

Queensland Racing Limited

annual  
report 07



[mission statement]

**“To further enhance the quality  
and integrity of thoroughbred  
racing in Queensland”**







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## [from the chairman]



Bob Bentley

**QUEENSLAND RACING LIMITED CHAIRMAN**

It is with pleasure that I present our annual report and financial statements for 2006/2007.

This is the first annual report for Queensland Racing Limited after its incorporation on 1 July, 2007 to replace the Queensland Thoroughbred Racing Board as the state's thoroughbred racing control body.

The financial year saw the further strengthening of racing in Queensland as evidenced by the record wagering turnover and attendance figures for the Winter Racing Carnival and key country race meetings. This is heartening to see and recognition must be extended to the administrators, clubs and racing participants at every level for their outstanding contribution in making 2006/2007 the most successful year of racing in Queensland ever.

It was also a key juncture for the future of racing in Queensland with some exciting developments such as the securing of Corbould Park racecourse at the Sunshine Coast for future generations, the proposed relocation of the Gold Coast to a world class facility and the proposed merger of our metropolitan race clubs.

Sadly we now find ourselves confronted by

the greatest challenge in racing's history with the Equine Influenza crisis. This is having an enormous impact on the lives of every person in the industry and will have far reaching consequences for the industry in years to come. However, I am confident that we will endure this crisis and with the dedication and passion of our people continue our success in the future.

Ultimately racing depends on those people involved at every level and the outcomes achieved can only be delivered with the constant effort of all concerned.

On behalf of the Board I would like to thank our management, staff and all participants in this great industry for another year of growth, underpinned by stability and real progress.

Bob Bentley

A stylized handwritten signature in black ink, appearing to read 'Bob Bentley'.

**CHAIRMAN**



The financial year saw the further strengthening of racing in Queensland as evidenced by the record wagering turnover and attendance figures for the Winter Racing Carnival and key country race meetings.





## [board of directors]

Queensland Racing is the control body for thoroughbred racing in Queensland.

It coordinates, manages, and regulates the industry by:

- Administering the rules of racing
- Implementing sound policies
- Enforcing standards of safety and integrity
- Licensing industry participants
- Licensing race clubs and monitoring their activities and performance
- Monitoring the condition of racecourses and working with racing 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 peak national body, the Australian Racing Board, and its sub-committees



Bob Bentley  
**CHAIRMAN**

Mr Bentley offers Queensland Racing valuable experience and expertise with a comprehensive racing experience which spans administration, breeding and racing.

Mr Bentley was appointed Chairman of the inaugural Queensland Thoroughbred Racing Board in April 2002 and is the founding Chairman of Queensland Racing Limited, which commenced on 1 July, 2006.

He is a Non Executive Director of Tattersall's Limited (since 1998), a Director of the Australian Racing Board (since 2002) and is also Chairman of the Australian National Racing Committee.

Mr Bentley has been Chairman of the Queensland Principal Club (1992-1997), the three Codes Racing Industry Coordinating Committee, the Statutory Thoroughbred Control Board (1992-1996) and the Ipswich Turf Club. He was also Treasurer of the Queensland Bloodhorse Breeders' Association.

He has extensive business experience in the pastoral and timber related industries and property development. He was previously Chairman and Managing Director of Austral Plywoods Pty Ltd and Chairman of the Plywood Manufacturers Association of Australia.



Tony Hanmer  
**DEPUTY CHAIRMAN**

Mr Hanmer has more than 27 years leadership experience and a track record of company management, building professional organisations in the United Kingdom, Asia and Australia. He was Senior Vice President of McCann-Erikson Worldwide and Regional Director of Asia South Pacific, working internationally with global companies. He holds a number of directorships in the public, private and not for profit sector. Chairman of Queensland Race Product Co., Mr Hanmer was appointed to the inaugural Queensland Racing Board in April 2002.

# [profiles]



Michael Lambert

Mr Lambert is a Managing Director of ABN-AMRO Australia, part of the ABN-AMRO global investment bank. He was a former head of the NSW Treasury. His substantial involvement in the racing industry includes advising the Queensland Government on strategic options for TABQ and the Queensland racing industry and on the reform and sale of the TABQ. He is a director of Energy Australia, State Super, The Sax Institute, The Asylum Seekers Centre and is Queensland Racing's representative on the board of Racing Information Services Australia (RISA). Mr Lambert was appointed to the inaugural Queensland Racing Board in April 2002.



Bill Andrews

Mr Andrews is a partner in Trilby Misso Lawyers based in Brisbane. Mr Andrews brings extensive and valuable legal experience to the Board. Mr Andrews owns and breeds horses and is an active member of the Owners and Breeders Associations. He is well respected in racing circles and has served on the First Level Appeals Committee for Queensland Racing. Mr Andrews was appointed to the Queensland Racing Board in December 2004.



Bill Ludwig

Mr Ludwig is the National President and Queensland Secretary of the Australian Workers Union. Mr Ludwig is a horse breeder and owner who has considerable experience in country racing, having spent the majority of his working life in rural and regional Queensland. He brings a wealth of experience and first hand knowledge of the day-to-day issues that confront the industry. Mr Ludwig was appointed to the Queensland Racing Board in December 2004.

[chief operations managers report]



Malcolm Tuttle  
**CHIEF OPERATIONS MANAGER**

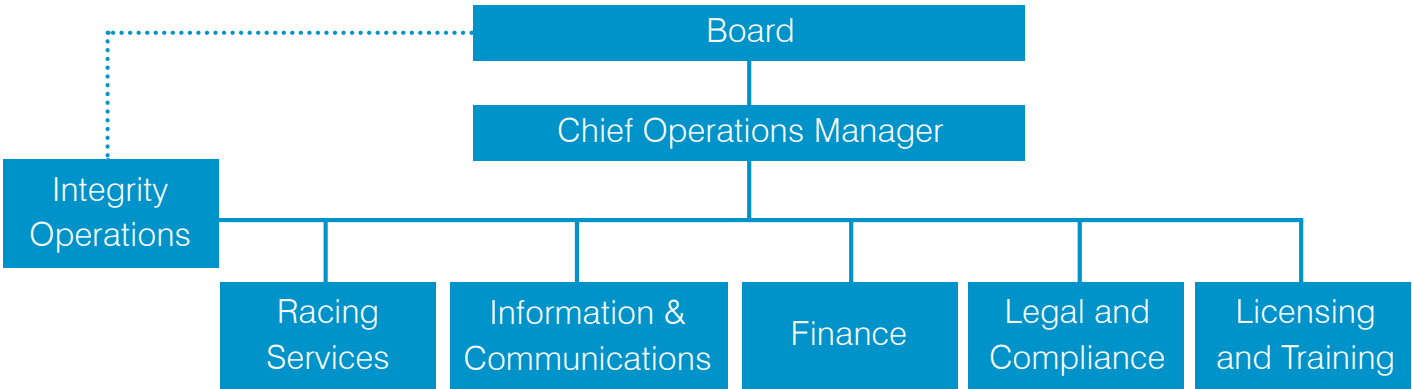
The Chief Operations Manager is responsible for the operations of Queensland Racing within established policy and in accordance with the delegated authority of the Board of Directors.

In addition to leading the Executive team, the Chief Operations Manager is required to provide strategic advice to the Queensland Racing Board in relation to the business of thoroughbred horse racing.

Andrew Hedges  
**DIRECTOR INTEGRITY OPERATIONS**

The Integrity section ensures the effective delivery of integrity services 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 TAB Queensland races.

ORGANISATION STRUCTURE





# [profiles]



Paul Brennan

## **RACING SERVICES**

The Racing section works with Clubs, the other codes of racing and UNiTAB to develop the most effective allocation of race dates, as well as scheduling prizemoney and developing state-wide racing programs and black type races.

Other responsibilities include; the interface with Racing Information Services Australia (RISA) Service Centre, the provision of handicapping services to the State, the management of the Deagon complex, and provides support to the Industry on Workplace Health and Safety issues.

Adam Carter

## **FINANCE**

The Finance section provides financial services to the Queensland racing industry and financial, business development and other corporate services to Queensland Racing. It administers the centralised prizemoney system and provides accounting and business analyst services to Queensland Racing.

David Rowan

## **INFORMATION AND COMMUNICATIONS**

The Information section provides information technology and telecommunications services internally to Queensland Racing. While the Communications section provides information to stakeholders in the racing industry and the general public through the monthly Queensland Racing Magazine, Queensland Racing's website and media releases. The Communications department also organises events such as the annual Queensland Racing Industry Awards and works to promote the industry at all levels.



Shara Murray

## **LEGAL AND COMPLIANCE**

The Legal and Compliance section ensures Queensland Racing Limited complies with Acts of Parliament and government regulations, and that decisions of the board of directors are implemented. Racing appeals are also managed by this section as well as providing legal services to Queensland Racing.

Peter Smith

## **LICENSING AND TRAINING**

The Licensing and Training Department works with over 4000 licensees and training participants and plays a key role in the regulatory and integrity function of the organisation. Licensing activities cover trainers, promoters, jockeys, apprentices, stablehands, trackriders, bookmakers, clerks and agents. The registration function includes ownership, leases, syndicates and colours. The Licensing Committee's business is also managed by this section.

Training operations focus on providing nationally recognised training from the National Training Package for the Racing Industry in areas such as stablehands, trackriders, apprentice jockeys and trainers. Nationally, Queensland Racing contributes advice to the Commonwealth Government through the Racing Industry Standing Committee and the AgriFoods Industries Skills Council.

Reid Sanders

## **CHIEF STEWARD OF QUEENSLAND**

Operational Stewarding provides effective delivery of stewarding throughout the state, including management of the regional offices at Toowoomba, Rockhampton and Townsville. It monitors and ensures compliance with relevant Queensland Racing policies and procedures as well as ensuring compliance with the Rules of Racing. This section is the driving force behind strategy development and implementation as well as formulating relevant policies and procedures. Other responsibilities include representing Queensland Racing at the National Chairman of Stewards Conference, Emergency Disease Management and other Stakeholder forums.

# [chief operations managers report]



Malcolm Tuttle

## CHIEF OPERATIONS MANAGER

### QUEENSLAND RACING LIMITED

This financial year saw the Queensland Thoroughbred Racing Board cease as the continuing control body for thoroughbred racing, and Queensland Racing Limited (QRL) commence.

This new structure ensures the racing industry with a strong future, and also provides new opportunities for thoroughbred racing in Queensland, while continuing to ensure probity, integrity and public confidence in the industry.

The Constitution of QRL provides for 2 classes of Members, these being:

- Class A Members, and
- Class B Members

Class A Members consist of:

- Metropolitan TAB Clubs
- Other Tab Clubs
- The Queensland Country Racing Committee
- The Australian Trainers' Association (Queensland Branch)
- The Thoroughbred Breeders' Association of Queensland
- The Thoroughbred Racehorse Owners' Association of Queensland
- The Queensland Jockeys' Association Inc
- The Queensland Bookmakers' Association

The above listed Class A Members have the right to appoint Member representatives – in total there are 13 Member representatives. The Class A Member representatives are:

- Mr Tony Williams
- Mr Graham Milligan
- Mr Bill Millican
- Mr Justin Doyle
- Mr Michael Paramor
- Mr Neville Stewart
- Mr Tony Fitzgerald

- Mr Gary Peoples
- Mr Pat Duff
- Mr Bob Frappell
- Mr Wayne Millner
- Mr Richard Pratt
- Mr Bob McHarg

The Board of QRL consists of 5 Directors, these being the Class B Members. In essence, there is no change between the Board members of the Queensland Thoroughbred Racing Board and the Board of Directors of QRL.

The Directors are:

- Mr Robert Bentley, Chairman
- Mr Anthony Hanmer, Deputy Chairman
- Mr Michael Lambert
- Mr William Andrews
- Mr William Ludwig

The Constitution of QRL is based on best corporate governance principles and has been tailored to suit the Queensland thoroughbred racing industry. The Constitution complies with the requirements of the Act and the *Corporations Act 2001*.

### SUNSHINE COAST JOINT VENTURE

During the financial year, the Caloundra City Council (Council) agreed to a multi-million dollar sale of Corbould Park, which saw a Unit Trust established as a joint venture between QRL and the Sunshine Coast Turf Club (SCTC) to secure thoroughbred racing on the Sunshine Coast.

The Unit Trust purchased the land from the Council with a long term lease back arrangement to the SCTC. A Trustee consisting of 4 persons from the SCTC and 2 persons from QRL manage the Unit Trust.

The trustee, through the Unit Trust, will further develop the master plan to establish Corbould Park as a leading equine precinct.

It is expected the move will increase local employment, spending and investment on the Sunshine Coast whilst at the same time securing long term tenure for the SCTC.

### WAGERING

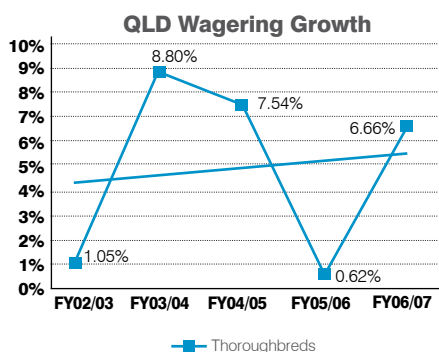
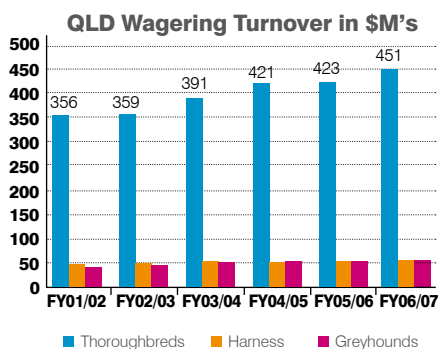
Financial year 2006/2007 saw wagering on Queensland thoroughbreds increase over 6.5% on FY 05/06 to over \$450M with average wagering turnover per Queensland thoroughbred race meeting increase to \$1.134M up from \$1.063M in FY 05/06. The Winter Carnival again was a major contributor to wagering turnover with increased competition from interstate and overseas horses a notable factor this year.

Wagering on thoroughbred racing continues to dominate both the Queensland and national scene with market shares over 79% and 75% respectively of the pari-mutuel market.

Overall wagering turnover from thoroughbred, harness and greyhounds from which commissions are derived also increased just over 6.5% finishing at over \$2B. This growth is pleasing and shows the strength of wagering in the market and the stability that can be achieved without major impediments like those experienced for most of FY 05/06 with the split race telecasting agreements. Although pleasing this result could have been slightly higher but flooding in NSW caused a high number of wash outs in June and in turn impacted on the overall wagering for the year.

### TAB RACE CLUB FINANCIAL MANAGEMENT

A strategic financial management TAB club workshop held on 8 May, 2007 proved both beneficial and informative for TAB clubs. The workshop was facilitated by the QRL Finance Department, QRL Racing Department and QRL Audit committee and gave the TAB clubs the opportunity to participate in an open communication forum, with the main focus being club corporate governance and financial



operations.

Mr Tony Hanmer, Deputy Chairman of QRL, who chaired the workshop, said "this type of setting offers clubs information to assist them in managing the financial performance of their race club and also to ask questions directly to key QRL staff".

QRL was fortunate enough to secure two guests speakers, who gave up their valuable time to present to the group. Mr Lindsay Descovich, from the Queensland Office of Gaming Regulation and Mr Myles Foreman, Chief Executive Officer from Racing Information Services Australia (RISA).

QRL continues to target improvements in business practices and accountability within race clubs as a key strategic initiative for the best interests of the industry.

The feedback from clubs has been overwhelming and QRL will continue to assist with compliance and best practice and share ideas for the best interests and future of the industry.

Some of the key areas focused on at the workshop were:

- Submitted financials FY05/06
- Overview of club compliance reviews
- Best practice strategic financial management
- Business planning
- Asset management
- Risk management
- Sponsorship guidelines and register
- Performance measurement



- Update on provincial racing YTD 06/07
- Common purchasing activities

QRL will continue to work with clubs to ensure compliance to a minimum acceptable standard in accordance with QRL's and Deloitte recommendations from the 10 April, 2006, TAB club strategic financial management workshop.

#### PUBLIC LIABILITY INSURANCE

QRL is conscious of reducing costs to the industry, whilst providing sufficient insurance cover to industry participants. QRL is currently working with Principal Racing Authorities

and its appointed Insurance Broker – Aon to achieve this objective.

All race clubs registered with QRL have \$100M public liability insurance cover up to 30 June, 2008. This cover is provided to QRL, Queensland Thoroughbred Racing Clubs and various Associations either affiliated or registered with QRL 365 days a year and not just on race days.

QRL is conscious of the cost of premiums and currently subsidises the industry by 40% and the remaining premium, 60% of the total premium, is apportioned amongst all race



## [chief operations managers report]

clubs based on the club's revenue, number of race meetings, starter numbers and attendance numbers based on the prior year's financial statements. The allocation is based on revenue threshold bands. The premiums are calculated once the financials have been received by 30 September of each year from the club.

QRL, through its appointed broker Aon, has been working to reduce outstanding claims and try to minimise the potential claims by reducing the reserves on claims by over \$1M and the claims still adequately reflect the full value of the claims. This has resulted in savings of 20% on the prior year.

### WORKERS COMPENSATION

In conjunction with the Queensland Jockeys' Association, QRL's insurance broker Aon, and Workcover Queensland, QRL undertook a major review of the Contract of Insurance (COI) held with WorkCover Queensland. This was done to try to reduce the cost to manage the claims more efficiently and improved on the claims history to achieve a premium reduction whilst providing a sufficient level of cover for the jockey.

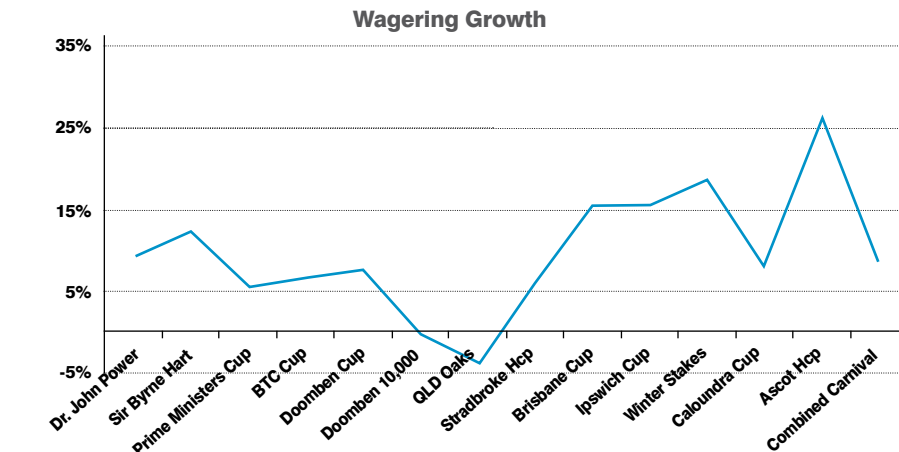
In Queensland jockeys are not 'workers' under the definition but QRL covers them regardless at a cost in excess of \$1.6M excl GST annually. Under the *Workers' Compensation and Rehabilitation Act 2003*, jockeys are deemed to be "a person who works under a contract of service as a professional sports person...". WorkCover pays up to 85% average weekly earnings capped at \$1,500 gross per week for earnings in Australia only (previously in Queensland only). No jockey, apprentice jockey or track work rider is covered by QRL while they are working outside of the state of Queensland. However, when calculating claims made under QRL's COI, earnings will include all earnings in Australia. "Earnings" for jockeys, are riding fees and percentage of race winnings earned in Australia.

### INDUSTRY IMPROVEMENTS FOCUS

QRL is always reviewing processes to identify key areas for improvement which can be managed and controlled by QRL in order to work towards delivering a cost effective payment of prizemoney to industry stakeholders.

### CREDIT TERMS

QRL assisted trainers by extending the credit terms from 30 days to 60 days from the date



of invoice. This has assisted trainers with cash flow and time to recover money from owners and to get greater uniformity across the states.

The Nominations and Exclusions list was extended from 6 weeks to 8 weeks from date of invoice affected from 1 October, 2006.

To further assist industry stakeholders, owners, trainers and jockeys when a horse is swabbed QRL implemented EFT payments for all swab payments from the 1 October, 2006. Previously swabs cheques were held for 3 to 5 weeks until the swab cleared, in addition, the clearing of a cheque may take up to 5 working days from the time the cheques were sent out.

### INTERNAL AUDIT

QRL continues to focus on the key risks affecting QRL and the internal audit provides assurance to the Audit Committee and Board of QRL in terms of compliance and financial reporting. All areas identified have added value to QRL. Key areas reviewed during the year were the handicapping process, licence and registration process, fixed assets and payroll, ASIC compliance, financial performance and reporting, financial management practice manual review and risk management.

### INNOVATION AND TECHNOLOGY INTRODUCED TO HANDICAPPING PROCESS

The introduction of Rating Based Handicapping into Queensland from 1 January, 2007 has provided stakeholders a greater understanding of the handicapping process and enabled more informed decision making by all industry participants.

The rating of each horse is updated subsequent to a performance in all races other

than Maiden's, with the ratings accessible via the Queensland Racing website.

Apart from improving the transparency of the handicapping process, Ratings Based Handicapping enables stakeholders to determine the relevant weight of horses in all grades of competition throughout Queensland.

### WINTER CARNIVAL EXCEEDS ALL EXPECTATIONS

Whilst there were plenty of highlights throughout the Carnival, the Winter Stakes stands out as one worthy of special mention. This race was elevated to Group 1 status subsequent to its 2006 running and its upgraded status and a significant prizemoney injection by Queensland Racing paved the way for this race to top the Group 1 Fillies and Mares ratings.

The Australian & New Zealand Classifications Committee rated the Winter Stakes at 105.8, which equaled the rating achieved by the Queen of the Turf Stakes and bettered the rating achieved by the Coolmore Classic, Empire Rose Stakes and Robert Sangster Stakes.

The Winter Stakes has added a new dimension to the Winter Carnival, attracting 6 Group 1 winning fillies and mares in Aqua D'Amore, Fashions Afield, Doubting, Gold Edition, Cinque Cento and Vitesse Dane. One of the most pleasing aspects of the Winter Stakes was that 5 mares came specifically for this race and they had not started earlier in the Carnival.

Another major highlight of the carnival was the clash between Bentley Biscuit and Takeover Target in the Group 1 BTC Cup at Doomben, which was followed by the clash between Takeover Target and Gold Edition in the Group

1 Doomben 10,000.

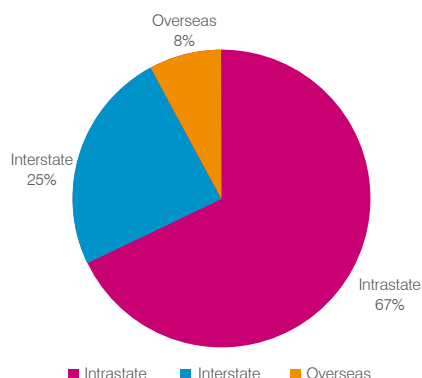
Queensland was fortunate to have 3 of the best sprinters in the World competing during the Carnival, which enabled both the Doomben 10,000 and BTC Cup to rate in the top 10 Group 1 races conducted nationally throughout the 2006/2007 racing season.

As always, one of the most important indicators in racing is wagering turnover and the figures produced throughout the carnival have been overwhelming. As highlighted to the side 11 of the 13 feature meetings achieved positive wagering growth, resulting in overall growth of 8.7%.

An essential part of any carnival is to maintain depth in the support races conducted on feature racedays. The 2007 Carnival averaged 14.7 starters per race, an increase of 0.4 or 3.1% on that achieved in 2006. This figure was undoubtedly assisted by increased participation by visitors with 25% growth in this area. This was broken down by a 12.6% increase in interstate participation and 95.1% growth in New Zealand participation.

Shown below is a graph that provides a breakdown of Carnival starters by intrastate, interstate and overseas. This highlights that Queensland is responsible for providing 67% of our own starters throughout the Carnival, with 25% from interstate and 8% from New Zealand.

**Carnival Participation**



## SUMMER CARNIVAL UNEARTHS TWO STARS

The 2006/2007 Queensland Summer Racing Carnival unearthed two new stars in Natural Destiny and the Magic Millions Carnival.

The Gordon Yorke trained Natural Destiny was the first horse to take out all three legs of the Doomben Triple Crown, those being

Carnival Date	Interstate Participation			Overseas Participation		
	2006	2007	Growth	2006	2007	Growth
Dr. John Power	8	7	-12.5%	0	0	0.0%
Sir Byrne Hart	14	18	28.6%	0	2	200.0%
Prime Ministers Cup	25	43	72.0%	2	6	200.0%
BTC Cup	28	24	-14.3%	1	13	1200.0%
Doomben Cup	40	48	20.0%	6	14	133.3%
Doomben 10,000	34	24	-29.4%	5	14	180.0%
Qld Oaks	45	60	33.3%	10	15	50.0%
Stradbroke Hcp	36	39	8.3%	8	7	-12.5%
Brisbane Cup	41	32	-22.0%	5	15	200.0%
Ipswich Cup	24	15	-37.5%	3	8	166.7%
Winter Stakes	18	31	72.2%	9	14	55.6%
Caloundra Cup	11	21	90.9%	10	7	-30.0%
Ascot Hcp	10	14	40.0%	2	4	100.0%
Combined Carnival	334	376	12.6%	61	119	95.1%

THESEO WINS THE PREMIER'S CUP



the Summer Stakes, Doomben Stakes and Bernborough Handicap. Natural Destiny came to Queensland after a luckless fifth to Dance Hero in the Group 1 Salinger Stakes and franked this form with 3 effortless victories whilst in Queensland, earmarking himself as a future star taking his record to 10 wins from 13 starts.

Whilst Natural Destiny was the star performer throughout the initial part of the Summer Carnival, the second running of the Magic Millions restricted raceday continued the success of the inaugural meeting in 2006.

The 2007 Magic Millions raceday attracted 132

TAKEOVER TARGET NUDGES OUT GOLD EDITION





## [chief operations managers report]

starters, of which 43 visited from Interstate, a remarkable performance when considering that each horse was sold through a Magic Millions sale.

The wins by Mimi Lebrook (Show a Heart – God Love It) in the Magic Millions 2YO Classic and Gold Edition (Lion Hunter – Glimmers) in the Magic Millions 3YO Trophy paid testament to the strength of the Queensland racing and breeding industries.

### QUEENSLAND THOROUGHBRED INVESTMENT SCHEME (QTIS)

Changes to QTIS from 1 October, 2006 saw 2 & 3YO QTIS horses race for a minimum of \$75,000 at Metropolitan meetings.

Wins by Mimi Lebrook and Gold Edition in the Magic Millions 2YO Classic and 3YO Trophy highlights the improvements in the Queensland breeding industry in recent years, with a large portion of this success attributable to the QTIS scheme.

### QUEENSLAND COMMUNITY RACING SCHEME

During the 2006/2007 season 11 race meetings were conducted under the Queensland Community Racing Scheme (QCRS), which is funded by the Queensland Government. The scheme allows race clubs to access up to \$5,000 per race day for the conduct of such meetings. 6 race clubs availed themselves to these funds, with Sedan Dip Race Club, Eromanga Amateur Race Club and Noccundra Amateur Race Club conducting meetings with prizemoney restricted to \$2,000 per race. Whilst Tower Hill Amateur Race Club, Oakley APRC and Western Picnic Race Club race meetings were restricted to trophies only.

### QUEENSLAND COUNTRY RACING COMMITTEE

The inaugural term of the Queensland Country Racing Committee (QCRC) expired during the year with Ranald Ferrier, Alan Guilfoyle, Graeme Saunders and Tony Fitzgerald standing down from their positions.

Queensland Racing is thankful to those member's who have helped forged a strong working relationship between Queensland Racing and country stakeholders and it is hoped that the new member's will continue the traits shown by their predecessors and represent the broader racing community.

The QCRC now comprises of Bill Ludwig (Chairman), Spencer Slater (South East), Peter Webster (Eastern Downs), Peter Flynn (Downs), Leon Roberts (Capricornia), Gary Peoples (Central West), Noel Brosnan (Leichart), Cliff Fitchett (North West) and Kevin McDonald (Far North).

### DROUGHT HAS SIGNIFICANT IMPACT ON RACING INDUSTRY

The difficulties presented to the racing industry by the ongoing drought continue to be widely felt and this pressing issue remains high on Queensland Racing's list of risk areas for the broader industry.

The critical water shortage in the South-East of the State was evident during the Winter Racing Carnival and prompted a quick response to hardening track surfaces. In the lead-up to the Carnival Queensland Racing funded water cartage from Caboolture to both Metropolitan tracks in an endeavor to provide optimum racing surfaces throughout the Carnival.

During the year Queensland Racing also co-contributed towards the purchase of a water



tanker by the Toowoomba Turf Club, which enabled the cartage of off-site bore water to Clifford Park to supplement the dwindling on-course dam levels.

Queensland Racing also teamed with Stan Johnston from Craiglea Stud and Alan Marr from Marr's Furniture Removal in a hay run throughout country Queensland. Stan Johnston sourced fine stemmed prime Lucerne hay at \$9 a bail and carted it free of charge to trainers at Emerald, Longreach and Barcaldine.



NEW WATER TANKER



DROUGHT ASSISTANCE HAY RUN



FROM L-R: PETER FLYNN, NOEL BROSNAN, LEON ROBERTS, BILL LUDWIG (CHAIRMAN), GARY PEOPLES, SPENCER SLATTER, KEVIN McDONALD, CLIFF FITCHETT (ABSENT PETER WEBSTER).





## LICENSING

A major review of the licensing policy was carried out to ensure that Queensland Racing Limited has effective and relevant policy coverage for licensing issues. A major compliance audit for trainers' WorkCover insurance was completed during the year. No significant levels of non-compliance were detected. Transfer forms for stablehand and trackwork licences were implemented meaning a significant saving in both time and cost for the industry. Renewal operations were further streamlined and new due dates established. Activity bands for determining trainers' public liability insurance costs were reviewed and adjusted following implementation last year. The Licensing Section continues to provide an improved response to registrations, applications and inquiries. As an example, an average of 200 lease changes alone were registered each month last year.

## INDUSTRY TRAINING

An apprentice performance coordinator was appointed to oversee apprentice riding skills. This role directly impacts the riding skills and techniques of Queensland apprentices. The role includes race reviews, trackwork and race riding observation and feedback as well as riding simulator sessions. The Performance Coordinator also assesses and mentors trainee apprentices as they progress through jumpouts and trials to race riding and upward through the ranks.

A new state of the art riding simulator was

imported from the United Kingdom and installed. Almost every apprentice in the State has had the opportunity to use this advanced training tool. The simulator was also a popular attraction at the Brisbane Careers and Employment Expo.

A digital race recording system is also being used to review apprentice riding performance. This system makes it simple to call up any race from different angles and replay it quickly. Special apprentice seminars in Sports Science were conducted in Brisbane and Rockhampton in cooperation with Central Queensland University. Sports science trainers delivered the latest knowledge on training, fitness, rehabilitation and motivation.

A financial planning seminar was conducted for Downs and South East apprentices.

All trainee apprentices are now following the same set of benchmarks in riding and pre-race training as they progress from trackwork to raceday riding. A high school pilot training program commenced at Beaudesert State High School and planning has started for two more schools to join in 2008.

The Training Department also oversaw the commencement of a trackrider training program at Beaudesert with the cooperation of the club and a volunteer instructor.

## INFORMATION TECHNOLOGY

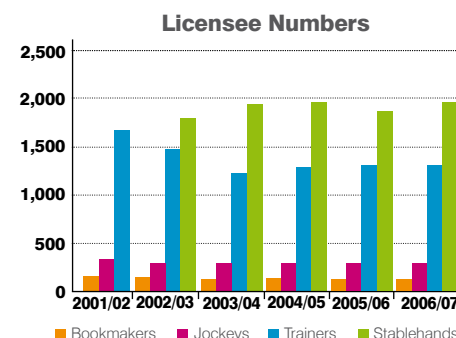
Queensland Racing Limited continued its use of technology to improve cost efficiency and to ensure a best practice approach to operations

and service delivery in the financial year.

An SMS text messaging application, identified as an opportunity to provide a service conveying important information in a timely manner, was launched to licensees to enable fast and efficient communication.

This SMS service along with functionality built into the database management system, allows messages to be sent directly to a mobile phone either on demand or in response to predetermined conditions such as a cancelled meeting. This has the benefit of ensuring information is received almost immediately with those in the racing industry having their mobile phone close to hand at all times.

Initially launched only to licensees, trainers are receiving notifications of extended nominations, abandoned races, reminders of nominations closing times for major race dates, and overdue accounts. Apprentices



## [chief operations managers report]

and students are receiving reminders of and changes to training courses. For Melbourne Cup day, as a special service, jockeys were messaged and asked to respond if they wanted their name to appear on the weights for the meetings. This offer was well received with most of the recipients responding within minutes to include their name.

The service is free and licensees can even respond to the messages by simply replying and including their name for identification. QRL intends to further expand the service to include other important information and as part of its communication strategy for critical events such as the alerting and updating stakeholders in the event of a disease outbreak scenario. In the future there will also be the option to extend a user pays information service to all Industry participants and race goers.

An opportunity to appoint a production camera operator and editor for the purpose of promoting country racing and achieving cost efficiencies was identified during the year.

This resource is responsible for continuing to providing footage to Sky Channel weekly of feature racedays throughout regional Queensland. This is then provided to regional television stations for their dissemination to ensure the footage receives the appropriate regional coverage.

This service provides an opportunity to showcase feature country race meetings and continues to enhance the relationship between country stakeholders and Queensland Racing and to further improve the service provided to regional clubs, whilst at the same time considerably improving Queensland Racing's new media and promotion capabilities.

### COMMUNICATIONS

Queensland Racing conducted an owner's initiative on 12 September, 2006 called "Own a Racehorse Open Day".

The objective of the initiative was to promote horse ownership and industry participation by introducing and educating existing racegoers to the elements of owning a racehorse in Queensland and targeted young professionals with an existing interest in horseracing.

The event ran on a Sunday from 9am, and finishing at 5pm, covered all aspects of horse ownership and was free of charge. Over 85 people attended the event and feedback was very positive.

Master of ceremonies, Ross McKeown from Magic Millions, led the group through a day of

information sessions starting at Queensland Racing headquarters, Deagon and Shaun Dwyer kindly opened his stables to the public with a guided tour who were also treated to an exhibition gallop and trainer Lyle Plumb spoke about his experience and responsibilities as a trainer to an owner.

The group then travelled to Palmaday Stud at Beaudesert to hear from veterinarian Reg Pascoe, Bob Frappell, President of the Thoroughbred Breeders' Queensland Association, and Wayne Milner, President of the Queensland Racehorse Owners' Association, on these aspects of racehorse ownership. Participants then headed to the Queensland Turf Club to hear from Group 1 winning jockey Michael Rodd and Stewards gave the group a look at what goes on behind the scenes at a raceday.

All up, the group was given a down-to-earth look at the racing industry, in particular owning a racehorse.

In order to gauge the success of the event a survey was sent to all the attendees asking a series of questions. More than half of the attendees responded and supplied additional feedback. The response was extremely positive and 26% had made contact with someone in the industry regarding ownership opportunities.

### QUEENSLAND RACING INDUSTRY AWARDS

The Queensland Racing Industry Awards, held in August 2006, saw the 2006 Group 1 AAMI Stradbroke Handicap winner La Montagna named the Queensland Horse of the Year.

The Barry Baldwin-trained filly was a popular winner after also claiming the Group 3 BTC Classic and the Listed Bright Shadow Quality during the 2005/2006 racing season. The Stradbroke Handicap victory gave Barry his first Group 1 win.

A well deserved winner of the Jim Atkins Trainer of the Year, Ron Maund, had an incredible 2005/2006 racing season.

The Toowoomba trainer won 7 Black Type races including the Group 1 BMW Queensland Derby with Ice Chariot and a further 4 Group 2 wins. Maund also secured second place in the Group 1 Golden Slipper with Pure Energy.

Michael Rodd has stamped himself as one of the best riders in Australia since coming home from Hong Kong making him a worthy winner of the George Moore Jockey of the Year.

During the 2005/2006 season, Michael claimed the Group 1 Coolmore Classic with Regal

Cheer and more locally claimed the Group 2 Winter Stakes at Tattersall's during the Queensland Winter Racing Carnival. Michael also experienced international success this season claiming victory in the Group 3 Sha Tin Sprint Trophy in Hong Kong riding Able Prince. In total Michael claimed 8 races at Group level throughout the season.

The Ken Russell Apprentice of the Year went to Ric McMahon who had ridden with the best riders in Queensland during the season and walked away with his first Black Type win. Riding Starlactic, Ric claimed the Listed Myer QTC Lightning Handicap at Eagle Farm and had a career highlight in riding Octapussy in the Group 1 Doomben Cup.

For the second time in a row Lion Hunter was named the Stallion of the Year. His loss to the Queensland breeding industry will be missed with his remaining crops continuing to show great form in Australia and overseas. One of his best performers for the season was Gold Edition who took out the Group 2 Champagne Classic at Doomben.

Alan Bailey's stable won 111 races last season to claim the SEQ Metropolitan & Provincial Trainer of the Year. One of the biggest wins for the year included the Listed Goldmarket with Amex at the Gold Coast.

Glen Colless secured the SEQ Metropolitan & Provincial Jockey of the Year after claiming 93 races for the 2005/2006 racing season. His biggest win for the season was in the Group 2 Sir Byrne Hart Stakes aboard All Bar One for trainer Gillian Heinrich.

Ric McMahon won 71 races during the season to claim the SEQ Metropolitan & Provincial Apprentice of the Year. The 2006 Queensland Winter Racing Carnival was a highlight with Ric claiming a win in the Listed QTC Lightning Handicap plus placings in 6 other Black Type races.

The Oakey-trained Umaprince was a worthy winner of the Non SEQ Provincial & Country Horse of the Year. Trainer Michael Hicks travelled with the horse from Monto to Brisbane with his biggest win being in the Listed Glasshouse Handicap at the Sunshine Coast.

North Queensland trainer Roy Chillemi is a multiple winner of the Non SEQ Provincial & Country Trainer of the Year. The trainer claimed 80 races in the 2005/2006 racing season with one of his best horse Hotelier claiming the Parry Nissan Great Northern 2YO race in Townsville.

David Crossland took out the Non SEQ





THE 2006 QUEENSLAND RACING AWARDS



TRAINER RON MAUND RECEIVES TRAINER OF THE YEAR

Provincial & Country Jockey of the Year award for the fourth year in a row. During the 2005/2006 racing season, David rode 81 winners with one of his biggest wins for the season onboard Captain Wheland in the Lightning Handicap at Townsville.

Based in Rockhampton, Luke Dillon claimed the Non SEQ Provincial & Country Apprentice of the Year. Luke won 64 races for the 2005/2006 season, also claiming the Rockhampton Jockey Premiership. On the last meeting of the season Luke claimed 3 winners plus a dead heat to secure the title.

The Ron Maund-trained Pure Energy took out the Champion QTIS 2YO. The daughter of Mossman, Pure Energy has had a total of 12 starts for 3 wins including the Group 2 Reisling Stakes at Rosehill.

Sired by Willowbend stallion Monashee Mountain, La Montagna had a sensational 3YO season winning 5 races including the Group 1 Stradbroke Handicap to be awarded the Champion QTIS 3YO. Her first-up win in the Listed Bright Shadow Quality highlighted she was something special while her win in the Group 3 BTC Classic will be remembered by many.

Consular was a worthy winner of the Queensland Racehorse Owners' Association 4YO and Up. Retired last season as a rising 10YO, Consular broke the \$1M prizemoney barrier with a courageous win in the Listed Ascot Handicap at Eagle Farm.

The former Noble Park Stud stallion, Mossman, won the Champion 2YO Stallion. He finished third behind Redoute's Choice and Encosta De Lago on the Australian 2YO sires list. His best Queensland performer was Pure Energy who ran a sensational second in the Golden Slipper last season.

The Champion First Season Stallion was awarded to Show A Heart who stands at Glenlogan Park Stud. Show A Heart had an incredible first season with a total of 12 individual winners with his progeny winning over \$500,000 in prizemoney. One of his best performed horses last season was Pulsator who won the Wyong Slipper on debut by 4 lengths.

The Champion Broodmare award went to Millennial, the dam of Stradbroke winner La Montagna. Millennial was bred by Wattle Brae Stud and is related to former toplineers as Dual Control and Prince Anton.

The Bookmakers Award for the Longest Priced Winner is a new award for the Queensland Racing Industry Awards night which went to Gotheholehog's run at Eagle Farm on 26 October claimed the prize after starting at \$101 for trainer Bruce Brown and jockey Mark Listed-Smith.

In the media section Off the Beaten Track and Sky Channel won the Best Radio or Television Coverage for the 2005/2006 season for their story on the Queensland Apprentice Seminar. Noel Pascoe was awarded best photograph for his photo of Glenn Lynch celebrating with

his friends after the Queensland Derby which appeared on the Queensland Racing website. And best print story went to Bernie Pramberg from the Courier-Mail for his story titled Over Coming the Odds. Bernie profiled trainer Ray McCall and the QTC Cup winner Messiaen in the lead-up to the Group 1 Stradbroke Handicap.

#### ACKNOWLEDGEMENT

It is plain from my report on our activities over the last financial year that Queensland Racing Limited has completed some outstanding achievements resulting in another good year for racing. These outcomes would not have been delivered had it not been for the dedicated and committed staff within the organisation. It is for this commitment and dedication I express my sincere thanks. There is no doubt that our future as an industry will be equally as challenging but I have every confidence that the organisation is well equipped to meet these challenges and continue to pave the way forward for the industry.

MALCOLM TUTTLE

**CHIEF OPERATIONS MANAGER**

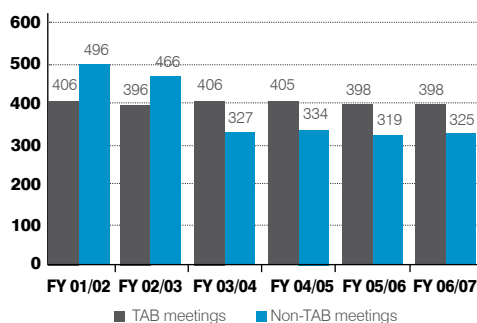


# [chief operations managers report]

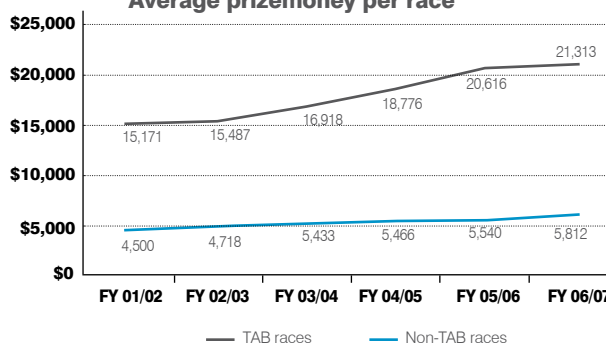
## INDUSTRY PERFORMANCE INDICATORS

Queensland racing has enjoyed another excellent year with good growth across the board as the following statistics show.

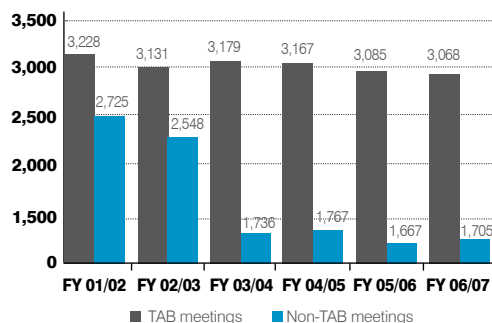
**Number of meetings conducted – TAB and non-TAB**



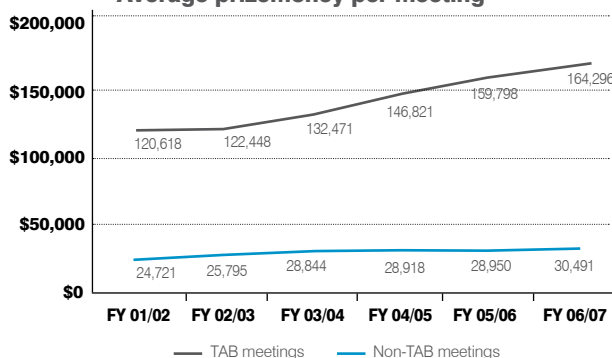
**Average prizemoney per race**



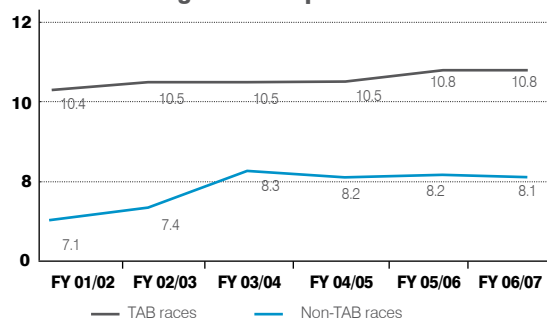
**Number of races conducted – TAB and non-TAB**



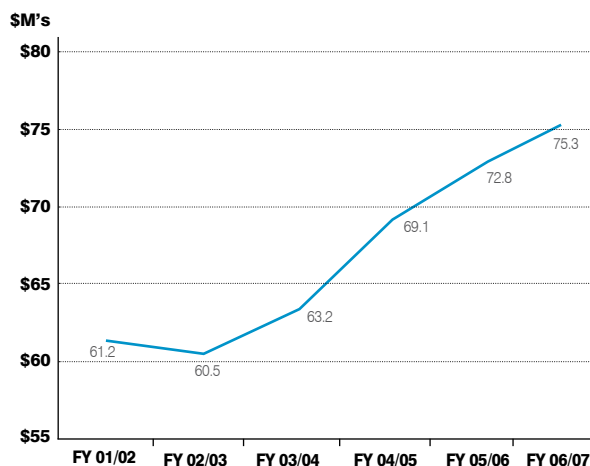
**Average prizemoney per meeting**

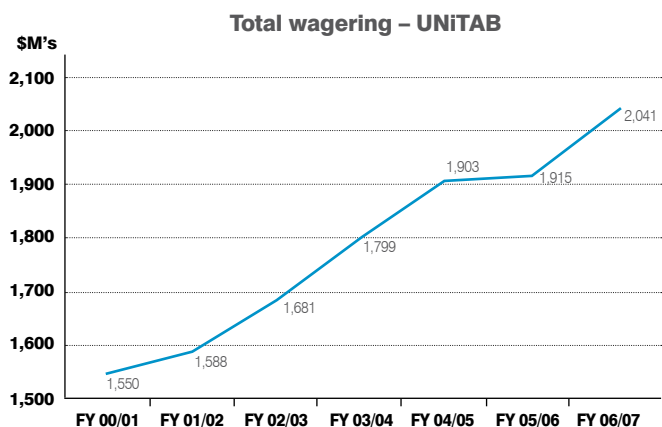
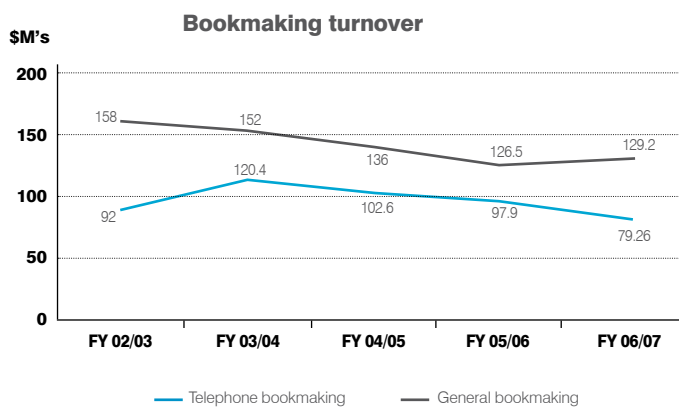
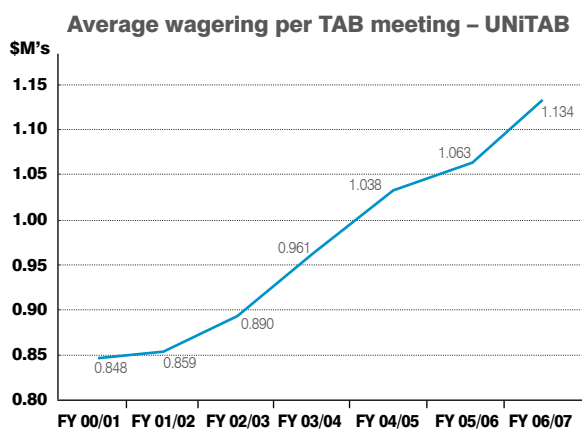
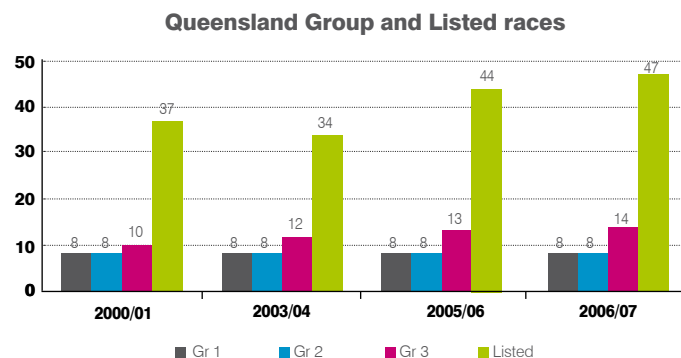
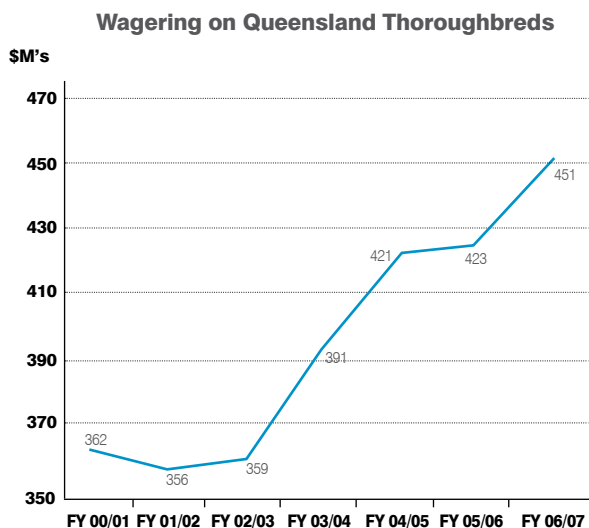


**Average starters per race**



**Prizemoney paid including QTIS**







Andrew Hedges

**DIRECTOR INTEGRITY OPERATIONS**

**VETERINARY SERVICES FOR TAB RACE CLUBS**

A decision was made within Queensland Racing Limited (QRL) that it would take over the responsibility of providing veterinary services to all TAB Race meetings and approved barrier trials. This new measure to take effect on 1 July, 2007 required extensive planning and preparation.

The first step to implement the initiative was to engage the services in a full-time capacity of a veterinary surgeon. This process culminated with the result of QRL engaging the services of Dr Martin Lenz, who heads up the Veterinary Services Department within QRL answering to the Chief Steward, with ultimate accountability residing with the Director of Integrity Operations. The next step in the process was to enter into contracts with preferred veterinary service practices for the purposes of servicing race meetings and barrier trials on behalf of QRL.

Policy frameworks were put in place, in support of the provision of veterinary services as the fundamental ideals behind the initiative were one's of consistency and high-quality services for the industry. Additionally, it was viewed as essential for maintaining integrity within the industry that, regulatory veterinary services, possessed independence. The provision of services solely on behalf of QRL on race days and barrier trials provides this independence and impartiality, both in reality and by also managing the perception that conflicts of interest may exist, particularly relating to the provision of multiple services by a veterinary surgeon on race days.

The veterinary practices that applied to be involved in the provision of TAB race services were of the highest calibre with some of the finest equine veterinary surgeons in Queensland. This dynamic gives QRL a great deal of confidence that this initiative will not only be of benefit to the TAB Clubs, it will also benefit the broader industry through the delivery of high quality, consistent and

independent veterinary services.

**BETTING DEPARTMENT**

A dedicated betting department was set up last financial year within the Integrity Operations structure. This department is headed by Senior Steward Mark Sweeney, an experienced individual with over 20 years experience as a racing steward and race club official. This in-depth racing knowledge and support of state-of-the-art technology position this department well in terms of fulfilling its purpose.

The core business of this department is to monitor on course and off course betting and betting exchange fluctuations. In addition, other tasks include; the monitoring of form, production of speed maps for stewards panels, bookmakers' betting ledgers and all integrity issues regarding bookmakers and betting.

The secure facility within QRL headquarters at Deagon features a wall of monitors and plasma televisions with which multiple racing and wagering information sources are monitored throughout a race meeting. Any areas of concern are immediately relayed to stewards on the ground for investigation. This 7 day a week operation ensures that QRL Stewards are armed with the very best information to maintain the integrity of the industry.

This department also advises the Director of Integrity Operations on all matters relating to wagering activity, inclusive of requirements for rule-changes. Additionally, Mark Sweeney plays a crucial role in assisting the Director of Integrity Operations with managing the Racing Bookmakers Review Committee which as an industry body that meets to discuss bookmaking issues.

This capability allows a substantial increase in the integrity assurance capabilities of Queensland Racing and will continue to take advantage of improvements in technology to supplement these activities. The Chief Steward and Director of Integrity Operations both understand the importance of racing

administration keeping pace with the rapidly changing world. Racing resides within this ever-changing environment and embracing technology is a key component of keeping pace with these changes. Mindful of this dynamic, the Integrity Department continually updates its approaches and will continue in this practice. Initiatives such as real time video monitoring of on course betting rings are being developed for the future.

**SYNTHETIC TRACKS**

To provide foundation to this important initiative adopted by QRL, it is essential to commence with what is a synthetic track. As the name indicates, it is a synthetic riding surface that is made up of several key ingredients. The track that was chosen as being suitable for the Queensland environment with a contract to commence an installation at the Sunshine Coast Turf Club is a track known as Cushion Track.

Cushion Track is a waxed synthetic riding surface that is a combination of chopped polypropylene fibres, elastic fibres, felt, rubber and selected fine high grade multi washed industrial sand. These fibres collectively form an artificial root structure which simulates the natural properties of turf.

The inherent bounce, ability to absorb impact and cohesion come from this root structure that emulates turf. Specifically, the polypropylene fibres act as a binding agent, providing the energy return from the surface. The elastic fibre adds flexibility assisting in the 'give' of the surface. The rubber assists with both the cushioning and drainage with the wax aiding to repel water and protect the materials.

Whilst all of the technical information is useful to know, it is the benefits of the product that ultimately matter. These benefits include; minimal irrigation requirements, low maintenance costs, ability to use track in wet weather and improvements to both rider safety and animal welfare by virtue increased consistency within the track. All of these



benefits in a surface that performs like a well maintained grass track.

Drought conditions and limitations on water use impact on the hardness of race tracks and training surfaces which in turn increases the prevalence of injuries and potential for fatal accidents, impacting on both rider and horse. The synthetic track initiative is viewed by QRL as the first step in drought proofing our industry. However, the benefits do not stop there, with an increasing trend around the world toward the adoption of synthetic technology: QRL believes that by adopting this technology, the Queensland thoroughbred industry enters this world stage.

The Board of QRL always look to the future and by embracing synthetic technology it is believed that sustainability will be achieved. The initiative does not work in isolation, coupled with an increase in prizemoney and improved training infrastructure should realise enhancements to the horse population in a way that sustains the horse racing population.

The decision on what was the right surface, was not taken lightly with a delegation from the QRL Board and industry seeing first hand overseas, the different synthetic products in operation. This initial trip was followed up by a visit from our Chief Steward, Reid Sanders and QRL Chairman, Mr Bob Bentley to Hollywood Park in the USA, in order to satisfy all concerns that Cushion Track was absolutely the best product for Queensland's harsh environment.

In June 2007, the State Government stated that they would commit \$12M to establishing 3 synthetic race tracks in South-East Queensland; with one at the Sunshine Coast, one at Toowoomba and the third at either Eagle Farm or the Gold Coast. QRL is committed with government to establishing the 3 tracks and will provide additional funding to implement the initiative.

Project managers have been engaged to control the installation at the Sunshine Coast Turf Club with expectations that it will be completed by the end of 2007.

In closing, by adopting synthetic track technology Queensland Racing Limited aims to improve industry economics by:

- Improving the quality of starters by providing premier training and racing facilities that are more attractive
- Underpinning the viability of race clubs by reducing the operating and capital costs of facilities



- Improving the environmental impacts of racing and training activity in line with community expectations
- Internationalisation of both our facilities and product.

ANDREW HEDGES

**DIRECTOR INTEGRITY OPERATIONS**

**The Board of QRL always look to the future and by embracing synthetic technology it is believed that sustainability will be achieved.**

Queensland Racing Limited (QRL) recognises the importance of good corporate governance. In April 2007, the QRL Board approved a Code of Conduct and Ethics (the Code) covering QRL Board members, staff, officials, contractors and consultants.

The Code sets out the standards of behaviour QRL requires of all those covered by the Code. The Code is based on the *Public Sector Ethics Act 1994* (the Act).

The Code was updated to ensure that an integrity based culture was driven from Board level down through a document that embodied the moral principles and obligations of the entire organisation. This was viewed as an essential shift from the previous document, which was essentially a compliance based approach.

The Code sets out the following responsibilities of the QRL Board and Chief Operations Manager:

- Provide clear direction and ensure that performance is managed to achieve sustainable results
- Encourage and reward contributions made by others
- Lead by example in observing this Code
- Ensure that the high standards conveyed through this Code are evident throughout the organisation, contributing to an integrity-based culture

The Code is based on the 4 principles of ethical behaviour. These principles are:

### 1. EMBRACING AN INTEGRITY CULTURE

Every QRL official must:

- Carry out their duties impartially and regardless of personal preferences
- Avoid private, financial or other interests or undertakings that could directly or indirectly compromise or conflict with the performance of their duties
- Disclose any interest, which may impact or have the potential to impact on the performance of their duties
- Take action to resolve any conflict between personal interests and official duties in the favour of the public interest

### 2. EMBRACING A CULTURE OF RESPECT

All QRL officials must:

- Treat all industry participants with courtesy, honesty and fairness with proper regard for their rights and obligations in accordance with the principles of natural justice
- Respond to the reasonable request of stakeholders, supervisors and managers in a timely manner
- Co-operate and assist others in the organisation in the performance of their duties when reasonably requested to do so, or when perceived as necessary
- Support their co-employees in a responsible and ethical manner

- Exercise powers, objectively, fairly equitably
- Comply with all QRL policies and procedures

### 3. EMBRACING A CULTURE OF SAFETY

All QRL officials should remember:

- To follow all rules, procedures and approved work methods
- Immediately report incidents, complaints and unsafe or unhealthy work practices
- Do not engage in or encourage any form of unlawful discrimination, sexual or other forms of harassment, bullying or workplace violence
- Wear personal protective equipment and use appropriate equipment when necessary

### 4. EMBRACING A CULTURE OF HIGH PERFORMANCE

All QRL officials must perform their duties associated with their positions diligently, impartially, conscientiously, with proper care and attention, in a civil manner and to the best of their ability.

All QRL officials must:

- Perform their duties in such a way that QRL will be held in high regard by the community and the industry
- Follow any professional standards of conduct relevant to their office



- Maintain adequate documentation to support decisions
- Assist QRL to adhere to its statutory obligations

The Code of Conduct and Ethics sets out the procedure for dealing with ethical breaches, including referral to the Crime and Misconduct Commission.

An important component of the corporate governance framework that has been adopted by QRL is the attendance of Board Members at Board Meetings and Subcommittee Meetings. These attendances ensure that appropriate decision making is both made and endorsed, thereby providing to all stakeholders that all decision making is accountable and transparent.

#### **AUDIT COMMITTEE**

Mr Michael Lambert (Chairman)  
Mr Tony Hanmer

#### **HUMAN RESOURCE AND REMUNERATION COMMITTEE (HRRC)**

Mr Tony Hanmer (Chairman)  
Mr Bob Bentley  
Mr Bill Andrews

The HRRC assists the Board on matters relating to recruitment and remuneration.



#### **ATTENDANCE AT SUBCOMMITTEE MEETINGS**

1 July 2006 to 30 June 2007

Member	Audit Committee Meetings		HRRC Meetings	
	No. Held	No. Attended	No. Held	No. Attended
Bob Bentley	N/A	N/A	2	2
Tony Hanmer	5	5	2	2
Michael Lambert	5	5	N/A	N/A
Bill Andrews	N/A	N/A	2	2
Bill Ludwig	N/A	N/A	N/A	N/A

(N/A – Not Applicable)







## [\[annual financial statements\]](#)

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- 30** Balance sheet
- 31** Statement of changes in equity
- 32** Cash flow statement
- 33** Notes to and forming part  
of the financial statements
- 42** Directors' declaration
- 43** Independent Auditor's report

# [annual financial statements]

## DIRECTORS' REPORT

Your directors present their report on the company and the controlled entities for the year ended 30 June, 2007.

### DIRECTORS

The names of the directors in office any time during or since the financial year are:

Mr Robert Bentley

Chairman – Queensland Racing Limited

Mr Anthony Hanmer

Deputy Chairman – Queensland Racing Limited

Mr Michael Lambert

Board Member – Queensland Racing Limited

Mr William Andrews

Board Member – Queensland Racing Limited

Mr William Ludwig

Board Member – Queensland Racing Limited

Directors have been in office to the date of this report unless otherwise stated.

### COMPANY SECRETARY

The following person held the position of the entity at the end of the financial year:

Ms Shara Murray – Company Secretary.

Ms Murray has worked for Queensland Racing Limited as Legal Compliance Counsel/ Company Secretary. Ms Murray was appointed Company Secretary on 24 October, 2005.

### PRINCIPAL ACTIVITIES

The principal activity of the consolidated group is to encourage, control, supervise and regulate administration of thoroughbred horse racing in Queensland.

### OPERATING RESULTS

The consolidated operating profit of the group for the year after Income Tax and after eliminating minority interests was \$8,387,000.

This compares to an operating profit of \$3,437,000 for the Queensland Thoroughbred Racing Board in 2006.

### DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

### REVIEW OF OPERATIONS

As at 30 June, 2007, the consolidated group received and paid out all current Product and Program fee distributions to the Queensland Control Bodies. The increase in the consolidated group's profit is due to the

strong growth of the product and program fee, coupled with an increase in other revenue and the containment of costs.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 21 April, 2006 the Queensland Parliament passed the *Racing Amendment Act* whereby on 1 July, 2006 the existing thoroughbred control body, Queensland Thoroughbred Racing Board, ceased to be a statutory body and was established as Queensland Racing Limited. Queensland Racing Limited is a company limited by guarantee and its constitution will ensure the income and property of the company must be applied solely towards the promotion of the objects of the company. No portion of Queensland Racing Limited income or property can be paid, or transferred directly or indirectly to members of the company.

These are the first set of financial statements for Queensland Racing Limited. From 1 July, 2006, the Queensland Thoroughbred Racing Board ceased to exist. The Board's assets and liabilities have been transferred over to the new control body, Queensland Racing Limited, in terms of the amendments to the *Racing Act 2002*.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity or the state of affairs of the entity in future financial years.

### AFTER BALANCE DATE EVENTS

On 28 June 2007, the board of Racing Information Services Australia (RISA) admitted Queensland Racing Limited as an 18% equity partner effective 1 July, 2007.

On 26 June 2007, The Honourable Minister for the Department of Local Government, Planning and Sport gave his consent for the Caloundra City Council to sell Council owned freehold land known as Corbould Park to Sunshine Coast Racing Pty Ltd as the trustee for Sunshine Coast Racing Unit Trust. The sale was finalised on 27 July, 2007. Sunshine Coast Racing Pty Ltd was established as the trustee for Sunshine Coast Racing Unit Trust with the principal activity being the ownership and development of the land and buildings at Corbould Park. Queensland Racing Limited and Sunshine Coast Turf Club Inc are unit holders.

The outbreak of the Equine Influenza virus on Saturday 25 August, 2007 halted all racing and training in Queensland for a significant

period. Limited racing in Queensland resumed on Wednesday 5 September, 2007. Horse movement was restricted by the Department of Primary Industries to minimise the risk of spreading the virus with a total lock down of the New South Wales and Queensland borders. The impact on Queensland, New South Wales and Victoria is yet to be determined.

Queensland Racing Limited is developing synthetic tracks at key locations in South East Queensland and received a grant of \$12M from the Department of Local Government, Planning and Sport to assist with the development.

### INDEMNIFYING OFFICERS OR AUDITORS

Queensland Racing Limited has paid insurance premiums to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of premium was \$2,000 for each director.

No indemnities have been given or insurance premiums paid, during or since the end of the







financial year, for any person who is or has been an auditor of the consolidated group.

#### OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year.

#### ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

#### MEETINGS OF DIRECTORS

Eleven board meetings were held during the financial year. The board members that attended the meeting are as follows:

#### PROCEEDINGS ON BEHALF OF THE

Member	Board meetings		Audit Committee meetings		HRRC meetings	
	No.Held	No.Attended	No.Held	No.Attended	No.Held	No.Attended
Bob Bentley	11	11	N/A	N/A	2	2
Tony Hanmer	11	11	5	5	2	2
Michael Lambert	11	10	5	5	N/A	N/A
Bill Andrews	11	10	N/A	N/A	2	2
Bill Ludwig	11	10	N/A	N/A	N/A	N/A

#### COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

#### AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June, 2007 has been received and can be found on page 28 of the directors' report.

#### ROUNDING OF AMOUNTS


The company is an entity to which ASIC Class Order 98/100 applies and accordingly, amounts in the financial statements and directors' report have been rounded to the

**The outbreak of the Equine Influenza virus on Saturday 25 August, 2007 halted all racing and training in Queensland for a significant period.**

nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

Robert Bentley

  
CHAIRMAN

Brisbane

Dated this 11 day of September 2007

## [annual financial statements]



BDO Kendalls

BDO Kendalls (QLD)  
Level 18, 300 Queen St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Phone 61 7 3237 5999  
Fax 61 7 3221 9227  
info.brisbane@bdo.com.au  
www.bdo.com.au

ABN 70 202 702 402

7 September 2007

The Directors  
Queensland Racing Limited  
PO Box 63  
SANDGATE QLD 4017

Dear Directors

### AUDITOR'S INDEPENDENCE DECLARATION

To the best of my knowledge and belief, during the year ended 30 June 2007 there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

BDO Kendalls (QLD)

A handwritten signature in black ink, appearing to read 'Damian Wright', is written over a horizontal line.

Damian Wright  
Partner

Brisbane

Dated: 7 September 2007

BDO Kendalls is a national association of  
separate partnerships and entities.

## INCOME STATEMENT

For the year ended 30 June 2007

	NOTE	Consolidated Group		Parent Entity	
		2007	2006	Queensland Racing Limited 2007	Queensland Thoroughbred Racing Board 2006
		\$'000	\$'000	\$'000	\$'000
<b>REVENUE FROM ORDINARY ACTIVITIES</b>					
Club Levies		8	19	8	19
Course Fees		190	154	190	154
Grants		860	860	860	860
Licence and Registration Fees		1,655	1,544	1,655	1,544
Racing Fees		7,060	6,907	7,060	6,907
Interest		1,783	1,131	1,452	1,075
Product & Program Fee		127,248	119,393	94,972	89,031
Marketing Income		144	203	144	203
Other		1,452	774	1,459	774
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<b>140,400</b>	<b>130,985</b>	<b>107,800</b>	<b>100,567</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>					
Salaries, Wages and Associated Costs		5,107	5,598	5,107	5,598
Administration	14A	3,110	2,407	2,934	2,400
Bad Debts		250	-	250	-
Depreciation		524	452	468	452
Committee/Board Expenses		356	276	354	276
Motor Vehicle and Travel Expenses		304	239	304	239
Product and Program Fee		32,358	30,410	-	-
Prize money & Other Distributions		74,872	73,516	74,872	73,516
Racing Expenses		7,807	6,767	7,807	6,767
QTIS Prize money		3,579	4,319	3,579	4,319
Grant - Training Track Subsidy		759	763	759	763
Auditor's Remuneration	14B	104	60	98	58
Marketing Expenditure		11	34	11	34
Operating Lease Expenses	19	553	640	553	640
Industry Insurances		1,879	1,623	1,879	1,623
Other		438	445	438	445
<b>TOTAL EXPENDITURE FROM ORDINARY ACTIVITIES</b>		<b>132,011</b>	<b>127,548</b>	<b>99,413</b>	<b>97,130</b>
<b>PROFIT BEFORE RELATED INCOME TAX</b>		<b>8,389</b>	<b>3,437</b>	<b>8,387</b>	<b>3,437</b>
INCOME TAX	1(i)	-	-	-	-
<b>NET PROFIT AFTER RELATED INCOME TAX</b>		<b>8,389</b>	<b>3,437</b>	<b>8,387</b>	<b>3,437</b>
<b>PROFIT ATTRIBUTABLE TO MINORITY EQUITY INTERESTS</b>	13	2	-	-	-
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>8,387</b>	<b>3,437</b>	<b>8,387</b>	<b>3,437</b>



# [annual financial statements]

## BALANCE SHEET

As at 30 June 2007

		Consolidated Group		Parent Entity	
				Queensland Racing Limited	Queensland Thoroughbred Racing Board
NOTE	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	2	44,733	24,032	37,337	23,280
Trade and other receivables	3	13,816	13,703	11,338	10,297
Other current assets	4	487	45	32	45
Land held for sale	5	-	62	-	62
<b>TOTAL CURRENT ASSETS</b>		<b>59,036</b>	<b>37,842</b>	<b>48,707</b>	<b>33,684</b>
<b>NON-CURRENT ASSETS</b>					
Investment in Sunshine Coast Racing	6	-	-	11,000	-
Property, Plant and Equipment	7	25,650	19,865	22,265	19,865
<b>TOTAL NON-CURRENT ASSETS</b>		<b>25,650</b>	<b>19,865</b>	<b>33,265</b>	<b>19,865</b>
<b>TOTAL ASSETS</b>		<b>84,686</b>	<b>57,707</b>	<b>81,972</b>	<b>53,549</b>
<b>CURRENT LIABILITIES</b>					
Trade and Other Payables	8	14,752	6,906	14,040	2,748
Financial Liabilities	9	551	6,526	551	6,526
Deferred Grants		12,006	-	12,006	-
Unit Holder Funds		2,000	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>29,309</b>	<b>13,432</b>	<b>26,597</b>	<b>9,274</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	10	437	378	437	378
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>437</b>	<b>378</b>	<b>437</b>	<b>378</b>
<b>TOTAL LIABILITIES</b>		<b>29,746</b>	<b>13,810</b>	<b>27,034</b>	<b>9,652</b>
<b>NET ASSETS</b>		<b>54,940</b>	<b>43,897</b>	<b>54,938</b>	<b>43,897</b>
<b>EQUITY</b>					
Retained Profits		42,514	34,065	42,514	34,065
Asset Revaluation Reserve	11	12,424	9,832	12,424	9,832
<b>PARENT INTERESTS</b>		<b>54,938</b>	<b>43,897</b>	<b>54,938</b>	<b>43,897</b>
<b>MINORITY EQUITY INTERESTS</b>					
	13	2	-	-	-
<b>TOTAL EQUITY</b>		<b>54,940</b>	<b>43,897</b>	<b>54,938</b>	<b>43,897</b>

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007

	NOTE	RETAINED EARNINGS \$'000	ASSET REVALUATION RESERVE \$'000	MINORITY INTERESTS \$'000	TOTAL \$'000
<b>CONSOLIDATED GROUP</b>					
Balance at 1 July 2005		30,628	9,832	-	40,460
Profit Attributable to members of Parent Entity		3,437	-	-	3,437
<b>BALANCE AT 30 JUNE 2006</b>		<b>34,065</b>	<b>9,832</b>	<b>-</b>	<b>43,897</b>
Transfers to and From Reserves		62	(62)	-	-
Profit Attributable to members of Parent Entity		8,387	-	-	8,387
Profit Attributable to Minority interests		-	-	2	2
Revaluation Increment		-	2,654	-	2,654
<b>BALANCE AT 30 JUNE 2007</b>		<b>42,514</b>	<b>12,424</b>	<b>2</b>	<b>54,940</b>
<b>PARENT ENTITY – QUEENSLAND RACING LIMITED</b>					
Balance at 1 July 2005		30,628	9,832	-	40,460
Profit Attributable to members of Parent Entity		3,437	-	-	3,437
<b>BALANCE AT 30 JUNE 2006</b>	1	<b>34,065</b>	<b>9,832</b>	<b>-</b>	<b>43,897</b>
Transfers to and From Reserves		62	(62)	-	-
Profit Attributable to members of Parent Entity		8,387	-	-	8,387
Revaluation Increment		-	2,654	-	2,654
<b>BALANCE AT 30 JUNE 2007</b>		<b>42,514</b>	<b>12,424</b>	<b>-</b>	<b>54,938</b>

### NOTE

1. Balance transferred from Queensland Thoroughbred Racing Board to Queensland Racing Limited.

# [annual financial statements]

## CASH FLOW STATEMENT

For the year ended 30 June 2007

NOTE	Consolidated Group		Parent Entity	
	2007	2006	Queensland	Queensland
			Racing Limited	Thoroughbred Racing Board
	\$'000	\$'000	\$'000	\$'000
	INFLOWS (OUTFLOWS)	INFLOWS (OUTFLOWS)	INFLOWS (OUTFLOWS)	INFLOWS (OUTFLOWS)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	163,575	163,172	117,652	121,101
Payments to Suppliers and Employees	(145,092)	(151,518)	(99,284)	(109,193)
Interest Received	1,890	1,087	1,574	1,031
GST Input Tax Credit	17,800	17,866	4,911	5,873
GST Remitted to ATO	(23,701)	(22,208)	(11,139)	(10,291)
Net Cash Provided By Operating Activities	22 (A) <b>14,472</b>	<b>8,399</b>	<b>13,714</b>	<b>8,521</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant and Equipment	(549)	(324)	(435)	(324)
Proceeds from Sale of Plant and Equipment	746	50	746	50
Investment in Unit Trust	-	-	(11,000)	-
Government Grant	12,007	-	12,007	-
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>	<b>12,204</b>	<b>(274)</b>	<b>1,318</b>	<b>(274)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Loans from related party	-	-	5,000	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>
<b>NET INCREASE IN CASH HELD</b>	26,676	8,125	20,032	8,247
<b>CASH AT THE BEGINNING OF THE REPORTING PERIOD</b>	17,506	9,381	16,754	8,507
<b>CASH AT THE END OF THE REPORTING PERIOD</b>	22 (B) <b>44,182</b>	<b>17,506</b>	<b>36,786</b>	<b>16,754</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted in the preparation of these Statements, are as follows:

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated group of Queensland Racing Limited and controlled entities, and Queensland Racing Limited as an individual parent entity.

The financial report of Queensland Racing Limited and controlled entities, and Queensland Racing Limited as an individual parent entity comply with all International Financial reporting Standards (IFRS) in their entirety.

On the 21 April 2006 the Queensland Parliament passed the Racing Amendment Act whereby on the 1 July 2006 the existing thoroughbred control body Queensland Racing ceased to be a statutory body and was established as Queensland Racing Limited. The company limited By guarantee model, and the Queensland Racing Limited constitution, will ensure the income and property of the company must be applied solely towards the promotion of the objects of the company. No portion of Queensland Racing Limited income or property can be paid, or transferred, directly or indirectly to members of the company. The Act transferred the assets, liabilities and ongoing responsibilities of the statutory body to Queensland Racing Limited.

The following is a summary of material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

### BASIS OF PREPARATION OF THE ACCOUNTS

The accounting policies set out below have been consistently applied to all years presented.

### REPORTING BASIS AND CONVENTIONS

The financial report and has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which fair value basis of accounting has been applied.

### (A) PRINCIPLES OF CONSOLIDATION

A controlled entity is any entity Queensland Racing Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

The consolidated financial statements of the entity include the financial statements of Queensland Racing Limited, being the parent entity, and its controlled entities being Queensland Race Product Co Ltd and Sunshine Coast Unit Trust ("the consolidated entity").

A list of controlled entities is contained in Note 10 to the financial statements. All controlled entities have a June financial year end.

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 consistencies with these policies applied by the parent entity.

### (B) VALUATION AND MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT

Land and buildings are measured using "fair values" principles in accordance with AASB 116 Property, Plant and Equipment with the exception being that the board has determined as a general policy, only assets with a value of \$2,000 or more are capitalised. Items under this value are being charged as an expense in the year of purchase.

Non-current physical assets measured at fair values are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis, where the change would be material to that class of assets.

Land and Buildings were independently valued at fair value by the Department of Natural Resources and Mines as at the 30th June 2007.

All other assets are measured at cost.

### (C) DEPRECIATION RATES

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

#### Queensland Racing Limited

Buildings	2% - 7%
Plant and Equipment	
- Furniture & Fittings	6% - 24%
- Motor Vehicles	15%
- Computer Equipment	10% - 25%
- Plant	5% - 20%

As a general policy, fixed assets are depreciated using the straight-line method except for land for which depreciation is not calculated.

### (D) IMPAIRMENT OF ASSETS

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the asset's recoverable amount is determined. Any amount by which the asset's carrying amount 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

An impairment loss is recognised immediately in the Income Statement, 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 reserve of the relevant class to the extent available.

### **(E) EMPLOYEE BENEFITS**

Wages and salaries and annual leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, work cover premiums and employer superannuation contributions. For unpaid entitlements expected to be paid within the next 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

Sick leave is non-vesting, an expense is recognised for this leave as it taken. The Board contributes to various accumulating Employee Superannuation Plans. The number of full time employees at June 30 2007 is 63 (2005: 65).

### **(F) UNEARNED INCOME**

Licence and Registration Fees, Course Fees and other income received at balance date, which relate to the next accounting period have been deferred in the Income Statement and will be brought to account as income during the period to which the amounts relate.

### **(G) APPRENTICE JOCKEYS' TRUST FUND**

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

### **(H) ROUNDING AND COMPARATIVE INFORMATION**

Unless otherwise stated amounts in the report have been rounded to the nearest thousand dollars. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

### **(I) TAXATION**

Queensland Racing Limited is exempt from income tax under the provisions of section 50-45 of the Income Tax Assessment Act 1997 with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/ payable to the ATO are recognised and accrued.

Tax effect accounting procedures have not been applied to Queensland Race Product Co Limited due to a private tax ruling for the purposes of Part IV AA of the Taxation Administration Act 1953. This ruling deems product fees paid pursuant to the Product & Program Agreement, as agent of the Queensland Racing Industry will not constitute assessable income under section 6-5 of the Income Tax Assessment Act 1997.

Income tax is only provided in Sunshine Coast Racing Pty Ltd ATF Sunshine Coast Racing Unit Trust to the extent that accumulated income is assessable to the trustee in accordance with Section 95 of the Income Tax Assessment Act. No income tax is payable by the trust since, in accordance with the trust deed, taxable income is fully distributed to the beneficiaries.

### **(J) REVENUE RECOGNITION**

Revenue is recognised when Product and Program Fee monies are due and payable from UNITAB. Interest income is recognised as it accrues. Club Levies and Racing Fees are brought to account as income during the period to which the amounts relate. Grants are brought to account when they are received.

### **(K) RECEIVABLES**

Trade debtors are 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 of debts.

Bad debts are written off in the period in which they are recognised.

Loan and advances are recognised at their face values.

### **(L) PAYABLES**

Payables are recognised for amounts payable in the future for goods and services received, whether or not billed to the Board. Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

### **(M) CASH AND CASH EQUIVALENTS**

For the purpose of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked at 30 June as well as all deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the company's option and that are subject to a low risk of changes in value.

### **(N) ISSUANCE OF FINANCIAL STATEMENTS**

The financials statements are authorised for issue by the company Chairman of the Board of Directors and the Chief Operations Manager at the date of signing the Management Certificate.

### **(O) JUDGEMENT AND ASSUMPTIONS**

The Board had made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## 2. CASH AND CASH EQUIVALENTS

NOTE	Consolidated Group		Parent Entity	
	2007 \$'000	2006 \$'000	Queensland Racing Limited 2007 \$'000	Queensland Thoroughbred Racing Board 2006 \$'000
<b>CASH ASSETS</b>				
- Cash at Bank and on Hand *	159	11	6	9
- Short term Deposits *	44,574	24,021	37,331	23,271
	<b>44,733</b>	<b>24,032</b>	<b>37,337</b>	<b>23,280</b>

\* Amount Includes earnings held in Trust for Apprentice Jockeys by Queensland Racing Limited (Refer Note 8)  
These deposits have an average maturity of 32 days.

### RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and Cash Equivalents		44,733	24,032	37,337	23,280
Bank Overdraft	9	(551)	(6,526)	(551)	(6,526)
		<b>44,182</b>	<b>17,506</b>	<b>36,786</b>	<b>16,754</b>

## 3. TRADE AND OTHER RECEIVABLES

### CURRENT

Trade Receivables	1,717	12,892	1,717	1,876
Other Receivables	12,295	692	9,835	8,305
Less Provision for Impairment of Receivables	(214)	(6)	(214)	(6)
	13,798	13,578	11,338	10,175
Accrued Interest	18	125	-	122
	<b>13,816</b>	<b>13,703</b>	<b>11,338</b>	<b>10,297</b>

## 4. OTHER CURRENT ASSETS

Prepayments	487	45	32	45
	<b>487</b>	<b>45</b>	<b>32</b>	<b>45</b>

## 5. LAND HELD FOR SALE

Bowen Racecourse Land	-	62	-	62
	<b>-</b>	<b>62</b>	<b>-</b>	<b>62</b>

## 6. INVESTMENT IN SUNSHINE COAST RACING

Investment in Sunshine Coast Racing Unit Trust	-	-	11,000	-
	<b>-</b>	<b>-</b>	<b>11,000</b>	<b>-</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

### 7. PROPERTY, PLANT AND EQUIPMENT

	NOTE	Consolidated Group		Parent Entity	
		2007	2006	Queensland Racing Limited	Queensland Thoroughbred Racing Board
		\$'000	\$'000	\$'000	\$'000
<b>LAND</b>					
At valuation		13,436	11,507	13,436	11,507
<b>BUILDINGS</b>					
At valuation		14,239	9,135	10,827	9,135
Accumulated Depreciation (Per Valuation)		(3,296)	(2,030)	(3,240)	(2,030)
Net Book Value at Valuation		10,943	7,105	7,587	7,105
<b>PLANT AND EQUIPMENT</b>					
Cost		2,072	2,031	2,072	2,301
Accumulated Depreciation		(998)	(1,125)	(998)	(1,125)
Net Book Value		1,074	1,176	1,074	1,176
<b>WORK IN PROGRESS</b>					
Cost		197	77	168	77
<b>TOTAL NET BOOK VALUE</b>		<b>25,650</b>	<b>19,865</b>	<b>22,265</b>	<b>19,865</b>

Independent valuations of land and buildings were performed as at 30 June 2007 by the Department of Natural Resources and Mines using 'fair value' principles. The valuation of land and buildings is based on current market values and replacement costs respectively.

#### CONSOLIDATED GROUP

ASSET NAME	CARRYING AMOUNT 1/07/06 (\$'000)	ADDITIONS (\$'000)	REVALUATION (\$'000)	TRANSFERS (\$'000)	DISPOSALS (\$'000)	DEPRECIATION (\$'000)	CARRYING AMOUNT 30/06/07 (\$'000)
Land	11,506	188	1,930	-	(188)	-	13,436
Building	7,105	3,412	724	-	-	(298)	10,943
Plant & Equipment	1,177	155	-	-	(32)	(226)	1,074
Work in Progress	77	398	-	(278)	-	-	197
	<b>19,865</b>	<b>4,153</b>	<b>2,654</b>	<b>(278)</b>	<b>(220)</b>	<b>(524)</b>	<b>25,650</b>

ASSET NAME	CARRYING AMOUNT 1/07/05 (\$'000)	ADDITIONS (\$'000)	REVALUATION (\$'000)	TRANSFERS (\$'000)	DISPOSALS (\$'000)	DEPRECIATION (\$'000)	CARRYING AMOUNT 30/06/06 (\$'000)
Land	11,568	-	-	(62)	-	-	11,506
Building	7,315	40	-	-	-	(250)	7,105
Plant & Equipment	1,229	240	-	-	(90)	(202)	1,177
Work in Progress	34	43	-	-	-	-	77
	<b>20,146</b>	<b>323</b>	<b>-</b>	<b>(62)</b>	<b>(90)</b>	<b>(452)</b>	<b>19,865</b>

#### IMPAIRMENT OF ASSETS

In accordance with note 1(e) the board has reviewed its Property, Plant and Equipment for Impairment and has determined that there are no indicators of impairment of those assets.

## 8. TRADE AND OTHER PAYABLES

	Consolidated Group		Parent Entity	
			Queensland Racing Limited	Queensland Thoroughbred Racing Board
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>PAYABLES</b>				
Trade Payables	5,691	530	639	530
Jockey Earnings held In Trust	176	150	176	150
Sundry Payables and accrued expenses	4,844	4,574	4,163	416
GST Payable	2,272	409	2,293	409
Loan From SCR	-	-	5,000	-
Fees in Advance	1,332	888	1,332	888
Employee Benefits	437	355	437	355
	<b>14,752</b>	<b>6,906</b>	<b>14,040</b>	<b>2,748</b>

## 9. FINANCIAL LIABILITIES

Bank Overdraft	551	6,526	551	6,526
	<b>551</b>	<b>6,526</b>	<b>551</b>	<b>6,526</b>

As at 30 June 2007 the actual bank account balance was in credit. The bank overdraft includes the amount of cheques not presented at the bank.

## 10. PROVISIONS

### LONG SERVICE LEAVE

Opening Balance at 1 July 2006	378	390	378	390
Additional provisions raised during the year	119	75	119	75
Amounts used	(60)	(87)	(60)	(87)
Balance at 30 June 2007	<b>437</b>	<b>378</b>	<b>437</b>	<b>378</b>

### PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

A provision for long term employee benefits for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1(e).

## 11. ASSET REVALUATION RESERVE

Opening balance	9,832	9,832	9,832	9,832
Transfer to Retained Profits	(62)	-	(62)	-
Revaluation	2,654	-	2,654	-
<b>CLOSING BALANCE *</b>	<b>12,424</b>	<b>9,832</b>	<b>12,424</b>	<b>9,832</b>
* Closing Balance of Asset Revaluation Reserve by Class				
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.				
Land	9,913	8,045	9,913	8,045
Buildings	2,489	1,765	2,489	1,765
Plant and Equipment	22	22	22	22
	<b>12,424</b>	<b>9,832</b>	<b>12,424</b>	<b>9,832</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

### 12. CONTROLLED ENTITIES

PARTICULARS IN RELATION TO CONTROLLED ENTITIES:	%	%	%	%
Queensland Racing Limited				
<b>CONTROLLED ENTITIES:</b>				
Queensland Race Training Pty Ltd *	-	83	-	-
Queensland Race Product Co Ltd	66	66	-	-
Sunshine Coast Racing Pty Ltd	85	-	-	-

\* The formal winding up of Queensland Race Training Pty Ltd with the Australian Securities and Investment Commission was deferred from the 2005-06 to the 2006-07 financial year. The company ceased trading during July 2005. During the 2004-05 financial year all employees, assets and liabilities were transferred to the Queensland Racing Limited. Queensland Racing Limited now performs all of the company's activities. Queensland Race Training Pty Ltd wound up on the 19 July 2006.

### 13. OUTSIDE EQUITY INTERESTS

Outside equity interests in controlled entities:

	\$'000	\$'000	\$'000	\$'000
Interest in retained profits at the beginning of the financial year after adjusting for acquisitions of share capital during the financial year	-	-	-	-
Interest in operating profit after income tax	2	-	-	-
Interest in retained profits at the end of the financial year	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 14. EXPENSES FROM ORDINARY ACTIVITIES

#### 14A. ADMINISTRATION EXPENSES INCLUDES THE FOLLOWING LEGAL AND CONSULTING COSTS

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Accounting, Administration & Finance	145	238	133	238
Human Resources & Recruitment	33	121	33	121
Information Technology	11	35	11	35
Legal	216	132	216	132
Property Consulting	763	129	763	129
<b>TOTAL</b>	<b>1,168</b>	<b>655</b>	<b>1,156</b>	<b>655</b>

#### 14B. AUDIT FEES

Internal Audit	71	24	71	24
External Audit	33	36	27	34
<b>TOTAL</b>	<b>104</b>	<b>60</b>	<b>98</b>	<b>58</b>



## 15. FINANCIAL INSTRUMENTS

### INTEREST RATE RISK

The consolidated entity is exposed to interest rate risk through its investments in the Queensland Treasury Corporation (QTC) Cash Fund, which is managed around a 45 day duration benchmark. Cash Fund earnings are credited daily based on the market value of the Cash Fund. At balance date the annual effective interest rate was 6.64% (2006: 6.05%) after administration fees, however the rate changes daily based on the change in market yields.

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rates on financial assets and financial liabilities during the year were as follows:

FINANCIAL INSTRUMENT	WEIGHTED AVERAGE INTEREST RATE		FLOATING INTEREST RATE		FIXED INTEREST RATE MATURING IN :						NON INTEREST BEARING		CARRYING AMOUNT AS PER BALANCE SHEET		NET FAIR VALUE AMOUNT	
	2007	2006	2007	2006	<=1 YR		<=1 YR		1-5 YRS		>5YRS		2007	2006	2007	2006
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000				
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>FINANCIAL ASSETS</b>																
Cash	5.45	4.95	159	11	-	-	-	-	-	-	-	-	159	11	159	11
Receivables	-	-	-	-	-	-	-	-	-	-	-	13,816	13,703	13,816	13,703	13,703
Investments	6.64	6.05	44,574	24,021	-	-	-	-	-	-	-	-	44,574	24,021	44,574	24,021
<b>FINANCIAL LIABILITIES</b>																
Bank Overdraft	5.45	4.95	551	6,526	-	-	-	-	-	-	-	-	551	6,526	551	6,526
Payables	-	-	-	-	-	-	-	-	-	-	-	14,752	5,663	14,752	5,663	14,752

### CREDIT RISK

The Consolidated entity is not exposed to credit risk through its investments in the Queensland Treasury Corporation (QTC) Cash Fund as all deposits are capital guaranteed by the QTC. The capital guarantee is equivalent to the Queensland Government's AAA rating.

The maximum exposure to credit risk at balance date in respect of receivables is the carrying amount, net of any provision for doubtful debts, as disclosed in the Balance Sheet. There are no material credit risk exposures to any single debtor at balance date.

### NET FAIR VALUE

The carrying amount of financial assets and financial liabilities approximates net fair value.

## 16. SEGMENT REPORTING

The Company operates primarily within the racing industry in Queensland.

## 17. KEY MANAGEMENT PERSONAL COMPENSATION INCLUDING BOARD MEMBERS REMUNERATION

	Consolidated Group		Parent Entity	
			Queensland Racing Limited	Queensland Thoroughbred Racing Board
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Short Term Benefits	535	430	533	430
Post Employment Benefit	42	34	42	34
<b>TOTAL</b>	<b>577</b>	<b>465</b>	<b>575</b>	<b>465</b>

Total income paid or payable, or otherwise made available, to key management personal and board members of each entity in the consolidated entity from the entities of which they are members or any related party.

Key management personal are involved in the strategic direction of Queensland Racing Limited including the board of directors as well as the Chief Operations Manager and the Director of Integrity Operations.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

### 18. PROFIT / (LOSS) ON SALE OF NON CURRENT ASSETS

	Consolidated Group		Parent Entity	
			Queensland Racing Limited	Queensland Thoroughbred Racing Board
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Proceeds from sale	746	50	746	50
Less Book value	(283)	(91)	(283)	(91)
<b>GAIN/ (LOSS) ON SALE</b>	<b>463</b>	<b>(41)</b>	<b>463</b>	<b>(41)</b>

### 19. 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 the Queensland Racing Limited.

#### A) OPERATING LEASE COMMITMENTS

Car Leasing	201	177	201	177
Computer Equipment	106	314	106	314
Office Equipment	246	149	246	149
<b>TOTAL LEASING EXPENSED</b>	<b>553</b>	<b>640</b>	<b>553</b>	<b>640</b>
Payable: -				
With in one year	463	442	463	442
One to five years	149	356	149	356
Over five years	-	-	-	-
<b>TOTAL LEASING COMMITMENTS NOT RECOGNISED IN THE FINANCIAL STATEMENTS</b>	<b>612</b>	<b>798</b>	<b>612</b>	<b>798</b>

#### B) CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure projects	19,446	-	15,351	-
<b>TOTAL</b>	<b>19,446</b>	<b>-</b>	<b>15,351</b>	<b>-</b>
Payable: -				
With in one year	7,446	-	3,351	-
One to five years	8,400	-	8,400	-
Over five years	3,600	-	3,600	-
<b>TOTAL CAPITAL COMMITMENTS NOT RECOGNISED IN THE FINANCIAL STATEMENTS</b>	<b>19,446</b>	<b>-</b>	<b>15,351</b>	<b>-</b>

### 20. CONTINGENT ASSETS AND LIABILITIES

Racing Information Services Australia (RISA) interim distribution for QRL for the period 1 April 2006 to 30 June 2007 based on QRL's 19% ownership of the Registrar of Racehorses is \$120,085. This distribution is subject to audit and RISA Board approval and will be paid in the second quarter of the 2007/2008 financial year.

The Board is currently the subject of a legal claim. The case is currently before the courts and the board is of the opinion that disclosing further information could prejudice the case. The Board does not believe this claim, if successful, will have a material effect on the financial position of the company.

There were no other contingent assets and liabilities against or incurred by Queensland Racing Limited.

## 21. POST BALANCE DATE EVENTS

On 28 June 2007, the board of Racing Information Services Australia (RISA) admitted Queensland Racing Limited as an 18% equity partner effective 1 July 2007.

On the 26 June 2007, The Honourable Minister for the Department of Local Government, Planning and Sport gave his consent for the Caloundra City Council to sell Council owned freehold land known as Corbould Park to Sunshine Coast Racing Pty Ltd as the trustee for Sunshine Coast Racing Unit Trust. The sale was finalised on the 27 July 2007.

The outbreak of the Equine Influenza virus on Saturday the 25 August, 2007 halted all racing and training in Queensland for a significant period. Limited Racing resumed on Wednesday the 5 September, 2007. Horse movement was restricted by the Department of Primary Industries to minimise the risk of spreading the virus.

## 22. NOTES TO THE CASH FLOWS

### A) RECONCILIATION OF PROFIT TO NET CASH PROVIDED BY / (USED IN) ORDINARY ACTIVITIES

	Consolidated Group		Parent Entity	
			Queensland Racing Limited	Queensland Thoroughbred Racing Board
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>PROFIT FROM ORDINARY ACTIVITIES AFTER RELATED INCOME TAX</b>			8,387	3,437
Depreciation	524	452	468	452
(Profit)/Loss on Sale of Non-Current Assets	(463)	41	(463)	41
Share of Associated Company's Net Profit	7	-	-	-
<b>CHANGES IN ASSETS AND LIABILITIES EXCLUSIVE OF NON-OPERATING ACTIVITIES</b>				
(Increase) Decrease in Trade Debtors	(1,213)	10,320	(1,163)	10,563
(Increase) Decrease in Accrued Interest	104	(44)	122	(44)
(Increase) Decrease in Prepayments	13	(21)	13	(21)
(Decrease) Increase in Creditors	7,053	(5,774)	6,292	(5,895)
(Decrease) Increase in Provisions	58	(12)	58	(12)
<b>NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>	<b>14,472</b>	<b>8,399</b>	<b>13,714</b>	<b>8,521</b>

### B) RECONCILIATION OF CASH

For the purpose of the Cash Flow Statement and Balance Sheet, cash comprises Cash on Hand and at Bank, net of outstanding bank overdrafts, and liquid investments.

Cash and cash equivalents	44,733	24,032	37,337	23,280
Bank Overdraft	(551)	(6,526)	(551)	(6,526)
	<b>44,182</b>	<b>17,506</b>	<b>36,786</b>	<b>16,754</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

### 23. COMPANY DETAILS

The Registered Office & Principal Place of Business of the Company is:

Queensland Racing Limited

6 Racecourse Road

Deagon, QLD 4017

### 24. MEMBERS GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states upon the winding up or dissolution of the Company if any property remains after satisfaction of all its debts and liabilities, that property shall not be paid to or distributed among the Members of the Company but shall be given or transferred to a Control Body for thoroughbred racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then an institution having similar objects of the Company as determined by a Judge of the Supreme Court of Queensland.

In the event that the Company ceases to be a Control Body under the *Racing Act 2002*, the Board will forthwith call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company as above.

Every member of the Company undertakes to contribute to the assets of the Company to a maximum of \$10 in the event the Company being wound up while he or she is a member or with one year after he or she ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

As at 30 June 2007 the number of members was 13 Class A Member Representatives and 5 Class B Members.

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 26 to 43, are in accordance with the *Corporations Act 2001*:
  - (a) Comply with Accounting Standards and the Corporations Regulations 2001: and
  - (b) Give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and consolidate group.
2. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Robert Bentley



CHAIRMAN

Dated this 11 day of September 2007





BDO Kendalls

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF QUEENSLAND RACING LIMITED

#### REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Queensland Racing Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated and parent financial statements and notes, complies with International Financial Reporting Standards.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Queensland Racing Limited on 7 September 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

#### AUDITOR'S OPINION

In our opinion the financial report of Queensland Racing Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (c) the consolidated and parent financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

BDO Kendalls (QLD)

Damian Wright  
Partner

Brisbane

11 September 2007

BDO Kendalls is a national association of  
separate partnerships and entities.



QUEENSLAND  
RACING

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