

ANNUAL REPORT FOR QUEENSLAND ALL CODES RACING INDUSTRY BOARD

2015-16



RACING
QUEENSLAND

September 14, 2016

The Hon Grace Grace
Minister for Employment and Industrial Relations
Minister for Multicultural Affairs and
Minister for Racing

Dear Minister Grace

RE: ANNUAL REPORT 2015-16 FOR THE QUEENSLAND ALL CODES RACING INDUSTRY BOARD

I am pleased to present the Annual Report 2015-16 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 42 of this annual report.

Yours faithfully



Steve Wilson AM
Chair
Racing Queensland

Annual Report for Queensland All Codes Racing Industry Board 2015-16

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, 2015 to June 30, 2016.

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>

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

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Any decisions made by other parties based on this document are solely the responsibility of those parties.

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September 2016

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ABOUT RACING QUEENSLAND

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 Racing.

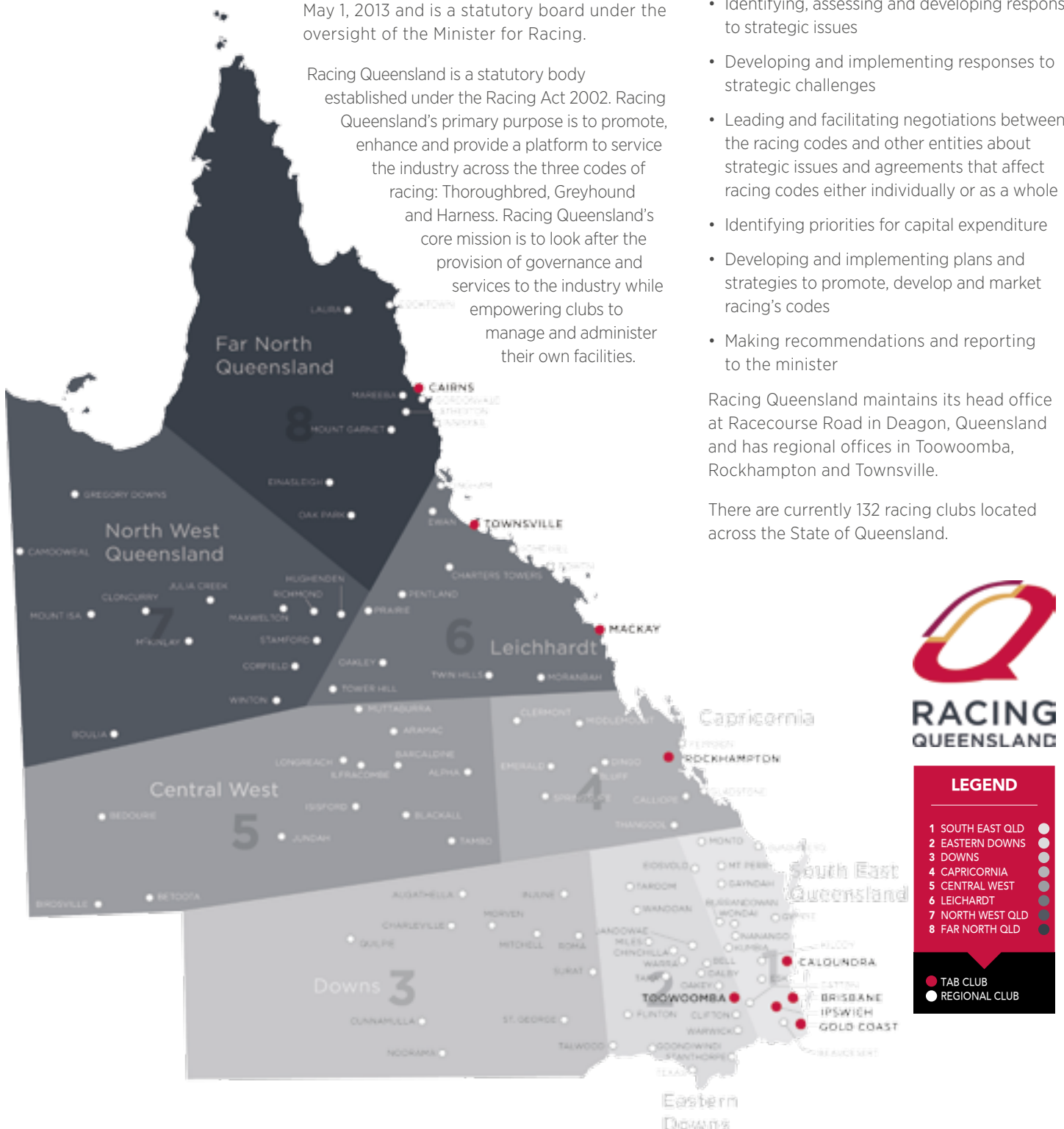
Racing Queensland is a statutory body established under the Racing Act 2002. Racing Queensland's primary purpose is to promote, enhance and provide a platform to service the industry across the three codes of racing: Thoroughbred, Greyhound and Harness. Racing Queensland's core mission is to look after the provision of governance and services to the industry while empowering clubs to manage and administer their own facilities.

The functions of the All-Codes Board are to drive for commercial outcomes by:

- 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 and reporting to the minister

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

There are currently 132 racing clubs located across the State of Queensland.



LEGEND

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

- TAB CLUB
- REGIONAL CLUB

ORGANISATION MISSION AND VALUES

Racing Queensland's mission statement is to take the industry forward through the implementation of C.A.R.E:

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

REGULATE:

Regulating the industry to ensure integrity and compliance with standards, policies and rules

ENABLE:

Enabling the industry to participate in racing.

Racing Queensland's values are:

- Professional and ethical. We will at all times be professional and ethical in our dealings with stakeholders and colleagues
- Results-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
- Balance between professional and personal life. We recognise people are our main asset so achieving a balance between professional and personal time is in the best interests of individuals and the organisation.

SERVICE AREAS AND RESTRUCTURING

SERVICE AREA	DESCRIPTION
Stewarding, Integrity and Licensing 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. Its purpose is to provide the highest level of integrity services to the industry's participants and supporters.</p> <p>The restructure of Integrity Services in light of the Commission of Inquiry was a key priority in 2015-16 and is now reflected in the separation of Queensland Racing Integrity Commission (QRIC) from Racing Queensland.</p>
Animal Welfare Services	<p>The restructure of Integrity Services including animal welfare services in light of the Commission of Inquiry was a key priority in 2015-16 and is now reflected in the separation of animal welfare from Racing Queensland, into the QRIC structure.</p>
Training	<p>As a registered training organisation, Racing Queensland offers nationally recognised training thanks to 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, track work 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>Racing Queensland is 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 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>Racing Queensland is 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>Racing Queensland is 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 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.</p>
Internal Audit	<p>Racing Queensland is accountable 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>



CHAIR'S REPORT

Queenslanders love sport and entertainment, and during 2015-16, Racing Queensland has worked to advance the racing codes as competitive, vibrant and growing sports.

Although the past financial year has been one of substantial losses and immense change, I am confident in future years we will look back on this time as a crucial turning point, pivotal to setting a strong future for our industry.

The Board's resolve has been to focus on strengthening the business and offerings to meet an ever-changing marketplace, while limiting the impacts these changes may have on stakeholders.

Certainly, we at Racing Queensland have a major responsibility to seek to work with all our partners for the improvement of racing – but all codes, clubs and participants also have a role to play in creating and delivering events with the capacity to attract new fans, whilst also remembering the fine traditions of racing.

Financial Position

Racing Queensland's financial position continues to present the most significant challenge, producing a parent entity loss of (\$19.9m) compared with an (\$11.2m) loss in 2015 or (\$21.8m) versus (\$12.7m) on a consolidated basis.

This result was not unexpected, but with six straight years of losses and cash reserves depleted, it is unsustainable.

Fiscal reform is imperative and this Board and its leadership are committed to improvement.

This reform includes the Tracking Towards Sustainability (TTS) Plan announced on December 3, 2015.

The TTS plan was developed after an extensive consultation process with industry participant groups, and is focussed on prudent expenditure management.

The themes outlined in the TTS plan represent the start of a process that will steer the industry towards viability, with a view to creating a strong and sustainable future.

We are pleased that the Queensland Government is supporting Racing Queensland and the industry during this important transition period.

Over time, Racing Queensland is committed to becoming more financially independent from Government, but our industry must show true leadership, managing our costs while growing revenue.

Establishing the QRIC

Financial issues are not the only challenge we as an industry face. There is no doubt the actions of those involved in the vile practice of live baiting in Greyhounds has had far-reaching consequences on all codes, most obviously in New South Wales.

In Queensland, we acted aggressively with the formation of the Queensland Racing Integrity Commission (QRIC) which commenced operations on July 1, 2016. The establishment of the QRIC model sees the complete separation of commercial and integrity aspects of the Queensland industry.

This separation allows Racing Queensland to concentrate on the business of racing and QRIC, on ensuring the welfare of our animals and integrity within the industry.

On May 1, 2016 Ross Barnett was appointed as Queensland's first Racing Integrity Commissioner. Ross is a former deputy commissioner of the Queensland Police Service and worked for nearly 40 years as one of the state's most distinguished officers.

Animal welfare is an essential part of racing's DNA and Racing Queensland will fully support QRIC in maintaining a 'Gold Standard' of care for our animals.

New Board and CEO

Following my appointment to the position of Interim Chairman of Racing Queensland in April 2016, Racing Minister Grace Grace announced the full composition of a new Racing Queensland Board. These appointments now see a Board in place with demonstrated achievements in business, media, marketing, property, tourism and racing.

The skills of this talented group will be invaluable as we chart a course towards success and we are a Board committed to delivering outcomes.

The Board will be supported by newly appointed Chief Executive Officer Dr Eliot Forbes.

Eliot is a Queenslander returning home with proven performance in the commercial management of racing. He is also a qualified veterinarian who brings with him the unique combination of a deep interest in animal welfare, and a global understanding of all aspects of racing from club, owner, trainer, rider, punter and spectator.

Growing the Industry

Australia is renowned as a great sporting nation and we are blessed with the likes of "The Race that Stops a Nation" and Queensland's own Winter Racing Carnival. In addition to these big-city events, there is hardly a Queensland country community whose biggest sports day and community event isn't its country cup race meeting. All of these are vital to racing's fabric and contribute towards keeping racing a vibrant part of the Australian sporting landscape.

The Racing Australia Fact Book tells us there were around 75,500 individuals in Australia who raced a Thoroughbred racehorse in 2014-15. This means one in every 320 Australians has an interest in a racehorse compared to just one in around every 8000 people in Great Britain.

Expand these numbers to include the many thousands of Harness and Greyhound owners across Australia and it is clear that racing retains a place in the heart and soul of Australians.

Yet despite these outstanding attributes, community connection with racing across the nation is shrinking and we must address this as a priority.

Racing across all codes needs more markets, more fans, more owners and a fresh approach to attract participants to this deeply connected industry. It is imperative that racing reaches out and into the communities our 132 racing clubs service.

Highlights on the track

The 2016 racing season delivered some outstanding highlights across all codes.

Record wagering turnover results on Magic Millions Race Day signified the importance of Australia's richest race day to fans. The event high-point for many was surely the success of Queensland icon, Buffering, who has become a cult hero and of course others were captivated by the performance of Capitalist who took out the Two-Year-Old Classic.

The pinnacle of the Thoroughbred season is the Queensland Winter Racing Carnival. The Carnival delivered well, despite poor weather resulting in the abandonment of Oaks Day and the delay of the much anticipated return to Eagle Farm.

The cancelled meeting did provide an opportunity to re-program key races to Stradbroke Handicap Day the following week and with four Group 1 and four Group 2 races, fans were treated to a Super Saturday of racing which included the outstanding performance of Under the Louvre when taking out the \$1.5m Stradbroke Handicap.

The Queensland Winter Carnival's Harness feature, Blacks A Fake final night, was also hampered by weather conditions. It didn't

dampen the spirits of enthusiasts however, with such high quality fields of interstate and overseas competitors taking on Queensland's best. Fans were buoyed when Ohoka Punter defeated a field of Australasian stars in the \$200,000 Group 1 Blacks A Fake.

There were many firsts for the Greyhound code during the year with the Cairns Greyhound Racing Club conducting their first televised TAB race meeting and the Capalaba Greyhound Racing Club becoming the trial venue for Racing Queensland's live streaming channel. On the track, it was probably the 'Queen of the Creek', Cyndie's Magic, who stole the heart of Greyhound fans throughout the year.

Thankyou

In closing, I would like to take this opportunity to thank Ian Hall and Sam Adams who, as Acting CEOs, safely guided the organisation through a turbulent time. I would like to commend the staff of Racing Queensland for their dedication, hard work and achievements in difficult times.

This is also an opportune time to place on record the contribution of The Honourable John Muir QC who, for most of the 2016 financial year, single handedly assumed the role of the Queensland All Codes Racing Industry Board. We are indebted to his outstanding leadership during a time of significant change and challenge.

Finally, I would like to acknowledge and thank the Honourable Grace Grace MP, Minister for Employment and Industrial Relations, Minister for Multicultural Affairs and Minister for Racing, for her enthusiasm and genuine support of our industry.



Steve Wilson AM

Chair - Racing Queensland

STATEMENT FROM THE ACTING CEO

As mentioned by the Chair, there were many challenges for our organisation and industry in the 2015-16 financial year but as a result, Racing Queensland has mapped a path to a sustainable future for Queensland's racing codes.

The first stage in the much-needed financial transformation process was the establishment of the TTS Plan in the first half of 2016. Before TTS was implemented, unsustainable prizemoney levels and expenditure had Racing Queensland budgeting a well-publicised loss of (\$28m).

In just a short time, the TTS Plan has started to improve Racing Queensland's financial position, reducing the parent company loss to (\$19.9m).

We still have a long way to go and constraining expenditure whilst seeking to grow revenue, will remain common themes for the foreseeable future.

Industry Milestones

The 2015-16 financial year saw key milestones for the industry in Queensland with the return to racing at the redeveloped Eagle Farm, along with the re-opening of the upgraded Townsville track at Cluden Park.

In addition to these major projects, Racing Queensland has also made key changes to the Thoroughbred race dates calendar for 2016-17 which features the re-introduction of Tuesday racing and the development of extended day/night race meetings that will feature up to 12 races. Both of these initiatives will provide additional wagering opportunities for the industry.

The re-introduction of Tuesday racing has led to 19 race meetings being transferred to the premier channel of Sky Racing 1 which would not be possible if run on Saturdays.

Total wagering turnover on the three codes of racing in Queensland increased from \$3.2bn in 2014-15 to \$3.5bn in 2015-16. This

comprised total wagering of approximately \$2.5bn for Thoroughbreds, \$450m for Harness and \$630m for Greyhounds, representing a year-on-year growth of 9.4 per cent. Of course, this growth is offset by the changing dynamics of the wagering industry. The movement from totalisator betting to fixed-odd betting, and the continued growth of corporate bookmakers, has impacted overall yields.

Throughout 2015-16, Racing Queensland introduced a range of initiatives aimed at driving growth in wagering turnover including innovative promotions such as the Origin Jockey Series, the UBET Picket Fence and the UBET Super Six Trainers' Challenge.

The inaugural Origin Jockey Series was introduced for the 2015 Summer Racing Carnival and attracted some of Australasia's leading jockeys including three-time Melbourne Cup winning jockey Glen Boss, champion Victorian jockey, Craig Williams, and New Zealand's leading riders, Opie Bosson and Danielle Johnson.

The UBET Picket Fence promotion attracted some of Australasia's best pacers to race at the Queensland Winter Racing Carnival including New Zealand superstar, Christen Me, Hector Jay Jay (Victoria), Major Crocker (Victoria) and Nek Time (NZ).

The UBET Super Six Trainers' Challenge was developed in order to enhance the calibre of interstate and Queensland horses entered for the six Group 1 days of the Thoroughbred Queensland Winter Racing Carnival, and in-turn, drive wagering and interest in the state's showpiece event.

These concepts are all new measures which will be reviewed and refined over time.

Racing Queensland also recently engaged the services of rugby league superstar and Queensland sporting icon, Billy Slater, as an ambassador for all three racing codes. As part of his role, Slater will attend race meetings across Queensland,

encouraging engagement and participation in the racing industry.

Although the racing industry has had its challenges in recent times, there is reason for greater optimism for the future of the racing industry in Queensland.

I am confident we are heading in the right direction. The focus of the business is very much on getting things done and working with the industry, our partners and customers to deliver a product which is renowned as being the wagering product of choice.

Sam Adams

Acting CEO Racing Queensland

MAJOR 2015-16 INITIATIVES

As an industry in a highly competitive sporting and business environment, we must be race-ready and resolute in maintaining and increasing our relevance and market share. Progress in a fast-changing world is impossible without change.

Now more than ever it is vital the industry comes together to work as one to address the challenges that confront us, such as aging infrastructure, animal welfare needs and our financial viability.

Throughout the past financial year, a number of initiatives were put in place to help tackle some of the challenges we face, with the major ones outlined in the following pages.

Tracking Towards Sustainability Plan

The Racing Queensland Tracking Towards Sustainability (TTS) Plan was a significant project undertaken by Racing Queensland in 2015-16.

TTS was prepared in accordance with the Treasurer's direction of August 27, 2015 requiring Racing Queensland to prepare a plan that would enable it to return to profitability from July 1, 2016.

At this time, past operating losses had exhausted Racing Queensland's cash reserves and with a loss of approximately \$28m budgeted on a business as usual basis for 2015-16, there was a clear and urgent need to take action.

TTS was developed after an extensive consultation process with industry participant groups. The Plan endeavoured to balance the needs of the racing industry's various participant groups and to ensure that, through the consultation process, there are no unforeseen adverse consequences for any participant group.

Most significantly, TTS announced the introduction of new prizemoney levels from April 1, 2016. Importantly, the revised prizemoney levels remain higher than those in place before the prizemoney increases implemented on October 1, 2014.

Several key cost reduction initiatives outlined in TTS related to non-TAB country racing.

The Queensland Government subsequently announced the introduction of the Country Racing Support Program (CRSP), which is designed to help

replace the funding withdrawn under TTS and assist country race clubs to build capacity, improve their financial performance and ultimately reduce their dependence on Racing Queensland subsidies.

Establishment of the Queensland Racing Integrity Commission

In April 2016, legislation was passed facilitating the split of the commercial and integrity functions of Racing Queensland via the formation of the Queensland Racing Integrity Commission (QRIC).

Ross Barnett, one of the state's most senior police officers, was appointed as QRIC's first Commissioner and formal separation of the QRIC and Racing Queensland commenced on July 1, 2016. QRIC is responsible for racing integrity and animal welfare.

Club Liaison and Development

In 2015-16, Racing Queensland introduced a newly formed Club Liaison and Development Team to enable Racing Queensland to better assist the state's race clubs in the development of alternate revenue streams and to improve management across the industry's three racing codes.

Reporting to Head of Operations, the team is managed by David Aldred and will assist clubs with a variety of operational functions including annual club licensing, wagering data, race day operations, race meeting subsidies, training track subsidies, minimum standards, venue compliance, workplace health and safety, minor projects, venue development, accessing funding grants, corporate sponsorship, alternative events and event planning.

The Club Liaison and Development Team will also manage CRSP during the next four years.

Club Liaison and Development is already making a difference in this area with the development of new digital reporting technology to record track inspections and racetrack manager's track ratings in real-time. This information is then supplied to clubs and industry service providers as necessary.

Another popular team initiative is the Q-Club E-Newsletter which has up to date industry news for each of the three racing codes with news and photo contributions from race clubs throughout the state.

STRATEGY FOR THE YEAR AHEAD

Racing Queensland is focused on delivery. We know action continues to be needed to create confidence and strong foundations for future growth. There is no good reason why racing cannot have a bright and profitable future here in Queensland.

We have a top quality product, top quality animals and importantly top quality people from world-class jockeys and drivers to premier breeders and trainers. We need to unlock this talent and potential to improve economic returns and grow our contribution to Queensland.

Throughout 2016-17 we will build on the work of the past year as we continue to tackle the challenges before us and also take advantage of some significant opportunities on the horizon.

The following table provides a snapshot of the challenges facing the entire industry and the proactive mitigation plans and actions in place to address them.

CHALLENGE	HOW IT IS BEING ADDRESSED (OPPORTUNITIES)
Budget pressures	<ul style="list-style-type: none"> • The implementation of TTS. • In consultation with participants, develop a Strategic Plan with vision and focus on growth. • Strengthen governance, policies and procedures. • Enhance Business Intelligence Systems.
Returns to owners and participants	<ul style="list-style-type: none"> • Focus thinking and strategy on revenue improvements and allow participants to directly benefit from wagering growth. • Implement programs that attract new owners to the racing industry.
Improve wagering performance	<ul style="list-style-type: none"> • Strengthen the partnership between the Queensland racing industry, Racing Queensland and UBET. • Implement marketing programs that grow engagement with existing punters and attract new customers to racing including developing Racing Queensland's digital assets. • Create additional opportunities for wagering service providers to market and promote Queensland racing. • Improve wagering opportunities by making continuous improvements to the racing calendar. • Develop a racing program that balances the need for club sustainability and the need to maximise wagering outcomes. • Develop an equitable Race Information Fee Policy that maximises revenue for the racing industry. • Implement programs that 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. • Ensure Queensland's racing vision is widely available to all stakeholders.
Ageing infrastructure, facilities and racetracks	<ul style="list-style-type: none"> • Racing Queensland will develop an Infrastructure Plan that manages the funds available and supports projects which demonstrate value creation for the racing industry.
Balance club needs for funding support against the overall budget position of the industry	<ul style="list-style-type: none"> • Develop a clear, transparent and sustainable funding model for clubs.



INDIVIDUAL RACING CODE HIGHLIGHTS

THOROUGHBRED

The volume of TAB racing remains strong with 417 race meetings conducted and 3110 individual races being run.

Non-TAB racing's outcomes were also pleasing with more than 11,400 starters contesting 1401 races.

Despite a decrease in the foal crop from the season prior, the QTIS scheme again provided significant returns to stakeholders. The mere fact that a filly winning a QTIS race at a Saturday metropolitan race meeting can pocket more than \$76,000 for her connections speaks for the scheme and it is hoped it will be the catalyst for long-term growth.

Club infrastructure, and specifically tracks, undoubtedly played a pivotal role in the Thoroughbred code throughout the season. The ongoing effects of the continued outage at Eagle Farm lingered and the ramifications of its unavailability were significant, both from racing and wagering perspectives. Eagle Farm's long awaited return on Stradbroke Day was not without teething issues but the state's industry can rightly look forward to having its premier racing venue back at the peak of its powers. The redevelopment of the track at Townsville also had a major impact on racing in North Queensland during the early part of the season. That process has, however, laid the platform for the future of racing at the Cluden Park venue, which is now an excellent racing surface.

The Summer Carnival, which commenced in earnest at Doomben in late November, saw the majority of the Group race spoils stay within the state, with Queensland based trainers, Tony Gollan, Toby Edmonds and Kevin Kemp, amongst the most successful. The Carnival also included the hosting of the inaugural UBET Origin Jockey Series which attracted high profile jockeys such as Glen Boss, Craig Williams and Opie Bosson to ride in Queensland, attracting a significant

level of profile and media attention across the nation. New Zealand ultimately took out the team honours but Queensland, Victoria and New South Wales ensured it went right down to the wire. As is always the case, the Carnival built to a crescendo with Magic Millions Day proving the highlight. The quality of the winners was high, a prime example of this was when the Magic Millions Two-Year-Old Classic was taken out by the Peter and Paul Snowden trained juvenile, Capitalist, who subsequently went on to further glory in the autumn by winning the Golden Slipper.

The pinnacle of Queensland's racing product is of course the Winter Racing Carnival, which returned to its more traditional format. It again proved to be very successful and was highlighted by the eagerly anticipated return to Eagle Farm, even though it was delayed by a week due to torrential weather and the subsequent cancelling of Oaks Day. The silver lining for the code was a "Super Saturday" of racing on Stradbroke Handicap Day after the Brisbane Racing Club and Racing Queensland decided to re-program some of the feature races from Oaks Day. The result was a landmark day for the industry in Queensland, during which four Group 1 races and four Group 2 races were run.

It was particularly pleasing from a local perspective to see two Queensland-trained horses victorious in Group 1 races. In some outstanding training efforts, Bryan Guy and Kelly Schweida produced Eagle Way and Miss Cover Girl to win the Queensland Derby and Tattersall's Tiara respectively. New Zealand trainer Tony Pike, also had a Carnival to remember, taking the lion's share of the purses of the Queensland Oaks and J.J Atkins back across the Tasman with Provocative and Sacred Elixir. The time-honoured Stradbroke Handicap, saw a two-horse war unfold over the concluding stages, with the Robert Smerdon-trained, Under The Louvre, prevailing over Darren Weir's Black Heart Bart.

The full list of Group 1 winners for the season was:

RACE	HORSE	TRAINER	JOCKEY
JJ ATKINS	SACRED ELIXIR	Tony Pike	Zac Purton
QUEENSLAND OAKS	PROVOCATIVE	Tony Pike	Leith Innes
QUEENSLAND DERBY	EAGLE WAY	Bryan Guy	Tommy Berry
BTC CUP	MALAGUERRA	Lee & Anthony Freedman	Glen Colless
DOOMBEN 10,000	MUSIC MAGNATE	Bjorn Baker	Kerrin Mcevoy
STRADBROKE HANDICAP	UNDER THE LOUVRE	Robert Smerdon	Dwayne Dunn
TATTERSALL'S TIARA	MISS COVER GIRL	Kelly Schweida	Damian Browne
DOOMBEN CUP	OUR IVANHOWE	Lee & Anthony Freedman	Kerrin Mcevoy

Pleasingly, from a wider industry and breeding perspective, the Australian Pattern Committee ratings for the eighty Black Type Races run throughout the season were very strong.

The season's Winter Carnival also saw the advent of the UBET Super Six Trainers' Challenge won this year by Chris Waller. The series was a standout because the much-coveted major prize was the choice of either a new BMW or a VIP Kentucky Derby trip for the successful trainer and six of his/her owners. The Waller juggernaut had a fruitful Carnival on many fronts with its Super Six Trainers' Challenge win providing the final highlight.

Trainer Tony Gollan and his hard-working Eagle Farm based team again took the spoils with a third straight Metropolitan Trainers' Premiership. In what was a tremendous season for the stable, it amassed well over \$4m in prizemoney for connections with an impressive strike rate to boot.

In the jockey ranks, the Metropolitan title race was very keenly contested, with the evergreen, Jeff Lloyd, prevailing after a titanic struggle with perennial title aspirant, Jim Byrne. Special

mention needs to be made of the achievement of Lloyd who has had some immense challenges to overcome in recent times.

It is sheer testimony to Jeff's character and dedication that he was able to salute the judge in taking out the premiership.

The race for the Apprentice rider title became a one-act affair when James Orman won 67 races (prior to his apprenticeship ending before season's end) and amassed over \$3m in prizemoney for connections of the horses he piloted.

Premierships aside, all of the hard working trainers and riders throughout Queensland are to be commended for their tireless efforts throughout the entirety of the season.

Finally, it would be remiss not to mention Buffering. The magnificent son of Mossman, not only again flew the flag for the state in the nation's premier sprints (winning two Group 1s and the Magic Millions QTIS Open), but took his already remarkable career to higher levels by winning the highly prestigious Group 1 Al Quoz Sprint in Dubai in March.

INDIVIDUAL RACING CODE HIGHLIGHTS

HARNESS

The structure of the Harness Racing Calendar remained reasonably consistent with the previous financial year with regular TAB events held at Albion Park (Tuesday, Friday and Saturday) and Redcliffe (Wednesday and Thursday). The TAB meetings were complimented by 12 Marburg Non-TAB race meetings, the Warwick Father's Day meeting and dual-code racing at Deagon, Gympie and Kilcoy.

Show Racing continued this year at Toowoomba, Nanango, Gympie, Boonah, Caboolture and the Brisbane Exhibition, which continues to be well-received and offers Harness racing great exposure to a wider audience.

The 2015-16 Winter Carnival was successful from a programming perspective with plenty of high-quality interstate and overseas competitors meeting Queensland's best. Participation was enhanced by the ground-breaking UBET Picket Fence Promotion, which created much talk and anticipation about the Carnival and saw trainers targeting particular pathways, as they attempted to win the bonus for winning three races on the trot.

Racing Queensland Ambassador and Queensland Rugby League Champion, Billy Slater, was a major attraction on Oaks night during the Winter Carnival – an event that produced some outstanding racing with top class Victorian, Hectorjayjay, producing an astonishing performance to win the Sunshine Sprint.

The final night of the Albion Park Winter Carnival saw a large crowd in attendance despite the poor weather conditions to witness the running of three Group 1 races including Queensland's biggest race of the year; The Blacks A Fake, the two-year-old QBRED Triad Finals and the Group 2 Queensland Derby. Attracting a fine field of Australasian superstars, the \$200,000 Blacks A Fake was taken out by Ohoka Punter, trained by young Nathan Purdon. Ohoka Punter tasted

Group 1 success for the first time, defeating the brilliant Victorian, Hectorjayjay, and Ultimate Art in a Grand Circuit quality field, which also featured outstanding New Zealander, Christen Me, and reigning Queensland Horse of the Year, Avonnova.

The Group 1 QBRED Triad Finals were won by Changeoverme, who caused an upset in the Colts and Geldings division for trainer Kylie Rasmussen, driver Mat Neilson, and owner/breeders Gayle, Chris and Rodney Garrard. Im Norma Jean collected the Fillies trophy for trainer Peter Greig, visiting driver Amanda Turnbull and successful owner/breeders, Jeff and Lee-Ann Wallace.

The Group 2 Queensland Derby attracted a great cross-section of Australasia's best three-year-olds, with three Queenslanders meeting four New South Wales based horses, three Victorian and two New Zealand visitors. Queensland celebrated a local victory with Catcha Lefty claiming victory for his emotional trainer, owner and breeder, Cristina Monte, and driver Shane Graham, in what was an outstanding race.

The win of Catcha Lefty provided a special tribute to the gelding's dam Lefty who produced two winners for Cristina on the night as Bring On Lefty won the Rising Stars Championship earlier in the evening. Incredibly Lefty's last foal, Lucky Lefty, won days earlier providing the mare with the perfect record of 11 foals born and 11 winners.

The final running of Queensland's only Grand Circuit race, the \$200,000 Group 1 Queensland Pacing Championship in October, saw 2015 Blacks A Fake winner in Victorian-based Philadelphia Man return to Queensland as a short-priced favorite. However, it was an all-local finish with the Ian Gurney trained Our Hi Jinx claiming Group 1 glory from Caesars Folly and Avonnova in a highly competitive and entertaining race.

Group One Winners			
RACE	HORSE	DRIVER	TRAINER
GOLD COAST CUP	BLING IT ON	Luke McCarthy	Belinda McCarthy
DARRELL ALEXANDER MEMORIAL TROTting CHAMPIONSHIP	MY VALERIE NZ	Pete McMullen	Blake Fitzpatrick
QUEENSLAND PACING CHAMPIONSHIP	OUR HI JINX NZ	Greg Sugars	Ian Gurney
QBRED TRIAD FINAL - 3YO COLTS & GELDINGS	FRANKIE ROCKS	Grant Dixon	Grant Dixon
QBRED TRIAD FINAL - 3YO FILLIES	GET IN THE GROOVE	Grant Dixon	Grant Dixon
QBRED TRIAD FINAL - 2YO COLTS & GELDINGS	CHANGEOVERME	Mathew Neilson	Kylie Rasmussen
QBRED TRIAD FINAL - 2YO FILLIES	IM NORMA JEAN	Amanda Turnbull	Peter Greig
THE BLACKS A FAKE	OHOKA PUNTER	Nathan Purdon	Nathan Purdon

Queensland's best young drivers did battle in the 2016 BOTRA Queensland Young Drivers Championship and the series was taken out by former New South Wales driver Paul Diebert, defeating Matt Elkins and Amy Rees. Special congratulations to all drivers who competed in the series for their conduct and professionalism.

Queenslander Grant Dixon was recognised on a National level for his success as winner of the National Trainer's Premiership with 246 winners in the 2015-16 season, 25 clear of his nearest rival.

Racing Queensland introduced a number of initiatives during 2015-16 in an attempt to enhance the wagering product. These initiatives have resulted in favorable results, namely:

- A reduction in the number of races containing odds-on favorites by 3 per cent, when compared to the previous financial year (38.1 per cent 2014-15, 35.1 per cent 2015-16).
- Average field sizes up 5.5 per cent from 9.1 in 2014-15 to 9.6 in 2015-16.
- Foal numbers increased by 8 per cent to 365 in 2015-16.

INDIVIDUAL RACING CODE HIGHLIGHTS

GREYHOUNDS

On the track, few Greyhounds thrilled the community as much as the Bill Elson-trained Cyndie's Magic, largely due to her exciting racing pattern of dropping out to last early and coming home like a rocket. She was dubbed 'The New Queen of the Creek' by race caller Paul 'Dogsy' Dolan after winning 13 Class 1 races during the racing season. At the end of the year, she had collected three feature race victories in the President's Cup (710m), the Rockhampton Cup (510m) and the Winter Chase (710m). Showing her capabilities at the highest level, she was also Group 1 placed in both the Brisbane Cup (520m) and the Gold Cup (710m). If you get the opportunity to watch her race replays they are well worth the time and effort.

Fabulous Storm started the racing season with a bang for Queensland trained Greyhounds winning the Group 1 Winter Cup 520m for Reg Hazelgrove. Interstate Greyhounds proved hard to beat in the other major Group races for the remainder of the year, with Dyna Double One (VIC) taking out the Group 1 Brisbane Cup (520m) and My Boy Brodie (NSW) taking out the Group 1 Gold Cup (710m).

NSW Northern Rivers trainers had group race success with Norm The Storm (Matthew Reid), Cash In Motion (Robert Cooke) and France Soir (Robert Cooke). Queenslanders got some back with Velocity Shirl winning the Group 3 Big Dog Cup for Peter Wilson, Magical Yessam winning the Group 2 Ipswich Auction Series for Don Massey, and who could forget the

dead-heat in the world's richest Maiden, the Vince Curry Memorial, between Split Image and Paua to Avoid, both trained by Tony Brett. Tony also had interstate success with Thirty Talks claiming the \$100,000 Richmond Puppy Classic.

Further north, Dallas Beckett had a good year taking out the Rockhampton Grand Prix (510m) and Anniversary Trophy (510m) with Twelve Plus Two, and the Rockhampton Young Guns (407m) with Little Ach Cee, who also ran 2nd to Cyndie's Magic in the Rockhampton Cup.

Not Today Mate did well to win feature races in both Bundaberg (RQ Maiden 1000 - 460m) and Rockhampton (Young Guns - 510m). Rocket's Magic established himself as the king of the north for trainer, Rob Lound, with five feature race victories at both Townsville and Cairns, including the Young Guns (380m), Townsville Derby (498m), Easter Sprint (380m), Anzac Trophy (498m) and Cairns Grand Prix (544m).

All told, 464 TAB meetings and 112 Non-TAB meetings were held in 2015-16. The number of individual races increased due to the volume of nominations, resulting in extra races at Albion Park and Townsville. The average field size for TAB races remained steady in comparison to 2014-15 at 7.8 Greyhounds per race. Wagering turnover and revenue increased significantly throughout the year in a clear show of confidence in the industry from the punting community.

Group One Winners		
RACE	HORSE	TRAINER
WINTER CUP	FABULOUS STORM	Reg Hazelgrove
BRISBANE CUP	DYNA DOUBLE ONE	Mrs Andrea Dailly
GOLD CUP	MY BOY BRODIE	Mr Trevor Rice

Off the track, the Grading Policy Working Party was established and introduced a number of changes designed to make racing more competitive in Queensland and to give opportunities to a wider spectrum of Greyhounds. City class dogs are now upgraded on lower class tracks if they have won more than four city races. The upgraded city class Greyhounds were often victorious in the higher grade and the standard of 5th grade racing became more manageable for genuine 5th grade Greyhounds.

Further to this, Masters racing was introduced for the first time for 5th grade Greyhounds more than 42 months of age. The concept requires further refinement with some dominant performers across the state but became a regular fixture of the Ipswich (Friday) and Albion Park (Sunday) race meetings, and also branched out to Bundaberg, Rockhampton and Townsville during the year.

Restricted class racing was also introduced for Maidens (no wins in six starts) and 5th grades (no wins in the last six starts). Overall, the number of individual winners-to-races ratio increased from 36 per cent in 2015 to 47 per cent in 2016, indicating that more Greyhounds are winning races and having the chance to be competitive. Further work will continue in this area in 2016-17 with the introduction of Pathways Racing (reverse selection order) and the continued development of a National Grading System which may incorporate ratings for all Greyhounds.

The Cairns Greyhound Racing Club and Capalaba Greyhound Racing Club both experienced first-time-ever events during the year.

Cairns held its first televised TAB race meeting on June 28, 2016 with the running

of the Cairns Cup heats. The meeting was a great success for the industry with 10 races broadcast on Sky Racing 1. Emma Bryant and the team at Cairns must be congratulated for the enormous amount of work undertaken between April and June to make this event a reality.

Capalaba became the trial venue for the establishment of a Racing Queensland live streaming channel via Ustream, meaning for the first time, there was live vision and off-course wagering on Capalaba Non-TAB meetings. The Ustream trial is expected to continue at other Non-TAB venues in 2016-17.

All-in-all 2015-16 will be remembered as a watermark year for the Greyhound code as it looks to rebuild after the live baiting scandal. There are strong signs though that the industry is in recovery and looking forward to the year ahead.

QUEENSLAND GOVERNMENT'S OBJECTIVES FOR THE COMMUNITY

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

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, 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
- 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
- Vaccination of horse populations 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
- 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
- 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.

FINANCIAL PERFORMANCE

Annual Financial Statements

The annual financial statements present the consolidated financial results for 2015-16 of the Queensland All Codes Racing Industry Board (QACRIB) trading as Racing Queensland, and its subsidiaries.

CONTROLLED ENTITIES	OWNERSHIP
Queensland Race Product Co Limited <i>(dormant entity and was deregistered during the year ended June 30, 2016)</i>	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 presented total comprehensive losses ranging between (\$13.9m) in 2011-12 and (\$3.8m) in 2012-13. The financial performance of the consolidated group for 2015-16 is summarised:

ENTITY	FINANCIAL RESULTS
Racing Queensland	(\$19.9m)
Queensland Race Product Co Limited	Nil
Sunshine Coast Racing Pty Ltd atf Sunshine Coast Racing Unit Trust	(\$1.2m)
Rockhampton Racing Pty Ltd	(\$0.6m)
Consolidation adjustments	(\$0.1m)
Consolidated Group Loss for the Year	(\$21.8m)
Other Comprehensive Income where items will never be reclassified to profit or loss	
Increase in asset revaluation surplus	\$3.5m
Total Comprehensive Loss	(\$18.3m)

The consolidated group loss of (\$21.8m) for 2015-16 is primarily attributable to the financial performance of the group's parent and main operating entity, Racing Queensland, which posted an annual loss of (\$19.9m).

Revaluation of Assets

The financial statements report a \$3.5m increase in the value of assets due to the independent valuations of all land, buildings and tracks undertaken by Australis Asset Advisory Group using 'fair value principles' on June 30, 2016.

Properties impacted by the increase in the asset revaluations surplus of \$3.5m include:

- Rockhampton Racing Pty Ltd: \$0.8m increase due to the net of \$1.2m increase in the value of the administration building and facilities, (\$0.1m) decrease in the value of the land, and decrease due to deferred tax liability on the 2015-16 revaluation of (\$0.3m).
- Sunshine Coast Racing Pty Ltd: \$0.2m increase in the land value, \$0.2m increase in the value of the track, \$0.2m increase in the value of the grass and synthetic tracks and track irrigation, \$0.1m increase in the lighting and \$0.2m increase across earthworks, drainage, grandstand, and day stalls.

In addition to this, Racing Queensland also recorded a \$1.5m increase in the value of land, buildings and tracks at the following locations:

- Albion Park: \$0.6m increase in the value of the land.
- Deagon: \$0.3m increase in the value of the land and \$0.2m increase in the assets primarily in the perimeter fence, grass and sand track, and the Deagon Office Building.
- Slacks Creek (Logan) \$0.3m increase in the value of the land.

RACING QUEENSLAND REVENUE

Wagering

Wagering revenue is the largest source of income for Racing Queensland. In 2015-16 Racing Queensland received gross wagering revenue of \$204.9m, an increase of \$2.5m on 2014-15.

Wagering Revenue – UBET

Total UBET turnover displayed an increase from 2014-15 of around 2.1 per cent, however, wagering revenue received from UBET was \$129.8m, down (\$2.4m) on 2014-15.

The graph below highlights the decline in UBET turnover on Queensland racing since the Eagle Farm track closure in August 2014. With the track’s reopening in June 2016, it is anticipated there will be a noticeable increase in turnover into the future. Pleasingly, in 2015-16, UBET turnover on Queensland racing showed positive growth for the first time since 2011-12.

Since the Eagle Farm track closure there has also been a visible increase in wagering through UBET on interstate and overseas racing products.



Pari-mutuel vs. Fixed Odds Wagering

Racing Queensland’s wagering revenue is impacted by customer movement between fixed odds and pari-mutuel betting. In recent years, there has been a continuing trend for customers to move away from pari-mutuel, preferring to bet on fixed odds markets.

Wagering Revenue – UBET Other

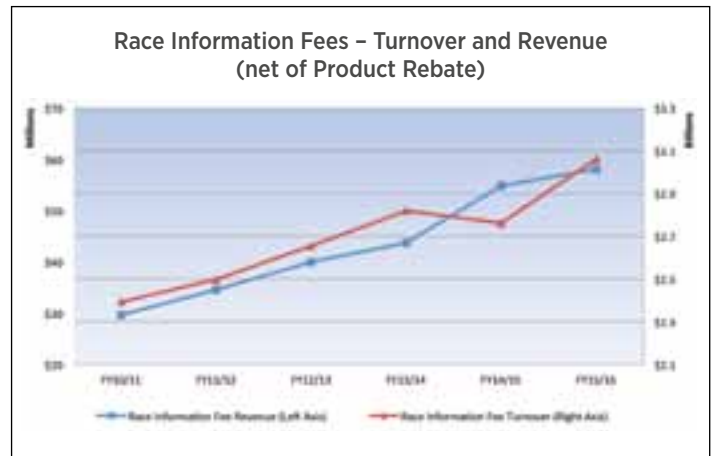
The 30-year Product Agreement with UBET commenced on July 1, 2014. As part of the agreement, Racing Queensland receives an annual fixed fee of \$15m indexed at 80 per cent of CPI. In 2015-16, Racing Queensland received approximately \$15.2m from UBET in the form of the fixed fee.

Racing Queensland also received a return from UBET’s sports betting operations of approximately \$0.2m, down from \$0.3m in 2014-15.

Revenue from Interstate Totes and Wagering Service Providers

Race information fees reflect the revenue Racing Queensland receives from interstate totes, corporate bookmakers and betting exchanges for their wagering activities on Queensland racing product.

Total Queensland race information fee turnover showed a healthy increase, with revenue (net of Queensland product fee rebates) up around \$3.3m or 6 per cent on 2014-15.



Other Revenue Movements

Other significant revenue movements include a (\$1m) reduction in Government grant income and a \$3.7m increase in sponsored prizemoney income.

WAGERING TURNOVER SUMMARY

QLD Wagering Turnover - All



QLD Wagering Turnover - Thoroughbred



QLD Wagering Turnover - Harness



QLD Wagering Turnover - Greyhound



RACING QUEENSLAND EXPENDITURE

Prizemoney

Prizemoney makes up the largest portion of Racing Queensland's expenditure.

The 2015 annual report disclosed an (\$11.2m) operating loss for Racing Queensland as parent entity of the consolidated group. At this time, Racing Queensland had delivered five years of operating losses, had no cash reserves to fund ongoing losses and had budgeted a loss of (\$28m) for 2015-16.

The State Government agreed to fund Racing Queensland's operational cash shortfalls as Racing Queensland embarked on developing a future sustainability process, on the basis that such funds will be repaid when Racing Queensland is financially able.

In addition, the Queensland Audit Office noted as part of its assessment of the 2015-16 Annual Financial Statements, that RQ requires ongoing

Government support in order to remain a viable going concern.

Following extensive consultation, Racing Queensland released *Tracking Towards Sustainability* (TTS) Plan on December 3, 2015.

The TTS Plan introduced an amendment to prizemoney levels from April 1, 2016. Importantly, the revised prizemoney levels remain higher than those in place before the prizemoney increases implemented on October 1, 2014.

As part of the TTS, a mechanism has been put in place that allows prizemoney to be reviewed on a quarterly basis, taking into consideration the profitability of the industry overall and the profitability of each code.

Racing Queensland Contribution to Prizemoney and Breeding Schemes

CODE	2010-11 \$M	2011-12 \$M	2012-13 \$M	2013-14 \$M	2014-15 \$M	2015-16 \$M
Thoroughbred	\$ 76.4	\$ 78.5	\$ 81.2	\$ 84.0	\$ 93.5	\$ 98.5
Harness	\$ 14.2	\$ 14.2	\$ 14.9	\$ 14.2	\$ 16.5	\$ 16.6
Greyhound	\$ 7.9	\$ 9.6	\$ 10.4	\$ 10.8	\$ 14.7	\$ 14.0
Total	\$ 98.5	\$ 102.3	\$ 106.5	\$ 109.0	\$ 124.7	\$ 129.1

Industry Infrastructure Strategy Summary

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

PROJECT	FUNDS RECEIVED FROM GOVERNMENT FOR THE LIFE OF THE PROJECT TO 30/06/16 (INCLUDING INTEREST EARNED)	ACTUAL PROJECT COSTS FOR THE LIFE OF THE PROJECT TO 30/06/16	APPROVAL PER FUNDING DEED	% COMPLETE
Cronulla Park, Logan	1,479,271	1,479,271	12,000,000	on hold
Eagle Farm Track, Brisbane	9,268,187	9,271,187	10,000,000	92.7%
Cluden Park, Townsville	6,942,436	6,920,084	7,000,000	98.9%
Eagle Farm Infield, Brisbane	12,118,907	11,914,949	12,000,000	99.3%
TOTAL	29,808,802	29,585,491	41,000,000	

THREE CODES' INDIVIDUAL PERFORMANCES

As parent of the consolidated group, Racing Queensland's overall loss increased by (\$8.7m) to (\$19.9m) in the 2015-16 financial year, with overall revenue increasing by \$5.2m and expenditure increasing by \$13.9m on the previous year.

The overall revenue increase of \$5.2m was mainly due to increased sponsored prizemoney and wagering revenue.

The table below shows that:

- Greyhound racing delivered a better than break even position in delivering a profit of \$0.3m in 2015-16.
- Thoroughbred racing generated a loss of (\$12.4m) in 2015-16, which was approximately 7.2% of its revenue.
- Harness racing had a loss of (\$7.8m) in 2015-16, which was approximately 34 per cent of its revenue.

	For the period 1 July 2015 to 30 June 2015			
	RACING QUEENSLAND	THOROUGHBRED	HARNESS	GREYHOUND
	\$'000	\$'000	\$'000	\$'000
Total Revenue	229,229	172,844	22,662	33,723
Total Expenditure	247,124	184,129	30,148	32,847
Earnings / (Loss) Before Depreciation	(-17,895)	(-11,285)	(-7,486)	876
Depreciation	2,023	1,120	338	565
Profit / (Loss) for the Year	(-19,918)	(-12,405)	(-7,824)	311

Three Codes Snapshot

RACING ACTIVITY	2011-12	2012-13	2013-14	2014-15	2015-16
Number of Meetings					
THOROUGHBREDS					
TAB	438	443	440	406	417
Non TAB	274	281	290	282	269
ALL	712	724	730	688	686
HARNESS					
TAB	257	289	314	270	262
Non TAB	50	20	15	13	17
ALL	307	309	329	283	279
GREYHOUNDS					
TAB	407	409	443	457	464
Non TAB	119	133	138	108	112
ALL	526	542	581	565	576

RACING ACTIVITY	2011-12	2012-13	2013-14	2014-15	2015-16
Number of Races					
THOROUGHBREDS					
TAB	3,182	3,272	3,343	3,040	3,110
Non TAB	1,384	1,468	1,458	1,461	1,401
All	4,566	4,740	4,801	4,501	4,511
HARNESS					
TAB	2,030	2,270	2,454	2,339	2,229
Non TAB	254	106	72	68	78
All	2,284	2,376	2,526	2,407	2,307
GREYHOUNDS					
TAB	4,063	4,117	4,429	4,534	4,717
Non TAB	930	1,011	1,046	826	796
All	4,993	5,128	5,475	5,360	5,513

RACING ACTIVITY	2011-12	2012-13	2013-14	2014-15	2015-16
Number of Starters					
THOROUGHBREDS					
TAB	32,148	34,632	31,906	30,230	30,758
Non TAB	11,336	11,196	11,787	11,726	11,436
All	43,484	45,828	43,693	41,956	42,194
HARNESS					
TAB	19,164	21,450	22,153	21,403	21,433
Non TAB	2,199	856	550	547	593
All	21,363	22,306	22,703	21,950	22,026
GREYHOUNDS					
TAB	31,515	31,667	33,849	35,297	36,565
Non TAB	6,271	7,084	7,368	6,170	5,718
All	37,786	38,751	41,217	41,467	42,283

RACING ACTIVITY	2011-12	2012-13	2013-14	2014-15	2015-16
Wagering Turnover					
THOROUGHBREDS					
TOTAL QLD	\$ 2,341,467,988	\$ 2,363,007,440	\$ 2,384,717,252	\$ 2,234,212,293	\$ 2,459,312,570
HARNESS					
TOTAL QLD	\$ 303,544,797	\$ 353,666,296	\$ 410,018,633	\$ 438,912,308	\$ 451,880,793
GREYHOUNDS					
TOTAL QLD	\$ 397,010,148	\$ 452,605,059	\$ 537,998,497	\$ 564,256,476	\$ 631,594,032



COUNTRY RACING CONTRIBUTION

Racing Queensland Country Racing Contribution

RACING QUEENSLAND	2015-16
Product and Program Fee	\$ 129,829,841
Race Information Fees deducted by UBET	(\$ 31,478,647)
Net Product and Program fee paid to Racing Queensland	\$ 98,351,194
5.32% of Net UBET Product Fee as Prizemoney Obligation under the Act	\$ 5,232,284
Prizemoney paid excluding value add prizemoney by the clubs	\$ 9,458,407
QTIS Paid	\$ 668,150
Total Prizemoney paid includes QTIS and excluding value add prizemoney	\$ 10,126,557
Additional prizemoney paid by RQ over and above the 5.32% under the Act	\$ 4,894,273

STATE OF QUEENSLAND COUNTRY RACING SERIES FUNDING CONTRIBUTION	\$ 973,531
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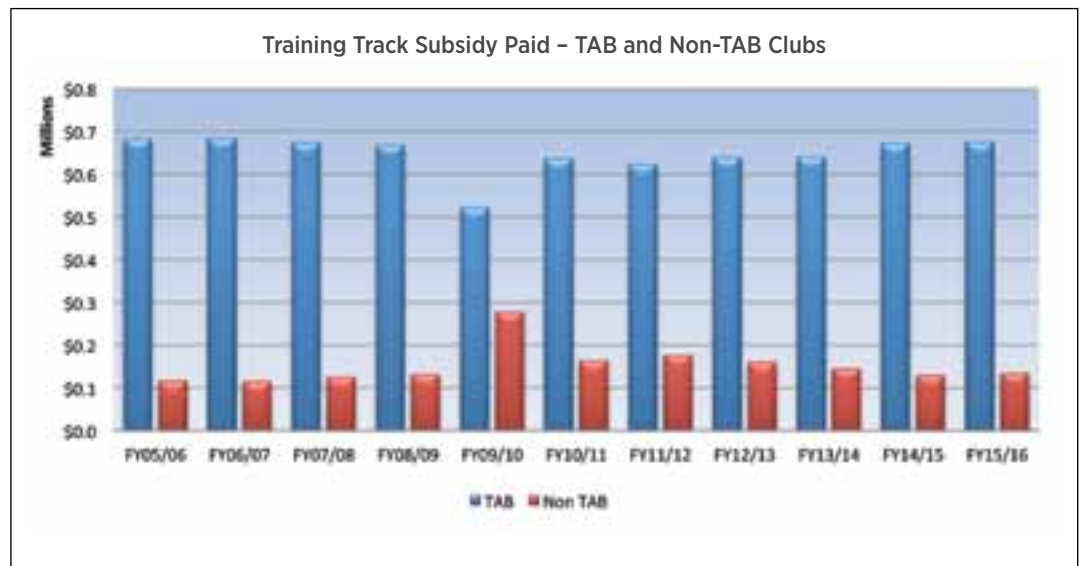
In addition, Racing Queensland also assists to facilitate race meetings at non-TAB venues by funding a range of club subsidy payments, jockey riding fees etc.

TRAINING TRACK SUBSIDY

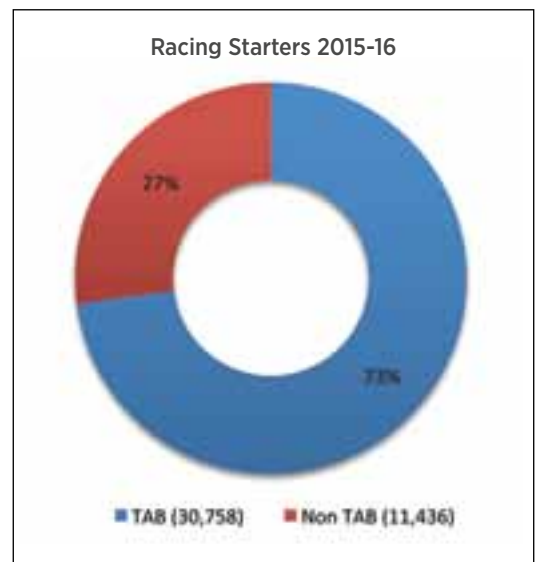
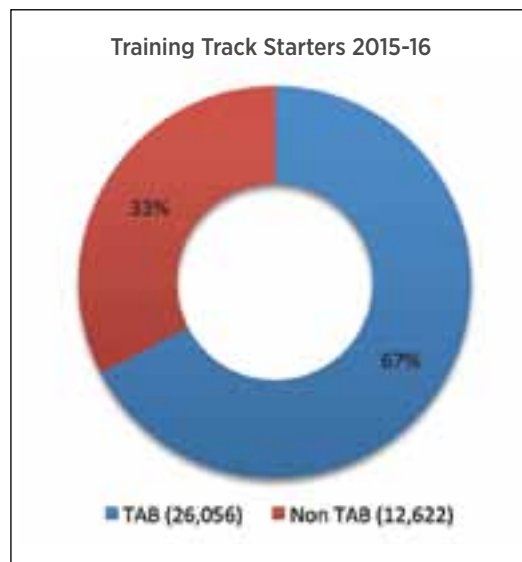
In 2015-16, the State Government provided funding of \$2m under the Thoroughbred Code Training Track Subsidy Scheme, which is distributed to race clubs that provide much needed training facilities for the industry.

Funding under this scheme is separated into two components:

- A threshold component of \$1.2m 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 in accordance with a formula recognising the number of starters produced annually by individual race clubs.



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



INDUSTRY LICENSING

The following tables outline the number of licences issued as at June 30, 2016:

CATEGORY	NUMBER
THOROUGHBRED	
Total Trainers	918
Total Jockeys	260
Total Stable Staff	2,743
Bookmakers	91
Bookmakers Clerks	441
Riders Agents	31
Total Visiting Licenses	299
Total Thoroughbred	4,783

HARNESS	
Total Trainer/Drivers	182
Total Drivers	31
Total Trainers	115
Total Stable hands	159
Total Harness	487

GREYHOUND	
Total Trainers	687
Attendants	357
*Breeders License	355
Stud masters	34
Track Operators	7
Total Greyhound	1,440

TOTAL 132 LICENSED CLUBS				
	Thoroughbred	Harness	Greyhound	Total
TAB	13	2	4	19
NON TAB	107	3	3	113
Total	120	5	7	132

OBJECTIVES AND KEY PERFORMANCE INDICATORS

The following Key Performance Indicator (KPIs) areas are contained in the Racing Queensland Strategic Plan 2014-17. In 2015-16, Racing Queensland's performance against the KPIs has to some extent been influenced by the release and implementation of the TTS in December 2015.

Organisational KPIs will be reviewed as Racing Queensland works towards releasing a new Strategic Plan in 2016-17. However, the following table summarises Racing Queensland's performance against specific KPIs outlined in the existing plan.

OBJECTIVE AREA	KPIS 2015-16	RESULT 2015-16	COMMENT
Grow Wagering Revenue \$m	\$158,1m	\$151,7m	Includes revenue from UBET and Wagering Service Providers and is provided in this context exclusive of race information fee deductions, the UBET fixed fee, product rebates and income from UBET sports retail.
Increase Breeding Registrations	2,547		Data not available at time of production
Increase Prizemoney \$m	\$111.1m	\$137.9m	Includes prizemoney and breeders' bonus payments. Prizemoney levels were reduced from April 1, 2016.
Increase Integrity Tests	16,974	17,446	Racing Queensland exceeded the KPI in further proof of its ongoing commitment to uphold the integrity of racing across the three codes. Of all tests only 0.52% returned positive results.
Integrity Costs of Total Expenditure	6.39%	5.65%	Prizemoney levels have increased significantly since KPIs were established, impacting integrity costs as a portion of overall Racing Queensland expenditure.
Increase Number of Starters	118,753	106,503	The number of starters is consistent with the number of starters in previous years.
Grow Attendance	771,750		Attendances for FY15-16 were not available at the time of print as club annual reports are not due until September 30, 2016.
Increase Total Number of Trainers	2,872	1,902	The number of trainers is consistent with the number of trainers at the same point in time in 2014-15. The 2015-16 figure will increase as registration periods close.
Increase Total Licensees	7,140	6,710	The number of total licensees decreased slightly from the 6,932 licensees recorded in 2014-15.
Grow Total Number of Owners	18,685		Data not available at time of production
Increase Total Number of Participants	*		Unable to quantify.
Improve Turnover of Total Participants	*		Unable to quantify.
Improve Voluntary Employee Turnover Rate	<5%	13.67%	Staff turnover rate almost halved in 2015-16 from 24% the previous year.

* This KPI is listed in the Racing Queensland Strategic Plan 2014-17 but is unable to be measured under existing conditions. The data source from which the KPI was created is unknown.

BOARD AND MANAGEMENT

RACING QUEENSLAND BOARD

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, Sport and Racing initiated a systems 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 MacSparran 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.

On March 30, John Muir's term concluded and on April 1, Steve Wilson AM was appointed as the Independent Chairperson of the Queensland All Codes Racing Industry Board.

At the same time, three industry members representing each code were also appointed; Dale Cartwright, Marg Reynolds and Jim Rundle (resigned on April 4).

RACING QUEENSLAND BOARD			
NAME	POSITION	BOARD	TERM
The Hon. John Muir QC	Chairperson	Queensland All Codes Racing Industry Board	July 1 2015 – March 30 2016
Steve Wilson AM	Chairperson	Queensland All Codes Racing Industry Board	April 1 2016 – June 30 2016
Dale Cartwright	Member	Queensland All Codes Racing Industry Board	April 1 2016 – June 30 2016
Margaret Reynolds	Member	Queensland All Codes Racing Industry Board	April 1 2016 – June 30 2016
Jim Rundle	Member	Queensland All Codes Racing Industry Board	April 1 2016 – April 4 2016



BOARD APPOINTMENTS – RACING QUEENSLAND

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.

Independent Chair – Steve Wilson AM

Steve is the former chief executive officer and chairman of Wilson Group Ltd, one of Australia's leading funds management and stockbroking firms. He has honorary doctorates of philosophy and was awarded an AM in 2011 for services to the financial services sector and the community.

With extensive business and corporate governance experience, he has served as Chairman of Southbank Corporation, Hyperion Asset Management, Queensland Rugby Union, St John's Cathedral Completion Fund and on the boards of Telstra and Queensland Tourism.

Industry member – Margaret Reynolds

Margaret was the secretary/treasurer of the Queensland Breeders Owners Trainers Reinspersons Association. She is a former director of the Queensland Harness Racing Board and was also secretary/manager of North Qld Harness Racing Club.

Industry member – Dale Cartwright

Dale is the past president of the Brisbane Greyhound Racing Club and was a committee member for six years. He is the past vice-president of the Brisbane Greyhound Racing Club and has been involved in Greyhound racing for more than 30 years. Dale chaired the meetings of the Queensland Greyhound Affiliation which dealt with industry and welfare issues in 2015.

On July 1, 2016, the following Board members were appointed:

Independent member and Deputy Chair – Sharon Dawson

Sharon is the chief executive officer of the Dawsons Group, a diversified heavy engineering and services company with operations in Cairns, Townsville and Charters Towers. She is also a former member of the Advisory Committee for TAFE North and previously sat on the management committee for Advance Cairns. Sharon has a strong knowledge of country and regional racing.

Industry member – Mark Sowerby

Mark is the founder and managing director of Blue Sky Alternative Investments Ltd, an alternative asset manager. In March 2016, Blue Sky was admitted to the ASX index as one of Australia’s top 300 listed companies with a market capitalisation in excess of \$500m and 85 people across offices in Brisbane, Sydney, Melbourne, Adelaide and New York. Mark raced horses across

country NSW and now has an involvement in more than 25 thoroughbreds. He has a deep understanding of all aspects of the thoroughbred industry and an ongoing interest and passion for the industry, its participants and its future.

Independent member – Susannah George

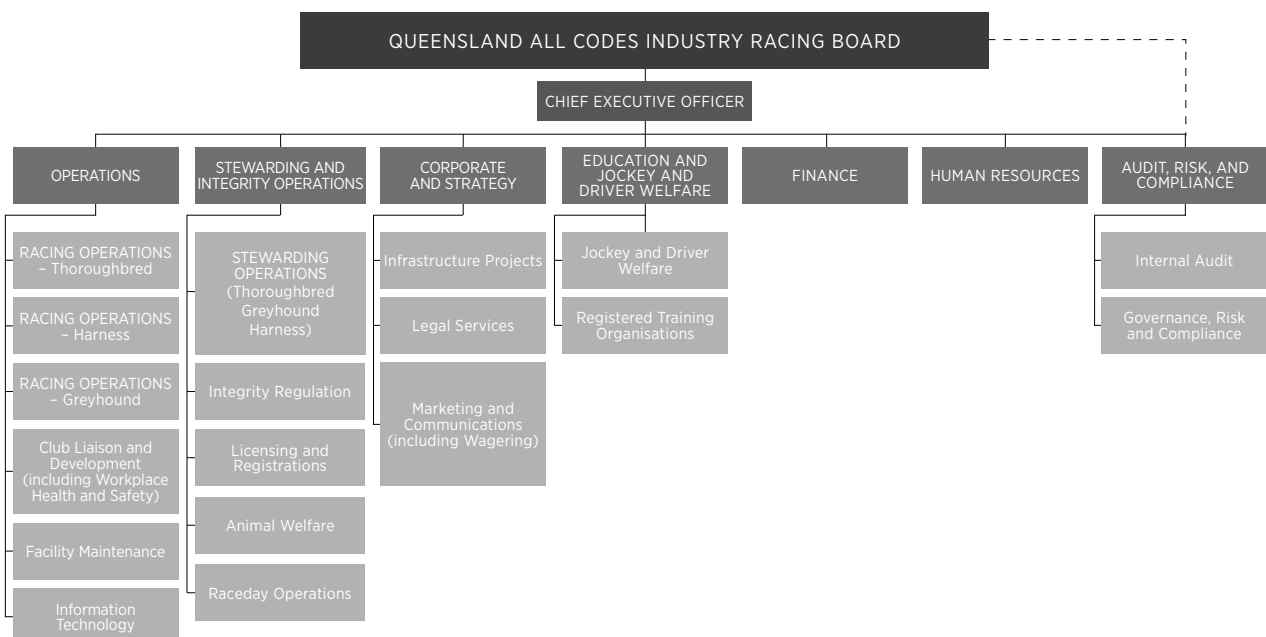
Susannah is the founder and director of *The Urban List*, one of Australia’s fastest-growing and most influential digital lifestyle platforms, attracting an audience of more than 1.6 million readers per month. As a great Brisbane success story, *The Urban List* began in Queensland and now operates in Sydney, Melbourne, Perth and Auckland. Susannah was named “Woman of the Year” in the B&T Women in Media Awards in 2015 and won the digital category for her work with *The Urban List*. Susannah has familial connections with the racing industry - her great grandfather Daniel O’Mara and grandfather Judge Eddie

Broad are both previous chairmen of the Brisbane Amateur Turf Club.

Independent member – Max Walters OAM FCA

Max was a senior executive with the Seven Network for 26 years and is a lifelong follower of racing across all codes. Max’s initial background is finance and he is a Fellow of the Institute of Chartered Accountants. During his career, he has been responsible for highly successful marketing, promotional and broadcast agreements between the Seven Network and both the South Australian Jockey Club and the Brisbane Racing Club. Max was awarded the Order of Australia Medal in 2011 for services to cricket, the community and the media.

RACING QUEENSLAND STRUCTURE as at June 30, 2016



OUR PEOPLE

In 2015-16, Racing Queensland employees continued to professionally deliver services and implement new initiatives to support the racing industry across the Thoroughbred, Harness and Greyhound codes.

Racing Queensland employs a range of people with diverse experience in a number of industry specific roles including: stipendiary stewards, handicappers, graders, veterinarians, sample collection officers, licensing and registration officers, facility maintenance and development officers, animal welfare staff, workplace educators, jockey mentors, wagering and data analysts, infrastructure projects staff and club liaison and development officers.

These roles are supported by corporate functions including: legal, audit, risk and compliance, marketing and communications, information technology, finance and human resources. All employees are employed under individual employment agreements.

- Racing Queensland implemented an organisational structure realignment to assist with workforce planning. Vacant positions that cannot be filled internally are advertised externally to attract candidates from an inclusive, diverse and capable workforce. The performance management system was updated but not implemented due to the delayed creation of the Queensland Racing Integrity Commission commencing July 1, 2016.
- All new employees attend a corporate induction on their first day covering the Code of Conduct, general Racing Queensland policies and procedures, as well as human resources and workplace health and safety systems, and processes.

As at June 30, 2016, Racing Queensland employed 122 full-time equivalent (FTE) permanent employees, 24 fixed-term contract employees

(excluding board members) and 114 casual employees across 142 FTE permanent positions and 15 temporary positions. The separation rate was 13.7 per cent compared to 23.9 per cent for 2014-15.

- Flexible working arrangements were in place on June 30, 2016, for 12 permanent employees working part-time and three employees participating in formal telecommuting arrangements. Other employees work adjusted start and finish times either formally or on an ad hoc basis.

During 2015-16, Racing Queensland acknowledged the following recognition of service rewards:

- 5 years' service – 8 employees
- 10 years' service – 10 employees
- 20 years' service – 1 employee

We continued to provide health and wellbeing services including:

- Monthly information sheets and website links on the Employee Assistance Program and topics such as: mental health (goal setting, stress, anxiety, depression, understanding suicide, domestic and family violence); physical health (nutrition and exercise); financial health (surviving the holidays, budgeting and responsible credit); and promoting the GreatLife app focusing on mind, body, money, relationships, work and family
- Influenza vaccinations provided to 34 employees
- Linking to QSuper financial fitness program
- Implementing a workstation ergonomic assessment process and providing equipment
- Appointing a Workplace Health and Safety adviser to focus on the commencement of developing and updating all workplace health and safety-related documentation and practices.

EXECUTIVE LEADERSHIP TEAM

Acting Chief Executive Officer – Samuel Adams

Sam was the acting chief executive officer from April 1, 2016 to August 21, 2016. Between July 1, 2016 and March 31, 2016, Sam's role as head of corporate and strategy was to lead the organisation's legal, infrastructure, wagering, marketing and communications functions.

Head of Operations – Declan Martschinke

Declan leads the racing operations department, which works with clubs across the three codes of racing to develop the most innovative and effective allocation of race dates, scheduling prizemoney, developing state-wide racing programs and feature race schedules. His other responsibilities include; developing and implementing the Tracking Towards Sustainability Plan, consulting with industry discussion groups, the provision of handicapping and grading services, club liaison and development, facility maintenance, creating business intelligence reporting, rolling out new information technology infrastructure and moving to the Single National System – Thoroughbred.

Acting Head of Stewarding and Operations – James Dart

Jamie leads the Stewarding and Integrity Department to conduct inquiries, undertake stable and kennel inspections, provide veterinary services, introduce a focused animal welfare function, implement the Greyhound Adoption Program and manage race day operations. Jamie also led the department to identify the functions to be transferred to the Queensland Racing Integrity Commission and the implementation of the change management process for staff and industry participants.

Acting Head of Corporate and Strategy – Doug Cross

Doug was responsible for managing the Corporate and Strategy team from April 2016 to August 2016. Prior to this, his position was that of general manager marketing and communications.

Head of Audit, Risk and Compliance – Michael Campbell

Michael leads the audit, risk and compliance department created in January 2016 to conduct internal audits and investigations, manage club compliance, undertake a legislative compliance review, implement the risk management system, control track, and commence the review of the procurement function and the review of organisational policies and procedures.

General Counsel – Allan Lonergan

Allan commenced with Racing Queensland in November 2015 and is responsible for legal services including; litigation matters, requests for information, land resumption matters, contract management and providing specialist legal advice across all areas of the business.

Education Manager – Robyn Bell

Robyn commenced with Racing Queensland in March 2016 and is responsible for managing a team of workplace educators and apprentice coaches aligned to the registered training organisation and implement the jockey and driver welfare function. Robyn has more than 12 years' experience within the vocational education and training sector and brings with her a wealth of knowledge in contract compliance, program development and community and industry capacity building.

Finance Manager – Sharon Drew

Sharon leads the finance department to provide accounts payable and receivable, prizemoney distribution, management accounting and reporting and ensuring financial compliance and audit requirements are met.

Human Resources Manager – Erica Urselmann

Erica leads the human resources department to deliver payroll services, recruitment and selection, workforce reporting, performance management and employee and industrial relations matters.

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 a structured risk management process.

Compliance

The Queensland All Codes Racing Industry Board (trading as Racing Queensland) was established under s9AA 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
- (iii) Public defensibility

Racing Queensland commenced updating the Code of Conduct to reflect the Queensland Public Service Code of Conduct and aligns to the *Public Sector Ethics Act 1994* principles, values and the obligations of public officials. This is supported by a separate policy focusing on actual or perceived conflicts of interest related to the racing industry that is required to be completed as part of the pre-employment check. All new employees receive training on these

topics during their induction. The finalisation of the updated Code of Conduct and retraining for all employees has been identified as a focus for 2016-17.

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 and program mix
- Provide an effective and efficient system for the distribution of prizemoney

DIRECTION FROM THE MINISTER

In accordance with the *Racing Act 2002* (the *Racing Act*), Racing Queensland received the following ministerial directions:

- Direction from Hon. Steve Dickson, Minister for National Parks, Recreation, Sport and Racing (NPRS) on July 18, 2013, requiring the Queensland All Codes Racing Industry Board to seek approval from the Minister prior to:
 - Paying any account, debt or other payment, however described, exceeding \$1m
 - Entering into any legally binding agreement where consideration may exceed \$1m for any individual agreement
 - Entering into more than one agreement with the same entity or a related body to that entity, where the agreements are for substantially the same matters, where the consideration for the totality of such agreements may exceed \$1m

This above direction does not apply to:

- The payment of prizemoney published in the racing calendar by Racing Queensland or
- The payment of recurring salaries and wages of employees of Racing Queensland, or superannuation and tax payments associated with such recurring salaries and wages
- Direction from Hon. Bill Byrne MP, Minister for Agriculture and Fisheries and Minister for Sport and Racing, on March 16, 2015 confirming the above direction is still in effect and will continue until otherwise advised
- Direction from Hon. Grace Grace MP, Minister for Employment and Industrial Relations, Minister for Sport and Minister for Multicultural Affairs on December 21, 2015, confirming the direction issued July 18, 2013, is still in effect and will continue until otherwise advised

- Direction from the Hon. Grace Grace MP, Minister for Employment and Industrial Relations, Minister for Sport and Minister for Multicultural Affairs on March 16, 2016 that Racing Queensland facilitates the following:

- The obtaining of advice from the Commissioner in the evaluation of Racing Queensland's finances, assets and systems by allowing access to all necessary information
- The preparation for transfer of officer from Racing Queensland to Queensland Racing Integrity Commission (QRIC) by providing access to all personnel files and information, which may include but is not limited to names, addresses, bank details, remuneration packages, superannuation, employment conditions and historical personnel files
- The transfer of resources from Racing Queensland (once identified) to QRIC, which will include staff, positions, funding, assets and or supporting systems and tools related to the functions of QRIC
- Following the implementation of Recommendation 1 of the Queensland Greyhound Racing Industry Commission of Inquiry (the Commission) through the establishment of and transfer of functions to QRIC, the minister also requested that Racing Queensland:

- Informs the national bodies, in writing, about the current reforms being implemented in Queensland and the impact that these reforms will have on Racing Queensland's ability to comply with the requirements of the national bodies
- Takes carriage for the resolution of any issues arising from the implementation of the reforms in Queensland raised by the national bodies

- Advises the director-general, NPSR and the commissioner, as soon as possible, of any issues that arise related to the national bodies that could impede the effective operation of the racing industry following the implementation of the reforms
- Advises how Racing Queensland proposes to resolve any of those issues

- Direction from Hon. Grace Grace MP, Minister for Employment and Industrial Relations, Minister for Sport and Minister for Multicultural Affairs on May 24, 2016, subsequent to ministerial direction of March 16, 2016, requiring RQ provide Racing Queensland's accounts payable master data to the department. The data should include:
 - all relevant employee and trading vendor master data records as required by the department to ensure the QRIC required accounts payable functionality is built into its new financial management system ready for operation from July 1, 2016.

AUDIT AND RISK COMMITTEE

As a result of the structure of the board throughout the 2015-16 financial year, no audit and risk committee was established. With the

full board having been appointed on July 1, 2016, an audit and risk committee has been established.

INTERNAL AUDIT

Internal audit is an integral part of Racing Queensland's corporate governance framework, 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 board.

Internal audit operates under an internal audit charter which defines the purpose, responsibilities and function of the 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.

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.

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 2015-16 annual Internal Audit Plan, approved by the audit and risk committee. A risk-based approach was applied in developing the annual audit plan, while maintaining an appropriate balance of review of core business processes.

Internal audit reported on the outcome of audits undertaken, progress in relation to the annual plan and the implementation of audit recommendations. The most significant work reported on in the 2015-16 financial year was in the following areas:

- Race club governance, operations and management
- Race information fees
- SKY Channel licence fees

Information Systems and Recordkeeping

Racing Queensland has previously worked with the state archivist with a view to finalising its retention and disposal schedule. Racing Queensland will continue to work with the state archivist to adapt the current schedule to apply to all racing agencies and put in place retention and disposal schedules covering the entire industry.

Racing Queensland continues to review its record keeping with a view to establishing best practice and to better facilitate compliance with the *Public Records Act 2002*, *Information Privacy Act 2009*, and *Right to Information Act 2009*.

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 <i>Racing Act</i>
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
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
C.A.R.E.	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
QRIC	Queensland Racing Integrity Commission
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
TTS	Tracking Towards Sustainability Plan

BOARD MEETINGS

NAME OF GOVERNMENT BODY	Queensland All-Codes Racing Industry Board				
ACT OR INSTRUMENT	<i>Racing Act 2002</i>				
Functions	<p>The Queensland All-Codes Racing Industry Board (the All-Codes Board) (trading as Racing Queensland) was established under s.9AA of the <i>Racing Act 2002</i>. Racing Queensland is a statutory body under the <i>Financial Accountability Act 2009</i> and the <i>Statutory Bodies Financial Arrangements Act 1982</i> and a unit of public administration under the <i>Crime and Misconduct Act 2001</i>.</p> <p>The All-Codes Board is the control body for all three codes of racing (Thoroughbred, Harness, and Greyhound) in Queensland and coordinates, manages and regulates the industry by:</p> <ul style="list-style-type: none"> • 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 • providing an effective and efficient system for the distribution of prize money • maintaining a capital works program across the codes of racing. <p>The role of the All-Codes Board is to provide strategic guidance for the All-Codes and effective oversight of management.</p> <p>In performing its role, the All-Codes Board aspires to excellence in governance standards.</p>				
Achievements	<ul style="list-style-type: none"> • Delivered a better than budgeted financial result • Greyhound racing reform • Establishment and separation of QRIC • Delivery of the TTS Plan • Opening of upgraded Eagle Farm and Townsville Racecourses • Reintroduction of Tuesday racing in Queensland • Introduction of new marketing partnerships with UBET 				
Financial reporting	The All-Codes Board tables its own Annual Report in Parliament.				
REMUNERATION					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chair	John Muir QC	30	58,685.00	Nil	48,302.21
Chair	Steve Wilson AM	3	58,685.00	Nil	14,671.26
Member	Dale Cartwright	3	39,303.00	Nil	9,825.75
Member	Margaret Reynolds	3	39,303.00	Nil	9,825.75
Member	Jim Rundle	0	39,303.00	Nil	302.32
No. scheduled meetings/sessions		33			
Total out of pocket expenses	\$ 6,395.81				

ATTACHMENT B - COMPLIANCE CHECKLIST

	SUMMARY OF REQUIREMENT	BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs - section 8	Inside Cover
Accessibility	Table of contents Glossary	ARRs - section 10.1	Pages 1 & 39
	Public availability	ARRs - section 10.2	Page 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	Page 1
	Information licensing	<i>QGEA - Information Licensing</i> ARRs - section 10.5	Page 1
General information	Introductory information	ARRs - section 11.1	Page 2
	Agency role and main functions	ARRs - section 11.2	Page 2
	Operating environment	ARRs - section 11.3	Page 9 & 10
Non-financial performance	Government's objectives for the community	ARRs - section 12.1	Page 18
	Other whole-of-government plans / specific initiatives	ARRs - section 12.2	N/A
	Agency objectives and performance indicators	ARRs - section 12.3	Page 29
	Agency service areas and service standards	ARRs - section 12.4	Page 4
Financial performance	Summary of financial performance	ARRs - section 13.1	Pages 19 - 28
Governance - management and structure	Organisational structure	ARRs - section 14.1	Pages 32 & 33
	Executive management	ARRs - section 14.2	Page 35
	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	Page 36
	Queensland public service values	ARRs - section 14.5	Page 3 & 36
Governance - risk management and accountability	Risk management	ARRs - section 15.1	Page 38
	Audit committee	ARRs - section 15.2	Page 38
	Internal audit	ARRs - section 15.3	Page 38
	External scrutiny	ARRs - section 15.4	N/A
	Information systems and recordkeeping	ARRs - section 15.5	Page 38
Governance - human resources	Workforce planning and performance	ARRs - section 16.1	Page 34
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016) ARRs - section 16.2	N/A
Open Data	Consultancies	ARRs - section 17 ARRs - section 34.1	https://data.qld.gov.au
	Overseas travel	ARRs - section 17 ARRs - section 34.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs - section 17 ARRs - section 34.3	https://data.qld.gov.au
Financial statements	Certification of financial statements	FAA - section 62 FPMS - sections 42, 43 and 50 ARRs - section 18.1	Pages 43 - 47
	Independent auditors report	FAA - section 62 FPMS - sections 50 ARRs - section 18.2	Pages 78 - 79

FAA Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2009

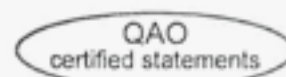
ARRs Annual report requirements for Queensland Government agencies

FINANCIAL STATEMENTS

Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
Statement of Comprehensive Income
 for the year ended 30 June 2016

	Note	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
Continuing Operations					
Revenue and Other Income					
Wagering Revenue	2	203,347	202,404	203,347	202,404
Racing Fees		8,084	7,918	8,084	7,918
Local Breeder Nomination Fees		1,927	970	1,927	970
Government Grant Income	3	1,852	2,823	1,852	2,823
Prizemoney Sponsored Income	4	8,818	5,114	8,818	5,114
Licence and Registration Fees		967	1,169	967	1,169
Integrity Services Revenue		399	368	399	368
Industry Insurance Recoupment		1,148	-	1,148	-
Interest Income		338	403	285	343
Marketing Income		892	867	892	867
Other Revenue	5	1,736	2,192	1,510	2,052
Total Revenue and Other Income		229,508	224,228	229,229	224,028
Expenses					
Wagering Expense	2	36,228	34,984	36,228	34,984
Prizemoney and Breeders Bonus Payments	4	137,899	129,793	137,899	129,793
Supplies and Services	6	18,773	18,067	18,537	17,823
Jockeys and Drivers (excluding Prizemoney)	7	19,362	14,122	19,362	14,122
Grants and Subsidies	8	16,434	17,247	16,430	17,247
Employee Expenses	9	15,452	14,527	15,452	14,527
Marketing Expenditure		1,757	1,778	1,757	1,778
Interest Expense		11	21	11	21
Government Grant Expense		849	2,581	849	2,581
Depreciation Expense	15	3,990	3,021	2,023	1,506
Loss on Disposal of Asset		529	755	529	755
Other Expenses		70	67	70	67
Total Expenses		251,354	236,963	249,147	235,204
(Loss) for the Year		(21,846)	(12,735)	(19,918)	(11,176)
Other Comprehensive Income					
<u>Items that will never be reclassified to Profit or Loss</u>					
Increase In Asset Revaluation Surplus		3,492	36,192	1,769	9,935
Total items that will not be reclassified to Profit or Loss		3,492	36,192	1,769	9,935
Total Comprehensive Income/(Loss)		(18,354)	23,457	(18,149)	(1,241)
(Loss) attributable to members of Racing Queensland		(21,436)	(12,394)	(19,918)	(11,176)
(Loss) attributable to non-controlling interests	23	(410)	(341)	-	-
		(21,846)	(12,735)	(19,918)	(11,176)
Total Comprehensive Income/(Loss) for the period attributable to members of Racing Queensland		(18,378)	18,990	(18,149)	(1,241)
Total Comprehensive Income/(Loss) for the period attributable to non-controlling interests	23	24	4,467	-	-
		(18,354)	23,457	(18,149)	(1,241)

The accompanying notes form part of the financial statements.



Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
Statement of Financial Position
 as at 30 June 2016

	Note	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
Current Assets					
Cash and Cash Equivalents	11	16,373	4,207	14,147	2,268
Receivables	12	17,149	18,097	17,039	18,005
Other Current Assets		1,631	3,004	1,631	3,004
Total Current Assets		35,153	25,308	32,817	23,277
Non-Current Assets					
Other Non-Current Assets	13	12,211	1,074	12,211	1,074
Other Financial Assets	14	3,711	3,026	29,815	28,839
Property, Plant and Equipment	15	142,947	143,688	82,525	83,487
Total Non-Current Assets		158,869	147,788	124,551	113,400
Total Assets		194,022	173,096	157,368	136,677
Current Liabilities					
Payables	16	16,825	25,132	17,024	25,347
Other Provision	17	4,001	-	4,001	-
Accrued Employee Benefits	18	1,330	1,158	1,330	1,158
Deferred Income	19	91	1,300	91	1,300
Other Liabilities		60	302	60	302
Total Current Liabilities		22,307	27,892	22,506	28,107
Non-Current Liabilities					
Accrued Employee Benefits	18	963	990	963	990
Deferred Tax Liabilities	20	2,426	2,055	-	-
Loans	21	43,783	-	43,783	-
Total Non-Current Liabilities		47,172	3,045	44,746	990
Total Liabilities		69,479	30,937	67,252	29,097
Net Assets		124,543	142,159	90,116	107,580
Equity					
Contributed Equity		122,183	122,183	119,191	119,191
Accumulated Surplus/(Deficit)		(46,719)	(25,283)	(42,726)	(22,808)
Asset Revaluation Surplus	22	35,323	32,265	12,026	10,257
Other Reserves		1,625	940	1,625	940
Capital and Reserves Attributable to Racing Queensland		112,412	130,105	90,116	107,580
Non-Controlling Interests	23	12,131	12,054	-	-
Total Equity		124,543	142,159	90,116	107,580

The accompanying notes form part of the financial statements.

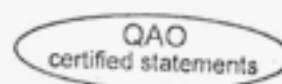
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Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
Statement of Changes in Equity
 for the year ended 30 June 2016

	Contributed Equity	Accumulated Surplus / (Deficit)	Assets & Investments Revaluation	Total	Non- Controlling Interests (Note 23)	Total Equity
Consolidated	\$'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)
<i>Other Comprehensive Income</i>						
Changes in fair value of land & buildings	-	-	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 2015	122,183	(25,283)	33,205	130,105	12,054	142,159
Operating Result from Continuing Operations	-	(21,436)	-	(21,436)	(410)	(21,846)
<i>Other Comprehensive Income</i>						
Changes in fair value of land & buildings	-	-	3,058	3,058	434	3,492
Total Comprehensive Income for the year	-	(21,436)	3,058	(18,378)	24	(18,354)
<i>Transactions with Owners as Owners</i>						
- Other reserves*	-	-	685	685	-	685
- Contributions to sinking fund	-	-	-	-	53	53
Net Transactions with Owners as Owners	-	-	685	685	53	738
Balance at 30 June 2016	122,183	(46,719)	36,948	112,412	12,131	124,543

* Racing Australia Ltd investment increase of \$685,000 (2015: \$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
Statement of Changes in Equity (continued)
 for the year ended 30 June 2016

	Contributed Equity	Accumulated Surplus / (Deficit)	Assets & Investments Revaluation	Total Equity
Parent Entity	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	119,191	(11,632)	322	107,881
Operating Result from Continuing Operations	-	(11,176)	-	(11,176)
<i>Other Comprehensive Income</i>				
Changes in fair value of land & buildings	-	-	9,935	9,935
Total Comprehensive Income for the year	-	(11,176)	9,935	(1,241)
<i>Transactions with Owners as Owners</i>				
- Other reserves*	-	-	940	940
Net Transactions with Owners as Owners	-	-	940	940
Balance at 30 June 2015	119,191	(22,808)	11,197	107,580
Balance at 1 July 2015	119,191	(22,808)	11,197	107,580
Operating Result from Continuing Operations	-	(19,918)	-	(19,918)
<i>Other Comprehensive Income</i>				
Changes in fair value of land & buildings	-	-	1,769	1,769
Total Comprehensive Income for the year	-	(19,918)	1,769	(18,149)
<i>Transactions with Owners as Owners</i>				
- Other reserves*	-	-	685	685
Net Transactions with Owners as Owners	-	-	685	685
Balance at 30 June 2016	119,191	(42,726)	13,651	90,116

* Racing Australia Ltd investment increase of \$685,000 (2015: \$940,000) (refer note 14).

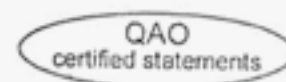
The accompanying notes form part of the financial statements.

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Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
Statement of Cash Flows
 for the year ended 30 June 2016

Note	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
Cash flows from operating activities				
<i>Inflows:</i>				
Receipts from customers	226,731	222,935	226,533	217,039
Grants and other contributions	1,852	2,823	1,852	2,823
GST collected from customers	20,999	18,547	20,989	18,539
Interest received	345	384	285	344
<i>Outflows:</i>				
Employee expenses	(15,309)	(14,493)	(15,309)	(14,493)
Supplies and services	(233,027)	(218,878)	(233,075)	(212,363)
GST paid to suppliers	(9,545)	(10,400)	(9,528)	(10,305)
GST remitted to ATO	(11,454)	(8,147)	(11,461)	(8,234)
Net cash provided by/(used in) operating activities	(19,408)	(7,229)	(19,714)	(6,650)
Cash flows from investing activities				
<i>Inflows:</i>				
Sale of property, plant and equipment	413	16	413	-
<i>Outflows:</i>				
Purchase of property, plant and equipment	(556)	(2,763)	(484)	(2,748)
Net cash provided by/(used in) investing activities	(143)	(2,747)	(71)	(2,748)
Cash flows from financing activities				
<i>Inflows:</i>				
Proceeds from borrowings	31,664	-	31,664	-
Repayment by related party	53	45	-	-
Net cash provided by/(used in) financing activities	31,717	45	31,664	-
Net increase/(decrease) in cash and cash equivalents	12,166	(9,931)	11,879	(9,398)
Cash and cash equivalents at the beginning of the financial year	4,207	14,138	2,268	11,666
Cash and cash equivalents at the end of the financial year	11 16,373	4,207	14,147	2,268

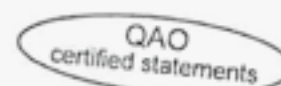
The accompanying notes form part of the financial statements.



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 2016

Note 1	Statement of Significant Accounting Policies
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Note 3	Government Grant Income
Note 4	Prizemoney and Breeders Bonus Payments
Note 5	Other Revenue
Note 6	Supplies and Services
Note 7	Jockeys and Drivers (excluding Prizemoney)
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Note 10	Key Management Personnel
Note 11	Cash and Cash Equivalents
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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 2016

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 Inc. (HRA) and Greyhounds Australasia Limited (GAL);
- Developing an effective product and program mix;
- Providing an effective and efficient system for the distribution of prizemoney; and
- 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 26.

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

- Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board based on Tier 2 Reduced Disclosure Requirements and Interpretations.

and in compliance with the:

- *Financial Accountability Act 2009*; and
- *Financial and Performance Management Standard 2009*.

The historical cost convention is used unless otherwise stated.

(c) The Reporting Entity and Controlled Entities

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.

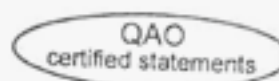
The balances and effects of transactions between controlled entities included in the consolidated financial statements have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the Parent Entity.

The Reporting Entity (known as the Parent Entity)

Queensland All Codes Racing Industry Board trading as Racing Queensland

	2016	2015
Controlled Entities:	%	%
Queensland Race Product Co Ltd	100	100
Sunshine Coast Racing Pty Ltd as trustee for the Sunshine Coast Racing Unit Trust	84.6	84.6
Rockhampton Racing Pty Ltd	63.8	63.8

Queensland Race Product Co Ltd is a dormant entity and was deregistered during the year ended 30 June 2016.



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 2016

1 Statement of Significant Accounting Policies (continued)

(d) Other Presentation Matters

Currency and Comparatives

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

Comparative information has been restated in a manner that is more informative to meet the common information needs of users. The comparative operating results have remained consistent with the audited 2014-15 financial statements.

Current / Non-Current Classification

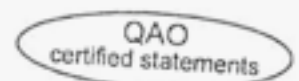
Assets and liabilities are classified as either "current" or "non-current" in the Statement of Financial Position and associated notes. Assets are classified as "current" where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as "current"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

(e) New and Revised Accounting Standards

Racing Queensland did not voluntarily change any of its accounting policies during 2015-16. Australian Accounting Standard changes applicable for the first time as from 2015-16 have had minimal impact on Racing Queensland's financial statements.

(f) Issuance of Financial Statements

The financial statements are authorised for issue by the Chief Executive Officer and the Chairperson 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 2016

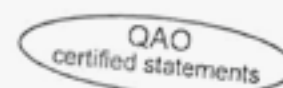
	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
2. Wagering Revenue & Expense				
Wagering Revenue				
Product Fee	129,830	132,229	129,830	132,229
Fixed Fee	15,181	15,000	15,181	15,000
Sports Retail	210	336	210	336
Race Information Fee	59,662	54,839	59,662	54,839
	<u>204,883</u>	<u>202,404</u>	<u>204,883</u>	<u>202,404</u>
Queensland Product Rebate	(1,536)	-	(1,536)	-
Total Wagering Revenue	<u>203,347</u>	<u>202,404</u>	<u>203,347</u>	<u>202,404</u>
Wagering Expense				
Race Information Deductions	36,228	34,984	36,228	34,984
Total Wagering Expense	<u>36,228</u>	<u>34,984</u>	<u>36,228</u>	<u>34,984</u>

Wagering Revenue Recognition

- (i) Wagering revenue is recognised when Product Fee monies are due and payable from UBET QLD Limited.
- (ii) Fixed fee revenue due and payable from Ubet QLD Limited is received in July and amortised throughout the year based on rolling prior three year actual revenue.
- (iii) Sports Retail wagering revenue is recognised when due and payable from UBET QLD Limited.
- (iv) Race Information Fees are brought to account as income during the period to which the amounts relate.

Wagering Expense Recognition

Wagering expenses comprise of overseas and inter-state race information expenses incurred by UBET QLD Limited in generating their wagering revenue.



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 2016

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
3. Government Grant Income				
Queensland Government - Infrastructure	69	1,021	69	1,021
Queensland Government - Country Racing	974	1,000	974	1,000
Queensland Government - Training Track Subsidy	809	802	809	802
Total	1,852	2,823	1,852	2,823

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

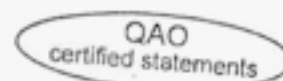
Recognition

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 in the Statement of Financial Position, with a corresponding amount of revenue recognised in the Statement of Comprehensive Income.

Additional Disclosures

Queensland Government – Training Track Subsidy is brought to account in the financial year 2015-2016 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.

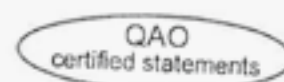


Queensland All Codes Racing Industry Board
 Trading As Racing Queensland
 ABN 80 730 390 733
Notes to and forming part of the Financial Statements
 for the year ended 30 June 2016

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
4. Prizemoney and Breeders Bonus Payments				
Prizemoney Sponsored Income - Third Party Sponsored				
Thoroughbred	8,546	4,524	8,546	4,524
Harness	161	469	161	469
Greyhound	111	121	111	121
Total Prizemoney Sponsored Income	8,818	5,114	8,818	5,114
Prizemoney and Breeders Bonus Payments				
Prizemoney Payments - Racing Queensland Funded				
Thoroughbred	91,503	87,179	91,503	87,179
Harness	15,492	15,417	15,492	15,417
Greyhound	14,006	14,478	14,006	14,478
	121,001	117,074	121,001	117,074
Prizemoney Payments - Third Party Sponsored				
Thoroughbred	8,546	4,524	8,546	4,524
Harness	161	469	161	469
Greyhound	111	121	111	121
	8,818	5,114	8,818	5,114
Breeders Bonus Payments				
Thoroughbred	6,970	6,329	6,970	6,329
Harness	1,110	1,038	1,110	1,038
Greyhound	-	238	-	238
	8,080	7,605	8,080	7,605
Total Prizemoney and Breeders Bonus Payments	137,899	129,793	137,899	129,793

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

Prizemoney payments expense are shown as gross of third party contributions of sponsored prizemoney that is shown as prizemoney sponsored income under Revenue and Other Income.



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 2016

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
5. Other Revenue				
Animal Welfare Revenue	27	331	27	331
Harness Racing Australia Income	47	77	47	77
Racing Australia Ltd Distribution Income	-	18	-	18
Land Tax Refund	-	251	-	251
Flood Insurance Proceeds	20	-	20	-
Rental Income	151	265	151	101
Car Parking Revenue	290	220	290	220
Training Revenue	144	238	144	238
Bad Debts Recovered	44	188	44	210
Recognition of Prior Period Provision	575	358	575	358
Sky Racing Product Fee	-	62	-	62
Other Revenue	438	184	212	186
Total	1,736	2,192	1,510	2,052

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

6. Supplies and Services

Integrity Services Expense	5,121	4,698	5,121	4,698
Race Day Expenses	2,178	2,284	2,178	2,284
Industry Insurances Expense	1,731	1,048	1,731	1,048
Animal Welfare Expense	725	526	725	526
Licence and Registration Expense	154	179	154	179
Venue Expense	2,360	2,350	2,133	2,136
Administration Expense	5,204	5,305	5,200	5,303
Operating Lease Expense	297	380	297	380
External Audit Fees	175	175	170	147
Other Audit Related Services	-	35	-	35
Bad Debts Expense	381	76	381	76
Motor Vehicle and Travel Expenses	305	373	305	373
Other Expenses	142	638	142	638
Total	18,773	18,067	18,537	17,823

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

Total external audit fees paid to the Queensland Audit Office, relating to the 2015-16 financial year, are estimated to be \$175,000 (2015: \$174,800).

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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 2016

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
7. Jockeys and Drivers (excluding Prizemoney)				
Jockey Fees	18,393	13,162	18,393	13,162
Drivers Fees	969	960	969	960
Total	19,362	14,122	19,362	14,122

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

The ATO issued Racing Queensland with default assessments with respect to superannuation contributions allegedly payable to certain jockeys in relation to the quarters commencing 1 July 2009 and concluding on 30 September 2014. Racing Queensland has lodged an objection against the default assessments and the ATO is considering the objection. Notwithstanding the objection, the obligation to pay the default assessments arises when the default assessment is issued. Racing Queensland has calculated the full extent of superannuation payable for all jockeys for the quarters commencing 1 July 2009 and concluding on 30 September 2014 and has made provision for the amount that would be payable to the ATO if default assessments were issued for all jockeys. This has been disclosed in Note 17.

8. Grants and Subsidies

Club Subsidies	16,434	17,207	16,430	17,207
Club Sustainability	-	2	-	2
Other	-	38	-	38
Total	16,434	17,247	16,430	17,247

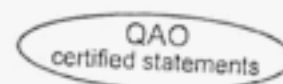
Prior year comparatives have been restated in accordance with Note 1(d).

9. Employee Expenses

Employee Benefits				
Wages and Salaries	11,811	10,944	11,811	10,944
Annual Leave Expense	898	858	898	858
Superannuation Contribution	1,116	1,081	1,116	1,081
Long Service Leave Expense	161	148	161	148
Employee Related Expenses				
Payroll Tax	630	632	630	632
WorkCover	203	168	203	168
Other Employee Related Expenses	633	696	633	696
Total	15,452	14,527	15,452	14,527

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

	2016	2015
Number of full time equivalents	122.2	124.1



Queensland All Codes Racing Industry Board
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Notes to and forming part of the Financial Statements
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9. Employee Expenses (continued)

(a) Recognition

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, 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.

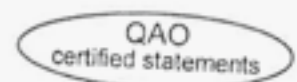
Entitlements expected to be paid within the 12 months following balance date are recognised at their undiscounted values. For those entitlements not expected to be paid within the 12 months following balance date, the liabilities are recognised at their present value, calculated using yields on Queensland Treasury Corporation's AUD Benchmark as at 30 June 2016, 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.



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10. Key Management Personnel

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

(i) 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 the financial year 2015-2016.

Position	Responsibilities	Contract appointment authority	Date appointed to position	Date removed from position
Board Chairperson	The Chairperson decides 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-Apr-16	
Board Interim Chairperson	The Interim Chairperson decides 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-Jul-15	30-Mar-16
Board Member	The Member decides 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-Apr-16	
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 Governor in Council	1-Aug-13	1-Jul-15
Acting Chief Executive Officer	The Acting 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-Apr-16	
Head of Operations	The Head of Operations, provides leadership and strategically manages the performance and services delivered through facilities development and maintenance and racing program management.	Appointed by the Chief Executive Officer	23-Jun-14	
Chief Financial Officer	The Chief Financial Officer is responsible for strategic leadership and direction of efficient, effective and economic financial administration of Racing Queensland.	Appointed by the Chief Executive Officer	1-Aug-13	6-Nov-15

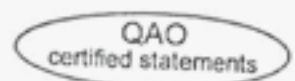
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10. Key Management Personnel (continued)

(i) Key Management Personnel (continued)

Position	Responsibilities	Contract appointment authority	Date appointed to position	Date removed from position
General Manager of Stewarding and Integrity Operations	The General Manager of Stewarding and Integrity Operations is responsible for the effective delivery of licensing, animal welfare, 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 Chief Executive Officer	1-May-13	8-Jul-15
Acting Head of Stewarding and Integrity Operations	The Acting Head of Stewarding and Integrity Operations is responsible for the effective delivery of licensing, animal welfare, stewarding and integrity services, including veterinarians and swab officials, and operational stewarding throughout the state. The incumbent 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 Chief Executive Officer	1-Sep-15	
Head of Corporate and Strategy	The Head of Corporate and Strategy is responsible for legal matters involving Racing Queensland, advising the Board and the organisation on legal issues and leading the development and implementation of Racing Queensland's Strategic Plan.	Appointed by the Chief Executive Officer	11-Jul-14	
Acting Head of Corporate and Strategy	The Acting Head of Corporate and Strategy is responsible for legal matters involving Racing Queensland, advising the Board and the organisation on legal issues and leading the development and implementation of Racing Queensland's Strategic Plan.	Appointed by the Chief Executive Officer	1-Apr-16	
General Counsel	The General Counsel provides advice on legal issues involving Racing Queensland and the racing industry. The General Counsel also provides secretarial support to the various boards and manages racing appeals.	Appointed by the Chief Executive Officer	17-Nov-15	
Head of Audit, Risk and Compliance	The Head of Audit, Risk and Compliance is responsible for providing independent appraisal and advisory services to the Board and the organisation on matters relating to Audit, Risk, and Compliance.	Appointed by the Chief Executive Officer	1-Jan-16	



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10. Key Management Personnel (continued)

(i) Key Management Personnel (continued)

Position	Responsibilities	Contract appointment authority	Date appointed to position	Date removed from position
Education Manager	The Education Manager is responsible for administration, compliance and implementation of all accredited training and the management of broader industry workforce and training initiatives.	Appointed by the Chief Executive Officer	15-Mar-16	
Human Resources Manager	The Human Resources Manager is responsible for managing the human resources function within Racing Queensland.	Appointed by the Chief Executive Officer	13-Oct-14	
Finance Manager	The Finance Manager is responsible for the overall management of the Finance Team of Racing Queensland and the overall financial compliance and financial audit requirements.	Appointed by the Chief Executive Officer	1-Jul-12	



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10. Key Management Personnel (continued)

(ii) Remuneration of Key Management Personnel

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 Management Personnel comprise the following components:

- Short term employment benefits which include:
 - (i) Base consisting of base salary, where applicable, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the Member or employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - (ii) 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.

1 July 2015 – 30 June 2016

Position	Short Term Employee Benefits \$	Long Term Employee Benefits \$	Post-Employment Benefits \$	Total \$
Board Chairperson (QACRIB)	15,289	-	1,871	17,160
Board Interim Chairperson (QACRIB)	51,121	-	5,860	56,981
Board Member (QACRIB & QTRB)	302	-	-	302
Board Member (QACRIB & QHRB)	10,054	-	933	10,987
Board Member (QACRIB & QGRB)	9,826	-	933	10,759
Chief Executive Officer	30,502	-	270	30,772
Acting Chief Executive Officer	72,163	-	9,103	81,266
Head of Operations	217,969	6,873	19,766	244,608
Chief Financial Officer	102,404	-	11,721	114,125
General Manager of Stewarding and Integrity Operations	48,146	-	580	48,726
Acting Head of Stewarding and Integrity Operations	135,845	37,392	17,320	190,557
Head of Corporate and Strategy	154,547	9,389	15,753	179,689
Acting Head of Corporate and Strategy	41,096	-	3,904	45,000
General Counsel	128,498	2,115	12,101	142,714
Head of Audit, Risk and Compliance	140,144	5,808	16,294	162,246
Education Manager	33,000	507	3,135	36,642
Human Resources Manager	140,000	4,002	18,550	162,552
Finance Manager	82,837	10,991	7,851	101,479
Total Remuneration	1,413,543	77,077	145,945	1,636,565

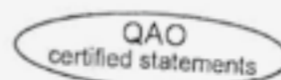
KEY

QACRIB - Queensland All Codes Racing Industry Board

QTRB - Queensland Thoroughbred Racing Board

QHRB - Queensland Harness Racing Board

QGRB - Queensland Greyhound Racing Board



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Notes to and forming part of the Financial Statements
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10. Key Management Personnel (continued)

(ii) Remuneration of 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



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Notes to and forming part of the Financial Statements
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	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
11. Cash and Cash Equivalents				
Cash Assets				
Cash at bank and on hand	13,237	1,831	13,018	941
Short term deposits*	2,012	1,252	5	203
Cash held for infrastructure projects**	285	644	285	644
Cash held for Department National Parks, Sport and Racing***	839	480	839	480
Total	16,373	4,207	14,147	2,268

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

The value of cash not available for use by the consolidated entity for the period ended 30 June 2016 is \$1,123,301.

* Consolidated short term deposits includes the NAB short term deposits amounting to \$2 million in Sunshine Coast Unit Trust.

** Cash held for infrastructure projects are Government funds held directly for the use on 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 Country Racing Series Funding of \$29,236 and will be returned to Government during the next financial period. Also, comprises of \$809,389 relating to the training track subsidy grant that is granted to various tracks located at Queensland clubs.

12. Receivables

Current				
Trade debtors	16,093	16,871	16,060	16,846
Less: Allowance for impairment loss	(383)	(75)	(383)	(75)
	<u>15,710</u>	<u>16,796</u>	<u>15,677</u>	<u>16,771</u>
Race information fees receivable	1,091	796	1,091	796
Sundry receivables	334	482	271	438
Accrued interest	14	23	-	-
Total	17,149	18,097	17,039	18,005

(a) Recognition

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 the last date of the financial year.

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	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
12. Receivables (continued)				
<i>(b) Movements in the allowance for impairment loss for trade receivables:</i>				
Balance at the beginning of the financial year	(75)	(261)	(75)	(261)
Amounts written off during the financial year	40	92	40	92
Amounts collected during the financial year	35	169	35	169
Increase/(decrease) in allowance recognised in the operating result	(383)	(75)	(383)	(75)
Balance at the end of the financial year	<u>(383)</u>	<u>(75)</u>	<u>(383)</u>	<u>(75)</u>
13. Other Non-Current Assets				
Non-Current				
Brisbane Racing Club Infield Loan	12,000	863	12,000	863
Funding Loan to Townsville Turf Club	211	211	211	211
Total	<u>12,211</u>	<u>1,074</u>	<u>12,211</u>	<u>1,074</u>

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

Additional disclosure - Brisbane Racing Club Infield Loan

Racing Queensland has provided financial accommodation to Brisbane Racing Club for the redevelopment of the Eagle Farm Racecourse under the Racing Infrastructure Fund granted by the Department of National Parks, Sport and Racing. The loan commenced 1 July 2015 with a repayment term of 11 years with interest at 3.0603% per annum. Loan repayments from Brisbane Racing Club will commence 30 June 2017.

Additional disclosure - Funding Loan to Townsville Turf Club

The Funding Loan commenced 1 May 2013 for a term of 60 months with interest at 3% per annum.

14. Other Financial Assets

Non-Current

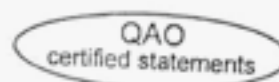
Investments in Subsidiaries

- Sunshine Coast Unit Trust	-	-	19,879	19,588
- Rockhampton Racing Pty Ltd	-	-	6,225	6,225
	-	-	26,104	25,813

Unlisted Securities *

- Equity Securities	3,711	3,026	3,711	3,026
Total	<u>3,711</u>	<u>3,026</u>	<u>29,815</u>	<u>28,839</u>

* Unlisted securities comprise an 18% interest in the capital of Racing Information Services Australia. 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 Ltd. Investments are accounted for using the equity method at the carrying amount.



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	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
15. Property, Plant and Equipment				
Land				
At fair value	54,385	53,106	48,215	47,026
	<u>54,385</u>	<u>53,106</u>	<u>48,215</u>	<u>47,026</u>
Buildings and Tracks				
At fair value	85,780	86,438	31,658	32,459
	<u>85,780</u>	<u>86,438</u>	<u>31,658</u>	<u>32,459</u>
Plant and Equipment				
At cost	3,673	4,664	3,484	4,475
Accumulated depreciation	(1,108)	(801)	(1,049)	(754)
	<u>2,565</u>	<u>3,863</u>	<u>2,435</u>	<u>3,721</u>
Work In Progress				
At cost	217	281	217	281
Total	<u><u>142,947</u></u>	<u><u>143,688</u></u>	<u><u>82,525</u></u>	<u><u>83,487</u></u>

Independent valuations of all land and buildings and tracks were undertaken by Australia Asset Advisory Group using 'fair value principles' on 30 June 2016. Certified Practising Valuer Adam Wallace AAPI Registration No. 2997.

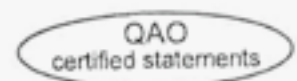
The land was specifically appraised using Fair Value principles including the highest and best use premise and assessed by way of a Market approach (Direct Comparison), being either a level 2 or 3 on the fair value hierarchy. The fair value of building and improvements was assessed by way of the Cost 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.
- *The Financial and Performance Management Standard 2009*.
- The 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 113 Fair Value Measurement
- AASB 116 Property, Plant, and Equipment.



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15. **Property, Plant and Equipment (continued)**

(a) Recognition

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.

Recognition Thresholds for 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.

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'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.

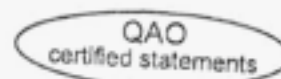
Plant and equipment is measured at cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Land and buildings and tracks measured at fair value 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.



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15. Property, Plant and Equipment (continued)

(a) Recognition (continued)

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.

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.

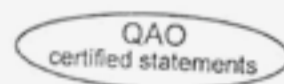
An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

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 to Note 22.

(b) Additional Disclosure - Depreciation

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

Buildings & Tracks	Range	0.4% - 26.7%
Plant and Equipment	Range	2.5% - 33.3%



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15. Property, Plant and Equipment (continued)

(c) 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.

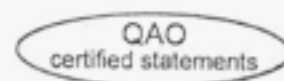
Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by Racing Queensland include, but are not limited to, published sales data for land and general office buildings.

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.

All assets of Racing Queensland for 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.

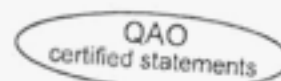


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15. Property, Plant and Equipment (continued)

(d) Property, Plant and Equipment Reconciliation

	Land	Buildings & Tracks	Plant & Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated					
Carrying amount at 1 July 2015	53,106	86,438	3,863	281	143,688
Additions	-	-	-	557	557
Disposals	-	-	(938)	(234)	(1,172)
Net revaluation increments	1,410	2,770	5	-	4,185
Net revaluation decrements	(131)	(190)	-	-	(321)
Transfers	-	117	270	(387)	-
Depreciation	-	(3,355)	(635)	-	(3,990)
Carrying amount at 30 June 2016	54,385	85,780	2,565	217	142,947
	Land	Buildings & Tracks	Plant & Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Parent Entity					
Carrying amount at 1 July 2015	47,026	32,459	3,721	281	83,487
Additions	-	-	-	487	487
Disposals	-	-	(938)	(234)	(1,172)
Net revaluation increments	1,270	720	4	-	1,994
Net revaluation decrements	(81)	(167)	-	-	(248)
Transfers	-	47	270	(317)	-
Depreciation	-	(1,401)	(622)	-	(2,023)
Carrying amount at 30 June 2016	48,215	31,658	2,435	217	82,525



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	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
16. Payables				
Current				
Trade creditors	1,027	4,199	947	4,196
Trade creditors attributable to	120	2,417	120	2,417
GST payable	718	1,275	725	1,280
Sundry payables and accrued expenses	14,960	17,241	15,232	17,454
Total	16,825	25,132	17,024	25,347

Recognition

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.

17. Other Provision

Current

Provision for Jockey Entitlements	4,001	-	4,001	-
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(a) Recognition

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.

(b) Additional disclosure

The ATO issued Racing Queensland with default assessments with respect to superannuation contributions allegedly payable to certain jockeys in relation to the quarters commencing 1 July 2009 and concluding on 30 September 2014. Racing Queensland has lodged an objection against the default assessments and the ATO is considering the objection. Notwithstanding the objection, the obligation to pay the default assessments arises when the default assessment is issued. The default assessment has been issued for the amount of \$949,696, which has been included under Sundry payables in Note 16 to cover this obligation. Racing Queensland has calculated the full extent of superannuation payable for all remaining jockeys for the quarters commencing 1 July 2009 and concluding on 30 September 2014 and has made provision for the amount that would be payable to the ATO if default assessments were issued for all jockeys. The amounts disclosed in Notes 16 and 17 have been included in the Jockey Fees in Note 7.

(c) Movements in the provision for jockey entitlements:

Balance at the beginning of the financial year	-	-	-	-
Provision made	4,001	-	4,001	-
Provision utilised through payments	-	-	-	-
Changes in discount rate / passage of time	-	-	-	-
Balance at the end of the financial year	4,001	-	4,001	-

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	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
18. Accrued Employee Benefits				
Current				
Annual leave	773	694	773	694
Long service leave	557	464	557	464
Total	1,330	1,158	1,330	1,158
Non-Current				
Annual leave	300	302	300	302
Long service leave	663	688	663	688
Total	963	990	963	990

Refer to Note 9 for accounting policies for employee benefit liabilities.

19. Deferred Income

Current				
Fees received in advance	91	1,300	91	1,300
Total	91	1,300	91	1,300

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

20. Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Revaluation of Land and Buildings	2,426	2,055	-	-
Total Deferred Tax Liabilities	2,426	2,055	-	-

Refer to Note 29 for taxation information on the Parent Entity and Controlled Entities.

Deferred tax liabilities relates to the entity Rockhampton Racing Pty Ltd and movements were as follows:

Consolidated	Revaluation \$'000	Total \$'000
Balance at 1 July 2014	398	398
Charged/(credited) directly to equity	1,657	1,657
Balance at 30 June 2015	2,055	2,055
Balance at 1 July 2015	2,055	2,055
Charged/(credited) directly to equity	371	371
Balance at 30 June 2016	2,426	2,426

Recognition

Deferred income tax is provided on all temporary differences, using the liability method, at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.



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	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
21. Loans				
Non-Current				
Brisbane Racing Club Infield Loan	12,119	-	12,119	-
Queensland Treasury Loan	31,664	-	31,664	-
Total	43,783	-	43,783	-

Additional disclosure - Brisbane Racing Club Infield Loan

Racing Queensland has provided financial accommodation to Brisbane Racing Club for the redevelopment of the Eagle Farm Racecourse under the Racing Infrastructure Fund granted by the Department of National Parks, Sport and Racing. The loan commenced 1 July 2015 with a repayment term of 11 years with interest at 3.0603% per annum. Loan repayments from Brisbane Racing Club will commence 30 June 2017. Racing Queensland will pay an amount equivalent to the Redevelopment Repayment amount to the Department upon receipt of loan repayments from Brisbane Racing Club.

Additional disclosure - Queensland Treasury Loan

Queensland Treasury have provided a loan to enable Racing Queensland to meet its obligations in the financial year 2015-16. Repayments will be made by Racing Queensland once it becomes financially viable.

22. Asset Revaluation Surplus by Class

Consolidated	Land \$'000	Buildings \$'000	Total \$'000
Balance at 1 July 2014	383	498	881
Revaluation Increments	4,851	58,273	63,124
Revaluation Decrements	(3,659)	(28,081)	(31,740)
Balance at 30 June 2015	1,575	30,690	32,265
Balance at 1 July 2015	1,575	30,690	32,265
Revaluation Increments	1,404	1,948	3,352
Revaluation Decrements	(103)	(191)	(294)
Balance at 30 June 2016	2,876	32,447	35,323
Parent Entity	Land \$'000	Buildings \$'000	Total \$'000
Balance at 1 July 2014	15	307	322
Revaluation Increments	4,851	28,930	33,781
Revaluation Decrements	(3,600)	(20,246)	(23,846)
Balance at 30 June 2015	1,266	8,991	10,257
Balance at 1 July 2015	1,266	8,991	10,257
Revaluation Increments	1,270	747	2,017
Revaluation Decrements	(81)	(167)	(248)
Balance at 30 June 2016	2,455	9,571	12,026



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23. Non-Controlling Interests

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

In relation to Sunshine Coast Unit Trust, the non-controlling interest 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.

	2016	2015
	\$'000	\$'000
Non-controlling interests are reconciled as follows:		
Retained Earnings/(Losses)	(410)	(341)
Capital Contributions	12,054	7,547
Asset Revaluation Reserve	434	4,808
Sinking Fund Reserve	53	40
Total Non-Controlling Interest	12,131	12,054

24. Parent Entity Information

Guarantees

Racing Queensland has guaranteed any costs related to transfer duty payable on the initial set up of Rockhampton Racing Pty Ltd. The transfer duty liability on the initial set up of Rockhampton Racing Pty Ltd is \$604,931, with interest compounding, totaling \$66,191 as at the 30 June 2016.

During the financial year 2014-2015, Racing Queensland provided a guarantee in favour of the Commonwealth Bank of Australia, to support borrowings by Racing Information Services Australia (RISA) for the purchase of the Australian Stud 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 to form Racing Australia Ltd.

Contingent Liabilities

No contingent liabilities were identified for the year ending 30 June 2016.



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25. 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.

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
a) Operating Lease Expense				
Car Leasing	178	235	178	235
Computer Equipment	113	136	113	136
Office Equipment	6	9	6	9
Total	297	380	297	380
b) Lease Commitments (Non-Cancellable Operating Leases—Future Minimum Lease Payments)				
Payable Within 1 Year	67	352	67	352
Payable 1 – 5 Years	53	213	53	213
Total	120	565	120	565
c) Capital Commitments				
Capital expenditure projects – property, plant and equipment	131	709	-	-
Total	131	709	-	-

26. Going Concern

Racing Queensland, the Parent Entity, has recorded a loss of \$19.9 million and total comprehensive loss of \$18.1 million in the financial year 2015-2016, and has budgeted a loss for the financial year 2016-2017 of \$12.4 million. Racing Queensland is reliant on ongoing government support. The financial statements have been prepared on a going concern basis, because:

- There is no intention to liquidate Racing Queensland or to cease operations.
- The Treasurer has issued a letter to the Minister on 26 August 2016 stating funds will be made available to meet Racing Queensland's Board approved forecasted cash deficit from 1 July 2016 to 30 June 2017.
- The State of Queensland expects that the interim funding will be repaid by Racing Queensland once it is financially viable.

27. Trust Transactions and Balances

The earnings of Apprentice Jockeys were distributed on 1 December 2015 and Racing Queensland no longer holds in trust any earnings of Apprentice Jockeys.

	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000
Trust Assets and Liabilities		
<i>Current Assets</i>		
Cash	-	114
Total	-	114

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28. Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised in the 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. Refer to Note 11.
- Receivables – held at amortised cost. Refer to Note 12.
- Financial Assets – held at fair value through profit and loss. Refer to Note 14.
- Payables – held at amortised cost. Refer to Note 16.

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.

29. Other Information

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 Jardine Lloyd Thompson Pty Ltd, Wills Towers, 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.

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

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

Accounting Estimates and Judgements

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

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

- Note 15 – Property, Plant and Equipment
- Note 16 – Payables
- Note 18 – Accrued Employee Benefits



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30. Events Occurring After Balance Date

Formation of Racing Queensland Board

On 1 July 2016, as a result of the passing of the *Racing Integrity Bill 2015*, the following functions of the control body were transferred to the Queensland Racing Integrity Commission (QRIC):

- Licencing & Registration (excluding Club Licencing),
- Stewarding & Integrity Operations,
- Animal Welfare,

and Queensland All Codes Racing Industry Board was renamed Racing Queensland Board (trading as Racing Queensland).

As a result of these changes, the assets and liabilities as at 30 June 2016 relating to the listed functions will be transferred to QRIC and services relating to the same functions will be performed by QRIC from 1 July 2016.



Queensland All Codes Racing Industry Board
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Certificate of Queensland All Codes Racing Industry Board
 for the year ended 30 June 2016

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 2015 to 30 June 2016 and of the financial position of Racing Queensland as at the end of that financial 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.



Dr Eliot Forbes
 CHIEF EXECUTIVE OFFICER

DATE 30/8/16



Steve Wilson AM
 CHAIRPERSON

DATE 20/8/16



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 statements of financial position as at 30 June 2016, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes including significant accounting policies and other explanatory information, and certificates given by the Chief Executive Officer and 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 2015 to 30 June 2016 and of the financial position as at the end of that year.

Emphasis of Matter

Without modifying my opinion, attention is drawn to Note 26 in the financial report which indicates that the parent entity incurred an operating loss of \$19.9 million during the year ended 30 June 2016. The loss, and forecast increased losses of \$12.4 million in 2016-17, indicates the existence of a material uncertainty that may cast significant doubt about the parent entity's ability to continue as a going concern and therefore the parent entity 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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