishment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
21 Employee Benefits				
Current				
Annual Leave	467	490	467	490
Long Service Leave	303	284	303	284
Total	770	774	770	774
Non-Current				
Long Service Leave	141	190	141	190
Total	141	190	141	190

Annual and Long Service Leave

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.

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 Queensland Treasury Corporation's AUD Benchmark as at 30 June 2018, after projecting the remuneration rates expected to apply at the time of payment.

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 taken into account 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.

22 Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Revaluation of Land, Buildings, Tracks & Improvements	2,356	2,356	-	-
Total	2,356	2,356	-	-

Refer to Note 33 for taxation information on the Parent Entity 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

23 Asset Revaluation Reserve

	Land	Buildings, Tracks & Improvements	Other	Total
Consolidated	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	2,876	32,447	-	35,323
Revaluation Increments	-	244	-	244
Revaluation Decrements	(2,000)	(108)	-	(2,108)
Net transfer to Retained Earnings	-	-	(17)	(17)
Balance at 30 June 2017	876	32,583	(17)	33,442
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

* Please refer Note 16 Revaluation of Non-Current Physical Assets explaining revaluation of Land.

Parent Entity

Balance at 1 July 2016	2,455	9,571	-	12,026
Revaluation Increments	-	244	-	244
Revaluation Decrements	(2,000)	-	-	(2,000)
Net transfer to Retained Earnings	-	-	(17)	(17)
Balance at 30 June 2017	455	9,815	(17)	10,253
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

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.

Non-controlling interests are reconciled as follows:

	2018 \$'000	2017 \$'000
Capital Contributions	11,747	12,131
Retained Earnings / (Losses)	(409)	(380)
Asset Revaluation Reserve	-	(60)
Sinking Fund Reserve	56	56
Total Non-Controlling Interest	11,394	11,747

FOR THE PERIOD ENDED 30 JUNE 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland

ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

25 Notes to the Statement of Cash Flows

Reconciliation of loss after income tax to net cash provided by operating activities

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
Loss after income tax	(3,175)	(2,036)	(1,215)	(146)
Non-cash flows in operating activities				
Depreciation Expense	3,926	3,870	1,864	1,845
Net loss on sale of Property, Plant and Equipment		(622)		(622)
Asset Contribution		(206)		
Other	877	(88)	570	(102)
Changes in assets and liabilities				
(Increase) / Decrease in Trade Debtors	(2,307)	(1,238)	(2,300)	(1,263)
(Increase) / Decrease in Sundry Receivables	(47)	(93)	293	(134)
(Increase) / Decrease in Impairment of Debtors	(67)	63	(67)	63
(Increase) / Decrease in Accrued Revenue	(6,123)	728	(6,100)	728
(Increase) / Decrease in Accrued Interest	225	(656)	222	(667)
(Increase) / Decrease in GST Receivable	36	(48)	(37)	14
Increase / (Decrease) in GST Payable	1,218	(85)	1,219	(82)
Increase / (Decrease) in Trade Payables and Accrued Expenses	8,571	5,871	8,347	6,514
Increase / (Decrease) in Sundry Payables	366	188	366	(698)
Increase / (Decrease) in Other Current Assets	(35)	202	(36)	202
Increase / (Decrease) in Other Current Liabilities	2,606	(265)	2,607	(265)
Increase / (Decrease) in Provisions	(54)	(1,329)	(53)	(1,329)
Net Cash Provided by Operating Activities	6,016	4,256	5,680	4,058

FOR THE PERIOD ENDED 30 JUNE 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

	Consolidated 2018 \$'000	Consolidated 2017 \$'000	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000
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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	10	43	10	43
Payable 1 – 5 Years	0	8	0	8
Total as at 30 June 2018	10	51	10	51

27 Related Parties

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

(a) Ultimate controlling entity

The immediate controlling entity and ultimate controlling entity is the Under Treasurer of Queensland.

(b) Key management personnel

Disclosures relating to key management personnel are set out in Note 27.

(c) Investments in companies

RQ has a controlling share of Board of 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%)

(d) Transactions with related parties

Related party transactions and outstanding balances with investments in companies are disclosed in RQ's financial statements. Intragroup related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements and as such there are no remaining transactions with related parties for the financial year ended 30 June 2018.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

28 Key Management Personnel

For the year ended 30th June 2018, RQ's responsible Minister is identified as Stirling Hinchliffe - Minister for Local Government, Racing and Multicultural Affairs. RQ's former Minister to 11 December 2017 was Hon. Grace Grace - Minister for Employment & Industrial Relations.

Key management personnel are defined as those persons having authority and responsibility for the planning, directing and controlling of activities of RQ as a whole, being members of the Board of Directors and the Chief Executive Officer.

Key management personnel and remuneration disclosures are made in accordance with the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury.

(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 2017-18, 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.

(i) Board Members

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

As at 30 June 2018	Short Term Employee Benefits		Post-Employment Benefits		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Steven Wilson AM - Chairperson	62,123	61,708	7,801	7,754	69,924	69,462
Margaret Reynolds	39,604	40,866	3,734	3,734	43,338	44,600
Dale Cartwright	40,008	40,970	3,734	3,734	43,742	44,704
Mark Sowerby	39,303	39,303	3,734	3,734	43,037	43,037
Sharon Dawson	41,928	39,303	3,983	3,734	45,911	43,037
Max Walters	44,678	42,287	4,244	4,017	48,922	46,304
Susannah George	41,178	39,303	3,912	3,734	45,090	43,037
Total Remuneration	308,822	303,740	31,142	30,440	339,964	334,181

FOR THE PERIOD ENDED 30 JUNE 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

28 Key Management Personnel (continued)

(ii) Executive Management

30 June 2018

	Short Term Employee Benefits		Long Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Total
	Base \$	Non-Monetary \$	\$	\$	\$	\$
Chief Executive Officer ⁽¹⁾	271,447	-	4,156	43,113	262,004	580,720
Acting Chief Executive Officer ⁽²⁾	57,209	-	964	7,294	-	65,467
Chief Executive Officer ⁽³⁾	62,765	-	972	5,779	-	69,516
Total Remuneration	391,421	-	6,092	56,186	262,004	715,703

⁽¹⁾ Resigned 20/03/18.

⁽²⁾ From 21/03/18 to 13/05/2018.

⁽³⁾ Appointed 14/05/2018.

30 June 2017

	Short Term Employee Benefits		Long Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Total
	Base \$	Non-Monetary \$	\$	\$	\$	\$
Chief Executive Officer ⁽¹⁾	302,488	-	4,928	38,109	-	345,525
Acting Chief Executive Officer ⁽²⁾	40,110	-	-	4,575	-	44,685
Total Remuneration	342,598	-	4,928	42,684	-	390,210

⁽¹⁾ Appointed 22/08/2016.

⁽²⁾ Resigned 21/08/2016.

(b) Other transactions

There were no loans to and from Key Management Personnel during the financial year.

29 Parent Entity Information

Guarantees

During the financial year 2017-18, RQ has been released from the guarantee in favour of the Commonwealth Bank of Australia to support borrowings by Racing Information Services Australia (RISA) for the purchase of the Australian Stud and Australian Genetics Testing Pty Ltd.

Financial Support to Subsidiaries

Racing Queensland, the ultimate controlling entity, will provide financial support as required to its subsidiaries Sunshine Coast Racing Unit Trust and Rockhampton Racing Pty Ltd. Both the subsidiaries made a loss for the financial year ending 30 June 2018. The financial statements for the subsidiaries have been prepared on a going concern basis as there is no intention to liquidate or to cease operations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

30 Contingent Liabilities

No contingent liabilities have been identified for the year ended 30 June 2018.

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.
- 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.

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 Racing Queensland is able to meet debts as and when they are payable and takes into account the likely impacts of the introduction of a Point of Consumption Tax from 1 October 2018. The ability of Racing Queensland to continue as a going concern is depend upon the funding previously supplied by the State of Queensland being only repayable by Racing Queensland once it is financially viable (refer also 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. This insurance cover is held through AON Insurance, RQ brokers Jardine Lloyd Thompson Pty Ltd and WorkCover Queensland.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Racing Queensland Board Trading As Racing Queensland
ABN 80 730 390 733

Notes to and forming part of the Financial Statements

For the period ended 30 June 2018

33 Other Information (continued)

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 16 – Property, Plant and Equipment;

34 Events Occurring After Balance Date

Subsequent to the 30th of June 2018, Racing Queensland entered into an agreement with the Tabcorp Group for the settlement of matters relating to the Queensland Program and Product Deed and various other agreements. These matters arose prior to the merger to the Tatts and Tabcorp groups. Racing Queensland will record the amount received as income when it is received or can be measured with a sufficient degree of certainty.

CERTIFICATE OF RACING QUEENSLAND BOARD

Racing Queensland Board
Trading As Racing Queensland
ABN 80 730 390 733

CERTIFICATE OF RACING QUEENSLAND BOARD

These general purpose financial statements have been prepared pursuant to s.62 (1) (a) of the Financial Accountability Act 2009 (the Act), s43 of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with s.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.

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 period 1 July 2017 to 30 June 2018 and of the financial position of Racing Queensland as at the end of that financial year.

c) In the directors' opinion there are reasonable grounds to believe that Racing Queensland Board trading as Racing Queensland will be able to pay its debts as and when they become due and payable.

c) These assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Brendan Parnell
CHIEF EXECUTIVE OFFICER

DATE 13/08/2018



Steve Wilson AM
CHAIRPERSON

DATE 13/08/2018

INDEPENDENT AUDITOR'S REPORT

QUEENSLAND AUDIT OFFICE



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 2018, 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 2018, 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

QUEENSLAND AUDIT OFFICE



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

QUEENSLAND AUDIT OFFICE



In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- 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 that reads "George".

Nick George
as delegate of the Auditor-General

21 August 2018

Queensland Audit Office
Brisbane



NOTES



