

ANNUAL REPORT FOR QUEENSLAND ALL CODES RACING INDUSTRY BOARD

2014-15



RACING
QUEENSLAND

September 14, 2015

The Hon Bill Byrne
Minister for Agriculture and Fisheries
Minister for Sport and Racing
GPO Box 46
BRISBANE QLD 4001

Dear Minister Byrne

RE: ANNUAL REPORT 2014-15 FOR THE QUEENSLAND ALL CODES RACING INDUSTRY BOARD

I am pleased to present the Annual Report 2014-15 and financial statements for the Queensland All Codes Racing Industry 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 on page 40 of this annual report.

Yours faithfully



The Honourable JOHN MUIR QC
Chairman of Racing Queensland

Annual Report for Queensland All Codes Racing Industry Board 2014-15

ISSN 2202-4409

Purpose of the report

This annual report details the financial and non-financial performance of the Queensland All Codes Racing Industry Board trading as Racing Queensland from July 1, 2014 to June 30, 2015.

It highlights the work, achievements, activities and strategic initiatives of Racing Queensland and satisfies the requirements of Queensland's *Financial Accountability Act 2009*.

Your feedback

The annual report is an important document representing communication and accountability. Racing Queensland values comments and welcomes feedback from readers.

To provide feedback, please email: info@racingqueensland.com.au

This publication can be accessed and downloaded from our website:
<http://www.racingqueensland.com.au/Industry-Services/About-Us/Annual-Report>

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Disclaimer

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

Further information

Further information regarding this report may be obtained by contacting Racing Queensland as follows:

Phone:
(07) 3869 9777

Email:
info@racingqueensland.com.au

By mail:
PO Box 63

SANDGATE QLD 4017

In person:
Racing Queensland, Lot 2 Racecourse Rd, Deagon QLD 4017

September 2015

CONTENTS

CHAIRMAN'S REPORT	2
ACTING CHIEF EXECUTIVE OFFICER'S REPORT	3
FINANCIAL PERFORMANCE	4
RACING QUEENSLAND REVENUE	5
RACING QUEENSLAND EXPENDITURE	8
THREE CODE SUMMARY RACING QUEENSLAND PERFORMANCE	10
Three Code Snapshot	12
INSURANCE	13
COUNTRY RACING CONTRIBUTION	14
TRAINING TRACK SUBSIDY	15
RESTRUCTURE PLAN AND CONSULTATIONS	16
INDUSTRY LICENSING	16
OBJECTIVES AND KEY PERFORMANCE INDICATORS	17
RACING CODE REPORTS	18
Greyhound Live Baiting Seven Point Plan	23
THE ORGANISATION - ROLE AND FUNCTION	24
Organisational Mission and Values	26
Organisational Service Areas	27
Queensland Government's Objectives for the Community	28
Challenges and Opportunities	29
Racing Queensland Board	30
Our People	32
The Executive Leadership Team	33
CORPORATE GOVERNANCE	35
Strategic and Operational Risk	37
GLOSSARY OF TERMS	38
ACRONYMS	39
COMPLIANCE CHECKLIST	40
FINANCIAL STATEMENTS	41

CHAIRMAN'S REPORT

The year ended June 30, 2015 was a tumultuous one for the Queensland All Codes Racing Industry Board (Racing Queensland) and the Queensland racing industry.

Following an exposé on the ABC's Four Corners program of the practice of "live-baiting" in the training of Greyhounds, the Minister for Agriculture and Fisheries, Minister for Sport and Racing initiated a review of the regulation of the racing industry. The review was followed by the establishment on April 9, 2015 of a Commission of Inquiry into the Queensland Greyhound Racing Industry.

On June 1, 2015, Commissioner Alan MacSporran QC, found the regulatory framework to be deficient in that it did not adequately assess risk and failed to plan an overall strategy to deal with the risk to integrity and animal welfare across all three codes of racing.

Commissioner MacSporran advocated the establishment of a new statutory authority, the Queensland Racing Integrity Commission, headed by a full-time Racing Integrity Commissioner, to assume responsibility for racing integrity and animal welfare.

In addition to its already onerous statutory obligations, Racing Queensland acquired another workload, that being implementing recommendations of the MacSporran report.

All members of the Board of Racing Queensland and of the boards of each of the three racing codes were removed and I was appointed Interim Chairman of the Board of Racing Queensland on June 4, 2015. On that day, acting as the Board of Racing Queensland, I appointed Mr. Ian Hall, a partner of KPMG, to the position of Acting Chief Executive Officer.

A review of the state of Racing Queensland's finances, dealt with at length

elsewhere in this report, made it apparent that substantial reductions in Racing Queensland's expenditure had to be made if Racing Queensland and the racing industry in Queensland were to be placed on a financially viable footing. It was obvious that the savings required went far beyond anything likely to result from operational economies and improved efficiencies within Racing Queensland. Additionally, it was apparent that substantial additional funding would be required to address deficiencies in the areas of integrity and animal welfare.

Racing Queensland responded by implementing a series of consultations with various sections of the racing industry. Their purpose was to inform racing industry participants of: the state of Racing Queensland's finances; the full extent and cost of Racing Queensland's operations; Racing Queensland's income streams and the risks posed to its maintenance; the extent of the fund reserved for capital works; and proposals for the manner in which racing clubs could access it. A further purpose was to gain information and advice from industry participants as to the best approach to deal with the financial challenges facing the industry.

At the date of presentation of this report, the information obtained during the consultations is being processed and proposals for dealing with the challenges are being prepared.

The work of Racing Queensland is important not only to the racing industry participants, but to the broader community. The racing industry has a significant social and economic place in the fabric of this, the most decentralised of States. Many thousands of people are directly employed full-time in the industry and many more are employed indirectly or part-time. The State Government derives wagering tax revenue. Charities and community organisations are financially supported by the state's 135 racing clubs and many community

organisations use racing club facilities.

In furtherance of its statutory obligations to develop and market the racing codes and to respond to strategic challenges, Racing Queensland was intensively engaged during the year with its wagering partner UBET and with corporate bookmakers and totes around Australia. Increasing wagering revenue is a high priority for the organisation.

The 2014-2015 racing season had many highlights, particularly during the Queensland Winter Racing Carnival. Regional racing flourished with many successful cup meetings being held throughout the state. This is a convenient place in which to acknowledge the work of the many racing club committees and others who donated their time, labour and skills to keep the clubs operational and to enable race meetings to be held successfully.

It is appropriate that I commend the staff of Racing Queensland for their dedication, expertise and enthusiasm. Under the focused and indefatigable leadership of acting Chief Executive Officer Ian Hall, they have given generously of their time and have accomplished much. They have reason to be proud of their achievements.

Finally, I thank the Honourable Bill Byrne MP, Minister for Agriculture and Fisheries, Minister for Sport and Racing, for his and the Government's keen interest in and support of the Queensland Racing Industry.



The Honourable John Muir QC

**Chairman
Queensland All Codes Racing Industry
Board**

ACTING CHIEF EXECUTIVE OFFICER'S REPORT

The position of Acting Chief Executive Officer was established in June 2015 as a result of the Queensland Government's response to the Queensland Greyhound Racing Industry Commission of Inquiry.

A sustainable future for Queensland's racing codes must be the industry's number one priority and as the governing body, Racing Queensland, in conjunction with all industry participants, plays a vital role in making racing strong and sustainable.

The financial position of Racing Queensland presented significant challenges to the business during the 2014-15 fiscal year as declining revenue and increasing expenditure resulted in Racing Queensland as the parent company producing an \$11.2 million operating loss. With Racing Queensland's cash reserves having been depleted in recent years, the organisation finds itself in a difficult financial position.

Factors impacting the revenue shortfall include the outage of the state's premier racing facility at Eagle Farm, the move of the wagering market away from traditional pari-mutuel betting toward fixed odds betting, the growth of corporate bookmakers and the expanded sports wagering market.

However, this has also presented Racing Queensland with an opportunity to build a platform from which it can shape a sustainable and viable future for the industry. Extensive community and industry participant consultation has been conducted via meetings with stakeholder groups and online submissions. The meetings have focused on key issues pertaining to the industry including the financial position, future integrity reform, animal welfare strategies and infrastructure spending.

It is envisaged that by providing stakeholder groups and the wider industry

with an opportunity to contribute to the formation of this platform, Racing Queensland will be in a position to develop a comprehensive model to rebuild the depleted reserves and secure the industry's future.

The challenge is to achieve balance across a range of key elements including; growing and diversifying sources of revenue, enriching the experience of participants, improving returns to stakeholders, developing animal welfare programs, implementing infrastructure priorities and developing and improving community relationships.

The 2014-15 financial year also exposed Racing Queensland to new challenges as the organisation was called upon to drive cultural change within the greyhound industry in the aftermath of the live-baiting scandal which impacted greyhound racing jurisdictions across the eastern seaboard.

Racing Queensland has led the country in its response to the issue by placing the welfare of the greyhound to the fore as it set about eliminating the vile practice of live-baiting and removing those who participated in the despicable behaviour from the industry forever.

The greyhound racing industry has recognised the need for change and those who remain in the sport have declared their intention to be a part of the rebirth of a greyhound racing industry that is rid of the scourge that impacted many innocent participants.

Again, the challenge has presented an opportunity to restructure the state's integrity model and implement a new animal welfare strategy as part of the industry's ongoing commitment to track the life of racing stock from birth to retirement.

The passion for this industry has been evident in every meeting I have attended

and I would like to take this opportunity to thank Queensland's racing participants, clubs and industry associations for their active participation in the consultative process.

I also commend the staff of Racing Queensland, who despite all the distractions and challenges, have continued to deliver racing with a positive approach and show every day a dedication to the industry and all who are involved.

The team at Racing Queensland looks forward to delivering a secure future for racing in Queensland in the year ahead.



Ian Hall

**Acting Chief Executive Officer
Racing Queensland**

FINANCIAL PERFORMANCE

Annual Financial Statements

The annual financial statements present the consolidated financial results for 2014-15 of the Queensland All Codes Racing Industry Board (QACRIB) trading as Racing Queensland, and its subsidiaries as set out on the right.

SUBSIDIARY	OWNERSHIP
Queensland Race Product Co Limited	100%
Sunshine Coast Racing Pty Ltd atf Sunshine Coast Racing Unit Trust	84.6%
Rockhampton Racing Pty Ltd	63.8%

Since forming in 2010-11, the consolidated group has operated at losses ranging between \$13.9 million in 2011-12 and \$3.8 million in 2012-13. The financial performance of the consolidated group for 2014-15 is summarised on the right.

The consolidated group loss of \$12.74 million for 2014-15 is primarily attributable to the financial performance of the group's parent and main operating entity, Racing Queensland, which posted an annual loss of \$11.176 million.

ENTITY	RESULTS
Racing Queensland	(\$11.18m)
Queensland Race Product Co Limited	Nil
Sunshine Coast Racing Pty Ltd atf Sunshine Coast Racing Unit Trust	(\$2.67m)
Rockhampton Racing Pty Ltd.	(\$0.61m)
Consolidated adjustments	\$1.72m
Consolidated Group Loss for the Year	(\$12.74m)
Other Comprehensive Income where items will never be reclassified to profit or loss	
Increase in asset revaluations surplus	\$36.19m
Total Comprehensive Income	\$23.45m

Revaluation of Assets

The financial statements report a \$36.2 million increase in the value of assets resulting from independent valuations of all land, buildings and tracks undertaken by Australis Asset Advisory Group using 'fair value principles' on June 30, 2015 (refer to note 15 of the financial statements for addition details on the methodology of the valuation).

Contributions by entity to the revaluations surplus of \$36.2 million resulting from the valuations include:-

- Sunshine Coast Racing: \$24 million increase in the value of the course proper, main grandstand, facilities, and drainage.
- Rockhampton Racing: \$3.8 million increase in the value of the course proper, grandstand, facilities, and lighting.
- Racing Queensland: \$8.4 million increase in value of land, buildings and tracks at the following locations;
 - Albion Park: \$3 million increase in the value of the grandstand, course proper, stables, and lighting.
 - Slacks Creek (Logan) \$4.6 million increase in the value of the land.
 - Deagon: \$3.6 million (decrease) in the value of land.
 - Deagon: \$3.4 million increase in the value of the administration building and facilities.
 - Bowen: \$1.0 million increase in the course proper.

RACING QUEENSLAND REVENUE

Wagering

Wagering revenue of \$202.4 million was the largest source of income for Racing Queensland in 2014-15 and was an increase of \$27.6 million on wagering revenue generated in 2013-14. This increase was primarily due to:

- Additional revenue streams contained in the new Product Agreement with UBET which commenced on July 1, 2014; and
- Increased Race Information Fees from Wagering Service Providers such as corporate bookmakers, betting exchanges and other state totes.

UBET

The new Product Agreement with UBET commenced on July 1, 2014 and provided Racing Queensland with additional revenue streams, including:

- A fixed fee of \$15 million to be received annually, indexed at 80% of CPI; and
- A return from UBET's sports betting operations, which in 2014-15 provided Racing Queensland with approximately \$336,000

However, underlying wagering revenue, being the return to Racing Queensland from wagering activity through UBET, remained relatively flat and increased by \$1.2 million from \$131 million in 2013-14 to \$132.2 million in 2014-15. The graph below details the change in wagering activity through UBET over the past five years.

Although the graph shows wagering turnover on Queensland racing decreased from 2013-14 to 2014-15, wagering on interstate racing through UBET increased.

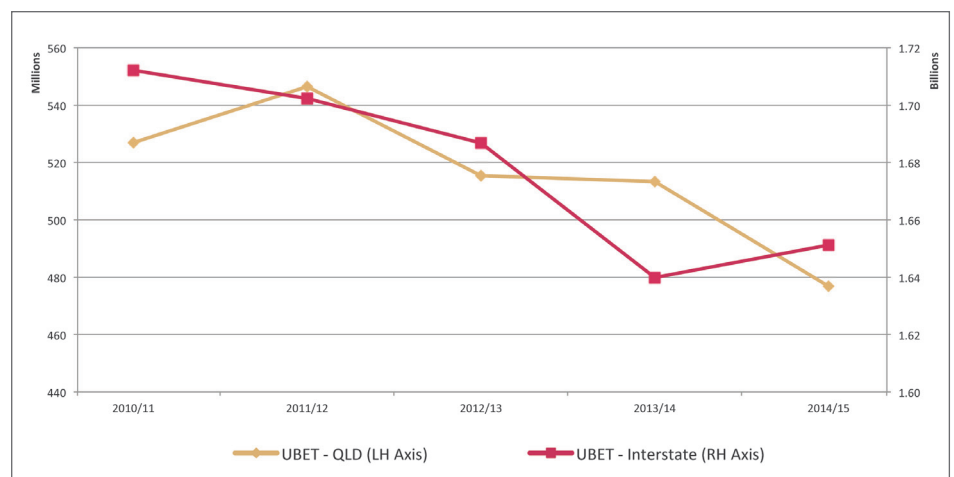
The decrease in wagering turnover on Queensland racing was primarily due

to the track upgrades and refurbishment works being undertaken at Eagle Farm from late August 2014 and Townsville from mid-January 2015, as well as the loss of over 23 thoroughbred race meetings as a result of extreme weather conditions.

The increased interstate activity through UBET directly resulted in a \$9.4 million increase in race information fee deductions and overseas product fees charged by interstate and overseas wagering operators for betting on their racing product. These fees are deducted from the annual product fee paid to Racing Queensland by UBET.

As such, the product fee received from UBET, net of the race information fee deductions for interstate wagering, reduced by \$8.25 million from \$105.49m in 2013-14 to \$97.24 million in 2014-15. This excludes the additional fixed fees of \$15 million and fixed odds sport retail commission of \$15.34 million.

Wagering Turnover through UBET

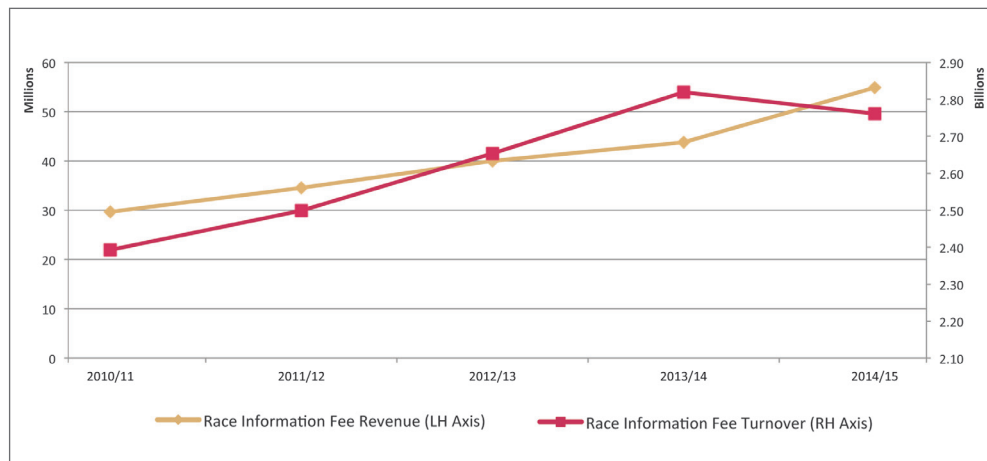


Revenue from Other Totes and Wagering Service Providers

Race information fees represent the revenue received from the other state totes and wagering services providers such as corporate bookmakers, betting exchanges and bookmakers.

Despite a 2.1% decline in turnover, race information fee revenue increased by \$11 million from \$43.8 million in 2013-14 to \$54.8 million in 2014-15 due to the increase in rates charged by Racing Queensland. While corporate bookmaker turnover in 2014-15 grew by over 5% on 2013-14, totes and betting exchanges delivered a reduction in turnover.

Race Information Turnover vs. Revenue on Queensland Racing



Change in the Nature of Wagering

Pari-mutuel vs. Fixed Odds Wagering

Racing Queensland's wagering revenue is impacted by whether bets are placed on a pari-mutuel or a fixed odds basis.

In 2014-15, the split between pari-mutuel and fixed odds on Queensland racing was approximately 58% : 42%. In 2013-14, the split was 64% : 36%, highlighting a shift to fixed odds betting. The shift in wagering away from pari-mutuel toward fixed odds betting produces a lower return to Racing Queensland.

The consumer trend towards fixed odds betting extends to interstate wagering through UBET, with a pari-mutuel to fixed odds split of 61% : 39% in 2014-15 against a split of 68% : 32% in 2013-14.

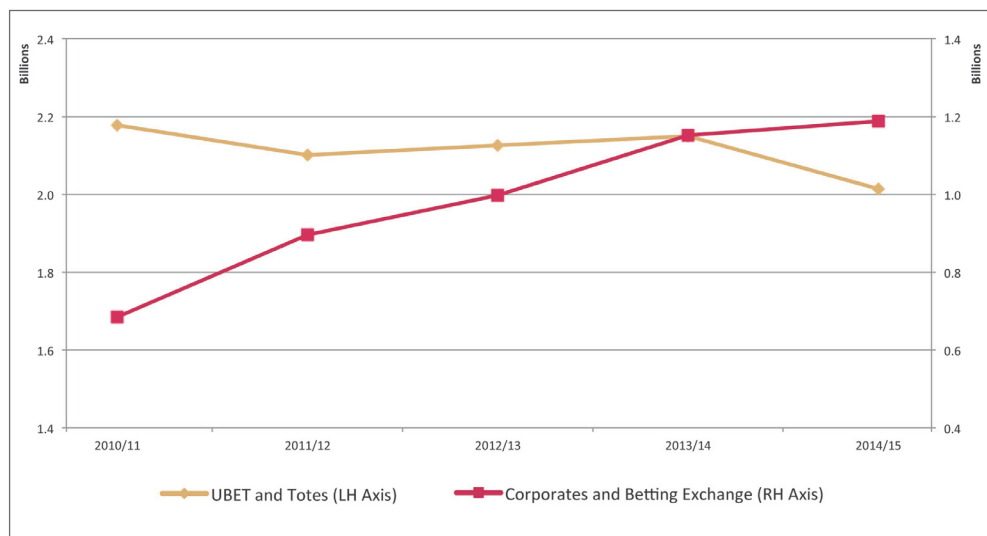
Shift toward Corporate Bookmakers

The table below shows a significant increase in wagering turnover through wagering service providers and other totes whilst wagering through UBET has been declining since 2011-12.

As demonstrated below, betting through UBET provides a greater return to Racing Queensland:

- \$100 wagered with UBET will provide between \$5 to \$6.50 to Racing Queensland depending on whether the bet was placed on fixed odds or pari-mutuel.
- \$100 wagered with other totes or other wagering service providers (e.g. William Hill, Ladbrokes, Sportsbet or a betting exchange) will provide a return of between \$1.50 to \$3.50 to Racing Queensland.

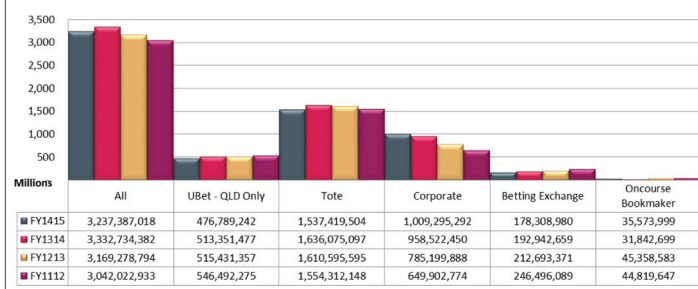
Shift toward Corporate Bookmakers



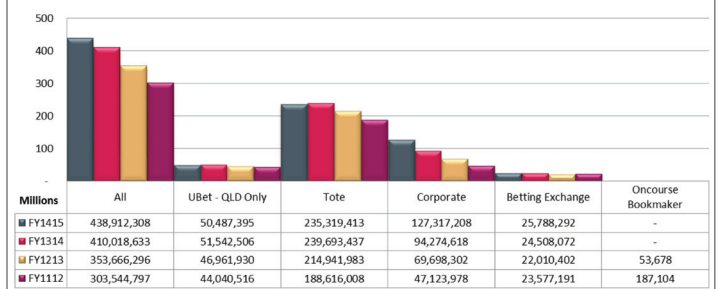
Wagering Summary

	TURNOVER		REVENUE		RETURN	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
	\$bn	\$bn	\$m	\$m	%	%
Total Queensland (UBET and WSP)	3,333	3,237	75	84	2.2%	2.6%
Total Interstate Racing Through UBET	1,640	1,651	104	104	6.4%	6.3%
Less Wagering Expenditure	-	-	(29)	(35)	-	-
Net Return from UBET Interstate	1,640	1,651	75	69	4.6%	4.2%
Total Queensland and Interstate Wagering Return	4,973	4,888	179	188	3.5%	3.9%
Total Net Wagering Return	4,973	4,888	150	153	3.0%	3.1%
Add Back Deductions			(29)	(35)		
Total Wagering per AFS	4,973	4,888	179	188		

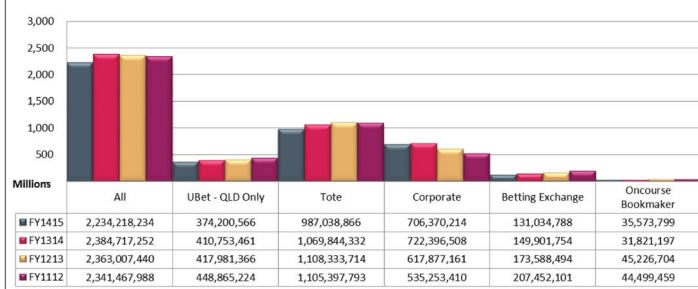
QLD Wagering Turnover - All



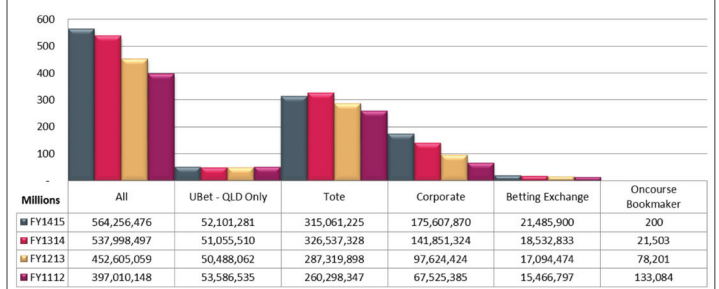
QLD Wagering Turnover - Harness



QLD Wagering Turnover - Thoroughbred



QLD Wagering Turnover - Greyhound



Other Revenue Movements

There was a decrease of \$5.8 million in grants and other contributions due to:

- The removal of QTIS Government funding of \$2.5 million; and
- A decrease in infrastructure grants received from the State relating to projects managed by Racing Queensland.

RACING QUEENSLAND EXPENDITURE

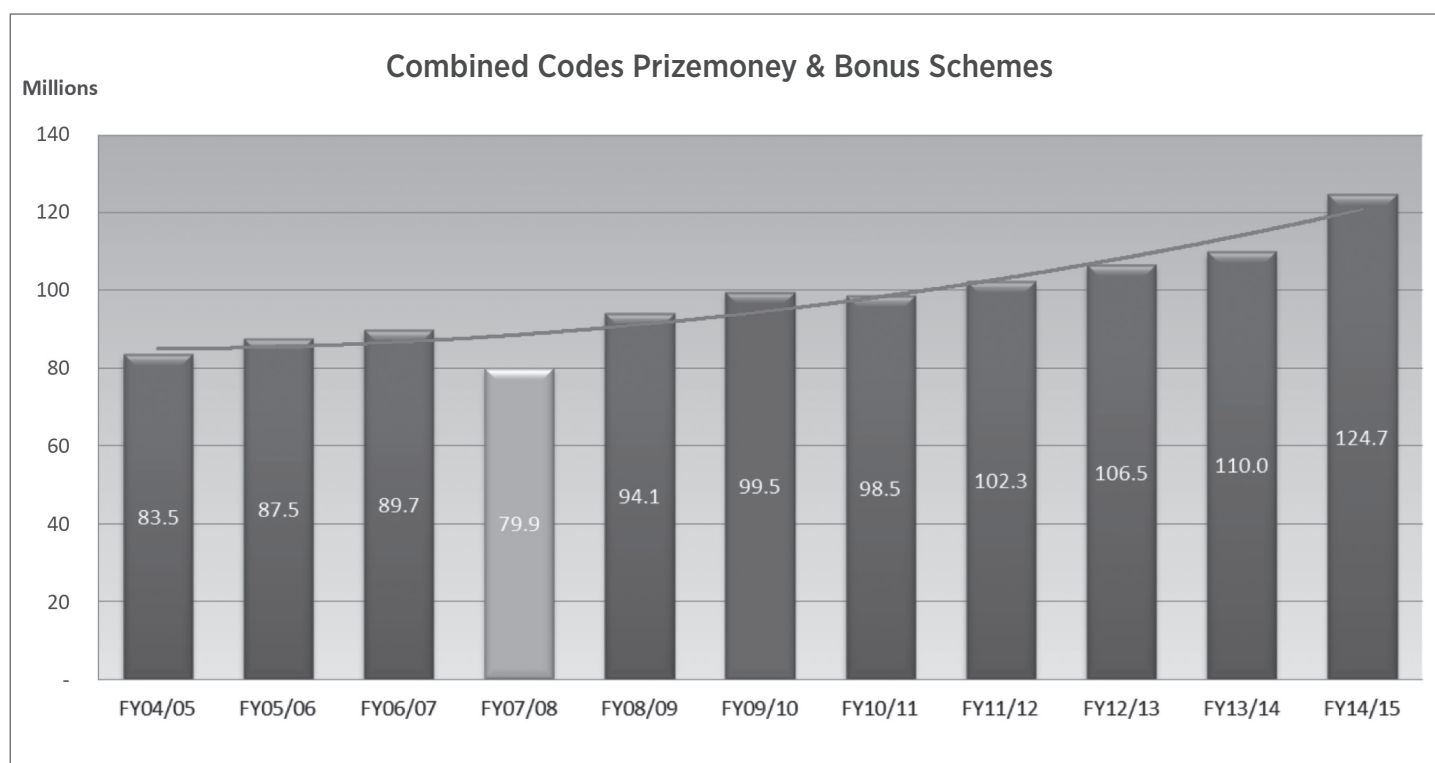
Prizemoney

On 1 October 2014, Racing Queensland increased prizemoney levels across the three racing codes. The table below shows the annual increase in prizemoney and breeder bonus payments over the past five years.

- Across the three codes prizemoney and breeding initiatives increased by \$15 million. The increases included; \$13.7 million in prizemoney, greyhound trainer's appearance fees of \$0.95 million, breeding initiatives of \$0.885 million.

CODE	2010-11 \$M	2011-12 \$M	2012-13 \$M	2013-14 \$M	2014-15 \$M
Thoroughbred	\$76.4	\$78.5	\$81.2	\$84.0	\$93.5
Harness	\$14.2	\$14.2	\$14.9	\$15.2	\$16.5
Greyhound	\$7.9	\$9.6	\$10.4	\$10.8	\$14.7
Total	\$98.5	\$102.3	\$106.5	\$110.0	\$124.7

*Prizemoney and bonus schemes shown as net of third party contributions e.g. sponsorship



FY 2007-08 result impacted by Equine Influenza.

Other Expenditure

The table below details the movements in other expenditure between 2013-14 and 2014-15.

EXPENDITURE CATEGORY	2013-14	2014-15	DESCRIPTION
Wagering Expenses	\$25.5m	\$35.0m	As discussed in the revenue commentary, race information fee deductions and overseas racing product fees increased due to a greater volume of interstate and overseas wagering through UBET as well as increased fees levied by Victoria.
Racing Expenses	\$11.12m	\$11.7m	Increase due to the increase in jockey riding fees and jockey superannuation, 1% of prizemoney contribution to jockeys' welfare and an increase in unplaced starters rebate for thoroughbred racing.
Employee Expenses	\$13.6m	\$14.5m	Vacant positions filled and additional roles in marketing and additional contract wages due to the Greyhound Commission of Inquiry.
Industry Insurance Costs	\$3.4m	\$4.3m	Higher than anticipated insurance costs as a result of increasing WorkCover for jockeys and additional claims under the public liability excess for clubs and increased premiums.
Capital Works	\$0.73m	\$1.14m	Increase due to track rectification at Brisbane Greyhound Racing Club, Rockhampton Greyhound Racing Club, Ipswich Turf Club and Gympie Turf Club, plastic running rail at various clubs and granting of assets to Albion Park Harness Club.
Animal Welfare and Integrity	\$0.103m	\$0.526m	Costs exceeded budget by approximately \$1 million due to expenses resulting from the greyhound welfare crisis and Greyhound Commission of Inquiry as well as the Racing Queensland internal review into Stewarding and Integrity Operations.
Animal Welfare and Integrity – Legal	Nil	\$0.74m	
Asset Write Downs	Nil	\$0.755m	Increase due to the loss incurred on the disposal of stables transferred from Parklands in 2013-14
Marketing Expenditure	\$0.92m	\$1.98m	Increase due to increased activity and Queensland holding the Australian Racing Conference. This amount is partially offset by an increase in revenue of \$0.5 million.

Other non-recurring expenditure including:

- Additional costs in relation to the Tattsbet Product Fee renewal; and
- Tattsbet litigation of approximately \$300,000 above budget to finalise the Queensland Product and Program Deed.

Industry Infrastructure Strategy Summary

The following table outlines Racing Queensland and State Government investment in key projects under the infrastructure strategy.

PROJECT	Funds Received from	Actual project costs	Approval per	Funding Deed	% COMPLETE	FUNDS RETURNED / EXPECTED TO BE RETURNED TO GOVERNMENT
	Government for the life of the project to 30/06/15 (including interest earned)	for the life of the project to 30/06/15	funding deed	Approval to transfer from Synthetic Track Funding		
Clifford Park, Toowoomba	7,094,973	6,908,115	2,661,820	4,328,380	100%	82,085
Bundall, Gold Coast	15,915,019	15,461,696	15,461,696		100%	453,323
Multi Use Race Day Event Infrastructure	1,522,851	1,347,426	1,462,537		100%	175,425
Cronulla Park, Logan	1,479,271	1,479,271	12,000,000		on hold	
Eagle Farm, Brisbane	7,890,640	7,919,930	10,000,000		80%	
Cluden Park, Townsville	3,033,427	5,171,939	7,000,000		75%	
TOTAL	36,936,181	38,288,377	48,586,053	4,328,380		710,833

THREE CODE SUMMARY

RACING QUEENSLAND

PERFORMANCE

	30 JUNE 2015			
	RQ CONSOLIDATED	THOROUGHBRED \$'000	HARNESS \$'000	GREYHOUNDS \$'000
Total Revenue	224,028	168,341	23,040	32,647
Total Expenditure	233,698	170,010	30,069	33,619
Earnings Before Depreciation	(9,670)	(1,669)	(7,029)	(972)
Depreciation	1,506	1,187	95	224
Net Loss	(11,176)	(2,856)	(7,124)	(1,196)

*Adjusted three code performance based on actual wagering generated by each code and where revenue and costs cannot be allocated is allocated on the number of race meetings contributed by each code. 2013-14 has been adjusted to reflect this.

Racing Queensland's overall loss increased by \$7.2 million to \$11.176 million in 2014-15, the result of overall revenue increasing by approximately \$20 million (on prior year) and expenditure increasing by \$27.4 million.

The overall revenue increase of \$20 million was mainly due to an increase in the UBET fixed fee and race information fees offset. However, the loss of over 23 thoroughbred race meetings, the shift of wagering revenue streams and importing more products from interstate resulted in lower than budgeted wagering revenue.

The UBET wagering return decreased on prior year by \$2.5 million, a result of the shift from pari-mutuel to fixed odds wagering as well as a shift in wagering to corporate bookmakers at a lower return to Racing Queensland. Race Information fee revenue increased by \$11 million on the prior year.

For 2014-15, Racing Queensland's overall expenditure increased by \$27.4 million which included the aforementioned \$15 million increase in prizemoney and bonus distributions from 1

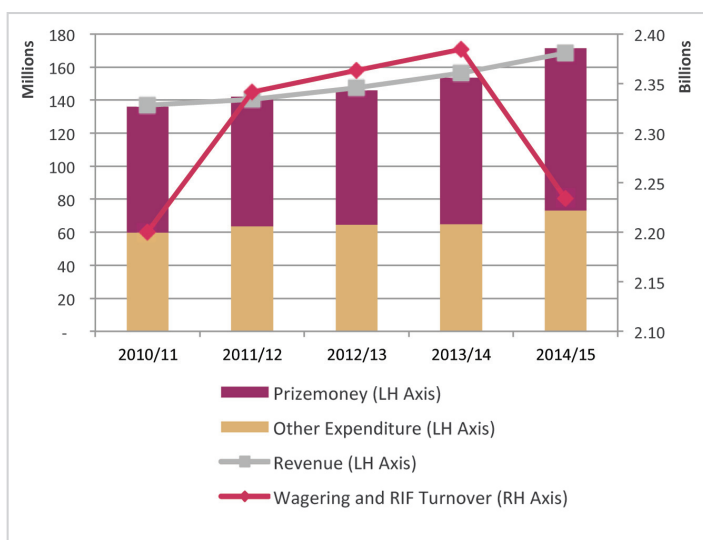
October 2014. Whilst this resulted in greater returns to industry participants, it was not offset by increased wagering returns.

Additional administration expenditure reduced by \$1.7 million on prior year as a result of costs associated with the "White" Commission of Inquiry in 2013-14.

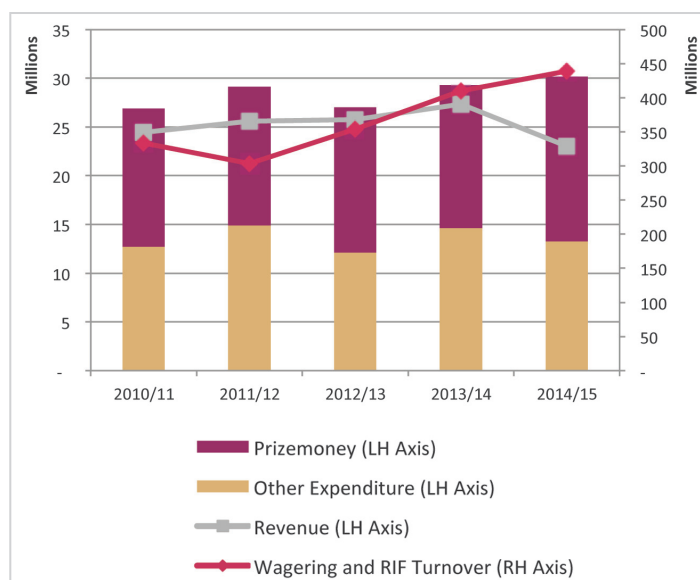
Racing Queensland incurred expenditure over and above normal business operations affecting the operating result. Costs incurred include; the Greyhound Commission of Inquiry, the Greyhound Welfare Crisis as well as Tattsbet litigation and finalisation of the 30 Year Product Fee Deed with UBET. Wagering and expenditure performance breakdowns for each code are summarised in the following graphs:

The three code summary graphs below show the increase in prizemoney during 2014-15 was not commensurate with an increase in revenue, resulting in a loss for the 2014-15 season of \$11.2 million

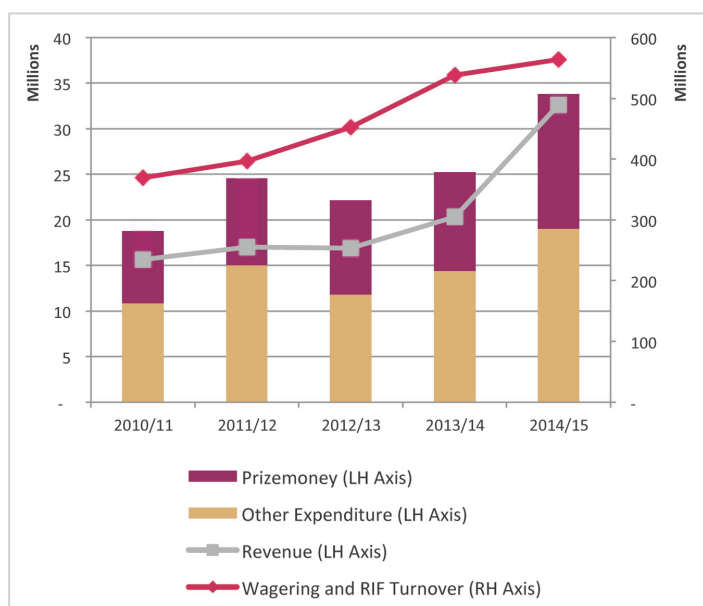
Thoroughbred Performance



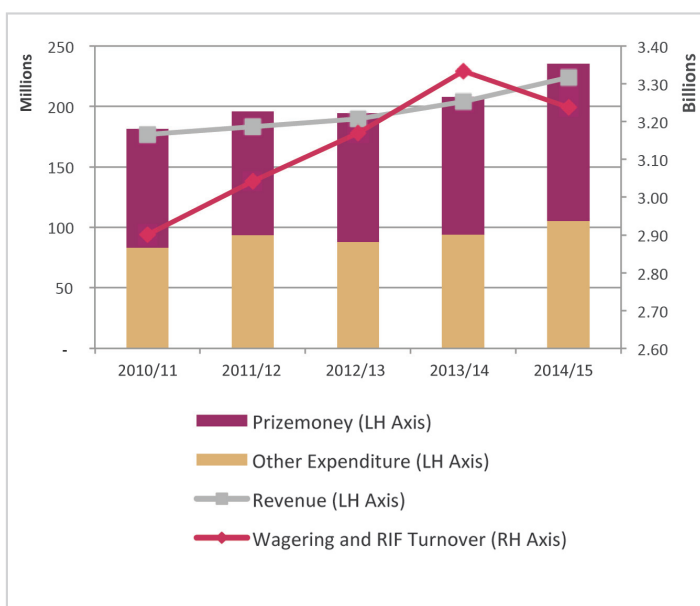
Harness Performance



Greyhound Performance



All Codes Performance



THREE CODE SNAPSHOT

RACING ACTIVITY	2010-11	2011-12	2012-13	2013-14	2014-15
Number of Meetings					
Thoroughbreds					
TAB	428	438	443	440	406
Non-TAB	254	274	281	290	282
Harness					
TAB	306	257	289	314	270
Non-TAB	18	50	20	15	13
Greyhounds					
TAB	350	407	409	443	457
Non-TAB	139	119	133	138	108
Number of Starters					
Thoroughbreds					
TAB	32,231	32,148	34,632	31,908	30,230
Non-TAB	11,013	11,336	11,196	11,792	11,726
Harness					
TAB	21,872	19,164	21,450	22,153	21,403
Non-TAB	726	2,199	856	550	547
Greyhounds					
TAB	26,790	31,515	31,667	33,849	35,297
Non-TAB	7,171	6,271	7,084	7,368	6,170
Wagering Turnover					
Thoroughbreds					
UBET QLD	\$425,286,809	\$448,865,224	\$417,981,366	\$410,753,461	\$374,200,566
Other Wagering Operators	\$1,772,027,640	\$1,892,602,764	\$1,945,026,074	\$1,973,963,790	\$1,860,017,668
Total QLD	\$2,197,314,449	\$2,341,467,988	\$2,363,007,440	\$2,384,717,251	\$2,234,218,234
Harness					
UBET QLD	\$48,678,373	\$44,040,516	\$46,961,930	\$51,542,506	\$50,487,395
Other Wagering Operators	\$285,389,005	\$259,504,281	\$306,704,366	\$358,476,127	\$388,424,913
Total QLD	\$334,067,378	\$303,544,797	\$353,666,296	\$410,018,633	\$438,912,308
Greyhounds					
UBET QLD	\$52,891,639	\$53,586,535	\$50,488,062	\$51,055,510	\$52,101,281
Other Wagering Operators	\$315,971,477	\$343,423,613	\$402,116,997	\$486,942,987	\$512,155,195
Total QLD	\$368,863,116	\$397,010,148	\$452,605,059	\$537,998,497	\$564,256,476

INSURANCE

Racing Queensland ensures that there is sufficient insurance cover for its assets, clubs and its people through a comprehensive insurance portfolio which is reviewed annually. This portfolio consists of the following policies:

- Public and Products Liability;
- Directors' and Officers';
- Professional Indemnity;
- Motor Vehicle;
- Business Travel;
- Crime;
- Industrial Special Risks (Property);
- Workers' Compensation / Personal accident.

Specifically, these policies provide the following cover for industry participants:

- Club Public Liability Insurance;
- TAB Club Industrial Special Risks (Property);
- Trainers Public Liability Insurance through the Australia Trainers Association (ATA);

- Jockeys Public Liability and Accidental Death and Total Permanent Disablement Personal Accident Insurance through the Queensland Jockey Association (QJA) and Australian Jockeys' Association (AJA) through Racing Australia (RA);
- Jockeys' WorkCover through Workcover Queensland;
- Harness Trainer and Driver Public Liability and Personal Injury and Harness Club Public Liability through Harness Racing Australia (HRA);
- Harness Personal Accident including mini-trotters (volunteers);
- Club Volunteers Insurance.

Racing Queensland continues to review these policies to ensure that the industry is protected from adverse events resulting in injury, loss or damage to industry participants.

COUNTRY RACING CONTRIBUTION

Racing Queensland Country Racing Contribution

	2014-15 RQ	2013-14 RQ
Product and Program fee	\$ 124,578,778	\$ 127,114,642
Race Information fee deducted by TattsBet excluding accruals	\$ 31,011,859	\$ 25,536,922
Net Product & Program fee paid to RQ	\$ 93,566,919	\$ 101,577,720
5.32% of Net Tattsbet Product Fee as Prizemoney Obligation under the Act	\$ 4,977,760	\$ 5,403,935
Prizemoney paid excluding value add prizemoney by the clubs	\$ 9,647,750	\$ 8,255,450
QTIS Paid	\$ 651,800	\$ 604,500
QTIS 600 Paid	\$ -	\$ 13,600
Total Prizemoney paid Incl QTIS & Excluding Value Add prizemoney	\$ 10,299,550	\$ 8,873,550
Additional prizemoney paid by RQ over and above the 5.32% under the Act	\$ 5,321,790	\$ 3,469,615

RQ continued its tradition of supporting country racing through the following unrecognised funding streams.

TAB prizemoney at Non-TAB clubs	\$ 4,520,000	\$ 3,395,000
Club Administration/Subsidy Payments	\$ 1,012,097	\$ 672,000
Jockeys Riding Fees	\$ 2,582,825	\$ 2,497,935
Jockey 1% prizemoney - Australian/Queensland Jockey Association	\$ 148,196	\$ 88,736
*Subsidisation of Insurance	\$ 200,000	\$ 200,000
*Sky Channel Costs	\$ 156,055	\$ 122,244
Wages	\$ 366,024	\$ 411,994
QCRC	\$ 11,854	\$ 13,364
*Travel and Communications	\$ 120,738	\$ 108,827
*RISA Service Centre Costs	\$ 102,628	\$ 70,000
Total RQ paid out in unrecognised funding streams	\$ 9,220,417	\$ 7,580,100
Prizemoney paid Including QTIS & excluding value add prizemoney by the clubs	\$ 10,299,550	\$ 8,873,550
Total contribution to country racing	\$ 19,519,967	\$ 16,453,650
Less 5.32% of net TattsBet product fee as prizemoney obligation under the Act	\$ 4,977,760	\$ 5,403,935
RQ paid out in excess of obligation	\$ 14,542,207	\$ 11,049,715
Combination of TAB and Non TAB prizemoney paid for country racing	\$ 14,819,550	\$ 12,268,550

To be noted the Country Racing Contribution for 2013-14 is 76% of 7% total P&P for all three codes fee i.e. 5.32%

* Note approximations based on overall costs attributed to Country Racing

Racing Queensland continues to support country club prizemoney at levels in excess of its legislative requirement of 5.32% of total prizemoney. In 2013-14, the additional prizemoney amounted to almost \$3.5 million and in 2014-15 the amount increased to \$5.32 million.

In 2014-15, Racing Queensland exceeded its obligatory contribution to country racing by providing \$14.5 million in the form of

'other contributions' (up from \$11 million in 2013-14 and \$7.55 million in 2012-13). These contributions are made up of; TAB payments at non-TAB clubs, club administration/ subsidy payments, subsidisation of insurance, jockey riding fees, contribution to the Australian/Queensland Jockey Association, wages and payments for travel and communication costs.

In 2014-15, the Queensland Government

subsidy for country racing was \$1 million while direct costs to Racing Queensland were \$1.9 million. The costs (excluding stewarding and integrity costs) incurred include:

- prizemoney and QTIS payments;
- club subsidies;
- vision for non-TAB meeting becoming TAB meetings; and
- jockey riding fees.

TRAINING TRACK SUBSIDY

In 2014-15, the State Government provided funding of \$2 million under the Thoroughbred Code Training Track Subsidy Scheme, which is distributed to race clubs who provide much needed training facilities for the racing industry.

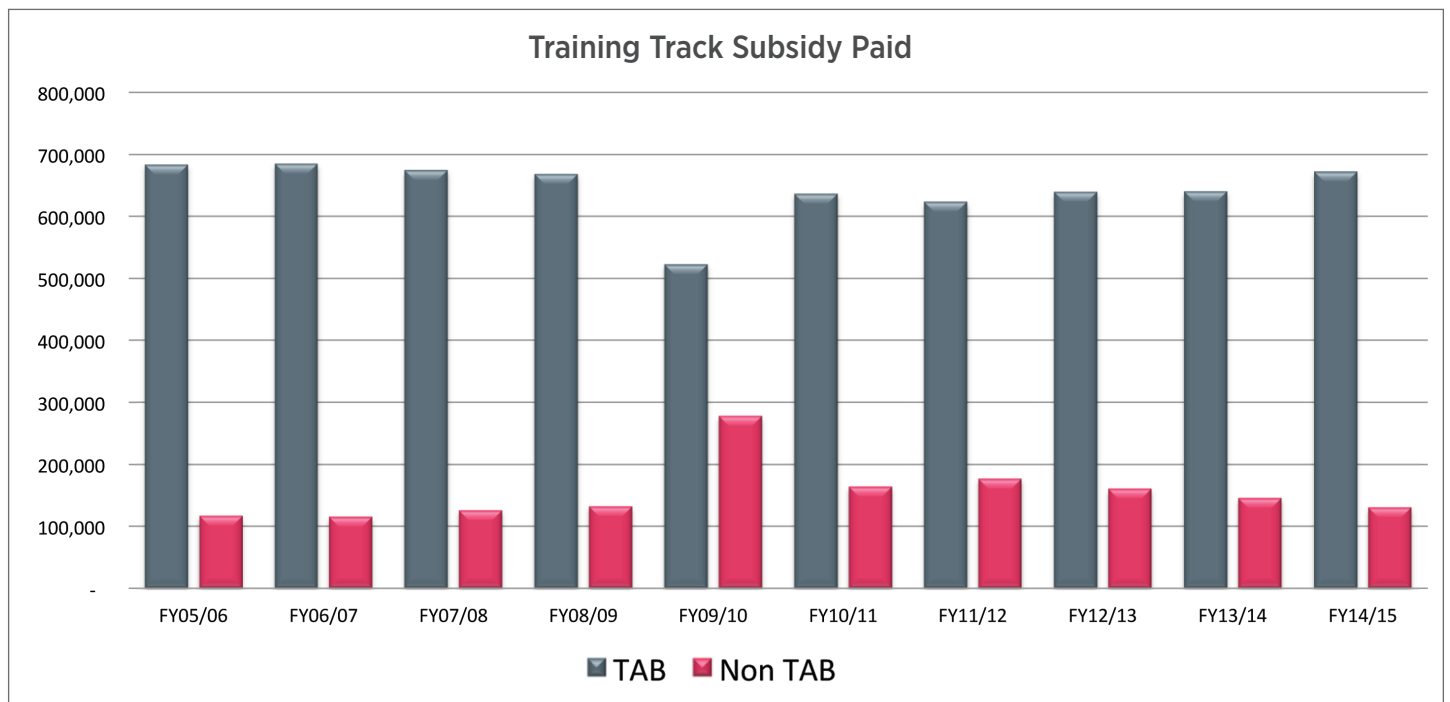
Funding under the scheme is separated into

two components:

- A threshold component of \$1.2 million, paid directly by the State Government to race clubs in accordance with the quality and extent of training facilities provided by the club; and
- An incentive component consisting

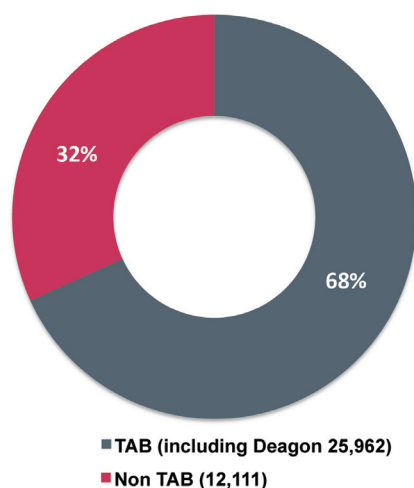
of \$800,000, distributed by Racing Queensland to race clubs in accordance with a formula recognising the number of starters produced annually by the race club.

The following graph highlights the historical subsidy paid to thoroughbred race clubs:

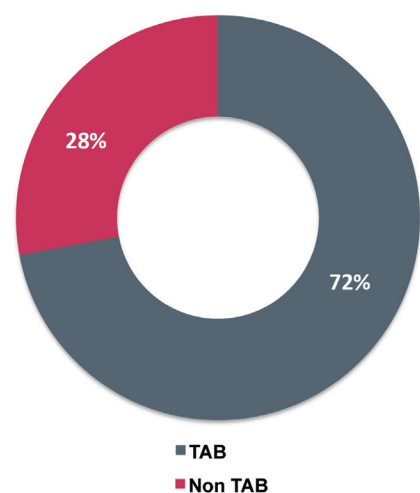


The following graphs highlight the distribution of starters between TAB and non-TAB clubs paid the training track subsidy. The total number of starters between TAB and non-TAB meetings is shown for comparison.

Training Track Starters 2014-15



Racing Starters 2014-15



RESTRUCTURE PLAN AND CONSULTATIONS

As a result of the financial position of Racing Queensland, consultation with industry stakeholder groups was carried out from early August 2015 through to early September 2015. In addition, a discussion paper which set out the current state of the racing industry was made available for comment.

The purpose of the consultations and discussion paper was to provide the racing industry with an overview of the current financial position of racing in Queensland, as well as to provide the industry with an opportunity to have their say as to what

measures might be implemented in order to return Racing Queensland to profitability in a fair and equitable manner.

The feedback received throughout the consultation process is now being examined by Racing Queensland and will be taken into account in formulating a Restructure Plan which will document the initiatives required to shape a secure future for the industry.

Prior to its final approval, it is intended to make the Restructure Plan available for public comment.

INDUSTRY LICENSING

The following table outlines the number of licences issued as at June 30, 2015:

CATEGORY	NUMBER
THOROUGHBRED	
Total Trainers	944
Total Jockeys	149
Total Stable Staff	2,730
Bookmakers	72
Bookmakers Clerks	102
Riders Agents	13
Visiting Trainer	300
Total Thoroughbred	4,310

CATEGORY	NUMBER
HARNESS	
Total Trainer/Drivers	201
Total Drivers	24
Total Trainers	126
Total Stablehands	145
Total Harness	496

CATEGORY	NUMBER
GREYHOUND	
Total Trainers	843
Attendants	365
Breeders License	392
Stud Masters	44
Track Operators	6
Total Greyhound	1,650

*Numbers at year end are lower than the average throughout the year due to the licence renewal period.

OBJECTIVES AND KEY PERFORMANCE INDICATORS

The following Key Performance Indicator areas as contained in the Racing Queensland Strategic Plan 2014-17 are currently under review as part of ongoing industry reforms.

However, the following table contains Racing Queensland's performance against the specific KPIs outlined in the Strategic Plan:

KPI AREA	KPIS 2014-15	RESULT 2014-15	COMMENT
Wagering Revenue	153,530M	\$152,084M	Wagering revenue is from UBET Qld and interstate wagering and Race Information Fees. Amount is net of additional revenue from the UBET fixed fee \$15 million and sports retail of \$0.336 million. The reasons for the decline have been outlined in the wagering performance section of this report.
Breeding Registrations	2,441	2,410	Decrease the likely result of cancellation of the QGreys Scheme, cancelled as part of Racing Queensland's response to the live-baiting scandal.
Prizemoney	\$110M	\$125.7M	Prizemoney increases were introduced from October 1, 2014, including greyhound trainer appearance fees and breeding initiatives.
Integrity Tests	16,480	17,056	Racing Queensland exceeded the KPI in further proof of its ongoing commitment to uphold the integrity of racing, Across the three codes through the Racing Science Centre, with only 0.3% returning positive results.
Integrity Costs of Total Expenditure	6.24%	5.55%	Lower than expected costs from the Racing Science Centre. Overall organisation expenditure has increased significantly as a result of prizemoney increases, which impacts integrity costs as a portion of overall Racing Queensland expenditure.
Number of Starters	117,577	105,373	The result in 2014-15 is consistent with the number of starters in prior years.
Attendance	735,000		Attendances for 2014-15 were not available at the time of print as club annual reports are not due until September 30, 2015.
Total Number of Trainers	2,815	1,913	The result reflects the reduction in greyhound trainers as a result of new licencing regulations. It should be noted that the 2014-15 figure will increase as registration periods close for each code's racing season.
Total Licensees	7,000	6,456	License renewals for 2015-16 were not complete as at June 30, 2015. There were 6,932 licensees as at May 31, 2015.
Total Number of Owners	18,141	20,920	The positive result is most likely due to an increase in the number of syndications in Queensland and increased returns to owners. However, this will require investigation during 2015-16.
Total Number of Participants	40,828		Unable to quantify on an annual basis.
Turnover of Total Participants	<3%		Unable to quantify on an annual basis.
Voluntary Employee Turnover Rate	<5%	24%	This is a higher staff turnover rate than the industry average and this will be reviewed in 2015-16.

RACING CODE REPORTS

THOROUGHBRED

The 2014-15 thoroughbred racing season in Queensland faced many challenges, the most significant being the unavailability of our premier venue, Eagle Farm, due to its track redevelopment.

October saw across-the-board increases to prizemoney levels which notably resulted in standard Saturday Metropolitan stakes increase from an average of \$47,500 to \$65,000. These levels alone saw returns to owners in Queensland compare favourably with those in the southern states. Overall increases to standard prizemoney (exclusive of Black Type races) were in excess of \$12 million which represented a percentage increase of 16%. Black Type prizemoney also received a boost and significantly saw all Listed Races increased to a minimum of \$100,000 and the stake for the time honoured Stradbroke Handicap jump from \$1.36 million to \$2 million.

Non-TAB racing was the beneficiary of significant prizemoney increases in 2014-15, resulting in a total of \$11 million in stakes being paid over 279 race meetings, in which there were in excess of 11,000 individual starters. Once again, country clubs embraced their annual meetings with strong community support right across the year. Blue-ribbon events such as Birdsville and Roma again attracted strong crowds, while the Cairns Amateurs cemented its place as one of the state's premier sports tourism events.

The Summer Carnival was again successful and saw the emergence of some quality young racehorses. In particular, the inaugural running of the Summer Provincial Series, which culminated in an excellent final at Doomben in early December, attracted significant profile and at the same time provided exciting opportunities for horses domiciled outside of the traditional SEQ stronghold. The Magic Millions Race Day was another highlight and saw the Mount Isa owned gelding 'Le Chef' triumph in the prestigious Magic Millions 2YO Classic.

The unavailability of Eagle Farm had a significant impact on the structure of the Queensland Winter Carnival but despite that, the quality of the equine and human participants was extremely high.

Without question, the star of the Carnival was the Ciaran Maher trained 'Srikandi' who started proceedings by winning the Victory Stakes at the Gold Coast and went on to cement her position as arguably the country's premier race mare with a Group 1 double in the form of the Stradbroke Handicap and the Tatt's Tiara.

Never one to leave a Carnival empty handed, champion Sydney based trainer Chris Waller stepped up to the plate when the high class filly 'Winx' trounced her opposition in the Sunshine Coast Guineas and then proceeded to repeat the dose in the Queensland Oaks, storming home from the rear in a jaw-dropping performance. Unbeaten colt 'Press Statement' emulated the feats of his older brother 'Pressday' (who won the 2010 J.J. Atkins, then known as the 'T J Smith') for Chris Waller, with a stirring win in this season's edition of the Group 1 Classic for juveniles.

Gai Waterhouse took adversity in her stride when, having missed a run in the Group 2 Hollindale Stakes (which was subsequently won by the Team Hawkes' trained 'Leebaz') at the Gold Coast, took former French entire Pornichet up the range and annexed the Toowoomba Cup in easy fashion. Any doubts surrounding Pornichet's quality were erased in no uncertain terms when he backed-up a week later and blitzed a high quality field in the Group 1 Doomben Cup.

Despite the invasion of Southern and New Zealand domiciled horses at the Carnival, Queensland trained horses were able to win nearly one third of the sixty two Black Type Races on offer, including four of the nine two-year-old events.

The season's Brisbane Trainers' and Riders' Premierships are always keenly contested affairs, but this season saw Tony Gollan and Jim Byrne dominate their respective categories. Gollan put a margin on his compatriots in the training ranks, winning 17 more races than Rob Heathcote. In the rider ranks it was a similar story with Jim Byrne finishing 14 wins clear of Tim Bell. Significantly, it was Byrne's first title since 2007-2008 and some 17 seasons since his first premiership win.

HARNESS

It has been a big year for harness racing in Queensland with the revamped Winter Carnival calendar upgrading the Sunshine Sprint and QBred Triad finals to Group 1 status as well as introducing a new Group 1, the Nursery Flying Stakes, to the schedule. A Metropolitan and Regional Show Racing Circuit and Grass Racing Circuit was also successfully introduced during the year.

The show circuit, which had been dormant for more than a dozen years, commenced in Brisbane at the 2014 RNA Show and continued around the region at Toowoomba, Nanango, Caboolture, Sunshine Coast and Gympie.

Show racing was well supported by participants and extremely well-received by the general public with large crowds getting to see harness racing action, some for the first time. Grass track racing at thoroughbred venues proved to be another popular promotion with TAB and non-TAB harness races conducted.

There was also, for the first time, harness racing conducted on a sand thoroughbred track with a dual code thoroughbred/harness race meeting at Gympie.

During the year, Queensland's young drivers cemented their place among the nation's best, going undefeated in Young Driver Competitions in New South Wales, Victoria, Queensland and New Zealand.

Two of the state's most promising young drivers, Brittany Graham and Trent Moffat, were rewarded for their 2014 performances when they won the Mercedes Benz Toowong Young Achievers Award. As the inaugural winners, the duo was rewarded with an educational trip to North America, where they took drives at the famed Meadowlands and Yonkers tracks.

Another young Queensland talent, Pete McMullen, took on and defeated Australia's best drivers in the Harness Racing Australia National Driving Championships held in Adelaide in October 2014. McMullen was later selected by Harness Racing Australia to represent Australia along with Chris

Alford in the 2015 World Driving Championships held in New South Wales.

And, what a fantastic finale to the racing season with the final night of the Winter Carnival sporting four Group 1 races and attracting a big crowd to witness the best Australia and New Zealand have to offer chase black type spoils.

There is no doubt, good horses and good drivers bring out the fans. The Victorians stole the limelight as Bendigo-based trainer Larry Eastman claimed the Group 1 \$150,000 Queensland Derby with his stable star Menin Gate, driven by Melbourne's Chris Alford. It was the third Derby success for the Somebeachsomewhere 3yo, which took out the Gold Coast Derby at Albion Park and the Victoria Derby at Melton earlier in the season.

Victoria's top trainer/driver duo Emma Stewart and Gavin Lang made it a night to remember with Philadelphia Man, a six-year-old by Art Major, storming away to a brilliant victory in the Group 1 \$125,000 Blacks A Fake.

The prizemoney stayed local in the other QBred Group 1's with the Kevin & Kay Seymour owned and Grant Dixon trained and reined Leo's Best winning the \$100,000 QBred Triad Final for 2YO Colts & Geldings and Shannon Price and Brad Cowen winning the \$100,000 Qbred Triad Final for 2YO Fillies with Special Moment.

The special moment sadly came just hours before the passing of the filly's managing owner, Tony Price, a highly respected former committee man of Albion Park and leading owner and breeder of standardbreds in Queensland. Tony, who had been ill for some time, was farewelled with his funeral at Albion Park Paceway.

Other Winter Racing Carnival stars included former Queensland trainer/driver Natalie Rasmussen, now based in New Zealand, who won the Group 1 Queensland Oaks with Fight For Glory, while trainer Ian Gurney and driver Shane Graham flew the flag for the locals as the free-legged pacing rock star, Avonnova, won the Group 1 Sunshine Sprint.

GREYHOUND

2014-15 marked a turning point for greyhound racing in Queensland. The well-documented greyhound live-baiting scandal resulted in significant changes to the licensing integrity and education procedures implemented by Racing Queensland through a suite of measures designed to eradicate live-baiting from the sport of greyhound racing.

Each of the measures was implemented to drive positive and much needed change within the industry and secure its future in the Queensland racing landscape.

Aside from the live-baiting issue, 2014-15 produced some very positive results for the code in Queensland.

Average starters increased by 2.93% for the year while the number of TAB meetings was up from 443 meetings to 457 on the back of permanent TAB racing at Ipswich on Saturday nights.

The Ipswich club played a key role in the year's schedule, racing for 37 days straight while drainage works were completed at Albion Park.

On the racing front, the year began with Flash Reality's barnstorming victory in the Winter Cup Final at Albion Park to ensure the \$107,500 stayed in Queensland for the Tony Brett Kennel.

The action moved to Townsville in August for the Group 3 Townsville Cup, which was won in emphatic fashion by Farmor Las Vegas, before Give You Credit claimed the Gold Coast Cup Final in October. Ralphie Cinel proved too quick for the field in the Big Dog Cup final, while Heidi Benz wowed the Ipswich crowd to claim the Vince Curry Memorial Maiden Final in February.

Pop The Cork completed his successful return to racing with victory in the RQ Young Guns Final in May, while Tuavasa Shek took a leaf out of his famous rugby league-playing name-sake's book to show a clean set of paws and claim the spoils in the Winter Chase final later that month.

Rounding out the year's features, Dzeko claimed the Gold Cup-Superstayers double, while Thrilla Moment and Stargate System won the Rockhampton young Guns Final and Ipswich Grand Prix respectively.

2014-15 GROUP 1 WINNERS

THOROUGHBRED			
RACE	HORSE	TRAINER	JOCKEY
DOOMBEN CUP	PORNICHET	Gai Waterhouse	Blake Shinn
BTC CUP	HOT SNITZEL	Peter & Paul Snowden	Blake Shinn
DOOMBEN 10,000	BOBAN	Chris Waller	Glyn Schofield
OAKS	WINX	Chris Waller	Hugh Bowman
J.J. ATKINS	PRESS STATEMENT	Chris Waller	Tye Angland
QUEENSLAND DERBY	MAGICOOL	Mark Kavanagh	James Winks
STRADBROKE HANDICAP	SRIKANDI	Ciaron Maher	Kerrin McEvoy
TATTERSALL'S TIARA	SRIKANDI	Ciaron Maher	Kerrin McEvoy

HARNESS			
RACE	HORSE	DRIVER	TRAINER
QUEENSLAND PACING CHAMPIONSHIP	FOR A REASON	Luke McCarthy	Belinda McCarthy
QBRED TRIAD FINAL 3YO COLTS & GELDINGS	A GOOD CHANCE	Chris Petroff	Donny Smith
QBRED TRIAD FINAL 3YO FILLIES	BETTOR PROMISE	Bart Cockburn	Shannon Price
SUNSHINE SPRINT	AVONNOVA	Shane Graham	Ian Gurney
NURSERY FLYING STAKES	BURNAHOLEINMYPOCKET	Kate Gath	Andy Gath
QUEENSLAND OAKS	FIGHT FOR GLORY	Natalie Rasmussen	Natalie Rasmussen
QBRED TRIAD FINAL 2YO COLTS & GELDINGS	LEOS BEST	Grant Dixon	Grant Dixon
QUEENSLAND DERBY	MENIN GATE	Chris Alford	Larry Eastman
BLACKS A FAKE	PHILADELPHIA MAN	Gavin Lang	Emma Stewart
QBRED TRIAD FINAL 2YO FILLIES	SPECIAL MOMENT	Brad Cowen	Shannon Price

GREYHOUNDS		
RACE	HORSE	TRAINER
Gold Cup Final	Dzeko	Angela Jackson
Winter Cup Final	Flash Reality	Tony Brett
Brisbane Cup Final	Keybow	Darren MacDonald

GREYHOUND LIVE BAITING

Following a joint investigation by Queensland Police Service and the RSPCA and the subsequent exposé on the ABC's Four Corners program in February 2015 into the practice of "live-baiting" in the training of greyhounds, the greyhound racing industry became embroiled in a controversy that became the most significant scandal in the sport's history. Given the extraordinary nature of the controversy it would be remiss if this annual report did not specifically address the issue.

The live-baiting scandal has had a devastating effect on racing's brand and in particular the brand of greyhound racing. However, once the practice

was uncovered, Racing Queensland took decisive action. From a poor position, the organisation took up the challenge via the implementation of a seven point plan to remove those who brought the sport into disrepute and rebuild public confidence.

Racing Queensland has been commended for its proactive approach to the live-baiting scandal by several animal welfare groups. Racing Queensland is recognised nationally as the leading authority in addressing the issue.

Racing Queensland's seven point plan is outlined on the following page:

GREYHOUND LIVE BAITING

SEVEN POINT PLAN

	SEVEN POINT PLAN GREYHOUND RACING LIVE BAITING
Examination and Suspension of those Involved	<p>As soon as Racing Queensland was made aware of the raid on the Churchable property Racing Queensland moved to:</p> <ul style="list-style-type: none"> • Protect the innocent from those who had been cheating • Immediately commence inquiries based on information from the Queensland Police Service and RSPCA • Issue show cause notices to those implicated • Seize the greyhounds of those issued with show cause notices in the interest of their welfare • Review the 500 hours of vision provided by RSPCA • Issue further suspensions and disqualifications
Funding the Investigation	<p>Once the Government announced the Commission of Inquiry, Racing Queensland implemented measures to fund the Inquiry which was estimated to cost in the order of \$3 million. This was done via:</p> <ul style="list-style-type: none"> • Reductions in prizemoney • Reductions in appearance fees • Cancellation of the QGreys Breeding Scheme
Animal Welfare including return to racing	<p>Animal welfare is at the heart of the live-baiting scandal and remains at the heart of Racing Queensland's considerations. The aim was to remove the guilty, protect the innocent and not penalise the greyhound. Essential elements of the welfare response included:</p> <ul style="list-style-type: none"> • Seized greyhounds from those charged with live-baiting to protect them from harm • Seeking advice from animal experts about the long-term effect of live baiting • Developing a pathway for any greyhound suspected of live-baiting to return to the sport via a return to racing protocol • The removal of any form of animal product used on the lure
Managing the Movement of Greyhounds	<p>A moratorium was implemented to provide the Racing Queensland investigations team with the time necessary to conduct investigations. The moratorium was:</p> <ul style="list-style-type: none"> • A protection measure for the industry, so that innocent trainers were not sold greyhounds which could subsequently be suspended as part of the live-baiting investigations • To avoid what had happened in Victoria with greyhounds being transferred from a suspended trainer to another and potentially related kennel • A temporary measure and once the return to racing policy had been finalised and the review of the RSPCA vision had been seen and acted on, it was removed on March 20, 2015
Statutory Declarations	<p>Racing Queensland received very little information from participants to assist in ridding greyhound racing of the law breakers. To ensure they were removed from the industry:</p> <ul style="list-style-type: none"> • From July 1, 2015 all trainers must sign a declaration to the effect that they have not been involved in live-baiting
Rule Changes	<p>Several rule changes were implemented in the process to strengthen the sport's animal welfare and integrity operations including:</p> <ul style="list-style-type: none"> • The adoption of the "Synthetic Lure Only" position • Several other rule changes to strengthen Racing Queensland's position in relation to animal cruelty and improper training practices • Rule changes to improve access to, and surveillance of, training properties
The Future	<p>The delivery of the MacSporran Report has presented a move forward position for the industry and an improvement to integrity systems including:</p> <ul style="list-style-type: none"> • Implementing Statutory Declarations as part of the trainer licensing conditions (also provides a point of renewal for the industry, they allow the innocent to hold their heads high by stating that innocence) • Introducing trainer education as part of license requirements • Expanding animal welfare activities (e.g. GAP) and information management systems to provide greater public confidence

THE ORGANISATION – ROLE AND FUNCTION

The Queensland All Codes Racing Industry Board trading as Racing Queensland is the control body for all three codes of racing (thoroughbred, harness and greyhound racing) in Queensland and is a statutory body established under the *Racing Act 2002*.

The Queensland All Codes Racing Industry Board (Racing Queensland) came into being through an Act of Queensland Parliament on May 1, 2013 and is a statutory board under the oversight of the Minister for Agriculture and Fisheries, Minister for Sport and Racing.

Racing Queensland provides a platform to service the racing industry across the three codes of racing: thoroughbred, greyhound and harness. The focus is on the provision of governance and services to the industry while empowering clubs to manage and administer their own facilities.

There are 135 racing clubs located across the State of Queensland.

The functions of the all-codes board are summarised as follows:

- Identifying, assessing and developing responses to strategic issues;
- Developing and implementing responses to strategic challenges;
- Leading and facilitating negotiations between the racing codes and other entities about strategic issues and agreements that affect racing codes either individually or as a whole;
- Identifying priorities for capital expenditure;
- Developing and implementing plans and strategies to promote, develop and market racing's codes;
- Making recommendations to the Minister about the administration and conduct of the board codes of racing; and
- Reporting to the Minister.

Racing Queensland maintains its head office at Racecourse Rd in Deagon Queensland and has regional offices in Toowoomba, Rockhampton and Townsville.

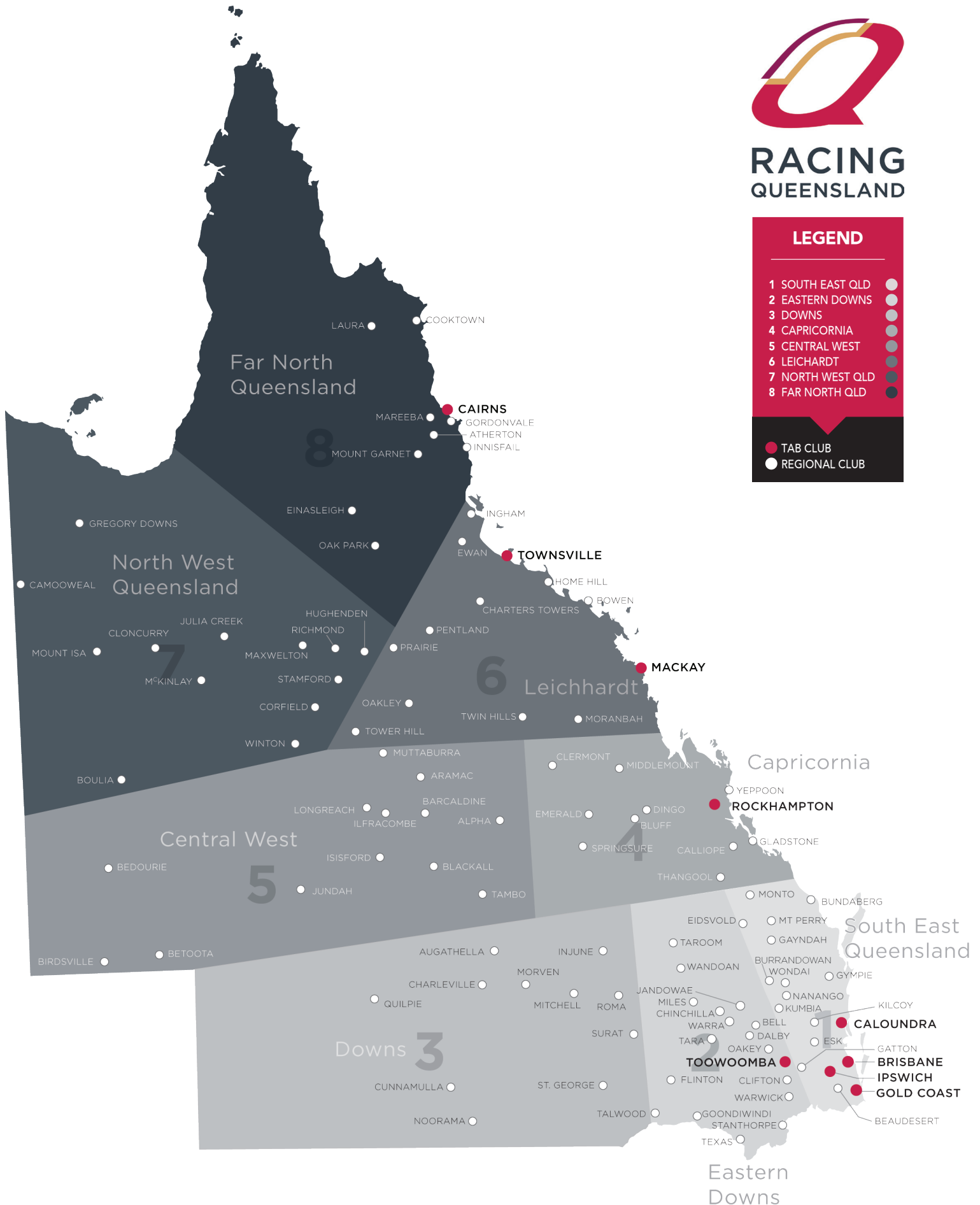


**RACING
QUEENSLAND**

LEGEND

- 1 SOUTH EAST QLD
- 2 EASTERN DOWNS
- 3 DOWNS
- 4 CAPRICORNIA
- 5 CENTRAL WEST
- 6 LEICHARDT
- 7 NORTH WEST QLD
- 8 FAR NORTH QLD

- TAB CLUB
- REGIONAL CLUB



ORGANISATIONAL MISSION AND VALUES

Racing Queensland's focus remains on taking the industry forward through the implementation of our mission statement to 'CARE':

COLLABORATE: working together for the benefit of the racing industry

ASSIST: providing assistance and services to encourage people in the industry to be self-sufficient and viable in the industry

REGULATE: regulating the industry to ensure integrity and compliance with standards, policies and rules

ENABLE: enabling the industry to participate in racing

The values that underpin Racing Queensland are:

- Professional and ethical - We will at all times be professional and ethical in our dealings with stakeholders and colleagues;

- Result-orientated - We will ensure that our day-to-day activities are consistent with and contribute to achieving our goals;
- Teamwork - We are committed to working as a team to deliver the best solutions for our stakeholders, recognising and rewarding both team and individual contributions;
- Stakeholder service excellence - We strive to serve our customers with excellence; and
- Balance between professional and personal life - We recognise that people are our main asset so achieving a balance between professional and personal time is in the best interests of individuals and the organisation.

ORGANISATIONAL SERVICE AREAS

SERVICE AREA	DESCRIPTION
Stewarding, Integrity and Licencing Services	<p>The department is made up of the operational steward's panels, Integrity Regulatory Unit, Betting Compliance and Monitoring Division, Veterinary Services Division and Licensing and Registrations Division.</p> <p>Its purpose is to provide the highest level of integrity services to the industry's participants and supporters.</p> <p>The expansion of animal welfare services and the imminent restructure of Integrity services in light of the Commission of Inquiry is a key priority.</p>
Animal Welfare Services	<p>Racing Queensland works closely with the RSPCA, Biosecurity Queensland and the Queensland Police Service to enforce rules and regulations around animal welfare practices.</p> <p>Implementing recommendations from the MacSparran Commission of Inquiry will be a key priority area for Racing Queensland.</p>
Training	<p>As a registered training organisation, Racing Queensland offers nationally recognised training with funding assistance from the Department of Education and Training.</p> <p>Racing Queensland provides ongoing industry-standard training and mentoring to apprentice and working jockeys/drivers, trainers, stable hands, trackwork riders and strappers as well as industry employers.</p> <p>All programs delivered are from qualifications in the nationally recognised Racing Training Package.</p>
Racing Operations	<p>Responsible for developing the most innovative and effective allocation of race dates as well as allocating prizemoney and developing state-wide racing programs and feature race schedules that maximise wagering returns.</p> <p>The division also provides:</p> <ul style="list-style-type: none"> • Representation on the Australian Pattern Committee and the National Racing Committee. • An interface with the RISA Service Centre and the provision of handicapping services across the codes to the state. • Management of breeding schemes.
Infrastructure and Safety	<p>Key function is to deliver key projects in line with the Industry Infrastructure Strategy (IIS) to create modern, 21st Century racecourses, multi-purpose sports stadia and entertainment precincts.</p>
Finance and IT	<p>Responsible for policy and performance across the three codes of racing in the following areas and services: Information technology, prizemoney distribution, risk and compliance, commercial and industry analysis, industry insurances and club subsidy distribution.</p>
Strategy, Marketing and Communications	<p>Responsible for creating a sustainable industry for participants by maximising wagering revenue.</p> <p>The division maximises exposure and engagement in the industry's three racing codes amongst the sports' constituents and the broader community via its advertising and marketing programs.</p> <p>Media accreditation for Queensland racecourses is open to all practising media representatives but it is subject to Racing Queensland's approval.</p> <p>Racing Queensland also develops, implements and administers Race Information Fees across the corporate bookmaker network.</p> <p>Racing Queensland is responsible for the control of racing bookmakers in the State of Queensland. Presently there are 140 licenced racing bookmakers operating at registered race meetings.</p>
Internal Audit	<p>Responsible for examining, evaluating and monitoring the adequacy and effectiveness of controls that exist to regulate the activities and operations of Racing Queensland.</p> <p>Internal Audit maintains a program for the auditing of Clubs, including financial and governance aspects, as part of the annual Internal Audit Program.</p>

QUEENSLAND GOVERNMENT'S OBJECTIVES FOR THE COMMUNITY

The racing industry in Queensland contributes to the State Government's objectives for the community

Creating jobs and a diverse economy

- The Queensland Racing industry employs tens-of-thousands of people directly in a range of vocations from horse and greyhound trainers to veterinary surgeons, stewards, administrators and jockeys and drivers;
- The racing industry also facilitates employment in a range of supplementary industries from feed and stock to transport and civil works;
- Racing's breeding industries attract investment from overseas and interstate and produce a range of employment opportunities for Queenslanders; and
- Delivers capital works and industry infrastructure programs.

Protecting the environment

- All Racing Queensland approved infrastructure projects are constructed in line with responsible development procedures and all relevant planning legislation, including those relative to environment and heritage protection;
- Furthermore, all future development projects will

be encouraged to explore the possibility of multi-use facilities to ensure the best-possible use of space, including sports facilities and park areas; and

- Horse populations are vaccinated against viruses in areas impacted by "bat colonies".

Delivering quality frontline services

- Racing Queensland is committed to ensuring our staff are provided with opportunities to develop their vocations for their own individual benefit and the benefit of the wider industry;
- Furthermore, Racing Queensland is committed to providing opportunities for those pursuing a career in the racing industry to have access to adequate training in their chosen field; and
- Providing opportunity for owners to participate in the racing industry, at low cost.

Building safe, caring and connected communities

- Racing is conducted across more than 130 venues throughout the length and breadth of the state. Racecourses throughout metropolitan and country Queensland play a role in galvanising communities as people come together to celebrate the iconic sport of racing.

CHALLENGES AND OPPORTUNITIES

A strong and sustainable financial future with an underlying focus on integrity for the industry remains Racing Queensland's priority. A summary of these and other challenges and opportunities are outlined in the table below:

CHALLENGES	OPPORTUNITIES
Address RQ's budget shortfall.	Consult with the industry to address participant expectations against sustainable revenue projections. Strengthen governance, policies and procedures. Enhance Business Intelligence Systems.
Develop integrity systems and renew public confidence in racing's integrity.	Manage and implement recommendations from the Commission of Inquiry. Develop animal tracking systems to monitor the life of racing animals from birth to retirement.
Address the reputational damage resulting from the live-baiting scandal and the organisation's financial performance.	Expand and develop animal welfare initiatives. Develop relationships with key animal welfare groups. Develop a plan for the improvement of life-after-racing for all codes. Consult with industry groups and key stakeholders and develop better understanding of industry revenue and expenditure flows.
Address the loss of race wagering market share to non-racing sports and the movement of wagering from more lucrative income sources (pari-mutuel) to lower income producing fixed odds markets.	Develop strategies to ensure Queensland racing is the wagering product of choice for consumers. Develop a racing program to stimulate wagering through innovation. Develop a racing program that balances club sustainability and the need to maximise wagering outcomes. Develop an equitable Race Information Fee Policy that maximises revenue for the racing industry and which seeks to stimulate long term revenue growth and address current stagnation of wagering growth on Queensland racing product. Develop opportunities with UBET to maintain and retain pari-mutuel customers. Build relationships with corporate bookmakers, SKY and other wagering stakeholders.
Balance the requirements of the racing industry with its obligation to care for and manage the animals under its influence.	Expand life-after-racing programs. Implement automated systems approach to animal monitoring and licensing including the Single National System. Manage and implement the recommendations from the Commission of Inquiry.
Balance club needs for funding support against the overall budget position of the industry and at the same time arresting the downturn in attendance by improving facilities	Develop a clear, transparent and sustainable funding model for clubs. Develop and implement consistent and transparent criteria upon which to assess infrastructure proposals. Prioritise infrastructure projects from clubs and industry that have the ability to repay loaned funds back into the Racing Infrastructure Fund. Assess and implement appropriate rectification works to improve safety concerns of tracks that generate positive returns to the Queensland industry. Further invest in facilities where it makes commercial sense to do so and in particular where these improvements enhance event products and participant experience.

RACING QUEENSLAND BOARDS

On May 1, 2013 Racing Queensland was established as the new control body for greyhound, harness and thoroughbred racing in Queensland. As part of the new governance arrangements for racing in Queensland, control boards for each code of racing were also established on May 1, 2013.

Racing Queensland and the control boards collectively oversee the strategic direction of racing for all codes in Queensland.

On March 2, 2015 the Minister for Agriculture and Fisheries, Minister for Sport and Racing initiated a system review of the regulation of the Greyhound Racing Industry and that review was followed by the establishment of a Commission of Inquiry into the

Queensland Greyhound Racing Industry.

On June 1, 2015, Commissioner Alan MacSporran QC, found the regulatory framework of Racing Queensland to be deficient in that it did not adequately assess risk and failed to plan an overall strategy to deal with the risk to integrity and animal welfare across all three codes of racing.

All members of the Board of Racing Queensland and of the boards of each of the three racing codes were removed and the Honorable John Muir QC was appointed Interim Chairman of the Board of Racing Queensland on June 4, 2015.

Board members serving during 2014-15 are listed below:

NAME	POSITION	BOARD	TERM
The Hon. John Muir QC	Chairperson	Queensland All Codes Racing Industry Board	4 June 2015 – 30 April 2016
Kevin Dixon	Chairperson	Queensland All Codes Racing Industry Board	1 May 2013 – 2 June 2015
Greg Hallam	Member	Queensland All Codes Racing Industry Board	1 May 2013 – 2 June 2015
Michael Byrne	Deputy Chairperson	Queensland All Codes Racing Industry Board	5 December 2014 – 2 June 2015
	Chairperson	Queensland Greyhound Racing Board	1 May 2013 – 2 June 2015
Peter Boyce	Member	Queensland All Codes Racing Industry Board	1 May 2013 – 2 June 2015
Greg Mitchell	Member	Queensland All Codes Racing Industry Board	1 May 2013 – 2 June 2015
Steve Hawkins	Deputy Chairperson	Queensland Greyhound Racing Board	1 May 2013 – 2 April 2015
Chris Williams	Member	Queensland Greyhound Racing Board	1 May 2013 – 2 June 2015
Peter Boyce	Chairperson	Queensland Thoroughbred Racing Board	1 May 2013 – 2 June 2015
Michael Kelly	Deputy Chairperson	Queensland Thoroughbred Racing Board	1 May 2013 – 2 June 2015
Reg Clairs	Member	Queensland Thoroughbred Racing Board	1 Dec 2014 – 2 June 2015
Greg Mitchell	Chairperson	Queensland Harness Racing Board	1 May 2013 – 2 June 2015
Warwick Stansfield	Deputy Chairperson	Queensland Harness Racing Board	1 May 2013 – 2 June 2015
Brian Burke	Member	Queensland Harness Racing Board	1 Dec 2014 – 2 June 2015

BOARD MEMBER PROFILE

The Honorable John Muir

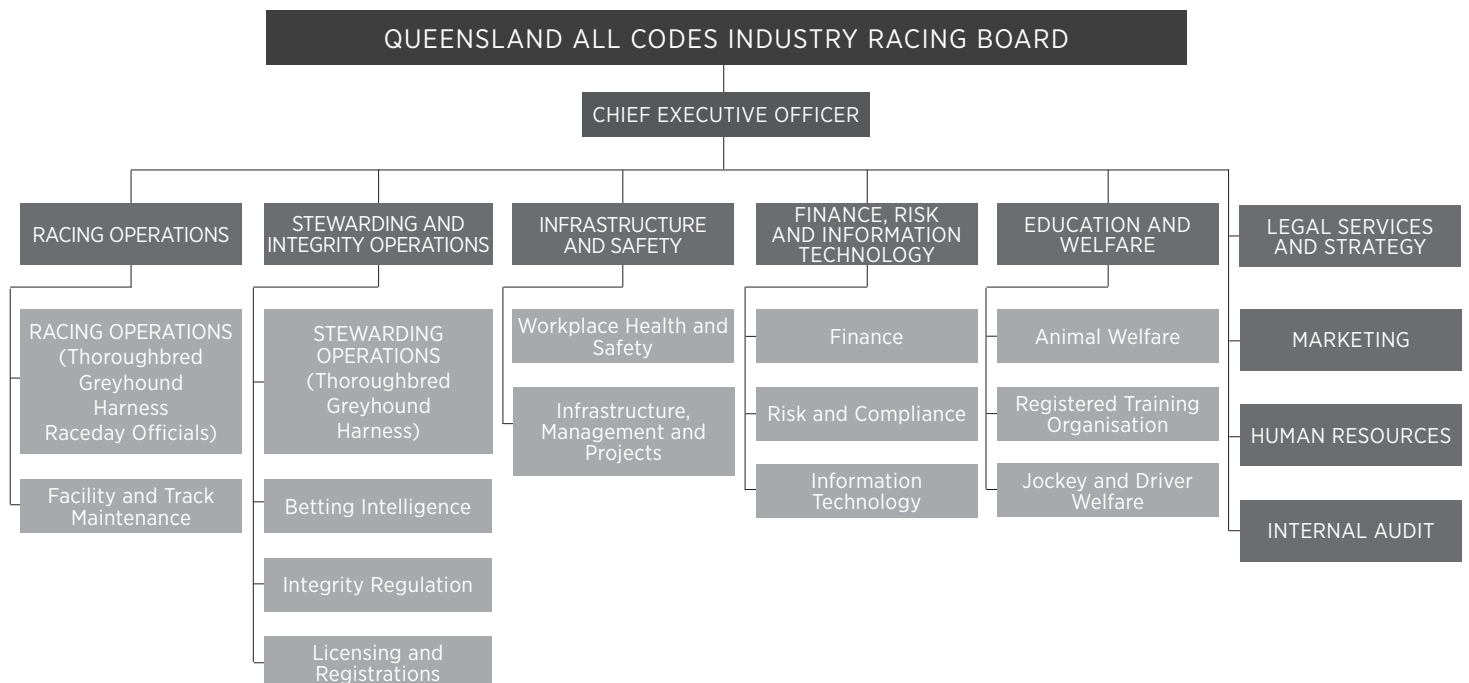
John Muir retired as a Judge of the Queensland Court of Appeal on December 26, 2014. He was appointed to the Court in July 2007 after serving as a trial division Judge from April 1997. For the five years prior to his appointment to the Court of Appeal, he was the senior Commercial List Judge.

John has served as; Chairman of the Queensland Law Reform Commission; President of the Land Appeal Court; Chairman of the Committee of the

Bar Practice Centre and Chairman of the Rules Committee constituted under the Supreme Court of Queensland Act 1991.

He was awarded the Centenary Medal in 2003 and is a Fellow of the Institute of Arbitrators and Mediators Australia. Between 2007 and 2014 he was the Secretary of the Judicial Section of Law Asia, and Secretary of the biennial conferences of Chief Justices of Asia and the Pacific.

ORGANISATION CHART



OUR PEOPLE

In 2014-15 Racing Queensland employees demonstrated their resilience and professionalism by continuing to deliver the services and implement strategies to support the racing industry across the thoroughbred, harness and greyhound racing codes despite many organisational changes to structure and staffing.

Racing Queensland employs a range of people with diverse experience in a range of industry specific roles including; Stipendiary Stewards, Handicappers, Graders, Veterinarians, Sample Collection officers, Licensing and Registration officers, Facility Maintenance and Development officers, Animal Welfare Manager, Workplace Educators and Jockey Mentors.

These roles are supported by corporate roles including; Legal Counsel, Internal Auditor, Risk and Compliance Advisor, Marketing Brand Managers, Finance, Information Technology and Human Resources officers. All employees are employed under individual employment agreements.

As at June 30, 2015 Racing Queensland employed 117.1 full-time equivalent (FTE) permanent and fixed term contract employees (excluding Board members) in 129.8 FTE permanent positions and 112 casual employees.

Throughout the year the internal Human Resources team (created in 2013) continued to establish and develop a range of human resource activities including; identifying a HR governance framework and gap analysis, streamlining recruitment and selection processes to attract a skilled and capable workforce, commencing a review of the performance management framework, continuing the implementation of the Executive Leadership Development Program and implementing health and wellness initiatives.

Racing Queensland is committed to the ongoing review of business processes with the desire to realise efficiencies, reduce costs and improve customer satisfaction and recognises that Racing Queensland's employees are key subject matter experts and are often best placed to contribute to this ongoing review process by contributing ideas that will yield tangible positive improvements to services or financial benefits in terms of cost savings or increased revenue.

Our recognition of service policy provides a process for recognising the years of service of employees. The following were awarded in 2014-15:

- 5 years' service – 13 employees
- 10 years' service – 3 employees
- 15 years' service – 1 employee
- 20 years' service – 1 employee

Flexible working arrangements are supported with 7% (8) of our employees working part-time, one employee formally telecommuting and many employees working from home on an ad hoc basis.

THE EXECUTIVE LEADERSHIP TEAM

Ian Hall – Acting Chief Executive Officer

Ian commenced as Acting Chief Executive Officer with Racing Queensland in June 2015. He is a chartered accountant with 32 years' experience in corporate restructuring, including 25 years (17 years as partner) with PricewaterhouseCoopers and now with KPMG.

Ian's extensive corporate experience includes reviewing, restructuring and managing businesses across a diverse range of industries including; government agencies, mining, manufacturing, wholesaling, retailing, hospitality, property and construction, rural, transport, automotive, tourism and hotels, health insurance as well as indigenous and vocational education.

Adam Carter – Chief Financial Officer

Adam leads the financial, risk and IT services of Racing Queensland. Adam has been with the Organisation for over 10 years and has previously acted as the Chief Executive Officer from March 26, 2012 to July 31, 2013. Adam is responsible for policy, strategy and performance across the three codes of racing for the following areas and services; information technology, prizemoney distribution, risk and compliance, commercial and industry analysis, industry insurances, and club subsidy distribution.

General Manager Racing Operations – Declan Martschinke

Declan leads the racing operations section which works with clubs across the three codes of racing to develop the most innovative and effective allocation of race dates, as well as scheduling prizemoney and developing state-wide racing programs and feature race schedules.

Other responsibilities include the management of the Queensland racing breeding schemes (QTIS) and (QBred), provision of representation on the Australian Pattern Committee and National Racing Committee, the interface with the RISA Service Centre and the provision of handicapping services across all codes.

General Manager Strategy and Corporate Counsel – Samuel Adams

Sam is Racing Queensland's General Counsel and Head of Strategy (commencing in July 2014). In this role, Sam is responsible for legal matters involving Racing Queensland, advises the boards and the organisation on legal issues and leads the development and implementation of Racing Queensland's Strategic Plan.

Sam has over 10 years' experience as a lawyer, having worked at top tier and Magic Circle firms in Australia and the United Kingdom.

Human Resources Manager – Erica Urselmann

Erica commenced at RQ in October 2014 and is responsible for managing the human resources function within Racing Queensland including; payroll, recruitment and selection, workforce planning and reporting, performance management and training and development.

General Manager Education and Welfare – Gabrielle Passlow

Gabrielle is responsible for industry training and workforce development strategies for all racing codes. The role assumes responsibility for administration, compliance and implementation of all accredited training and the management of broader industry workforce and training initiatives for all three racing codes.

General Manager Marketing and Communications – Doug Cross

Doug was a new appointment to the Executive Leadership Team having commenced with Racing Queensland in March 2015. He has wide-ranging experience in delivering strategic business and marketing plans in the highly competitive sports, leisure, tourism and events markets. His previous experience includes roles as General Manager Marketing and Communications for Racing Victoria and General Manager of the Geelong Greyhound Racing Club.

Internal Audit Manager – Michael Campbell

Michael joined Racing Queensland as Internal Auditor in March 2014, from the Queensland Audit Office where he had over 10 years' experience auditing public sector entities. Michael's role forms an important part of Racing Queensland's corporate governance framework and he is responsible for providing an independent appraisal and advisory service to the Chief Executive Officer and the Queensland All Codes Racing Industry Board.

Reporting to the Chief Executive Officer and the Audit and Risk Committee (ARC), Michael is also responsible for developing Racing Queensland's rolling three year and annual internal audit plans, executing the approved annual audit plan, reporting audit findings and recommendations to the Audit and Risk Committee and monitoring the implementation of all audit recommendations.

General Manager Integrity and Stewarding Operations – Wade Birch

Wade is responsible for the effective delivery of integrity services to the Queensland racing industry. In a practical sense, this role requires effective interaction between all areas of the integrity department for the purpose of providing the highest level of integrity services to the industry's participants and its supporters. (Wade ceased employment with Racing Queensland July 8, 2015).

Infrastructure Project Manager – Todd Martindale

Todd is responsible for the coordination and management of infrastructure projects at Racing Queensland and is charged with the responsibility of enabling the development of necessary industry infrastructure improvements at racecourses throughout the state. He has been working with Racing Queensland since January 2012 and manages key activity areas including; funding applications, project planning, procurement and project delivery. The Infrastructure Project Manager plays a key role in the implementation of Racing Queensland's infrastructure strategy facilitated with State Government investment.

CORPORATE GOVERNANCE

The governance structure of Racing Queensland has been established to set direction and oversee performance. Information about strategic and operational performance is provided by Racing Queensland's performance reporting, human resource and financial systems. Strategic and operational direction is communicated and managed through Racing Queensland's Business Plan, quarterly plans, key performance measures and targets as well as structured risk management process.

Compliance

The Queensland All Codes Racing Industry Board (trading as Racing Queensland) was established under *s94A of the Racing Act 2002*. Racing Queensland is a statutory body under the *Financial Accountability Act 2009 and Statutory Bodies Financial Arrangements Act 1982* and a unit of public administration under the *Crime and Misconduct Act 2001*.

Governance

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.

Racing Queensland's Governance incorporates the cultural and operational aspects of our organisation that are influenced by our actions and decisions and includes the concepts of:

- (i) Openness, integrity and accountability;
- (ii) Due care; and
- (iii) Public defensibility.

Governance incorporates the ethics principles for public officials under the *Public Sector Ethics Act 1994*, section 4 and includes establishing a performance management system, a risk management system and an internal control

structure. Racing Queensland's governance groups and committees oversee all major activities and areas of decision making and ensure the organisation has a clear direction, operates efficiently and fulfills its legislative responsibilities. These groups are:

- Executive Leadership Team;
- Audit and Risk Committee;
- Workplace Health & Safety Committee;
- Licensing Committee;
- Remuneration Committee.

Executive Leadership Team

The Executive Leadership Team oversees the organisation's strategic direction and performance. The group is assisted by the Audit and Risk Committee and other governance groups. The Executive Leadership Teams' role is to:

- Administer the rules of racing;
- Implement sound policies;
- Establish and maintain standards of safety and integrity;
- License industry participants;
- License race clubs, venues and monitor their activities and performance;
- Monitor the condition of racecourses and work with race clubs to ensure courses are developed 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; the Australian Racing Board (ARB) and its subcommittees, Harness Racing Australia (HRA) and Greyhounds Australasia Limited (GAL);
- Develop an effective product & program mix; and
- Provide an effective and efficient system for the distribution of prizemoney.

Audit and Risk Committee

The Audit and Risk Committee is a committee established by the Board of Racing Queensland to assist the Board in fulfilling its oversight responsibilities by reviewing and reporting to the Board on the following matters:

- Financial integrity and reporting;
- Legal compliance;
- Business risks;
- Audit effectiveness;
- The organisations process for monitoring compliance with laws and regulations and its code of business conduct;

- Timely input into setting planning direction – major service categories and capital programs;
- Input to the direction of Financial Strategy and Policy;
- Assurance of robust methodologies;

- Assurance of robust financial management to accepted business “best practice”; and
- Investment oversight.

The members of the Audit and Risk Committee are shown in the following table:

NAME	ROLE	NUMBER OF MEETINGS	NUMBER OF MEETINGS ATTENDED	REMUNERATION
Greg Hallam	Chairperson	4	4	Nil
Greg Mitchell	Committee Member	4	3	Nil
Peter Boyce	Committee Member	4	3	Nil
Michael Byrne	Committee Member	4	2	Nil

* This committee ceased to function on June 4, 2015

Internal Audit

Internal Audit is an integral part of Racing Queensland's corporate governance framework and was established to provide an independent appraisal and advisory function to the Chief Executive Officer and the Queensland All Codes Racing Industry Board. Responsibilities also include; providing assessment and evaluation of the effectiveness and efficiency of financial and operating systems, compliance and reporting processes and activities.

The Internal Auditor retains an independent and direct reporting relationship to the Chairperson of the Audit and Risk Committee.

Internal Audit operates under an Audit Charter which defines the purpose, responsibilities and function of Internal Audit. The Charter was developed, as required by the *Financial and Performance Management Standard 2009*, and is consistent with accepted auditing and ethical standards, including the International Professional Practices Framework approved by the Institute of Internal Auditors and the Auditing and Assurance Standards Board. Internal

Audit has also paid due regard to *Queensland Treasury's Audit Committee Guidelines* in performing its function, with a view to improving accountability and performance.

Internal Audit worked to the three-year Internal Audit Plan, containing the 2014-15 annual internal audit plan, approved by the Audit and Risk Committee. A risk-based approach was applied in developing the annual audit plan, whilst maintaining an appropriate balance with review of core business processes. Internal Audit reported quarterly, and as required on; the outcome of audits undertaken, progress in relation to the annual plan and the implementation of audit recommendations.

The most significant work undertaken in 2014-15 financial year was in the following areas:

- Internal Review of Stewards and Integrity Operations - Greyhounds;
- Race club governance, operations and management; and
- Corporate governance.

General Information

Open Data Initiative

In line with the Queensland Government's Open Data Initiative, Racing Queensland has developed an Open Data Policy and publishes a wide range of data on the web which may be available to interested parties as part of this initiative.

Information available online includes Racing Queensland's overseas travel and consultancy information.

Information systems and recordkeeping

Racing Queensland is working with the State Archivist to finalise a review of its retention and disposal schedule which at balance date was adopted from the Office of Racing Retention and Disposal Schedule QDAN 620 V2. In the coming year, Racing Queensland will continue to work with the State Archivist to adapt the current schedule to apply to all racing agencies to put in place retention and disposal schedules covering the entire industry. Racing Queensland regularly reviews its record keeping to reflect best practice in this area and to better facilitate compliance with the Public Records Act 2002, Information Privacy Act 2009, and Right to Information Act 2009.

STRATEGIC AND OPERATIONAL RISK

The RQ Risk management framework context defines the relationship between Racing Queensland and its environment, identifying the strengths, weaknesses, opportunities and threats. The context includes financial, operational, competitive, political (public perceptions/image), social, client, cultural and legal environment within Racing Queensland.

Risk Policy

Racing Queensland is committed to establishing an organisational philosophy and culture that ensures effective business risk management is an integral part of all racing administration activities and a core management capability. The function of risk management is to provide a sound contribution to the achievement of Racing Queensland's corporate objectives and to support the strategic directions.

Racing Queensland is also committed to business continuity management as an integral component of risk management, to ensure continuity of key business processes which are essential for / or contribute to the organisation's goals.

At Racing Queensland, risks are defined as the chance of events happening that would impact adversely upon the organisation's ability to achieve to its goals.

Our Risk Policy is not intended to eliminate risk completely, rather it sets a framework to; effectively manage the risks involved in Racing Queensland activities, to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision-making.

Effective risk management requires:

- strategic focus;
- forward thinking and proactive approaches to management;
- balance between the cost of managing risks and the anticipated benefits; and

- contingency planning in the event that mission critical threats are realised.

The objectives of this policy are to ensure:

- a common or consistent approach to management of risk is adopted within Queensland Racing; and
- all significant risks to Racing Queensland are identified, evaluated, managed and reported in a timely manner to the Audit Committee and Board.

The application of this policy is implemented through a risk management framework and will be reviewed on an annual basis in conjunction with the annual business/corporate planning process.

Racing Queensland has invested in the development of a Governance Risk and Compliance System. This process has been undertaken to ensure that key risks are; identified, quantified, mitigated against and controlled across our business and the racing codes.

In order to address operational risk, a process has commenced within Racing Queensland that includes a series of risk workshops being conducted throughout the organisation to identify, analyse, evaluate and treat risk.

The following are considered risk elements with significant impact for the racing industry:

- RQ finance and budget;
- Club governance;
- Integrity;
- Shift in wagering behaviour;
- Decline in participation;
- OHS risks across the broad-base and large number of racecourses in the state;
- Animal welfare;
- Industrial disputes; and
- Weather conditions and extreme weather events.

GLOSSARY OF TERMS

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
Chairman of Stewards	The most senior Steward position responsible for management and oversight of Integrity Services and Stewarding
Code	The type of racing, being one of the following; thoroughbred racing, harness racing or greyhound racing
Control Body	An organisation that exists for the purpose of controlling racing for a particular code or codes empowered by the Racing Act
Country	Areas outside of metropolitan and provincial. Generally country areas.
Customers	Individuals, groups or organisations with specific interest in and/or influence on the work of Racing Queensland
Group 1, 2, and 3	A level of quality in terms of performance and prizemoney ascribed to a particular race as set by the Australian Pattern Committee. Group 1 is the highest level
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	The greater Brisbane area. Specifically the venue held by the Brisbane Racing Club
Off-course	Activities conducted outside of a race course venue
On-course	Activities conducted at a race course venue
Pacing or pace	Used to describe the particular style of harness racing in reference to the horses' gait
Pari-mutuel	Traditional wagering market with floating (variable) odds based on a total market pool of funds wagered
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 collected by Racing Queensland through the product and program agreement and race information fees and distributed to owners, trainers, riders, and drivers as a result of winning or placing their animal in a race
Product and Program	The racing product being the participation composition and broadcast race event and the program being the scheduling of that product
Product and Program Agreement	The revenue from wagering distribution agreement between Racing Queensland and Tattsbet
Provincial	Major regional cities as designated by Racing Queensland
QBRED	A harness racing breeding scheme
Race club	A not for profit association appointed by its members for the purpose of running race meetings at a particular venue
Race Information Fees	The fee charged by Racing Queensland for the use of product and program for the purposes of wagering
Rules of Racing	The rules relating to the participation in and conduct of a particular code of racing as formulated, published and enforced by the Control Body
Stakeholders	Individuals, groups or organisations with specific interest in and/or influence on the work of Racing Queensland
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
Swab Official	Race day operations employee that performs the duties of swabbing racing animals
Synthetic Track	A race track surface constructed of synthetic material (as opposed to grass)
TAB Meeting	Product and program broadcast on television and radio and wagered on through any wagering operator
Tattsbet	Tattsbet and UBET are interchangeable terms and refer to the wagering operation of the Tatts company
Trotting or Trot	Used to describe the particular style of harness racing in reference to the horses' gait
Wagering	Gambling on code specific product and program

ACRONYMS

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

ACRONYM	DESCRIPTION
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
ARB	Australian Racing Board
CARE	Collaborate, Assist, Regulate, and Enable
CCS	Clubs Cooperation Scheme
CEO	Chief Executive Officer
GAL	Greyhounds Australasia Limited
GAP	Greyhound Adoption Program
HR	Human Resources
HRA	Harness Racing Australia
IIS	Industry Infrastructure Strategy
IP	Intellectual Property
IT	Information Technology
NDR	National Data Repository
PRA	Principal Racing Authority
QCAT	Queensland Civil and Administrative Tribunal
QCRS	Queensland Community Racing Scheme
QREA	Queensland Racing and Equine Academy
QRI	Queensland Race Information
QTIS	Queensland Thoroughbred Incentive Scheme
RISA	Racing Information Services Australia
RISE	Racing Information Services Enterprise
RQ	Racing Queensland
RWWA	Race Wagering Western Australia
SCIT	Sunshine Coast Institute of TAFE
TCO2	Total carbon concentration level
TAB Meeting	Product and program broadcast on television and radio and wagered on through any wagering operator
Tattsbet	Tattsbet and UBET are interchangeable terms and refer to the wagering operation of the Tatts company
Trotting or Trot	Used to describe the particular style of harness racing in reference to the horses' gait
Wagering	Gambling on code specific product and program

ATTACHMENT B - COMPLIANCE CHECKLIST (TEMPLATE)

SUMMARY OF REQUIREMENT		ANNUAL REPORT REFERENCE	BASIS FOR REQUIREMENTS
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 8	ii
Accessibility	Table of contents Glossary	ARRs – section 10.1	1
	Public availability	ARRs – section 10.2	1
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	N/A
	Copyright notice	Copyright Act 1968 ARRs – section 10.4	1
	Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 10.5	1
General information	Introductory Information	ARRs – section 11.1	2 - 3
	Agency role and main functions	ARRs – section 11.2	24
	Operating environment	ARRs – section 11.3	4 - 16
	Machinery of government changes	ARRs – section 11.4	N/A
Non-financial performance	Government's objectives for the community	ARRs – section 12.1	28
	Other whole-of-government plans / specific initiatives	ARRs – section 12.2	N/A
	Agency objectives and performance indicators	ARRs – section 12.3	17
	Agency service areas and service standards	ARRs – section 12.4	27
Financial performance	Summary of financial performance	ARRs – section 13.1	4-16
Governance – management and structure	Organisational structure	ARRs – section 14.1	31
	Executive management	ARRs – section 14.2	33 - 34
	Government bodies (statutory bodies and other entities)	ARRs – section 14.3	N/A
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4	35
Governance – risk management and accountability	Risk management	ARRs – section 15.1	36
	External scrutiny	ARRs – section 15.2	2, 71 - 72
	Audit committee	ARRs – section 15.3	36
	Internal audit	ARRs – section 15.4	36
	Information systems and recordkeeping	ARRs – section 15.5	36
Governance – human resources	Workforce planning and performance	ARRs – section 16.1	32
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	N/A
Open Data	Consultancies	ARRs – section 17 ARRs – section 34.1	36
	Overseas travel	ARRs – section 17 ARRs – section 34.2	36
	Queensland Language Services Policy	ARRs – section 17 ARRs – section 34.3	N/A
	Government bodies	ARRs – section 17 ARRs – section 34.4	36
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	69
	Independent Auditors Report	FAA – section 62 FPMS – sections 50 ARRs – section 18.1	70 - 71
	Remuneration disclosures	Financial Reporting Requirements for Queensland Government Agencies ARRs – section 18.3	60 - 61

FAA Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2009

ARRs Annual report requirements for Queensland Government agencies

FINANCIAL STATEMENTS

Queensland All Codes Racing Industry Board
Trading As Racing Queensland
ABN 80 730 390 733

QAO
certified statements

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000 (restated)
Continuing Operations			
Revenue and other income			
Wagering revenue	2	202,404	174,808
Racing fees		5,298	5,460
Nomination fees		2,620	2,313
Local breeder nomination fees		970	1,552
Grants and other contributions	3	7,937	13,790
Licence and registration fees		1,169	1,149
Rental income		265	456
Fines and late fees		367	297
Interest		403	315
Training revenue		238	122
Car Parking revenue		220	145
Other revenue	4	2,337	786
Total Revenue and other income		224,228	201,193
Expenses			
Prizemoney and breeders bonus payments	5	129,793	114,253
Supplies and services	6	35,696	35,524
Employee expenses	7	14,480	13,613
Wagering expenses	8	34,984	25,537
Grants and subsidies	9	17,713	14,220
Interest expense	10	21	-
Depreciation	15	3,029	3,004
Other expenses		492	499
Loss on disposal of assets		755	5
Total Expenses		236,963	206,655
(Loss) for the year		(12,735)	(5,462)
Other Comprehensive Income			
<u>Items that will never be reclassified to profit or loss:</u>			
Increase in asset revaluation surplus		36,192	1,080
Total items that will not be reclassified to profit or loss		36,192	1,080
Total Comprehensive Income		23,457	(4,382)
(Loss) attributable to members of Racing Queensland		(12,394)	(5,106)
(Loss) attributable to non-controlling interests		(341)	(356)
		(12,735)	(5,462)
Total comprehensive income/(loss) for the period attributable to members of Racing Queensland		18,990	(4,225)
Total comprehensive income/(loss) for the period attributable to non-controlling interests		4,467	(157)
		23,457	(4,382)

The accompanying notes form part of the financial statements.

Queensland All Codes Racing Industry Board
Trading As Racing Queensland
ABN 80 730 390 733

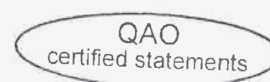


Consolidated Statement of Financial Position
as at 30 June 2015

	Note	2015 \$'000	2014 \$'000 (restated)
Current Assets			
Cash and cash equivalents	12	4,207	14,138
Trade and other receivables	13	18,097	19,971
Other current assets / prepayments		3,821	1,123
Total Current Assets		26,125	35,232
Non-Current Assets			
Other financial assets	14	3,026	2,086
Property, plant and equipment	15	143,688	107,561
Funding loan	16	211	211
Total Non-Current Assets		146,925	109,858
Total Assets		173,050	145,090
Current Liabilities			
Payables	17	25,132	21,813
Employee benefits	18	1,158	1,225
Deferred income	19	1,556	2,979
Total Current Liabilities		27,846	26,017
Non-Current Liabilities			
Payables	17	-	18
Employee benefits	18	990	936
Deferred tax liabilities		2,055	398
Total Non-Current Liabilities		3,045	1,352
Total Liabilities		30,891	27,368
Net Assets		142,159	117,722
Equity			
Contributed equity		122,183	122,183
Accumulated surplus/(deficit)		(25,283)	(12,889)
Asset revaluation surplus		32,265	881
Other reserves		940	-
Capital and Reserves Attributable to Racing Queensland		130,105	110,175
Non-Controlling Interests	20	12,054	7,547
Total Equity		142,159	117,722

The accompanying notes form part of the financial statements.

Queensland All Codes Racing Industry Board
Trading As Racing Queensland
ABN 80 730 390 733



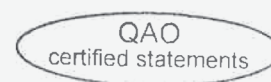
Consolidated Statement of Changes in Equity
for the year ended 30 June 2015

	Contributed Equity	Accumulated Surplus	Assets & Investments Revaluation	Total	Non- Controlling Interests (Note 20)	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	122,183	(12,889)	881	110,175	7,547	117,722
Operating result from continuing operations	-	(12,394)	-	(12,394)	(341)	(12,735)
Other Comprehensive Income	-	-	31,384	31,384	4,808	36,192
Total Comprehensive Income for the year	-	(12,394)	31,384	18,990	4,467	23,457
<i>Transactions with Owners as Owners:</i>						
- Other reserves*	-	-	940	940	-	940
- Contributions to sinking fund	-	-	-	-	40	40
Net Transactions with Owners as Owners	-	-	940	940	40	980
Balance at 30 June 2015	122,183	(25,283)	33,205	130,105	12,054	142,159
Balance at 1 July 2013	122,183	(7,783)	-	114,400	7,659	122,059
Operating result from continuing operations	-	(5,106)	-	(5,106)	(356)	(5,462)
Other Comprehensive Income	-	-	881	881	199	1,080
Total Comprehensive Income for the year	-	(5,106)	881	(4,225)	(157)	(4,382)
<i>Transactions with Owners as Owners:</i>						
- Contributions to sinking fund	-	-	-	-	45	45
Net Transactions with Owners as Owners	-	-	-	-	45	45
Balance at 30 June 2014	122,183	(12,889)	881	110,175	7,547	117,722

* Racing Information Services Australia Pty Ltd Investment increase of \$940,000 (refer note 14).

The accompanying notes form part of the financial statements.

Queensland All Codes Racing Industry Board
Trading As Racing Queensland
ABN 80 730 390 733

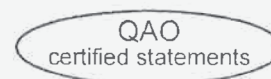


Consolidated Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000 (restated)
Cash flows from operating activities			
<i>Inflows:</i>			
Receipts from customers		222,935	209,579
Grants and other contributions		2,823	4,235
GST collected from customers		18,547	17,259
Interest received		384	313
<i>Outflows:</i>			
Employee expenses		(14,493)	(11,927)
Supplies and services		(218,878)	(213,502)
GST paid to suppliers		(10,400)	(9,549)
GST remitted to ATO		(8,147)	(7,710)
Net cash provided by (used in) operating activities		(7,229)	(11,302)
Cash flows from investing activities			
<i>Inflows:</i>			
Sale of Property, Plant and Equipment		16	-
<i>Outflows:</i>			
Purchase of Property, Plant and Equipment		(2,763)	(1,079)
Net cash provided by (used in) investing activities		(2,747)	(1,079)
Cash flows from financing activities			
<i>Inflows:</i>			
Repayment by related party		45	40
Net cash provided by (used in) financing activities		45	40
Net increase (decrease) in cash and cash equivalents		(9,931)	(12,341)
Cash and cash equivalents at the beginning of the financial year		14,138	26,479
Cash and cash equivalents at the end of the financial year	12	4,207	14,138

The accompanying notes form part of the financial statements.

Queensland All Codes Racing Industry Board
Trading As Racing Queensland
ABN 80 730 390 733



**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015**

1. Statement of Significant Accounting Policies

(a) Objectives and principle activities of Queensland All Codes Racing Industry Board trading as Racing Queensland (Racing Queensland)

Racing Queensland 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*. Racing Queensland coordinates, manages and regulates the industry by:

- Administering the rules of racing;
- Implementing sound policies;
- Establishing and maintaining standards of safety and integrity;
- Licensing industry participants;
- Licensing race clubs and venues, monitoring their activities and performance;
- Monitoring the condition of racecourses and working with race clubs to ensure courses are developed to a suitable standard;
- Commissioning and undertaking research and promotional activities;
- Administering industry funding and commercial agreements;
- Representing the Queensland racing industry on the three peak national bodies; Racing Australia and its subcommittees, Harness Racing Australia (HRA) and Greyhounds Australasia Limited (GAL);
- Developing an effective product and program mix; and
- Providing an effective and efficient system for the distribution of prizemoney.
- Maintaining a capital works program across the codes of racing

(b) Statement of Compliance

The financial statements are general purpose financial statements and are prepared on a going concern basis as per note 23.

The financial statements have been prepared on an accrual basis in accordance with;

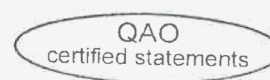
- Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board based on Tier 2 reduced disclosure requirements and Interpretations.

and in compliance with;

- *Financial Accountability Act 2009*
- *Financial Performance Management Standard 2009*

The historical cost convention is used unless otherwise stated.

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



1. Statement of Significant Accounting Policies (continued)

(c) The Reporting Entity and Controlled Entities

Racing Queensland controls other entities, this means Racing Queensland has the power to control financial and operating policies so as to obtain benefits from its activities.

The balances and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

	2015
	%
Particulars in relation to controlled entities:	
Queensland All Codes Racing Industry Board trading as Racing Queensland	
Controlled entities:	
Queensland Race Product Co Ltd	100.0
Sunshine Coast Racing Unit Trust	84.6
Rockhampton Racing Pty Ltd	63.8

(d) Currency and Comparatives

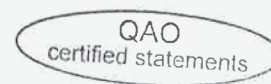
All amounts throughout the financial statements are in Australian dollars and have a June financial year end.

Unless otherwise stated amounts in the report have been rounded to the nearest thousand dollars.

(e) Revenue Recognition

- Wagering revenue is recognised when Product Fee monies are due and payable from Ubet QLD Limited.
- Fixed fee revenue due and payable from Ubet QLD Limited is received in July and amortised throughout the year based on historical and proposed prizemoney trend effective from the prizemoney increases from 1 October 2014 to 30 June 2015.
- Sports Retail Wagering revenue is recognised when due and payable from Ubet QLD Limited.
- Race Information Fees are brought to account as income during the period to which the amounts relate.
- Interest income is recognised as it is earned.
- Club Levies and Racing Fees are brought to account as income during the period to which the amounts relate.

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



1. Statement of Significant Accounting Policies (continued)

(f) Government Grants and Other Contributions

Grants that are non-reciprocal in nature are recognised as revenue when Racing Queensland 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 assets are received from the government and other parties. These assets are recognised at fair value on the date of acquisition on the Statement of Financial Position, with a corresponding amount of revenue recognised in the Statement of Comprehensive Income.

(g) Trade Receivables

Trade debtors represent amounts owed to Racing Queensland 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 provision being made for impairment.

Bad debts are written off in the period in which they are recognised. All known bad debts were written off as at 30 June.

Loan and advances are recognised at their face values.

(h) 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, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

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

(i) Property, Plant and Equipment

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

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

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

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



1. Statement of Significant Accounting Policies (continued)

(j) Revaluations of Non-Current Physical Assets

Land and buildings and tracks are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury and Trade's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

Plant and equipment is measured at cost in accordance with Queensland Treasury and Trade's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Land and buildings and tracks measured at fair value (refer above) are revalued on an annual basis by appraisals undertaken by an independent professional valuer.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(k) Fair Value Measurement

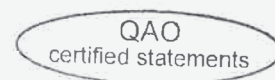
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by Racing Queensland include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by Racing Queensland include subjective adjustments made to observable data to take account of the characteristics of Racing Queensland's assets/liabilities, internal record of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



1. Statement of Significant Accounting Policies (continued)

All assets of Racing Queensland which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals.

- 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.

(I) Depreciation

Land is not depreciated as it has an unlimited useful life.

Buildings and plant and equipment are depreciated on a straight line basis so as to allocate the revalued amount or net cost for each asset (respectively), less its estimated residual value, progressively over its estimated useful life.

The estimation of the useful lives of assets is based on historical experience with similar assets as well as considerations such as manufacturers' warranties and guideline published by the Australian Tax Office. Reassessments of useful lives are undertaken annually by Racing Queensland. Any consequential adjustments to remaining useful life estimates are implemented prospectively. Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset.

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

Buildings & Tracks	0.33%-10%
Plant and Equipment	5%-25%

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



1. Statement of Significant Accounting Policies (continued)

(m) Impairment of Non-Current Assets

All non-current physical assets are assessed for indicators of impairment at reporting date. If an indicator of possible impairment exists, Racing Queensland determines the asset's recoverable amount. Any amount by which the asset's carrying value exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is treated as a revaluation increment. Refer also Note 1(j)

(n) Payables

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

(o) Financial Instruments

Recognition and Initial Measurement

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

Financial instruments are classified and measured as follows:

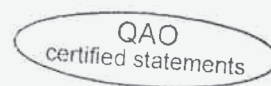
- Cash and cash equivalents – held at fair value through profit and loss
- Receivables – held at amortised cost
- Payables – held at amortised cost
- Financial assets – held at fair value through profit and loss

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.

Racing Queensland does not enter into, or trade with, such instruments for speculative purposes, nor for hedging.

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



1. Statement of Significant Accounting Policies (continued)

(p) Employee Benefits

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 Racing Queensland 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 entitlement accrued. This is expected to continue in future periods. As it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

Sick leave is non-vesting, so an expense is recognised for this leave as it is taken.

Annual and Long Service Leave

Annual leave and long service leave liabilities are accounted for as short term employee benefits if Racing Queensland expects to wholly settle all such liabilities within the 12 months following 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 values. 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 of 30 June 2015, after projecting the remuneration rates expected to apply at the time of likely 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.

Superannuation

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

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to Note 11 for the disclosures on key management personnel and remuneration.

Board Remuneration

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



1. Statement of Accounting Policies (continued)

(q) Provisions

Provisions are recorded when Racing Queensland has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

(r) Insurance

Racing Queensland insures its buildings and tracks and plant and equipment for loss and damage, and also insures for public liability risks. Such insurance cover is held through Racing Queensland Brokers AON Risk Services Australia Limited, Jardine Lloyd Thomas, Gow Gates, and Workcover Queensland. The insurance is placed through various underwriters to ensure appropriate cover is in place in areas such as but not limited to Industrial Special Risk, Public Liability, Directors and Officers, Professional Indemnity, Crime, Motor vehicle, business travel, Personal accident and Public liability and Workcover for Jockeys, Trainers for Harness and Thoroughbreds. Racing Queensland pays insurance premiums to WorkCover Queensland in respect of its obligations for employee compensation and jockeys.

(s) Taxation

Racing Queensland is exempt from income tax with the exception of Fringe Benefits Tax and Goods and Services Tax (GST) payable to the ATO which are recognised and accrued.

Income tax is provided 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, taxable income is fully distributed to the beneficiaries.

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

(t) Apprentice Jockeys' Trust Fund

Racing Queensland holds in trust and invests the earnings of Apprentice Jockeys. At the age of eighteen, each jockey receives his or her earnings and related interest less any approved withdrawals.

As Racing Queensland only has a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in Note 24.

(u) Issuance of Financial Statements

The financial statements are authorised for issue by the Acting Chief Executive Officer and the Interim Chairman at the date of signing the Management Certificate.

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



1. Statement of Significant Accounting Policies (continued)

(v) 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 Note 15 – Property, Plant and Equipment.

(w) New and Revised Accounting Standards

Racing Queensland did not voluntarily change any of its accounting policies during 2014-15. Australian Accounting Standard changes applicable for the first time as from 2014-15 have had minimal impact of Racing Queensland's financial statements.

(x) Comparatives

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

Notes 5, 6, 7, 9 have been restated whereby supplies and services have been expanded for clarity and to enhance the information provided to the reader of these statements.

Note 11 restatement excludes members of the Thoroughbred, Harness, and Greyhound boards reflecting the members of the Queensland All Codes Racing Industry Board.

Notes 12, 13, 17, and 19 restatements between assets and liabilities with the reclassification of creditor balances from cash assets to trade and other receivables, trade receivables to payables, and deferred income to other assets /prepayments.

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



	2015 \$'000	2014 \$'000
2. Wagering Revenue		
Product Fee	132,229	131,030
Fixed Fee	15,000	-
Sport Retail	336	-
Race Information Fee	54,839	43,778
Total	202,404	174,808

3. Government Grants and Other Contributions

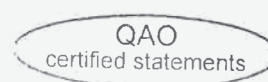
Queensland Government - Infrastructure	1,021	1,714
Queensland Government – Queensland Thoroughbred Incentive Scheme	-	2,500
Queensland Government – Country Racing	1,000	1,000
Queensland Government – Training Track Subsidy	802	-
Third party contributions to prizemoney	5,114	5,262
Grants - Other	-	3,314
Total	7,937	13,790

Queensland Government – Training Track Subsidy brought to account in FY 2015 as revenue and expense. Racing Queensland receives the incentive component from the Government and distributes to approved thoroughbred clubs each year based on the number of starters generated by a venue.

4. Other Revenue

Animal Welfare revenue	331	83
Harness Racing Australia income	77	-
RISA distribution income	18	-
Commercial income	867	213
Land Tax refund	251	-
Flood insurance proceeds	-	346
Bad debts recovered	210	82
Recognition of prior period provision	358	-
Sky Racing product fee	62	-
Other revenue	163	62
Total	2,337	786

Queensland All Codes Racing Industry Board
Trading As Racing Queensland
ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015**



	2015 \$'000	2014 \$'000
5. Prizemoney and Breeders Bonus Payments		
Prizemoney		
Thoroughbreds	91,703	82,725
Harness	15,886	13,944
Greyhounds	14,599	10,864
Total Prizemoney	122,188	107,533
Breeders Bonus Payments		
Thoroughbreds	6,329	6,001
Harness	1,038	713
Greyhounds	238	6
Total Breeders Bonus Payments	7,605	6,720
Total Prizemoney and Breeders Bonus Payments	129,793	114,253

Prizemoney payments are shown as gross with third party contributions for sponsored value add prizemoney receipts shown as revenue (refer note 3).

6. Supplies and Services

Racing Science Centre	3,532	3,958
Racing expenses	11,700	11,116
Race day expenses	1,971	3,020
Industry insurances	4,259	3,434
Racing Australia expenses	367	423
Vet expenses	527	541
Animal Welfare and Integrity	526	103
Venue Expenses	2,347	2,486
Capital works expenses	1,142	731
Administration expenses	5,631	6,949
Operating lease expenses	380	324
Marketing expenses	1,983	918
Training expenses	31	-
External Audit Fees	175	178
Other audit related services	35	75
Board expenses	305	331
Motor vehicle and travel expenses	709	765
Bad debts	76	172
Total	35,696	35,524

Total external audit fees paid to the Queensland Audit Office relating to the 2014-15 financial year are estimated to be \$174,800 (2014: \$178,000).

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



	2015 \$'000	2014 \$'000
7. Employee Expenses		
Employee Benefits		
Wages and salaries	10,944	10,313
Annual leave expense	859	741
Superannuation contribution	1,081	961
Long service leave expense	148	232
Employee Related Expenses		
Payroll tax	633	571
Workcover	168	123
Other employee related expenses	647	672
Total	14,480	13,613

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

	2015	2014
Number of full time equivalents	124.1	120.3
	\$'000	\$'000

8. Wagering Expenses

Race information deductions	34,984	25,537
Total	34,984	25,537

9. Grants and Subsidies

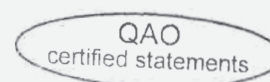
Club sustainability	15,095	14,134
Industry Infrastructure Scheme	1,779	54
Training Track Subsidy	802	-
Other	37	32
Total	17,713	14,220

Queensland Government – Training Track Subsidy brought to account in FY 2015 as revenue and expense. Racing Queensland receives the incentive component from the Government and distributes to approved thoroughbred clubs each year based on the number of starters generated by a venue.

10. Interest Expense

ATO general interest charge	18	-
Race information deductions	3	-
Total	21	-

Queensland All Codes Racing Industry Board
Trading As Racing Queensland
ABN 80 730 390 733



Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015

11. Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of Racing Queensland during 2015.

Position	Responsibilities	Contract appointment authority	Date appointed to position	Date removed from position
Chairperson	Decide the objectives, strategies and policies to be followed by Racing Queensland and ensure it performs its functions in a proper, effective and efficient way.	Appointed by the Governor in Council.	1 May 2013	2 June 2015
Interim Chairperson	Decide the objectives, strategies and policies to be followed by Racing Queensland and ensure it performs its functions in a proper, effective and efficient way.	Appointed by the Governor in Council.	2 June 2015	
Member	Decide the objectives, strategies and policies to be followed by Racing Queensland and ensure it performs its functions in a proper, effective and efficient way.	Appointed by the Governor in Council	1 May 2013	
Chief Executive Officer	The Chief Executive Officer is responsible for the ongoing management of the organisation in accordance with the strategy, policies and programs approved by the Board. Provides leadership and strategically manages the performance and services delivered through each of the corporate services areas of financial management and compliance, legal, information technology, business analysis, business services and commercial racing development.	Appointed by the board and Governor in Council	1 August 2013	2 July 2015
Acting Chief Executive Officer	The Chief Executive Officer is responsible for the ongoing management of the organisation in accordance with the strategy, policies and programs approved by the Board. Provides leadership and strategically manages the performance and services delivered through each of the corporate services areas of financial management and compliance, legal, information technology, business analysis, business services and commercial racing development.	Appointed by the board and Governor in Council	2 June 2015	
General Manager, Racing Operations	The General Manager, Racing Operations, provides leadership and strategically manages the performance and services delivered through facilities development and maintenance and racing program management.	Appointed by the board / Chief Executive	1 May 2013	
Chief Financial Officer	The Chief Financial Officer is responsible for strategic leadership and direction over efficient, effective and economic financial administration of Racing Queensland.	Appointed by the board / Chief Executive	1 August 2013	

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



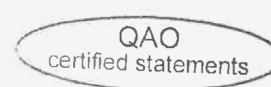
Position	Responsibilities	Contract appointment authority	Date appointed to position	Date removed from position
General Manager of Stewarding and Integrity Operations	General Manager of Stewarding and Integrity Operations responsible for the effective delivery of licensing, stewarding and integrity services, including veterinarians and swab officials, and operational stewarding throughout the state and is responsible for policy, strategy and performance under these areas, management of the complaints system and investigations as required, and maintaining the interaction with various levels of government. Other responsibilities include the effective delivery of betting analysis and monitoring of all Queensland TAB races.	Appointed by the board / Chief Executive	1 May 2013	
General Manager Legal and Strategy	The General Manager Legal and Strategy provides advice on legal issues involving Racing Queensland and the racing industry. The Legal Department also provides secretarial support to the various boards and manages racing appeals.	Appointed by the board / Chief Executive	11 July 2014	
General Manager Infrastructure and Safety	The General Manager Infrastructure and Safety provides strategic advice on asset development and assessment of present and future risk as they relate to asset development.	Appointed by the board / Chief Executive	1 May 2013	

The remuneration policy for the Members and Chief Executive Officer of Racing Queensland is set by the Governor in Council. The remuneration policy for employees, who are key management personnel, is set by the Board.

Remuneration packages for Members and key executive management personnel comprise the following components:

- Short term employment benefits which include:
 - 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
 - Non-monetary 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
- Superannuation contributions are the only post-employment benefits provided.

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
 Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015



11. Key Management Personnel (continued)

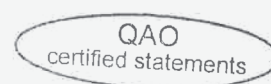
1 July 2014 – 30 June 2015

Position	Short Term Employee Benefits \$	Long Term Employee Benefits \$	Post- Employment Benefits \$	Total \$
Chairperson (QACRIB)	54,246	-	5,154	59,400
Interim Chairperson (QACRIB)	4,288		407	4,695
Deputy Chairperson (QACRIB)	36,330	-	3,423	39,753
Member Chairperson (QACRIB & QTRB)	34,075	-	3,208	37,283
Member Chairperson (QACRIB & QHRB)	48,359	-	4,565	52,924
Member Chairperson (QACRIB & QGRB)	36,302	-	3,449	39,751
Chief Executive Officer	288,939	-	26,500	315,439
Acting Chief Executive Officer	-	-	-	-
Chief Financial Officer	213,238	61,226	20,533	294,997
General Manager of Stewarding and Integrity Operations	250,122	52,699	21,538	324,359
General Manager Legal and Strategy	212,788	-	20,204	232,992
General Manager Racing Operations	206,355	-	22,481	228,836
General Manager Infrastructure and Safety	103,825	-	6,885	110,710
Total Remuneration	1,488,867	113,925	138,347	1,741,139

KEY

QACRIB	Queensland All Codes Racing Industry Board
QTRB	Queensland Thoroughbred Racing Board
QHRB	Queensland Harness Racing Board
QGRB	Queensland Greyhound Racing Board

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



11. KEY MANAGEMENT PERSONNEL (continued)

1 July 2013 – 30 June 2014

Position	Short Term Employee Benefits \$	Long Term Employee Benefits \$	Post- Employment Benefits \$	Total \$
Chairperson (QACRIB & QTRB)	58,685	-	5,428	64,113
Deputy Chairperson (QACRIB)	44,034	-	4,073	48,107
Member (Chairperson (QACRIB & QHRB)	36,027	-	3,333	39,360
Member Chairperson (QACRIB & QGRB)	39,303	-	3,636	42,939
Member (QACRIB)	39,303	-	3,636	42,939
Chief Executive Officer	252,452	-	22,666	275,118
General Manager Operations	199,414	-	16,958	216,372
Acting Chief Executive Officer /Chief Financial Officer	217,027	55,448	21,309	293,784
Chairman of Stewards	247,853	46,522	20,885	315,260
Legal Counsel	99,032	-	9,156	108,188
Total Remuneration	1,233,130	101,970	111,080	1,446,180

KEY

QACRIB	Queensland All Codes Racing Industry Board
QTRB	Queensland Thoroughbred Racing Board
QHRB	Queensland Harness Racing Board
QGRB	Queensland Greyhound Racing Board

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



	2015 \$'000	2014 \$'000
12. Cash and Cash Equivalents		
Cash Assets		
Cash at bank and on hand	1,831	4,936
Short term deposits*	1,722	6,092
Cash held for infrastructure projects**	644	3,071
Cash held for Department National Parks, Sport and Racing***	10	39
	4,207	14,138

The value of cash not available for use by Racing Queensland consolidated entity for the period ended 30 June 2015 is \$1,249,000.

*Short term deposits include funds held on trust for apprentice Jockey's \$114,000 and Government funds held for the final instalment of the Training Track Subsidy Grant to Clubs \$470,000.

**Cash held for infrastructure projects are Government funds held directly for the use on the Industry Infrastructure projects, any funds not utilised on the projects will be returned to Government.

***Cash held for the Department National Parks, Sport and Racing relates to the interest earned on the Country Racing Series Funding and will be returned to Government during the next financial period.

Prior year comparative restatement refer note 25

13. Trade and Other Receivables

Current		
Trade debtors	16,871	4,367
Less: Allowance for impairment loss	(75)	(261)
	16,796	4,106
Product fee receivables	-	10,746
Race information fees receivable	796	4,513
Accrued interest	23	4
Sundry receivables	482	602
	18,097	19,971

Prior year comparative restatement refer note 25

Movements in the allowance for impairment loss for trade receivables

Balance at the beginning of the financial year	(261)	(243)
Amounts written off during the financial year	92	161
Amounts collected during the financial year	169	82
Increase/(decrease) in allowance recognised in the operating result	(75)	(261)
Balance at the end of the financial year	(75)	(261)

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



	2015 \$'000	2014 \$'000
14. Other Financial Assets		
Unlisted Securities		
- Equity Securities	3,026	2,086
	3,026	2,086

Unlisted securities comprise an 18% interest in the capital of Racing Information Services Australia Pty Ltd. Effective from 13th April 2015 Racing Information Services Australia merged its functions and assets with the Australian Racing Board and the Australian Stud Book to form Racing Australia Pty Ltd. Investments accounted for using equity method at the carrying amount.

15. Property, Plant and Equipment

Land		
At fair value	53,106	51,925
	53,106	51,925
Buildings and Tracks		
At fair value	86,438	51,917
	86,438	51,917
Plant and Equipment		
At cost	4,664	3,369
Accumulated depreciation	(801)	(493)
	3,863	2,876
Work In Progress		
At cost	281	843
	143,688	107,561

Independent valuations of all land and buildings and tracks were undertaken by Australis Asset Advisory Group using 'fair value principles' on 30 June 2015. Certified Practising Valuer Adam Wallace AAPI Registration No. 2997.

The Land was specifically appraised using Fair Value principles including the highest and best Use premise and assessed by way of a Market approach (Direct Comparison), being either a level 2 or 3 on the fair value hierarchy.

The fair value of building and improvements was assessed by way of the Cost approach, being a level 3 on the fair value hierarchy.

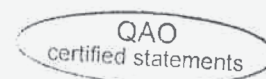
The valuation was prepared to comply with:

- Queensland Treasury's Non Current Asset Policies for the Queensland Public Sector.
- Financial and Performance Management Standards 2009.
- Financial reporting Requirements for Queensland Government Agencies.
- Australian Accounting Standards.
- The Australian Property Institutes practise standards.

The valuation has been prepared to comply with the following Accounting Standards (where applicable)

- AASB 13 Fair Value Measurement
- AASB 116 Property, Plant, and Equipment

Queensland All Codes Racing Industry Board
Trading As Racing Queensland
ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015**



15. Property, Plant and Equipment (continued)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land \$'000	Buildings & Tracks \$'000	Plant & Equipment \$'000	Work in Progress \$'000	Total \$'000
Carrying amount at 1 July 2014	51,925	51,917	2,876	843	107,561
Additions	-	-	1,029	1,734	2,763
Disposals	-	(111)	(349)	(997)	(1,457)
Net revaluation increments	1,181	38,666	-	-	39,847
Net revaluation decrements	-	(1,997)	-	-	(1,997)
Transfers	-	516	782	(1,298)	-
Depreciation	-	(2,554)	(475)	-	(3,029)
Carrying amount as at 30 June 2015	53,106	86,437	3,863	282	143,688

16. Funding Loan

Townsville Turf Club

2015
\$'000

2014
\$'000

211
211

211
211

Commencement 1 May 2013, term 60 months, interest @ 3% per annum.

17. Payables

Current

Trade creditors	4,199	1,673
Trade creditors attributable to Industry infrastructure plan	2,417	61
GST	1,275	734
Sundry payables and accrued expenses	17,241	19,344
	25,132	21,813

Prior year comparative restatement refer note 25

Non-Current

Loan – RISA Investment	-	18
	-	18

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



	2015 \$'000	2014 \$'000
18. Employee Benefits		
Current		
Salaries and wages	-	29
Annual leave	694	643
Redundancy	-	82
Long service leave	464	471
	1,158	1,225
Non-Current		
Long service leave	688	634
Annual leave	302	302
	990	936

19. Deferred Income

Current		
Fees received in advance	1,301	1,934
Industry infrastructure funds received in advance	255	1,045
	1,556	2,979

Industry infrastructure funds have either been expended on projects (Brisbane Racing Club Track, Cluden Park Townsville, Cronulla Park Logan, Bundall Gold Coast and Clifford Park Racecourse Toowoomba) and / or returned to the Industry infrastructure funds held by Government.

Prior year comparative restatement refer note 25

20. Non-Controlling Interests

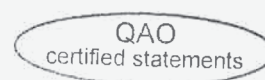
Non-controlling interest relates to equity investments held by Sunshine Coast Turf Club Inc. in Sunshine Coast Racing Unit Trust (15.4%) and Rockhampton Jockey Club Inc. in Rockhampton Racing Pty Ltd (36.2%).

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

Non-controlling interests are reconciled as follows:

	2015 \$'000	2014 \$'000
Retained Earnings/(Losses)	(341)	(356)
Capital Contributions	7,547	7,659
Asset Revaluation Reserve	4,808	199
Sinking Fund Reserve	40	46
Total Non-Controlling Interest	12,054	7,547

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



21. Parent Entity Information

Parent entity financial statements have not been disclosed. Instead the following limited disclosure in regards to the parent entity, Racing Queensland.

The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policies described in Note 1.

	2015 \$'000	2014 \$'000
Current Assets	24,094	27,698
Non-Current Assets	112,537	101,651
Total Assets	136,631	129,349
Current Liabilities	28,363	20,817
Non-Current Liabilities	688	651
Total Liabilities	29,051	21,468
Net Assets	107,580	107,881
Contributed Equity	119,191	119,191
Retained Earnings	(22,808)	(11,632)
Asset Revaluation Surplus	10,256	322
Available for Sale Reserve	941	-
Total Equity	107,580	107,881
Profit/(Loss) for the period	(11,176)	(3,901)
Total Comprehensive Income for the period	(1,241)	(3,579)

Guarantees

Racing Queensland has guaranteed any costs related to transfer duty payable on the initial set up and future wind up of Rockhampton Racing Pty Ltd. The transfer duty liability on the initial set up of Rockhampton Racing Pty Ltd is \$747,000, with interest compounding, totalling \$4,000 as at the 30 June 2014. An application for ex-gratia relief has been lodged with the Office of State Revenue. No response has been received on the application as at the date of signing these financial statements.

During the financial year, Racing Queensland provided a guarantee in favour of the Commonwealth Bank of Australia, to support borrowings by Racing Information Services Australia Pty Ltd (RISA) for the purchase of the Australian Stud Book and Australian Genetics Testing Pty Ltd. The value of the guarantee is capped at \$2,880,000, plus compounding interest, being 18% of the amount borrowed by RISA. Effective from 13th April 2015 RISA merged its functions and assets with the Australian Racing Board and the Australian Stud Book for form Racing Australia Pty Ltd.

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
**Notes to and Forming Part of the Financial Statements
 for the year ended 30 June 2015**



Contingent Liabilities

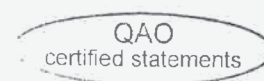
The Australian Tax Office (ATO) is currently reviewing its superannuation liability assessment of Racing Queensland in respect of jockey riding fees for the period 1 July 2009 to 30 June 2014. Racing Queensland has objected to the ATO's original assessment, and that objection is under consideration by the ATO. It is proposed that Racing Queensland's objection will subsequently also be the subject of agreed test case litigation. If the ATO's original assessment is determined to be correct, Racing Queensland's potential exposure for the period is approximately \$4 million excluding General Interest Charges and penalties for the period under review. The outcome of the objection and test case litigation process could have severe financial impact on Racing Queensland and other State racing jurisdictions, if Racing Queensland is determined to be liable for the superannuation as originally assessed. At the date of signing these Annual Financial Statements the ATO remains in the process of assessing Racing Queensland's objection.

22. Capital and Leasing Commitments

Operating lease payments are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by Racing Queensland.

	2015 \$'000	2014 \$'000
a) Operating Lease Expense		
Car Leasing	235	163
Computer Equipment	136	128
Office Equipment	9	32
Total Leasing Expenses	380	323
b) Lease Commitments (Non-Cancellable Operating Leases—Future Minimum Lease Payments)		
Payable Within 1 Year	352	246
Payable 1 – 5 Years	213	114
Total Lease Commitments	565	360
c) Capital Commitments		
Capital expenditure projects – property, plant and equipment	709	940
Total Capital Commitments	709	940

Queensland All Codes Racing Industry Board
Trading As Racing Queensland
ABN 80 730 390 733
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



23. Going Concern

The statutory body has recorded a consolidated loss of \$12.7 million in FY2014/15, and has forecast an increased loss in FY2015/16 on a "business as usual" basis of \$28 million which casts significant doubt on the entity's ability to continue as a going concern. Despite the material uncertainty, the financial statements have been prepared on a going concern basis, because:

- There is no intention to liquidate Racing Queensland or to cease operations
- A restructure plan is currently being developed, the purpose of which is to identify and implement strategies to bring Racing Queensland to an operational surplus from 1 July 2016
- The State of Queensland has issued a letter of comfort stating it will make sufficient funds available to meet Racing Queensland's forecast cash deficit from 1 July 2015 to 30 June 2016. As a result of the restructure plan, it is anticipated that no funding will be required past 30 June 2016.
- The interim funding from the State of Queensland is subject to reporting conditions regarding the progress by Racing Queensland in becoming financial self-sufficient.
- The State of Queensland also expects that the interim funding will be repaid by Racing Queensland once it is financially viable.

24. Trust Transactions and Balances

Racing Queensland holds in trust and invests the earnings of Apprentice Jockeys. At the age of eighteen each jockey receives his or her earnings and related interest less any approved withdrawals.

As Racing Queensland only has a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in these notes for the information of users.

No fees are received by Racing Queensland for providing these services.

Trust Assets and Liabilities

Current Assets

Cash	114	136
Total	114	136

25. Amendment to prior year comparatives

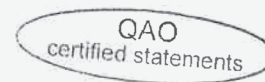
In the prior financial period there were accounts that required reclassification between asset and liability.

Cash and cash equivalents were offset by the future payment of creditors, this had the effect of understating cash and equivalents by \$1,546,000 and understating payables by \$1,546,000 for the period ended 30 June 2014.

Trade and other receivables were offset by GST payable, this had the effect of understating trade and other receivables by \$734,000 and understating payables by \$734,000.

Deferred income was offset by project work in process costs, this has the effect of understating deferred income by \$694,000 and understating other current assets / prepayments by \$694,000.

Queensland All Codes Racing Industry Board
Trading As Racing Queensland
ABN 80 730 390 733



Certificate of Queensland All Codes Racing Industry Board
For the year ended 30 June 2015

CERTIFICATE OF QUEENSLAND ALL CODES RACING INDUSTRY 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 Queensland All Codes Racing Industry Board trading as Racing Queensland for the period 1 July 201 to 30 June 2015 and of the financial position of Racing Queensland as at the end of that year.
- 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.

Ian Hall
ACTING CHIEF EXECUTIVE OFFICER

John Muir
INTERIM CHAIRPERSON

DATE 31/8/15.

31. 8. 2015 DATE

INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland All Codes Racing Industry Board

Report on the Financial Report

I have audited the accompanying financial report of Queensland All Codes Racing Industry Board, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Acting Chief Executive Officer and Interim Chairperson of the entity and the consolidated entity comprising the Board and the entities it controlled at the year's end or from time to time during the financial year.

The Board's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards – Reduced Disclosure Requirements. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of Queensland All Codes Racing Industry Board and the consolidated entity for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

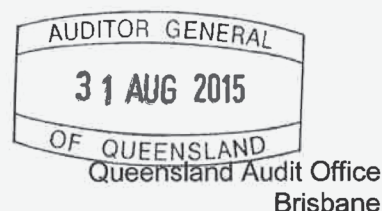
Emphasis of Matter

Without modifying my opinion, attention is drawn to Note 23 in the financial report which indicates that the statutory body incurred a net loss of \$12.7 million during the year ended 30 June 2015. The loss, and forecast increased losses in 2015-16, indicates the existence of a material uncertainty that may cast significant doubt about the statutory body's ability to continue as a going concern and therefore the statutory body may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.


A M GREAVES FCA FCPA
Auditor-General of Queensland



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