



Queensland Thoroughbred Racing Board
Annual Report 2004



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QUEENSLAND RACING BOARD

Queensland Racing Board members, from left: Michael Lambert, Bob Bentley (chairman) and Tony Hanmer



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.

THE QUEENSLAND RACING BOARD

Robert (Bob) Bentley (Chairman)
Stephen Lonie (Deputy Chairman) •
Tony Hanmer
Michael Lambert
Wally Tutt ••

AUDIT COMMITTEE

Michael Lambert (Chairman)
Tony Hanmer (since April 2004)
Stephen Lonie •
Wally Tutt ••

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR&RC)

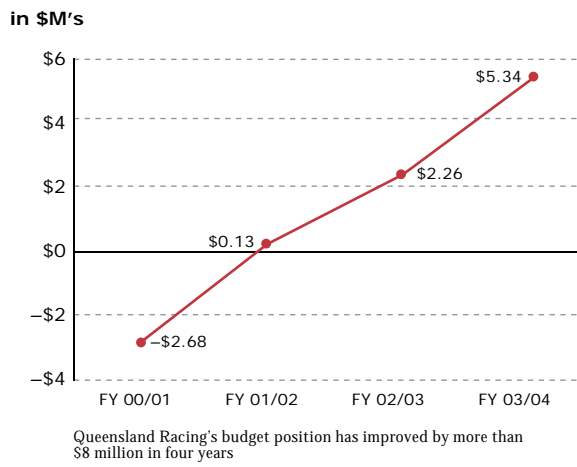
Tony Hanmer (Chairman)
Bob Bentley
Wally Tutt ••

- Stephen Lonie resigned from the Board effective June 2004.
- Wally Tutt resigned from the Queensland Racing Board in May 2004 to take up a position as a District Court Judge.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Member	Board Meetings		Audit Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended
Bob Bentley	9	9	-	-
Stephen Lonie	9	7	4	3
Tony Hanmer	9	9	4	4
Michael Lambert	9	7	4	4
Wally Tutt	9	9	4	3

Queensland Thoroughbred Racing Board Surplus



CHAIRMAN'S REPORT

QRB Chairman
Bob Bentley



REAPING THE BENEFITS OF REFORM

The 2003-04 financial year will be recognised as the year the Queensland racing industry re-established itself and began to reap the benefits of reform.

Industry reform has been as difficult as it was necessary.

Wagering turnover through UNiTAB on Queensland thoroughbred race meetings grew 8.8% in the year ended June 2004, to a total of \$391 million, up from \$359 million in 2003 and \$356 million in 2002. Growth in betting on Queensland racing far outstripped growth on New South Wales (5.82%) and Victoria (2.3%).

The industry's strong performance allowed Queensland Racing to announce an increase of \$10 million in prizemoney commencing January 2004, and a further \$5 million to commence in October 2004.

Queensland will run approximately 300 races of \$50,000 or more in the coming year.

Queensland has been under-represented. Improvements in the quality of our racing and the big increases in prizemoney on offer in Queensland have strengthened our claim for a more equitable distribution of Black Type races. This became evident when the Australian Racing Board agreed to increase the distribution of Black Type races to Queensland from 62 to 75 in the 2005/2006 season. Queensland was the only state to receive additional races and this increase of 13 represents a 20% boost to the State's Black Type standing.

NEW LEGISLATION FOR A NEW ERA

The new *Racing Act 2002* came into force on 1 July 2003. The Premier said at the time: "As every Member of Parliament realised, the racing industry needed a more modern legislative framework to be able to deal with the issues it is facing in the current environment. This is not going to change the way the races are going to be conducted on Saturday, or any other day of the week. But it will allow the control bodies of the three codes to fully assess their commercial opportunities and ensure they are

The Board of Queensland Racing has welcomed the opportunity the new legislation provides for the industry to take charge of its destiny.

The Board of Queensland Racing will encourage race clubs to ensure the highest possible percentage of funding flows through to owners, trainers, jockeys and industry stakeholders in the form of increased prizemoney. This will be a priority for the Board of Queensland Racing in the coming year.

BLACK TYPE LISTINGS

For some years, it has been apparent that the national Black Type racing program, the program targeted at the highest quality racing, has been compromised by parochial considerations. Despite the size and quality of its program,

providing their customers with the best possible product. The racing industry is in a very competitive operating environment so it needs to get past the methods of yesteryear and ready itself for the future."

The Board of Queensland Racing has welcomed the opportunity the new legislation provides for the industry to take charge of its destiny. However, the new Act also requires changes to Queensland Racing's operations that have made a high demand on the resources of the executives and the Board.



Under the *Racing Act 2002*, Queensland Racing is required to develop policies in 23 different areas to guide all aspects of our operations and management. Throughout the year, we committed substantial resources to the policy development project. I am pleased with the progress that has been made. We now have interim or final policies in place for all 23 areas the Act requires.

RESTRUCTURING OF QUEENSLAND RACING
In order to achieve cost efficiencies and increased effectiveness, as well as have a clear separation between its commercial and regulatory functions, Queensland Racing completed an organisational restructure to comply with the *Racing Act 2002*.

Queensland Racing established an Integrity Services Division, to bring together the chief elements of integrity assurance – stewarding and investigation services; licensing and registration; and an appeals mechanism.

Queensland Racing has developed separate policies to guide our integrity-related and commercial decision-making. In addition, a Racing and Administration Services Division was established to focus on creating a quality racing program and putting in place the arrangements necessary to deliver the best possible commercial results for the industry.

INQUIRY INTO RACING INDUSTRY INTEGRITY MANAGEMENT
In May, the Queensland Government announced an independent inquiry into the integrity management structures of the thoroughbred, harness and greyhound racing codes.

Announcing the inquiry, Premier Peter Beattie said: "Cabinet has decided to hold a three month inquiry to reassure Queenslanders that the three codes of racing have the highest standards of probity, integrity and animal welfare. A key function of the panel will be

assessing how the Boards of each code have dealt with any actual or perceived conflicts of interest that may arise from them being both regulators and commercial managers."

The Board of Queensland Racing welcomed the inquiry, even though we had confidence in our management structure.

At the time, I made public the Board's view that the review "should not be seen as criticism of Queensland Racing but rather was yet another step in ensuring that the governance structures ensure independent control of racing in this State."

Increased legal expenses for the year were largely due to the involvement of Queensland Racing in the inquiry.

Queensland Racing assumed responsibility to provide the commissioners with first rate evidence and submissions and appropriate legal representation was engaged for this purpose. The high quality assistance given by Queensland Racing to the Commissioners would have been invaluable. The Queensland Racing Board considered the review as an important step in the future of governance in this State. It is the Board's view that, while there needs to be continuous improvement in the integrity function, the overall structure and approach followed by Queensland Racing is sound.

POSITIONING QUEENSLAND RACING IN THE EVOLVING BETTING ENVIRONMENT
The gambling industry is highly competitive and subject to technological and regulatory changes which require a proactive approach to strategy and industry positioning.

This year saw TABCorp and UNiTAB vie for control of the NSW TAB, with TABCorp eventually being the successful bidder. However, Queensland's UNiTAB will receive the NSW TAB's gaming machine business, making it the largest licensed monitoring operator of gaming machines in the world. The future success and prosperity of the Queensland racing industry and UNiTAB are inextricably linked.

Another potential threat to the Queensland racing industry's revenue comes from betting exchanges. This new form of gambling is siphoning revenue away from traditional TABs and has the potential to compromise the integrity of racing. These concerns should be a major worry to all racing stakeholders. Queensland Racing, along with all other states and territories in Australia, is actively participating in a project developed by the Australian Racing Board to ensure that all participants are fully aware of the implications of betting exchanges being licensed in this country.

METROPOLITAN RACING FACILITY DEVELOPMENT PROJECT
Our metropolitan racing facilities are well below acceptable standards. They are inefficient and are adversely affecting our ability to attract the best possible fields and boost attendance. The development of a greenfield site is the once-only opportunity to move the industry and the State forward and provide Queensland with an exciting industry that can compete with the southern carnivals.

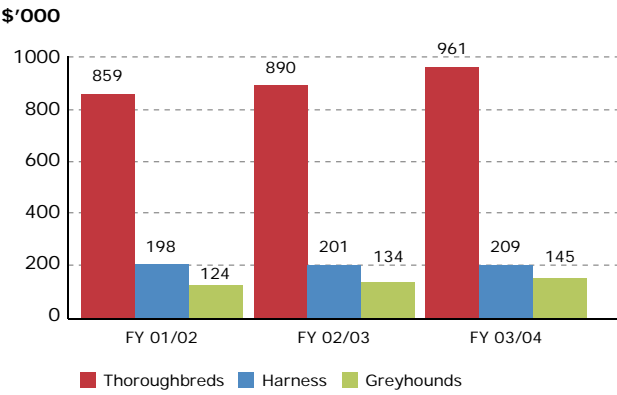
The Board of Queensland Racing is committed to facilitating the construction of a world-class metropolitan racing facility located in the Brisbane area. We have undertaken extensive pre-planning work on the options. We have made a submission to the Queensland Government and are hopeful the Government will partner Queensland Racing in this exciting development.

ACKNOWLEDGEMENTS
On behalf of the Board, I would like to thank Malcolm Tuttle, the Racing and Administration Services Manager, Bob Mason, Manager of Integrity Services, and their hard-working teams for their dedication and professionalism. They should be proud of their achievements in these difficult circumstances.

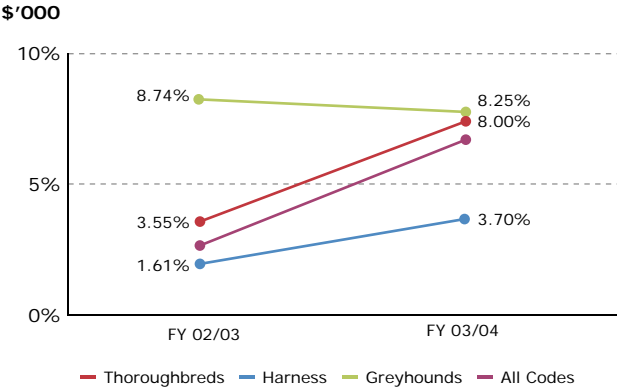


Bob Bentley
Chairman

QLD Codes – Average Wagering turnover per race meet



QLD Codes – Average Wagering turnover per race meet



RACING AND ADMINISTRATION SERVICES YEAR IN REVIEW

**Racing and Administration
Services Manager**
Malcolm Tuttle



WAGERING REFORM BOOSTS PRIZEMONEY

For the last two years, Queensland Racing has worked hard to develop an improved calendar of racing that maximises betting turnover and financial returns to the industry. The first full year of wagering reform saw big increases in prizemoney, with almost \$10 million a year in extra TAB prizemoney beginning in January 2004. This was a 21% increase on the previous year. The 15 clubs participating in the wagering program and conducting TAB meetings in 2003-04 received \$57.13 million, compared to last year's distribution of \$47.21 million.

The new distribution included \$1.354 million to offset revenue losses resulting from changes to the fee paid by Sky Channel. This extra funding ensured the reduced Sky Channel revenue did not translate into reduced prizemoney for Queensland owners.

The cornerstone of the new funding initiatives was the Queensland Racing Select Event program (QRSE). QRSE is a series of races across Queensland, the highlight of which is 12, \$100,000 races conducted annually at Eagle Farm and Doomben, mainly, but not exclusively, for fillies and mares.

The prizemoney boost brings Brisbane stakes closer to those in Sydney and Melbourne. The program was especially tailored to aggressively challenge for more Black Type fillies' and mares' races and complemented the highly successful Queensland Thoroughbred Investment Scheme (QTIS), both of which provide big increases in prizemoney and promote Black Type racing for fillies and mares. Six unrestricted QRSE feature races, each worth \$100,000,

were strategically programmed during 2003-04 at metropolitan meetings to give maximum exposure to Queensland racing.

There were also significant stakes increases for metropolitan Friday and midweek meetings, as well as a prizemoney boost at major provincial venues.

In May, Queensland Racing announced a further \$5 million prizemoney injection to take effect from October 2004. This prizemoney increase included an \$800,000 boost to the Summer Carnival.

Major beneficiaries of the Summer Carnival stakes increase are the legs of the NCF Doomben Triple Crown, lead-ups to the Magic Millions Two and Three-Year-Old Classics, the Meynink and McDougall Stakes at Eagle Farm, fillies and mares races at Gold Coast and Toowoomba and the Summer Cup at Caloundra.

The bulk of the funding boost was directed towards the highly successful QRSE program. This initiative includes the introduction of \$75,000 Select Events, an expansion of the \$50,000 and \$12,000 QRSE program and the introduction of \$6,000 QRSE races into country Queensland.

As a result, almost two-thirds of Saturday metropolitan races in Queensland will be conducted for \$50,000 or more, further bridging the gap between the metropolitan levels of prizemoney along the eastern seaboard.

SUMMER RACING SETS BETTING AND SALES RECORDS

Both the Summer and Winter Carnivals were outstanding successes in 2004 with the Summer Carnival becoming firmly entrenched as a national racing and tourism event.

The racing could not get any closer in the Golden Garter series after Poacher's Luck and Golden Snitch each finished with 12 points after the running of the final leg of the series.

Rather than decide the winner by lot, Queensland Racing took the much-applauded decision to award two prizes. Promising Toowoomba filly Star Shiraz took out the Road to Glory series with a win and two seconds. She earned almost \$104,000 in stakes, including more than \$40,000 in QTIS bonuses, foreshadowing things to come in her Winter Carnival campaign.

A near-record 15,000 people turned out for the Magic Millions meeting on the Gold Coast – otherwise known as the 'Melbourne Cup in shorts'. Highlights included the Gai Waterhouse-trained Dance Hero winning the Magic Millions Two-Year-Old Classic in record time; the John Hawkes-trained Jamieson Valley winning the Magic Millions Three-Year-Old Trophy; and the victory by Queenslander Amex in the Magic Millions Cup for top local mentor Alan Bailey.

A new record was set for off-course TAB betting turnover on any Queensland race meeting with \$4.8 million invested on this year's meeting. The new record represents an increase of \$300,000 on the previous year. On-course turnover also set a new record, reaching \$2.2 million for the meeting.

Big crowds flock to the Gold Coast each January to watch millions change hands at the Magic Millions sales



The action was not confined to betting, with record results posted at the Magic Millions yearling sales, demonstrating the confidence investors have in the Queensland racing and breeding industries. Total sales reached \$67 million, an increase of \$13 million over 2003, while Queensland buyers spent a record \$11.24 million, up almost \$3 million on the previous year. The average price per horse rose by 19.5% in the first four sessions and a massive 60% in the fifth session.





RACING AND ADMINISTRATION SERVICES
YEAR IN REVIEW cont...

A section of the record crowd on both sides
of the track at Ipswich on Cup day



WINTER CARNIVAL BREAKS NEW GROUND

Racegoers at the Winter Carnival enjoyed fantastic weather and top quality race fields attracted by more than \$13.5 million in stakes. Punters responded with the highest off-course betting turnover in Queensland racing history, with turnover records set for nine of the 11 feature meetings. Turnover in the Winter Carnival period reached \$36.4 million, \$2 million more than the previous record set a decade ago in 1994.

A Winter Carnival highlight was Star Shiraz's great victory in the QTC Sires Produce Stakes with jockey Glen Boss holding the reins. Other memorable wins included Danestorm's victory in the Brisbane Cup with Michael

Walker on board, and Thorn Park piloted home by jockey Dan Nikolic to win the Stradbroke Handicap, just ahead of Queenslanders Consular and St Basil.

The Winter Carnival action extended beyond the metropolitan tracks. Record crowds turned out for two days of classy racing at the Sunshine Coast Turf Club. Portland Singa took out the \$202,000 Caloundra City Cup. For Portland Singa, the win completed the double after she won the Ipswich Cup, again in front of a record crowd. The 23,000 people who attended the Ipswich Cup meeting made it the biggest crowd of this year's Winter Carnival, proving the strength of racing throughout the region.

COUNTRY RACING BENEFITS FROM QR
INITIATIVES

Queensland Racing introduced a scheme designed to reduce the cost of participation at non-TAB country meetings throughout the State. A two-tiered rebate scheme was introduced to reduce the current unplaced starters cost of \$95.70 to owners at non-TAB country meetings. The cost was reduced by more than 70%, or \$70 per unplaced starter at non-coastal meetings, while a rebate of \$35 was provided to owners of unplaced starters at coastal meetings. The scheme costs \$400,000 a year and has been welcomed by country racing participants.

Other initiatives Queensland Racing either maintained or introduced to benefit country racing during the year included:

- Paying for country race clubs to receive the Sky Channel picture when conducting meetings at an annual cost of \$110,000.
- Increasing prizemoney for country clubs to \$4,000 per standard race, a rise of 33% from 1 July 2003.
- Extending QTIS to horses four years old and older that raced only at country venues.

Queensland Racing has approved a total of \$60,000 in bonuses for the six feature race series to be conducted throughout the State. The \$10,000 bonus for each series will be split \$5,000 to the winning owner, \$3,000 to the winning trainer and \$2,000 to the winning jockey.

MAJOR SPONSORSHIP FOR COUNTRY
RACING

Queensland Racing again secured valuable sponsorships for five separate country race series. Studmasters Stan Johnston and Gary Turkington, of Craiglea and Wattle Brae Studs, linked with Danny Marr, principal of Marr's Furniture Removals, to share naming rights to the entire series. The sponsorship deal was a tremendous boost for country racing and showed companies had the confidence to invest in its future.

The racing series include the Matilda Highway (run at tracks in the Downs, Central West and North Queensland regions), Burnett to the Beach (South-East Queensland), Fossil Trail (North Queensland), Beef & Coal (Capricornia) and Downs (Downs and South West).

The series have become important drawcards for Queensland's regional tourism industry, making valuable contributions to local economies throughout the State.

SALE OF CAIRNS RACETRACK

In May, the Board of Queensland Racing gave in-principle approval to Cairns Jockey Club's proposal to sell the Cannon Park racecourse complex. The approval was subject to the club preparing a business plan, including costings for the redevelopment of the current site or relocation to another site.

The club had consulted its members and tenants of the complex, the Cairns Greyhound Racing Club, before receiving in-principle approval from Queensland Racing to sell the complex. The club will seek approval from the Minister for Racing in due course.

The Cannon Park complex is located on very valuable land close to the Cairns CBD. Sale or redevelopment of the complex has the potential to generate sufficient income for the club to clear its debt to Queensland Racing and develop a state of the art facility for the region. The club has engaged Colliers International to market Cannon Park.

If the club accepts a tender to sell the complex, a number of potentially suitable sites have been identified approximately 10km south of Cannon Park.



RACING AND ADMINISTRATION SERVICES

YEAR IN REVIEW cont...

COMMUNITY RACING SCHEME

Queensland Racing administers the Queensland Government's Community Racing Scheme. The scheme assists country communities that are not part of the professional racing circuit to continue to hold annual race meetings.

Non-TAB race clubs that receive two race meetings or less are eligible to apply for grants of up to \$5,000 for their race meeting, provided they contribute a minimum of \$2,500 up to a maximum of \$10,000 for each day of the meeting.

Queensland Racing assesses applications and makes recommendations for funding to Queensland Events. To assist with the staging of these meetings, Queensland Racing does not charge the clubs for handicapping or stewarding services.

Queensland Racing received nine applications and recommended all for funding. Eight community race meetings were conducted by the Morven, Western Picnic, Tower Hill, Oakley and Eromanga race clubs (the meeting scheduled for Noccundra was cancelled due to rain).

Community participation is an important part of the scheme. Queensland Racing licensed 17 approved riders (up from three) and 16 picnic trainers (up from seven) to participate in the events.

This year's community race meetings were a great success, drawing good crowds, acting as a catalyst for other social events, contributing to the local economy and continuing regional Queensland's rich racing tradition.

QUEENSLAND REGIONAL RACING COUNCIL

The Queensland Regional Racing Council (QRRC) provides a formal method of communicating with regions in relation to matters that affect non-TAB racing.

The QRRC met in September 2003 and January 2004 and held a teleconference in March 2004. The council's focus was on the 2004-05 race dates application, recommending an additional 10 dates for various clubs throughout the State.

Queensland Racing was unable to accept this recommendation due to its impact on the TAB and non-TAB race date schedule.

The QRRC also recommended a number of changes to Queensland Racing's Country Racing Policy. In response, Queensland Racing extended the period in which a horse racing in a grass-fed race is prohibited from racing in a subsequent race for corn-fed horses from five to 28 days.

The QRRC members and their respective regions are: Cyril Vains (Chairman, Northern), Morgan O'Brien (Downs and South West), Julie Eggerling (Central West), Lyle Murray (South East) and John Millroy (Capricornia).

QTIS

The Queensland Thoroughbred Investment Scheme (QTIS) aims to increase investment in the Queensland thoroughbred racing industry by increasing the prizemoney available for QTIS-registered horses.

Breeders or owners of eligible horses are invited to register their horses in their yearling year. To be eligible for QTIS registration, a horse must be the progeny of a stallion standing in Queensland at the time of conception, or the progeny of a non-Queensland-based stallion whose mother was then bred back to a Queensland-based stallion in the breeding season (in the year) in which the foal was born.

In the 2003-04 racing season, Queensland Racing expanded QTIS races to include eligible four-year-old horses racing at designated events at non-TAB tracks.

Late in the 2003-04 season, Queensland Racing announced it would further expand QTIS in the 2004-05 season to include five-year-old horses racing at Townsville, Rockhampton and Mackay. This will give clubs in these major provincial centres the opportunity to make QTIS an even more integral component of their racing programs.

Queensland Racing has managed QTIS, which evolved from the former Queensland Racing Incentive Scheme (QRIS), since 2003. The scheme has grown to become one of the pre-eminent incentive schemes in Australia.



One of the QTIS flag-bearers, Star Shiraz (Glen Boss) after her win in the Group One QTC Sires Produce Stakes at Eagle Farm in June

GST CHANGE BOOSTS BLOODSTOCK INDUSTRY

A Queensland-led campaign succeeded in changing GST export rules that disadvantaged thoroughbred breeders.

Under the old rules, people who bought horses to export had to have them out of the country within 60 days of purchase or they were liable for GST.

It was often impractical or difficult for people to export the horse within this timeframe. It also meant the Australian industry lost valuable revenue from agistment and ancillary services.

The new arrangements extend the export period to one year. Pre-export breaking-in and trialling will be accepted as activities necessary to export and registration of non-resident buyers will be facilitated by not requiring certificates of status from their homeland taxation administration.

The amendments were in place in time for the 2004 yearling sales.

FINANCIAL PERFORMANCE

Queensland Racing has reported an operating surplus of \$5.34 million for the 2004 financial year. This result was a significant increase on last year's overall surplus of \$2.3 million.

The consolidated result, including the controlled entities of Queensland Race Product Company Limited and Queensland Race Training Pty Ltd, was a \$5.75 million surplus, which was also an improvement on the 2003 year result of \$2.2 million.

The increased surplus was delivered through stronger product fee revenue of \$82.68 million (up 5.5%), lower administrative overhead of \$6.87 million (down 16.2%).



RACING AND ADMINISTRATION SERVICES

YEAR IN REVIEW cont...

The product fee revenue increase reflects the first full year benefit of improved race program measures introduced last year, including changes to the TAB and Non-TAB race mix, increases in prizemoney through QRSE initiatives and continued support of local talent (QTIS).

This is evident in the increase in average starters in both TAB (up 0.06 to 10.54) and Non-TAB (up 0.9 to 8.28) races. This increased trend is apparent since the 2001-02 year.

The TAB racing program for the 2004-05 financial year will be nearly identical to that of the 2003-04 year, with 407 race meets scheduled.

Interest in Queensland thoroughbreds remains strong with growth of over 8% experienced during the financial year, delivering an average turnover of \$961,000 per TAB race meet.

Thoroughbred wagering dominates the Queensland scene being responsible for 78% of that market. Total wagering on Queensland thoroughbreds reached \$391 million for the year, up 8.8% on increased race meets. Across the codes – thoroughbreds, greyhounds and harness – only Queensland thoroughbreds has maintained its market share relative to the national position since the 2001-02 financial year.

The reduction in administrative overhead primarily reflects the reduction in salaries and associated costs, which were down \$1.3 million. Salary and associated costs at \$5.25 million are lower than 2002 year costs of \$6.47 million.

Racing Science Centre costs for the Queensland Government laboratory rose slightly by 0.28% to 2.53%. Retained earnings rose 3.01% to 6.75% and operating costs were stable at 7%.

In the 2005 financial year, Queensland Racing will continue improving returns to stakeholders through increased prizemoney and lower costs of racing. All internal

administrative systems are being subject to internal audit being undertaken by Deloitte Chartered Accountants. These benefits will be realised in areas such as more effective debt recovery and lower financial transaction costs.

Queensland Racing will benchmark the financial performance of race clubs to help identify areas for improvement. This should translate into increased prizemoney and better use of club facilities. In some cases, audits may be performed to ensure the integrity of the financial data.

The graph and tables relating to 'Return to Owners – Major Race clubs' (pages 18-19) highlight the variations in the distribution of Queensland Racing funding (UNiTAB commissions) back to owners for the past four financial years.

NATIONAL CAPTIVE INSURANCE FUND

This year marked the first year of operation of the National Captive Insurance Fund, which covers all public liability insurance claims for Queensland Racing-registered race clubs up to \$100 million.

Under the captive fund scheme, race clubs share their public liability insurance risk. Individual claims of up to \$50,000 are met by Queensland Racing as agent for all Queensland clubs.

Claims between \$50,000 and \$2 million are met by the National Captive Insurance Fund, of which Queensland as a member shares liability with New South Wales and Victoria. Individual claims over \$2 million, and up to \$100 million, are insured with external insurers through Aon Financial Services. The scheme is funded through public liability premiums levied on the clubs.

Under this arrangement, clubs should save about 30% a year on their public liability insurance premiums. In addition, the National Captive Insurance Fund retains a

premium for claims not made that would have normally flowed to the insurance company. The premium is retained for three years and then released to the state members. There were no significant claims on the fund in 2004.

QUEENSLAND RACING MAGAZINE

Queensland Racing Magazine (formerly the *Queensland Racing Calendar*) has been substantially revamped over the past two years, which has proven extremely popular with industry stakeholders.

Apart from its primary function of providing racing fixtures, race day programs, licensee details and important notices, the magazine also provides general interest coverage of Queensland racing.

Regular features include sections for the major clubs, 'Around the Regions' pages providing news from the country, an extensive QTIS coverage, industry profiles and various columnists, ranging from Queensland Racing Board chairman, Bob Bentley, to industry officials and representatives of the owners, trainers and breeders.

In more recent times the *Queensland Racing Magazine* has been further upgraded and divided into four main sections – an editorial section, advertising section, programming section and an integrity services section.

WEBSITE REDEVELOPMENT

Queensland Racing upgraded its web presence substantially when its revamped website went live on 30 April 2004 to coincide with the start of the 2004 Queensland Winter Racing Carnival.

The website was redeveloped entirely in-house and boasts a new look and feel, with easier access to information. Racing, club and industry news feature prominently and a new section provides form for all TAB and non-TAB races. Comprehensive form and comment on every runner at every

TAB event in Queensland is now available, as is form for every Queensland non-TAB meeting.

The revamped website has proved a popular service. By June, the form section alone was recording more than 1,000 hits a day on Thursdays and Fridays.

Since the website went live, new features have been added, including extended nominations, barrier trials and shoeing reports.



Four-time Queensland Horse of the Year winner, Falvelon

FALVELON CREATES HISTORY WINNING HORSE OF YEAR

Legendary Queensland sprinter, Falvelon, created history winning the Queensland Horse of the Year Award for the fourth successive season. This incredible achievement was testimony to the popularity of the Danny Bougoure-trained galloper, which won 15 races and earned almost \$4 million in prizemoney.

Falvelon will not only be remembered for winning successive Doomben 10,000s, but also for placing Queensland on the international map. He won two Hong Kong International Sprints and ran third in another.

No sooner had Falvelon been retired to stud when another Queensland superstar emerged in Starcraft.





RACING AND ADMINISTRATION SERVICES
YEAR IN REVIEW cont...

QUEENSLAND RACING INDUSTRY AWARDS
& HALL OF FAME

The Queensland Racing Industry Awards has developed into the 'night of nights' for racing stakeholders and achievers from the season just ended.

With the support of the Brisbane Turf Club, which pioneered this event, and some wonderful sponsors, it has developed into an extremely popular night with attendances the past two years close to 600. The night culminates in the crowning of the Queensland Horse of the Year.

The decision to include a Queensland Racing Hall of Fame as part of the Industry Awards night has also been well received by all sections of the industry.

As QRB chairman, Bob Bentley, said when announcing the introduction of a Hall of Fame: "For too long icons of the industry in this State have been overlooked in the Australian Hall of Fame. The Board felt a local station of recognition was long overdue."

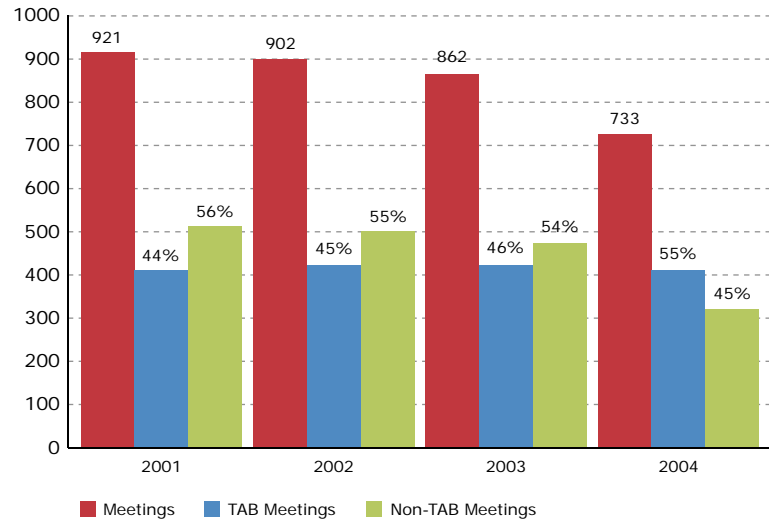
Inaugural inductees into the Queensland Racing Hall of Fame included: Jockeys: Mick Dittman, George Moore and Neville Sellwood; Trainers: Jim Atkins, Fred Best and Bruce McLachlan; Horses: Bernborough, Gunsynd and Strawberry Road.

Malcolm Tuttle
Racing and Administration Services Manager

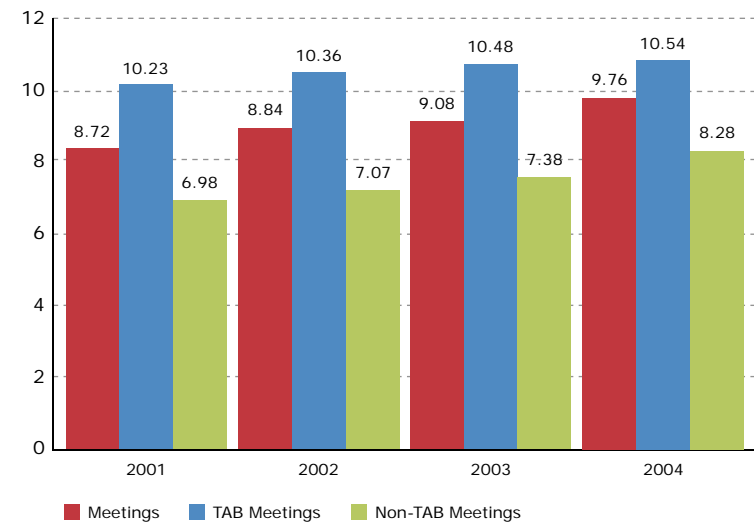


Queensland Racing Hall of Fame

Numbers of Meetings Conducted – TAB vs Non-TAB



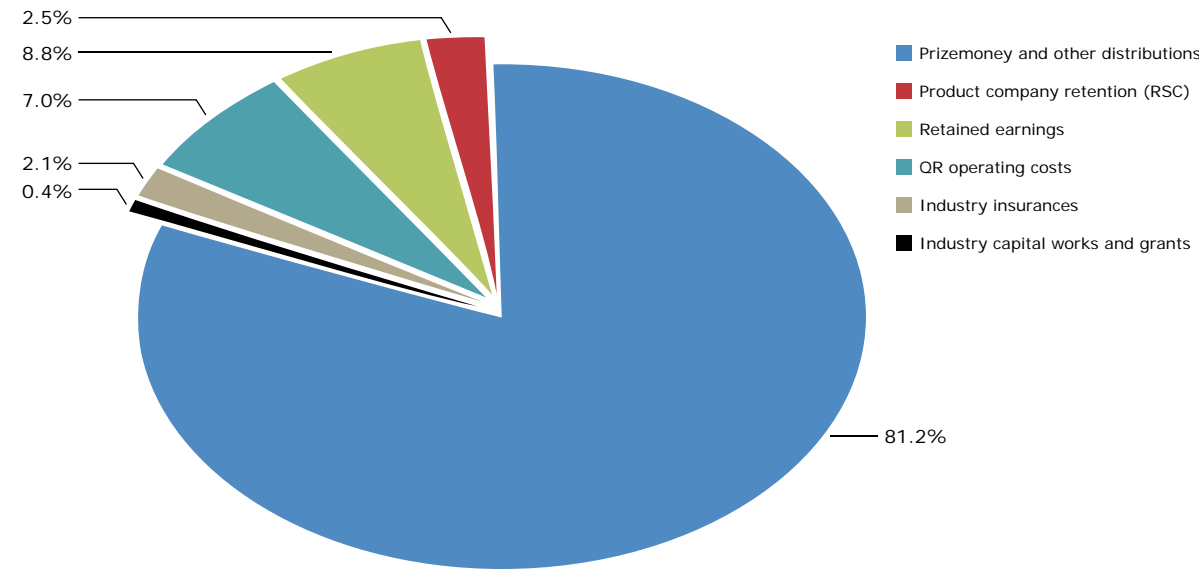
Average Starters per Race





RACING AND ADMINISTRATION SERVICES
YEAR IN REVIEW cont...

Product Fee Usage 2003/04



Return to Owners – Major Race Clubs



Major Race Clubs Distribution and Prizemoney Paid

Race Club	2002/03				2003/04			
	Distributions	Prizemoney	Leakage	Return to Owners	Distributions	Prizemoney	Leakage	Return to Owners
Queensland Turf Club	10,737,862	11,693,650	-955,788	108.90%	11,519,426	12,040,600	- 521,174	104.52%
Brisbane Turf Club	9,395,585	8,686,000	709,585	92.45%	10,388,200	9,268,300	1,119,900	89.22%
Gold Coast Turf Club	6,595,752	4,898,560	1,697,192	74.27%	7,142,020	5,337,350	1,804,670	74.73%
Sunshine Coast Turf Club	4,587,603	3,864,551	723,052	84.24%	5,131,855	4,363,851	768,004	85.03%
Ipswich Turf Club	3,420,536	3,020,000	400,536	88.29%	3,861,357	3,213,000	648,357	83.21%
Toowoomba Turf Club	3,708,267	3,281,252	427,015	88.48%	4,098,765	3,656,000	442,765	89.20%
Rockhampton Jockey Club	2,912,108	2,581,550	330,558	88.65%	3,047,603	2,801,300	246,303	91.92%
Townsville Turf Club	2,666,980	2,328,200	338,780	87.30%	3,092,279	2,672,200	420,079	86.42%
					1,345,454	1,192,000	153,454	88.59%
	44,024,693	40,353,763	3,670,930	91.66%	49,626,959	44,544,601	5,082,358	89.76%

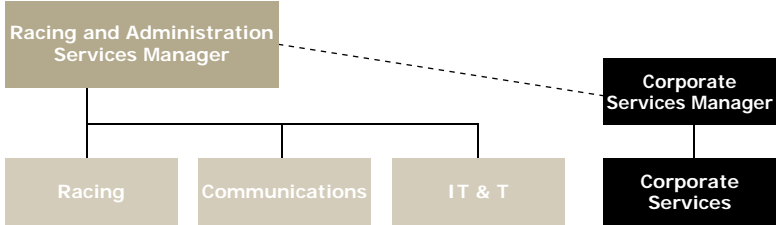
Race Club	2000/01				2001/02			
	Distributions	Prizemoney	Leakage	Return to Owners	Distributions	Prizemoney	Leakage	Return to Owners
Queensland Turf Club	11,063,292	12,109,700	-1,046,408	109.46%	10,822,646	12,052,900	- 1,230,254	111.37%
Brisbane Turf Club	9,373,619	8,917,000	456,619	95.13%	9,272,736	8,959,200	313,536	96.62%
Gold Coast Turf Club	6,648,174	5,245,500	1,402,674	78.90%	6,530,980	4,989,920	1,541,060	76.40%
Sunshine Coast Turf Club	4,478,836	3,887,720	591,116	86.80%	4,456,853	3,829,750	627,103	85.93%
Ipswich Turf Club	3,440,946	3,112,000	328,946	90.44%	3,621,869	3,570,000	51,869	98.57%
Toowoomba Turf Club	3,758,746	3,371,250	387,496	89.69%	3,701,945	3,274,876	427,069	88.46%
Rockhampton Jockey Club	2,776,250	2,562,400	213,850	92.30%	2,744,652	2,514,950	229,702	91.63%
Townsville Turf Club	2,630,895	2,360,760	270,135	89.73%	2,685,753	2,355,700	330,053	87.71%
	44,170,758	41,566,330	2,604,428	94.10%	43,837,434	41,547,296	2,290,138	94.78%

The prizemoney paid figures for the Gold Coast Turf Club exclude 80% of the contributions to prizemoney paid out on Magic Millions day made by the Magic Millions Company, on the basis that clubs, on average, generate sponsorship levles of about 20% for feature races. Distributions include all payments made to clubs from product fee revenue by Queensland Racing.



RACING AND ADMINISTRATION SERVICES
YEAR IN REVIEW cont...

Racing and Administration Services Division Organisational Chart



RACING AND ADMINISTRATION SERVICES



Darcy Tyrrell

Racing
Works with the other codes of racing and UniTAB to develop Queensland's thoroughbred racing program, manages the Queensland Thoroughbred Investment Scheme and manages the Deagon facility.



Paul Brennan



Communications
Provides information to the racing industry and the general public through the monthly Queensland Racing Magazine and media releases, and organises events such as the annual Queensland Racing Industry Awards.



David Rowan

Information Technology
Provides information technology and telecommunications services to Queensland Racing.



Ken Gibson

Corporate Services
Provides financial services to the Queensland racing industry and financial, business development and other corporate services to Queensland Racing.

INTEGRITY SERVICES YEAR IN REVIEW

Integrity Services Manager
Bob Mason



SAFEGUARDING THE INDUSTRY'S PROSPERITY

The racing industry depends on public confidence in the fair conduct of racing. Racing scandals inevitably dampen public support for racing and decrease betting turnover, the industry's lifeblood.

The racing industry must remain vigilant against those who would engage in nefarious practices for their own advantage. Strong integrity systems and education provide powerful deterrents against illicit activity and keep the industry clean for the benefit of the overwhelming majority of participants.

Queensland Racing's integrity program rests on three pillars:

- Stewarding and investigations
- Licensing and registration
- A multi-level appeals system.

Queensland's integrity management systems lead the nation in the effort to ensure the racing industry conducts itself professionally and deters and detects practices that are unprofessional, unsafe, improper or unlawful.

STRENGTHENING INDUSTRY INTEGRITY

The *Racing Act 2002* commenced on 1 July 2003. Section 37 of the Act requires a racing control body to have internal controls to effectively perform its function of managing its code of racing, including, for example, information systems that separate its commercial and regulatory operations.

With the assistance of an independent consultant, Queensland Racing reviewed the delivery of integrity services to gauge the quality of services being delivered and the efficiency of the delivery of those services.

The process began with a review of integrity services in south-east Queensland, with subsequent reviews of integrity services in the other regions.

This review revealed the need to:

- Use new technology to improve integrity service delivery
- Improve documentation of processes and procedures
- Provide multi-disciplinary education and training for staff to enhance job satisfaction and to avoid reliance on individuals within the organisation.

The information gathered during this review has assisted Queensland Racing to develop a quality-assured integrity services program that is principle-centred and evidence-based. Recruiting, educating and training current and future employees will be a key priority.

MODERNISING STEWARDING SERVICES

Stewarding and investigations are the first pillar of Queensland Racing's integrity program. To be effective in racing's complex environment, a stewarding service needs traditional race-day stewarding skills, as well as sophisticated intelligence-gathering and investigation skills.

For example, technological change has made possible innovative services, such as betting exchanges and remote betting, that pose new challenges for stewards in controlling the integrity of racing.



*Examples of unregistered horse medications
confiscated by stewards*

Contemporary stewards must be independent of the racing industry – and be seen to be independent. Gone are the days of stewards socialising with those they regulate. Queensland Racing's code of conduct helps ensure all staff, including stewards, maintain the highest standards of ethics and professionalism.

The Integrity Services Division instituted an integrated program to improve stewarding:

- Chief stewards and their staff in each of Queensland's five racing regions deliver stewarding services at a regional level, while responsibility for 'commercial' activities has been centralised.
- An Investigations Unit, headed by a Chief Investigator, was established in the Brisbane office to provide investigatory and intelligence-gathering services for the whole State. This unit targets activities that occur off the racecourse, which may adversely affect public confidence in racing. While investigative stewards concentrate on intelligence gathering and investigations, operational stewards concentrate on the analysis of form prior to a race meeting, as well as the conduct of persons at a race meeting.
- A formal liaison with the Queensland Police Service has been created to facilitate police monitoring of any criminal activity within the Queensland thoroughbred racing industry.
- Dedicated compliance officers were engaged to ensure Queensland Racing complies with its obligations under the *Racing Act 2002* and other legislation when delivering services to the industry and, importantly, to ensure compliance with the *Crime and Misconduct Act 2001* by reporting official misconduct to the Crime and Misconduct Commission.

- On complex investigations, barristers have been engaged as stewards to ensure that investigations and prosecutions were carried out to the highest professional standard and not compromised by lack of expertise or procedural fairness.
- The telephone bookmaking recording system was completely redeveloped in 2004 at a cost of \$95,000. The existing system had worked well but was nearing the end of its useful life. The new system will use advanced technology to record telephone bookmaking transactions to aid investigations and resolve disputes. Queensland Racing has implemented a process to monitor bookmaking activity, including price fluctuations, which will help make supervision of bookmaking more cost-effective.
- Written procedures have been developed in relation to the creation and retention of evidence, guidelines for the imposition of penalties, media relations for stewards and first level appeal procedures.

Bookmakers welcomed Queensland Racing's decision to reduce the minimum telephone bet to nil. This brings Queensland into line with New South Wales and Victoria.



INTEGRITY SERVICES

YEAR IN REVIEW cont...

PROTECTING ANIMAL WELFARE

The *Racing Act 2002* requires all approved control bodies, including Queensland Racing, to develop an animal welfare policy.

The Act defines 'animal welfare' as protecting the health, safety and well-being of thoroughbred horses, including drug control and the prevention and management of diseases that may affect thoroughbred racing.

Queensland Racing continues to purchase services from the Racing Science Centre in accordance with the industry's service level agreement.

A new drug control strategy was developed to take advantage of a new type of sampling – research and survey sampling – to detect the use of prohibited substances in horses. The results of this new strategy will be seen in the forthcoming year.

Significant in-roads have been made to develop codes of conduct for animal welfare, including the safety of thoroughbred horses on racing venues and in stables and their protection in extreme weather conditions and in transport.

A liaison group, consisting of industry stakeholders and government representatives, was established to provide the foundation for future consultation and development in this area.

This process will be on-going over a number of years and will require continuous consultation with trainers, owners, government departments, local councils and the RSPCA throughout 2004-05.

Another important initiative was the development of emergency animal disease response plans to protect horses and the horse industry in the event of a disease outbreak.

REVIEWING LICENSING POLICY

The second pillar of the integrity program is licensing and registration. The integrity of racing relies on secure and reliable licensing and registration systems for people and horses. This guarantees that only correctly registered horses race and that only properly licensed people operate in the industry.

During the year, the Integrity Services Division developed an interim licensing policy to cover all aspects of licensing, including new forms and procedures for handling licence and registration applications.

The primary criteria for issuing licences under the interim policy are probity and competence. Applicants must demonstrate they have the skills necessary to perform the role and are of good character. A national police certificate is required for all licences.

Queensland Racing conducted a comprehensive review of the role, operations and licensing of riders' agents. The review included two rounds of consultation with the industry. The new policy limits the number of riders an agent may act for to two TAB riders and one non-TAB rider. The policy will commence in August 2004.

STREAMLINING HORSE REGISTRATION

During 2003-04, supervision and responsibility for all aspects of registration of ownership of horses, including registration of new horses, transfers of ownership, leases and syndicates were amalgamated within the Integrity Services Division. This change has enabled greater control and monitoring of the financial activities relating to horse ownership, which improves public confidence in syndicate management and accountability of managers of horses.

Queensland Racing has used new technology and has accessed a databank of signatures, as well as scanned transfer documentation to help minimise fraudulent transfers.

IMPROVING CUSTOMER SERVICE

Throughout 2004, Queensland Racing has focused on improving service to customers, including trainers, riders, stablehands, clubs, owners and new participants in the industry.

A customer service centre was established to provide a one-stop shop for industry participants. The centre processes licence applications, changes of ownership, transfers, leases and syndications.

It handles preparations for race meetings, including providing details for race books and results. The centralised payments system means race prizemoney is paid quickly and efficiently by EFTPOS as soon as the swab is cleared.

The centre also benefits staff, who are now multi-skilled and work in more interesting and challenging jobs and enjoy the satisfaction of providing a better service to customers.

TRAINERS' SERVICE CENTRE WINS APPROVAL

The Trainers' Service Centre is a national initiative that provides information and facilitates trainers' transactions, including nominations, acceptances, rider declarations, scratchings, gear changes and stable returns.

In February, the Trainers' Service Centre began serving trainers in Queensland. Previously, trainers had to deal directly with race clubs and Queensland Racing's regional offices. Now trainers phone a single toll-free number or access the website www.stableassist.net.au for all their transactions.

The transition to the Trainers' Service Centre occurred seamlessly and drew applause from trainers and race clubs throughout the State. Initial use patterns show more than 25% of transactions were made online.

Since Queensland integrated with the Trainers' Service Centre, Queensland Racing's handicapping department has processed all nominations, acceptances, scratchings and results for Queensland races – a massive task for the department's small staff. In the last season there were 95,536 nominations for 4,959 races at 739 race meetings.



Staff monitor the telephones in the new Customer Service Centre at Queensland Racing

INTEGRITY SERVICES

YEAR IN REVIEW cont...

WORKING WITH STAKEHOLDERS

Throughout the year, Queensland Racing continued to work with stakeholders on a range of issues. Among the most important of these were public liability insurance and workers' compensation.

Queensland Racing worked with the owners', trainers' and jockeys' associations to reduce the cost of insurance to the industry.

Queensland Racing facilitates a policy of public liability insurance for all licensed race clubs and subsidises public liability insurance for jockeys. Queensland Racing increased its insurance subsidy by \$10,000 to \$235,000. This meant insurance costs for jockeys did not rise in 2004.

The Australian Trainers' Association negotiates public liability insurance for trainers. Trainers in all categories experienced increases in the cost of public liability insurance.

However, upon comparison with the premiums charged to trainers in other states, the Queensland trainer's premium compares favourably. It should be noted that Queensland Racing does not receive any income from these premiums.

Queensland Racing abolished the three-tiered system for jockeys' losing ride fees, introducing a flat \$117 fee across the State. The new system was introduced after consultation with the owners' and jockeys' associations and enjoys their support. It also brings Queensland into line with the major southern states.

REFORMING INDUSTRY TRAINING

The last year saw major changes to the Queensland racing industry's training system. The delivery of training throughout Queensland was the subject of an independent review.

Queensland Racing decided to cease providing training for international students because of the significant cost and limited benefit to the industry. The remaining certificate level IV international apprentice jockeys will complete their training by June 2005.

Industry training initiatives have been refocused on delivering education and training to Queensland Racing staff, race day officials (including photo finish operators, swab attendants and race day vets) and industry participants in the regions.

The Board of Queensland Racing approved the incorporation of the operations of its subsidiary training company, Queensland Race Training Pty Ltd, within Queensland Racing, to streamline back-office operations, such as accounting and information technology, and reduce administrative costs.

This decision provides the platform for the efficient and effective delivery of training throughout the state, taking advantage of regional offices and staff.

The activities of Queensland Race Training Pty Ltd, which had consistently made significant financial losses since 2000, were rationalised. These efforts enabled the company to pay all of its debts and be wound up as a solvent entity.

The delivery of education and training to licensees during this process was not affected. Queensland Racing has continued to introduce new talents into the Australian racing industry.

TESTING STEWARDS' DECISIONS

The third pillar of integrity is a multi-level appeals system to allow aggrieved persons the opportunity to test the merits of decisions made against them.

During the year Queensland Racing developed a policy to guide its integrity-related decision-making processes. A key feature of this policy is a mechanism to allow people to appeal against stewards' decisions.

The appeals system operates on two levels: an initial appeal for qualifying matters to an appeals committee and an appeal to the Racing Appeals Tribunal.

From July 2003 to June 2004, there were 48 appeals to the first level appeals committee against the decisions of stewards. Thirty-four of these appeals (some 71%) were dismissed. However, on some of these occasions the penalty imposed by stewards was reduced. A further two appeals (4%) were withdrawn, giving a combined figure of 75% of appeals where the stewards' decision was not overturned. Twelve appeals (25%) were upheld (that is, the stewards' decision was overturned).

Over the same period, 24 appeals were lodged with the Racing Appeals Tribunal. Four of these appeals are still outstanding but of the 20 resolved, six were dismissed outright, seven were dismissed with the penalty varied (giving a total dismissed of 65%) and three (15%) were withdrawn. In other words, in 80% of appeals, the stewards' decision was not overturned. Four appeals (20%) were upheld.

Queensland Racing has set targets for the percentage of stewards' decisions upheld at the appeals committee and tribunal levels in 2004-05. These targets are 80% for first level appeals and 75% for appeals to the Racing Appeals Tribunal.

In some circumstances appeals cannot be made to the appeals committee or Racing Appeals Tribunal because the matter is not within these bodies' jurisdiction.

To cover this gap, in some special circumstances appeals can be made to the Board of Queensland Racing. In 2003-04 the Board exercised its powers as a principal racing authority under the Australian Rules of Racing to deal with five matters falling within this category.

In addition to appeal rights, Queensland Racing investigated more than 50 complaints lodged by industry participants concerning the activities of licensed persons or Queensland Racing staff.


Bob Mason
Integrity Services Manager



INTEGRITY SERVICES
YEAR IN REVIEW cont...

Percentage of Stewards' Decisions Upheld on Appeal

	2004	2005 (target)
First Level Appeals Committee	75*	>80
Racing Appeals Tribunal	80*	>75

**NOTE: instances where appeal was dismissed but the penalty varied or when an appeal against a decision was withdrawn are classified as an upheld decision*

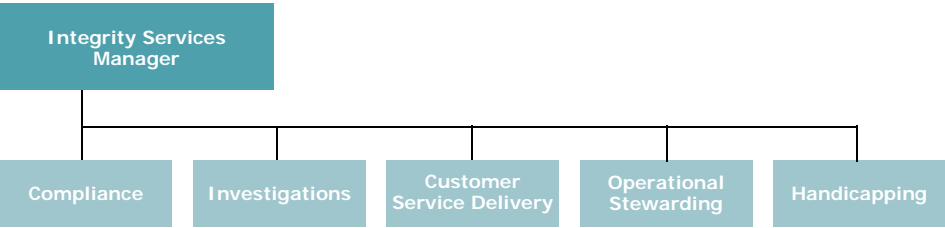
Telephone Bookmaking Turnover

Year	Turnover
2002	\$64.4 million
2003	\$92 million
2004	\$102.4 million

Horse Swab Testing and Results

Type of sample	Total tested	Total positive	% positive
Blood (Pre-race)	2658	1	0.0376
Blood (Post-race)	2039	1	0.0490%
Total blood	4697	2	0.0426
Urine (Pre-race)	94	0	0
Urine (Post-race)	2956	4	0.1353
Total urine	3050	4	0.1311
All samples	7747	6	0.0774

Integrity Services Division Organisational Chart



INTEGRITY SERVICES



Dominique Murphy

Compliance
Ensures the organisation's compliance with the Racing Act 2002 and other legislation, Queensland Racing policies and the Australian Rules of Racing.



Mark Sweeney

Customer Service Delivery
Provides a range of services to licensees and new entrants to the industry, including licensing and registration of the ownership of horses.



Wayne Wood

Investigations
Undertakes investigations into breaches of Queensland Racing's policies and the Australian Rules of Racing by licensees and others, and liaises with the Queensland Police Service, Department of Primary Industries, Office of Racing and other government agencies in relation to alleged breaches of legislation.



John Hackett

Operational Stewarding
Monitors compliance with Queensland Racing's policies and the Australian Rules of Racing, focussing primarily on race day activities.



Lester Grimmitt

Handicapping
Provides state-wide services for the allocation of weights to all horses racing at TAB and non-TAB races in Queensland.

QUEENSLAND THOROUGHBRED RACING BOARD ANNUAL FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2004

PURPOSE AND SCOPE

The Queensland Thoroughbred Racing Board is constituted under the provisions of the *Racing Act 2002* and is a Statutory Body within the meaning given in the *Financial Administration and Audit Act 1977*.

In accordance with the provisions of the *Financial Administration and Audit Act 1977* and other prescribed requirements these statements have been prepared:

- to provide an accounting for the custody and management of moneys and resources under the control of the Board; and
- to disclose the results of operations of the Board during the year and to indicate the financial position of the Board at the close of the year.

The Statements are general purpose in nature and reflect the whole of the financial consolidated activities of the Board.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2004

		Consolidated		Queensland Thoroughbred Racing Board	
	Note	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
REVENUE FROM ORDINARY ACTIVITIES					
Club Levies		1,070	1,033	1,070	1,033
Course Fees		565	1,079	–	–
Grants		1,523	930	860	860
Licence and Registration Fees		1,650	1,547	1,650	1,547
Racing Fees		6,400	6,606	6,400	6,606
Interest		758	538	691	479
Product & Program Fee		110,734	105,335	82,680	78,246
Marketing Income		81	68	81	68
Other		630	1,342	597	1,301
TOTAL REVENUE FROM ORDINARY ACTIVITIES		123,411	118,478	94,029	90,140
EXPENSES FROM ORDINARY ACTIVITIES					
Salaries, Wages and Associated Costs		5,809	7,141	5,246	6,470
Administration		3,125	2,889	2,964	2,550
Depreciation		402	426	391	394
Committee/Board Expenses		266	316	266	312
Motor Vehicle and Travel Expenses		188	288	165	232
Product and Program Fee		28,117	27,141	–	–
Prize money & Other Distributions		61,358	59,801	61,358	59,801
Racing Expenses		9,442	10,611	9,442	10,611
QTIS Prize money		4,901	4,608	4,901	4,608
Grant – Training Track Subsidy		774	773	774	773
Auditor's Remuneration		53	30	48	23
Marketing Expenditure		154	694	154	694
Operating Lease Expenses	17	760	619	760	619
Other		2,310	937	2,219	792
TOTAL EXPENDITURE FROM ORDINARY ACTIVITIES		117,659	116,274	88,688	87,879
Profit/(Loss)					
Before Related Income Tax		5,752	2,204	5,341	2,261
Income Tax		(25)	–	–	–
Write Down Of Deferred Tax Asset		–	180	–	–
NET PROFIT/(LOSS) AFTER RELATED INCOME TAX		5,727	2,024	5,341	2,261
Net Profit/(Loss) Attributable To Outside Equity Interests					
		66	(40)	–	–
Net Profit/(Loss) Attributable To Members Of The Parent Entity					
		5,661	2,064	5,341	2,261
Increase/(Decrease) In Retained Profits On Adoption Of Revised Accounting Standard					
		–	(14)	–	(14)
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		5,727	2,010	5,341	2,247

The accompanying Notes form part of these financial statements.



QUEENSLAND THOROUGHBRED RACING BOARD
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2004

Note	Consolidated		Queensland Thoroughbred Racing Board	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
CURRENT ASSETS				
Cash Assets	2	4,174	3,981	3,807
Receivables	3	23,481	19,149	21,164
Other	4	81	282	44
TOTAL CURRENT ASSETS		27,736	23,412	25,015
NON-CURRENT ASSETS				
Property, Plant and Equipment	5	10,767	10,961	10,764
Deferred Tax Assets		–	27	–
TOTAL NON-CURRENT ASSETS		10,767	10,988	10,764
TOTAL ASSETS		38,503	34,400	35,779
CURRENT LIABILITIES				
Payables	6	9,524	10,825	6,796
Provisions	9	447	514	426
Fees in Advance		671	766	641
TOTAL CURRENT LIABILITIES		10,642	12,105	7,863
NON-CURRENT LIABILITIES				
Provisions	9	497	615	497
Interest Bearing Liability		–	42	–
Deferred Tax Liabilities		–	2	–
TOTAL NON-CURRENT LIABILITIES		497	659	497
TOTAL LIABILITIES		11,139	12,764	8,360
NET ASSETS		27,364	21,635	27,419
EQUITY PARENT ENTITY				
Retained Profits	7A	27,302	20,752	27,347
Asset Revaluation Reserve	7B	72	959	72
OUTSIDE EQUITY INTERESTS				
Retained Profits	7A & 11	(10)	(76)	–
TOTAL EQUITY		27,364	21,635	27,419

Note	Consolidated		Queensland Thoroughbred Racing Board	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from Operations		109,189	119,532	80,919
Payments to Suppliers and Employees		(108,382)	(115,420)	(80,190)
Interest Received		723	544	657
GST Input Tax Credit		19,130	18,280	8,101
GST Remitted to ATO		(20,417)	(19,375)	(9,407)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	(A)	243	3,561	80
CASH FLOW FROM INVESTING ACTIVITIES				
Payments for Property, Plant and Equipment		(1,872)	(1,447)	(1,872)
Proceeds from Sale of Plant and Equipment		1,822	333	1,814
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(50)	(1,114)	(58)
CASH FLOW FROM FINANCING ACTIVITIES				
Loan to Queensland Race Training		–	–	462
NET CASH USED IN FINANCING ACTIVITIES		–	–	462
Net Increase/(Decrease) In Cash Held		193	2,447	484
Cash At The Beginning Of The Reporting Period		3,981	1,534	3,323
CASH AT THE END OF THE REPORTING PERIOD	(B)	4,174	3,981	3,807
Notes				
(A) Reconciliation of Profit/(Loss) to Net Cash provided by / (used in) ordinary activities				
Profit/(Loss) from ordinary activities after related income tax		5,727	2,023	5,341
Depreciation		402	426	391
(Profit)/Loss on Sale of Non-Current Assets		117	9	115
Income Tax Benefit		125	–	–
Deferred Tax Asset		(100)	180	–
Changes in Assets and Liabilities exclusive of Non-Operating Activities –				
(Increase) Decrease in Trade Debtors		2,198	8,308	(4,272)
(Increase) Decrease in Accrued Interest		34	(4)	34
(Increase) Decrease in Race Club Advance		50	(443)	50
(Increase) Decrease in Prepayments		175	46	132
(Decrease) Increase in Provision for Doubtful Debts		(371)	–	(371)
(Decrease) Increase in Creditors		(7,644)	(6,929)	(1,292)
(Decrease) Increase in Provisions		(168)	(108)	(138)
(Decrease) Increase in Unearned Income		(260)	53	90
(Decrease) Increase in loans		(42)	–	–
Net Cash provided by / (used in) Operating Activities		243	3,561	80
(B) Reconciliation of Cash				

For the purpose of the Statement of Cash Flows and statement of financial position, cash comprises Cash on Hand and at Bank, net of outstanding bank overdrafts, and liquid investments.



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation of the Accounts

The financial report is a general purpose financial report and has been prepared on an accrual accounting basis and in accordance with the historical cost convention and does not take into account changing money values or, except where otherwise stated, current valuations of non-current assets.

Accounting policies adopted comply with the requirements of the Queensland Treasury Department, Financial Management Standard 1997, Statements of Accounting Concepts and applicable Australian Accounting Standards.

(b) Principles of Consolidation

The consolidated financial statements of the entity include the financial statements of the Queensland Thoroughbred Racing Board, being the parent entity, and its controlled entities being Queensland Race Product Co Ltd and Queensland Race Training Pty Ltd ("the consolidated entity").

The balances, and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated.

(c) Valuation and measurement of Property, Plant and Equipment

Land and buildings are measured using "fair values" principles in accordance with AASB 1041 Revaluation of Non-Current Assets and Queensland Treasury's Non Current Asset Accounting Guidelines for the Queensland Public Sector. 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.

Livestock is valued at market value. All other assets are measured at cost.

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. In previous years, assets with a value of \$500 or more were capitalised.

(d) Depreciation Rates

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

	<i>Queensland Thoroughbred Racing Board</i>	<i>Queensland Race Training Pty Ltd</i>
Buildings & Improvements	2%-7%	-
Furniture & Fittings	6%-24%	25%
Motor Vehicles	15%	22.5%
Computer Equipment	10%-25%	40%
Plant	5%-20%	10-40%

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

(e) Employee Benefits

Provision is made for annual leave and long service leave entitlements. Liabilities arising in respect of annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates, which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. The Board contributes to various accumulating Employee Superannuation Plans.

The number of full time employees at June 30 2004 is 58. (2003: 58)

(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 Statement of Financial Position 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 18, each jockey receives his or her earnings and related interest less any approved withdrawals.

(h) Comparatives

Where changes have occurred in the presentation of the Financial Statements, prior year figures have been reclassified for comparative purposes.

(i) Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought into account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

The Queensland Thoroughbred Racing Board is exempt from income tax under the provisions of section 50-45 of the *Income Tax Assessment Act 1997*.

Tax effect accounting procedures have not been applied to Queensland Race Product Co 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*.

Input tax credits receivable and goods and services tax payable from/ to the Australian Taxation Office are recognised and accrued.

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(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 recognized 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 doubtful 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) Change in Accounting Policy

The Board has adopted the revised Accounting Standard AASB 1028 "Employee Benefits", which has resulted in a change in the accounting policy for the measurement of employee annual leave liability. Previously, the Board measured the provision for annual leave based on remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised Standard, the provision for annual leave is now measured based on the remuneration rates expected to be paid when the liability is settled. .

(n) Rounding

Unless otherwise stated amounts in the report have been rounded to the nearest thousand dollars and, as such, totals may not add.

(o) Adoption of International Financial reporting Standards

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards ("IFRSs") for reporting periods beginning on or after 1 January 2005.

Queensland Racing has established a working group to assist in the implementation of the new reporting requirements. All Australian Equivalents to IFRSs are being progressively reviewed for possible implications on policies, procedures, systems and financial impacts arising from such changes.

To date, no material financial impacts have been identified.

2. CASH

Queensland Thoroughbred Racing Board
Apprentice Trust *
Queensland Race Training Pty Ltd
Queensland Race Product Co

Consolidated		Queensland Thoroughbred Racing Board	
2004	2003	2004	2003
\$'000	\$'000	\$'000	\$'000
3,625	3,139	3,625	3,137
182	186	182	186
88	338	–	–
280	319	–	–
4,175	3,981	3,807	3,323

* Queensland Thoroughbred Racing Board holds in trust the earnings of Apprentice Jockeys.

3. RECEIVABLES

Current
Trade Debtors
Sundry Debtors
Loan to controlled entity
Less Provision for Doubtful Debts

Consolidated		Queensland Thoroughbred Racing Board	
2004	2003	2004	2003
\$'000	\$'000	\$'000	\$'000
12,903	11,760	3,704	2,977
9,944	7,037	16,821	13,403
–	–	–	462
(159)	(525)	(154)	(525)
22,688	18,272	20,371	16,317
–	34	–	34
793	843	793	843
23,481	19,149	21,164	17,194

Accrued Interest
Race Club Advance

4. OTHER CURRENT ASSETS

Prepayments
GST Receivable
Accrued revenue
Withholding Receivable

44	150	44	128
37	117	–	71
–	12	–	–
–	3	–	3
81	282	44	202



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5. PROPERTY, PLANT AND EQUIPMENT

Land

Fair Value
Valuation June 2002

Net Book Value

Buildings & Improvements

Fair Value
Valuation June 2002

Accumulated Depreciation

Net Book Value

Furniture & Fittings

Cost
Accumulated Depreciation

Net Book Value

Motor Vehicles

Cost
Accumulated Depreciation

Net Book Value

Computer Equipment

Cost
Accumulated Depreciation

Net Book Value

Plant

Cost
Accumulated Depreciation

Net Book Value

Work In Progress

Cost

Net Book Value

Livestock

Valuation June 2002

Net Book Value

Total Net Book Value

Consolidated		Queensland Thoroughbred Racing Board	
2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
5,022	5,038	5,022	5,038
-	950	-	950
5,022	5,988	5,022	5,988
4,553	1,643	4,553	1,643
-	627	-	627
4,553	2,270	4,553	2,270
(293)	(354)	(293)	(354)
4,260	1,916	4,260	1,916
639	799	622	782
(343)	(517)	(328)	(505)
296	282	294	277
63	291	63	291
(24)	(78)	(24)	(78)
39	213	39	213
975	1,196	891	1,112
(446)	(463)	(363)	(384)
529	733	528	728
960	855	930	824
(338)	(365)	(309)	(338)
622	490	621	486
-	1,328	-	1,328
-	1,328	-	1,328
-	11	-	-
-	11	-	-
10,768	10,961	10,764	10,935

5. PROPERTY, PLANT AND EQUIPMENT cont...

Queensland Thoroughbred Racing Board

Asset Name	Opening Amount (\$'000)	Additions (\$'000)	Revaluation (\$'000)	Deletions/ Transfers (\$'000)	Depreciation Amount (\$'000)	2004 Net Book Value (\$'000)	2003 Net Book Value (\$'000)
Building & Improvements	1,915	3,098	–	(645)	(110)	4,259	1,915
Computer Equipment	728	45	–	(126)	(118)	529	728
Furniture & Fittings	277	122	–	(44)	(60)	294	277
Land	5,988	–	–	(965)	–	5,023	5,988
Motor Vehicles	213	–	–	(146)	(28)	38	213
Plant & Equipment	486	212	–	(2)	(75)	621	486
Work in Progress	1,328	–	–	(1,328)	–	–	1,328
	10,935	3,476	–	(3,256)	(391)	10,764	10,935

Consolidated Entity

Asset Name	Opening Amount (\$'000)	Additions (\$'000)	Revaluation (\$'000)	Deletions (\$'000)	Depreciation Amount (\$'000)	2004 Net Book Value (\$'000)	2003 Net Book Value (\$'000)
Building & Improvements	1,915	3,098	–	(645)	(110)	4,259	1,915
Computer Equipment	733	45	–	(126)	(122)	530	733
Furniture & Fittings	283	122	–	(44)	(64)	296	283
Land	5,988	–	–	(965)	–	5,023	5,988
Motor Vehicles	213	–	–	(146)	(28)	38	213
Plant & Equipment	490	212	–	(2)	(78)	622	490
Work in Progress	1,328	–	–	(1,328)	–	–	1,328
Livestock	11	–	–	(11)	–	–	11
	10,961	3,476	–	(3,267)	(402)	10,768	10,961

6. PAYABLES

Trade Creditors & Accrued Expenses
GST Payable
Other

Consolidated		Queensland Thoroughbred Racing Board	
2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
9,462	10,818	6,734	8,105
60	-	60	-
2	7	2	7
9,524	10,825	6,796	8,112

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7. EQUITY

(A) RETAINED PROFITS / (LOSSES)

	Consolidated		Queensland Thoroughbred Racing Board	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Retained Profits / (Losses) at the beginning of the year	20,676	6,506	21,120	6,713
Increase/(Decrease) in retained profits on adoption of revised accounting standard.	–	(14)	–	(14)
Net Profits / (Losses) attributable to members of the parent equity and outside equity interests	5,727	2,024	5,341	2,261
Transfer From Capital Reserves	–	12,160	–	12,160
Transfer from Asset Revaluation Reserve	888	–	888	–
Retained Profits/(Losses) at the end of the year	27,291	20,676	27,347	21,120
(B) ASSET REVALUATION RESERVE				
Opening balance	959	959	959	959
Transfer to Retained Profits	888	–	888	–
Ending balance	72	959	72	959

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.

8. TAXATION

	Consolidated		Queensland Thoroughbred Racing Board	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Prima facie income tax expense/benefit calculated At 30% (2003: 30%)	124	(17)	–	–
Change in income tax expense/benefit due to timing and permanent differences	–	(2)	–	–
Over provision of previous year	(2)	–	–	–
Write back of tax losses	(97)	–	–	–
Income tax expense/benefit relating to ordinary activities	25	(19)	–	–
Tax benefits not brought to account	–	(19)	–	–
Total income tax expense attributable to profit from Ordinary activities.	25	–	–	–

Write Down of Tax Benefit in 2003

The prima facie tax benefit attributable to prior year tax losses and timing differences on controlled entity Queensland Race Training Pty Ltd is \$223,792. During the financial year \$180,000 has been written down on the basis that the realisation of the benefit is not virtually certain. This figure has been calculated as follows:

Tax Benefit Attributable to this year's operating loss	18,979
Tax Benefit Attributable to prior year's losses	161,021
	<u>180,000</u>

Write Back of Tax Benefit in 2004

\$99,885 of previously written down tax benefits were realised this year.

9. PROVISIONS

Long Service Leave

Balance at the beginning of the reporting period	615	694	585	673
Provision for Period	78	267	71	258
	693	961	656	931
Payments for Period	(181)	(346)	(159)	(346)
Balance 30 June	512	615	497	585
Current	15	–	–	–
Non-Current	497	615	497	585
Total Long Service Leave	512	615	497	585
Annual Leave				
Balance at the beginning of the reporting period	467	464	446	446
Provision for Period	342	393	312	355
	809	876	758	801
Payments for Period	(407)	(409)	(362)	(355)
Balance 30 June	402	467	396	446
Current	402	467	396	446
Non-Current	–	–	–	–
Total Annual Leave	402	467	396	446
Club Insurance Premium				
Balance at the beginning of the reporting period	46	–	46	–
Provision for Period	–	46	–	46
	46	46	46	46
Payments for Period	(16)	–	(16)	–
Balance 30 June	30	46	30	46
Current	30	46	30	46
Non-Current	–	–	–	–
Total Club Insurance Premium	30	46	30	46
Total Provisions				
Total Current	447	514	426	493
Total Non-Current	497	615	497	585
Total	944	1,129	923	1,078

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Note	Consolidated		Queensland Thoroughbred Racing Board	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
10. CONTROLLED ENTITIES				
Particulars in relation to controlled entities: Queensland Thoroughbred Racing Board	%	%	%	%
Controlled entities:				
Queensland Race Training Pty Ltd	83	83	-	-
Queensland Race Product Co Ltd	66	66	-	-
11. OUTSIDE EQUITY INTERESTS				
Outside equity interests in controlled entities:				
Interest in retained profits at the beginning of the financial year after adjusting for acquisitions of share capital during the financial year	(76)	(35)	-	-
Interest in operating profit/(loss) after income tax	66	(40)	-	-
Interest in retained profits at the end of the financial year	(10)	(76)	-	-
12. CONSULTING COSTS				
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Accounting, Administration & Finance	108	88	108	88
Human Resources & Recruitment	119	164	119	164
Information Technology	11	31	11	31
Legal	5	172	5	172
Property Consulting	304	92	304	92
Public Relations & Marketing	10	145	10	145
Total Consultancies	557	692	557	692

13. 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 5.47% (2003: 5.03%) 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 Statement of Financial Position	
					<=1 yr	<=1 yr	1-5 yrs	1-5 yrs	>5yrs	>5yrs				
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets														
Cash	5.47	5.03	(7,890)	(3,881)									(7,890)	(3,881)
Receivables	-	-			-	-	-	-	-	-	23,487	19,149	23,487	19,149
Investments	5.47	5.03	12,064	7,863	-	-	-	-	-	-	-	-	12,064	7,863
Financial Liabilities														
Interest Bearing Liabilities		-	-	-	-	-	-	42	-	-	-	-	-	42
Payables					-	-	-	-	-	-	10,195	11,591	10,195	11,591
Apprentice Jockey's Trust Fund	5.47	5.03	182	185	-	-	-	-	-	-	-	-	182	185

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 Statement of Financial Position. 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.

14. SEGMENT REPORTING

The Board operates primarily within the racing industry in Queensland.

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15. BOARD MEMBERS REMUNERATION

The number of board members of the Queensland Thoroughbred Racing Board whose income falls within the following bands:

	2004 \$'000	2003 \$'000		
\$0 – \$9,999	–	1		
\$10,000 – \$19,999	–	1		
\$20,000 – \$29,999	1	–		
\$30,000 – \$39,999	4	4		
	Consolidated		Queensland Thoroughbred Racing Board	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Total income paid or payable, or otherwise made available, to all board members of each entity in the consolidated entity from the entities of which they are members or any related party.	160	160	160	160
16. PROFIT / (LOSS) ON SALE OF NON CURRENT ASSETS				
Proceeds from sale	1,822	334	1,813	326
Less Book value	(1,939)	(343)	(1,928)	(334)
Gain (Loss) on Sale	(117)	(9)	(115)	(8)

17. OPERATING LEASE 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 Thoroughbred Racing Board.

	2004 \$'000	2003 \$'000
Car Leasing	178	50
Computer Equipment	489	539
Office Equipment	93	30
Total Leasing	760	619

Outstanding lease commitments are due for payment as follows: -

	2004 \$'000	2003 \$'000
With in one year	263	760
One to five years	114	377
Over five years	–	
Total Leasing	377	1,137

17. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities against or incurred by Queensland Thoroughbred Racing Board.

18. POST BALANCE DATE EVENTS

Queensland Race Training Pty Ltd ceased trading on the 1st July 2004 and all employees, assets and liabilities were transferred to the Queensland Thoroughbred Racing Board. All activities are now performed by Queensland Thoroughbred Racing Board. Queensland Race Training Pty Ltd will be wound up in the near future.

CERTIFICATE OF THE QUEENSLAND THOROUGHBRED RACING BOARD

The foregoing annual financial statements have been prepared pursuant to the provisions of the *Financial Administration and Audit Act 1977* and other prescribed requirements.

We certify that:-

- (a) the foregoing financial statements and notes to and forming part thereof are in agreement with the accounts and records of the Queensland Thoroughbred Racing Board and the consolidated entity;
- (b) in our opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the foregoing financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Board for the period 1 July 2003 to 30 June 2004 and of the financial position as at the close of that year.

Robert Bentley
Chairman

Kenneth Gibson
Corporate Services Manager

Date: 29/9/2004

INDEPENDENT AUDIT REPORT

To the Board of the Queensland Thoroughbred Racing Board

Matters Relating to the Electronic Presentation to the Audited Financial Report

The audit report relates to the financial report of the Queensland Thoroughbred Racing Board for the financial year ended 30 June 2004 included on the Queensland Thoroughbred Racing Board's website. The Board is responsible for the integrity of the Queensland Thoroughbred Racing Board's web site. The audit report refers only to the financial report identified below and does not include a review of the integrity of this website or provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Queensland Thoroughbred Racing Board, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD ROM.

Scope

The Financial Statements

The financial statements of the Queensland Thoroughbred Racing Board include the consolidated financial statements of the consolidated entity comprising the Queensland Thoroughbred Racing Board and the entities it controlled at the end of the year or from time to time during the year. The financial statements consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the Board and officer responsible for the financial administration of the Queensland Thoroughbred Racing Board, for the year ended 30 June 2004.

The Board's Responsibility

The Board is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit Approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements present fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters, which in the Auditor-General's opinion are significant.

Audit Opinion

In accordance with section 46G of the *Financial Administration and Audit Act 1977* -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Queensland Thoroughbred Racing Board and the consolidated entity for the financial year 1 July 2003 to 30 June 2004 and of the financial position as at the end of that year.

O C CLARE, FCPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane



www.queenslandracing.com.au