



ANNUALREPORT 06



Queensland
Racing

QUEENSLAND THOROUGHBRED **RACING BOARD**



04	CHAIRMAN'S REPORT
08	QUEENSLAND THOROUGHBRED RACING BOARD
10	CHIEF OPERATIONS MANAGERS REPORT
28	INTEGRITY
30	CORPORATE GOVERNANCE
32	FINANCIAL STATEMENTS



MISSION **STATEMENT**

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



Bob Bentley
QTRB CHAIRMAN

It is with pleasure that I present our Annual Report and financial statements for 2005/2006.

With the introduction of an incorporated body, Queensland Racing Limited, effective from July 1 2006, this is the final report on the activities of the Queensland Thoroughbred Racing Board, which commenced as the Interim Thoroughbred Racing Board during April 2002. It is with a sense of satisfaction that this report has been compiled given the achievements of the Queensland Thoroughbred Racing Board over the last four years. However, with the change to Queensland Racing Limited, the industry can look forward to an exciting and dynamic future as the Directors of Queensland Racing Limited employ best practice corporate governance principles to achieve even better outcomes for industry stakeholders.

Having membership of Queensland Racing

Limited now provides the racing industry with a tremendous opportunity to participate in the strategic direction that this wonderful industry takes in the future. Queensland Racing Limited has indeed hit the ground running and looks forward to pursuing an exciting strategy for the benefit of stakeholders throughout the industry.

Looking back over the year it was, in many ways the 2005/2006 financial year was characterised by uncertainty in the wagering sector. The divided broadcast between Sky Channel and ThoroughVision had a marked impact on wagering nationwide. In the end, wagering grew by less than 1% over the previous financial year. No doubt this marginal wagering growth can be attributed to both Sky Channel and ThoroughVision sharing thoroughbred racing across two channels. Quite clearly, wagering customers voted with their feet and shunned the split broadcast.

However, resilience is befitting of the wagering customer's character and towards

the end of the financial year, once the dispute between Sky Channel and ThoroughVision had been resolved and once again we returned to a single broadcaster, customers returned and the wagering response was immediate.

Betting exchanges continue to cause concern for our industry. Licensed in Tasmania, Betfair, one of the largest global betting exchanges, received consent from Racing Victoria Limited to publish its race fields. This decision seems to have provided Betfair with greater leverage in Australia and all racing industries can expect that Betfair will be increasingly aggressive as it attempts to increase its market share.

Whilst I am confident that pari-mutuel wagering will continue to grow, betting exchanges can only erode that wagering base at a cost to our industry.

Throughout the year, a number of reviews were undertaken. For this industry to realise its full potential, it must continue to review its





own processes and procedures.

The reviews included; the structure of the Queensland Winter Racing Carnival, a number of the policies established under Section 81 of the Racing Act 2002, a restructure of the Queensland Thoroughbred Investment Scheme (QTIS), changes to Worker's Compensation Insurance and amendments to the delivery of industry training.

Distributions to the industry during the financial year reached an all time high. In 2004/2005, \$84.51M in distributions was made to the industry and this was eclipsed in 2005/2006 when an amount of \$86.32M was distributed through a number of streams to industry participants.

The restructure of the Queensland Winter Racing Carnival proved an outstanding success. Participation and wagering reached all time highs as the Carnival was elevated to a new level. Records set earlier in the financial year during the Summer Racing

Carnival were eclipsed.

On a wagering note, a new record was set when the Saturday meeting of the Magic Millions Carnival amassed \$5.22M in off-course wagering – a new Queensland record. Stradbroke Day moved the bar a notch higher when record wagering on the Stradbroke Handicap meeting was returned at \$5.705M.

Queensland Racing continues to establish a wide range of policies that provide the necessary certainty required by those participating in our industry. Our policies are necessary to ensure a consistent framework within which we can work with a high degree of consistency in the industry.

The performance of all race clubs throughout Queensland is integral to the success of the industry. So as to improve the financial management of race clubs, Queensland Racing instituted a Financial Management Workshop for TAB clubs. This workshop was highly successful and all TAB clubs

participated actively. Whilst it is a challenge for Queensland Racing to extend this workshop to include all race clubs, we are committed to implementing a framework that will assist non-TAB clubs throughout Queensland with their financial management.

The cost of insurance is another item that impacts the financial position of the industry. Queensland Racing continues to subsidise industry insurance and acts as a conduit for industry participants to ensure that costs are kept to an affordable level. This applies to indemnity insurance held by race clubs and also Worker's Compensation Insurance for riders.

Industry training is an area that is critical to the future success of the industry. A 'grass roots' approach to training has been undertaken by the Training Department at Queensland Racing to ensure that the benefits of working within the thoroughbred racing industry are properly communicated to young people throughout the State. This strategy will ensure that the opportunities



within the industry are properly conveyed to those that may ultimately one day participate as adults within the Queensland thoroughbred racing industry.

QTIS also underwent a review during the previous financial year. After conducting a review of the scheme, it became apparent that an imbalance existed between the base level of prizemoney and the QTIS bonus paid at metropolitan race meetings. This imbalance has been corrected and has led to a base level of prizemoney for 2YO and 3YO events of \$45,000, with a more appropriate bonus of \$30,000 applying. These changes mean that in

2YO and 3YO races in the metropolitan area, QTIS horses will now be racing for a total prize pool of \$75,000 as opposed to \$60,000.

With the culmination of every financial year, the Board of Queensland Racing receives a report on the activities conducted by our staff and it provides an opportunity to reflect on the achievements and how well Queensland Racing has met its objectives for the year. It is with a great deal of satisfaction that I report to you that the achievements of Queensland Racing have been substantial and the outcomes significant. These outcomes could not have

been achieved without the dedication and commitment of my fellow Board members, Deputy Chairman Tony Hanmer, Michael Lambert, Bill Ludwig and Bill Andrews. My gratitude is also extended to the Chief Operations Manager, Malcolm Tuttle, his executive team and indeed all Queensland Racing staff.

Bob Bentley

CHAIRMAN



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.

July 1 2005 to June 30 2006

ATTENDANCE AT BOARD MEETINGS:

Member	Board meetings	
	No. Held	No. Attended
Bob Bentley	13	13
Tony Hanmer	13	13
Michael Lambert	13	8
Bill Andrews	13	12
Bill Ludwig	13	13

PROFILES



Bob Bentley
QTRB CHAIRMAN

Mr Bentley offers Queensland Racing invaluable experience and expertise with 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 July 1 2006.

He is a Non Executive Director of UNITAB (since 1999), 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 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. Mr Hanmer was appointed to the inaugural Queensland Thoroughbred Racing Board in April 2002.



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 TABQ. He is a Director of Energy Australia, State Super, The Cancer Council, The Asylum Seekers Centre and has recently been appointed Queensland Racing Limited's representative on the Board of Racing Information Services Australia (RISA). Mr Lambert was appointed to the inaugural Queensland Thoroughbred Racing Board in April 2002.



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 with him a wealth of experience and first hand knowledge of the day-to-day issues that confront the industry. Mr Ludwig is the Chairman of the Queensland Country Racing Committee and was appointed to the Queensland Thoroughbred Racing Board in December 2004.



Bill Andrews

Mr Andrews is a partner in Trilby Misso Lawyers based in Brisbane and brings extensive and invaluable 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 Thoroughbred Racing Board in December 2004.

PROFILES



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.

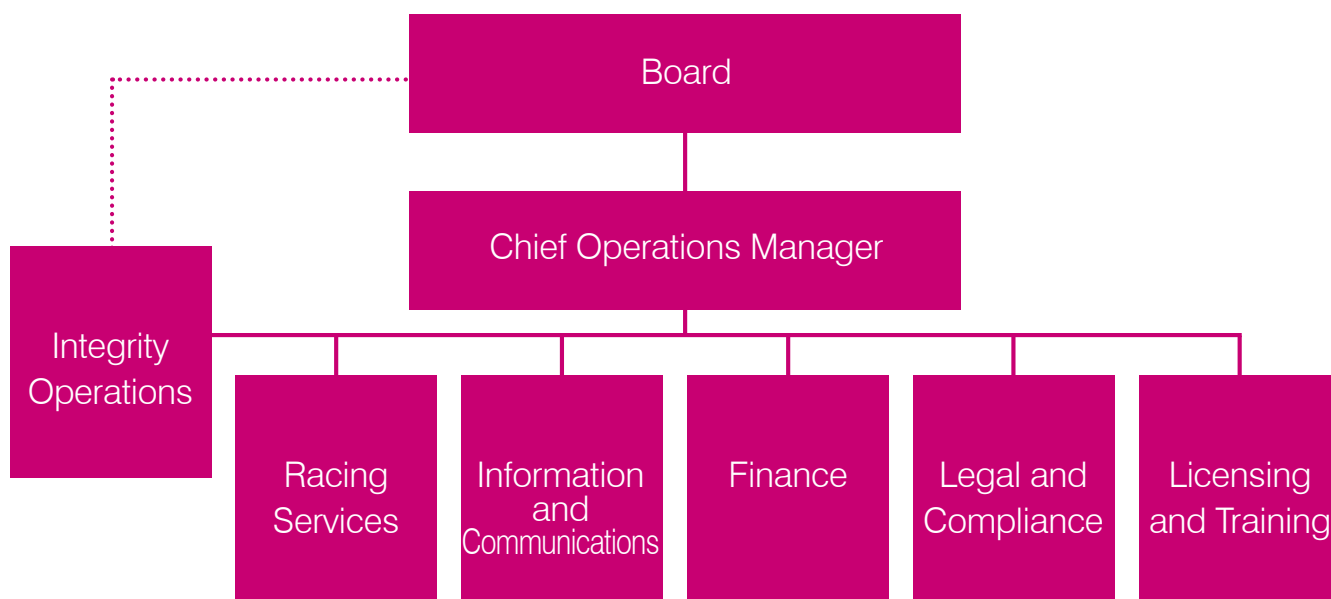
In addition to leading the Executive team, the Chief Operations Manager is required to provide strategic advice to the Queensland Racing Board in relation to the business of thoroughbred horse racing.



Andrew Hedges
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 in these areas. In addition, the Integrity section manages the complaints system and conducts investigations as required. Other responsibilities include the effective delivery of betting analysis and monitoring of all wagering on Queensland TAB races.

ORGANISATION STRUCTURE





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 the Trainers' Service Centre, the provision of handicapping services, the management of the Deagon complex, and the provision of 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 also provides accounting and business analyst services to Queensland Racing.



David Rowan
INFORMATION AND COMMUNICATIONS

The Information and Communications section provides information technology services internally to Queensland Racing, and distributes information to stakeholders through the monthly Queensland Racing Magazine, Queensland Racing's website and media releases. The section 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 complies with Acts of Parliament and government regulations, and that decisions of the Board are implemented. This section also manages Racing appeals and provides legal services to Queensland Racing.



Peter Smith
LICENSING AND TRAINING

The Licensing and Training section provides training services to licensees and other Queensland racing industry participants, as well as training, development and other human resource services to Queensland Racing. This section administers all license renewals and relevant policy for Queensland and manages the licensing committee.



Reid Sanders
STEWARDED OPERATIONS

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. Other responsibilities include representing Queensland Racing at the National Chairman of Stewards Conference, Emergency Disease Management and other stakeholder forums.



Malcolm Tuttle
CHIEF OPERATIONS MANAGER

APPROVED **CONTROL BODY**

On December 22 2005, the Honourable Minister for Public Works, Housing and Racing, Robert Swarten MP, wrote to Queensland Racing notifying that Queensland Racing Limited (QRL) was approved as the control body for the thoroughbred code of racing in Queensland. This Control Body Approval Notice, pursuant to section 26 of the Racing Act 2002, highlighted that the new control body was to take effect from July 1 2006.

Following this Approval Notice, Queensland Racing entered into a further process of consultation during the week commencing January 23 2006. All clubs and associations were invited to attend meetings throughout the State and, in addition, any stakeholders other than those originally invited who were interested to attend, were able to attend meetings.

The meetings were received enthusiastically by the industry and an overwhelming majority indicated its willingness to accept the membership structure as provided for in the then draft Constitution.

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

- Class A Members
- 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 Milner
- Mr Richard Pratt
- Mr Bob McHarg

The Board of QRL consists of five 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 Bob Bentley, Chairman
- Mr Tony Hanmer, Deputy Chairman
- Mr Michael Lambert
- Mr Bill Andrews
- Mr Bill 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 Racing Act 2002 and the Corporations Act 2001.

LEGAL AND **COMPLIANCE**

This financial year saw the establishment of the Legal and Compliance Department, which ensures that Queensland Racing complies with Acts of Parliament and Government regulations. Racing appeals are also managed by this Department. The Legal and Compliance Department consists of:

- (a) Legal Compliance Counsel
- (b) Legal Administration Officer/Appeals Secretary



(c) Board Secretary

As mentioned earlier, this financial year saw the Queensland Thoroughbred Racing Board cease as the continuing control body for thoroughbred racing, and Queensland Racing Limited commence, as at July 1 2006.

This change does not affect the current administration of Queensland Racing; instead, it provides a new name, a new logo, new opportunities and long term sustainability for thoroughbred racing in Queensland.

A review of policies required under section 81 of the Racing Act 2002 also occurred during the year in review. This process not only ensures compliance with the requirements under the Racing Act 2002, it also ensures the adoption of a culture that embraces continual improvement and responsiveness to change.

The appeal process provides a mechanism for aggrieved licencees to test the merits of the decisions of stewards in a cost-effective and timely manner.

The First Level Appeal process is only one of a number of avenues available for the review of decisions. Other avenues include the Racing Appeals Tribunal and the judicial system.

The First Level Appeal Committee sat on 56 occasions during the 2005/2006 period.

Upheld	Dismissed	Withdrawn	Total (including withdrawn appeals)
8	48	3	59

WAGERING

During the financial year, wagering on Queensland thoroughbred race meetings grew 0.62% or \$2.6M to \$423.2M, with average wagering turnover per meeting surpassing the \$1.038M figure (FY 05), increasing to \$1.063M. The Winter Carnival and the timing of the TVN/Sky Channel resolution were major drivers in achieving a positive growth position. On-course wagering dropped 1.5%, whilst off-course improved 2.9% per Queensland thoroughbred race meeting.

Wagering on the thoroughbred races

continues to dominate both the Queensland and national scene, representing over 75% of the pari-mutuel market.

On May 17 2006, after more than a year, the opposing parties reached an agreement to re-establish just the one broadcast stream with immediate positive results being seen and continuing for the final six weeks of the financial year.

Although wagering growth was only slightly positive, it was a pleasing result given the turbulent impact of the split race telecasting on wagering patterns experienced up until mid May.

TAB RACE CLUB FINANCIAL MANAGEMENT

On April 10 2006, Queensland Racing facilitated a TAB club strategic financial management workshop.

The purpose of the workshop was to target improvements in business practices and accountability within race clubs as a key strategic initiative in the best interests of the industry.

“The newly structured program was well received by all industry participants and Queensland Racing will continue to produce a carnival that delivers a structured program of feature events whilst providing for improved wagering returns.”

Race clubs are integral to thoroughbred racing in Queensland as they showcase industry product on race day. The industry is dependent on properly formed and soundly managed race clubs for its continued prosperity.

The workshop was developed following findings by Deloitte, the auditors engaged to undertake independent compliance audits of TAB clubs on behalf of Queensland Racing.

The two main areas of focus were corporate

governance and the financial operations of each club. Within each of these areas, a number of operations were specifically focused on and these included the following:

CORPORATE GOVERNANCE

Legislative Compliance
Business Planning
Internal Control Environment
Performance Evaluation

FINANCE OPERATIONS

Financial Reporting and Accountability

Club Funding
Capital Expenditure
Capital Assets
Payroll
Accounting Records

It was evident that across the TAB clubs, the level of compliance and the management of each club differed significantly. To assist race clubs with the identification of best practice and to rectify areas of concern, Queensland Racing developed and facilitated, with the assistance of Deloitte, a workshop which provided standard financial templates and a forum for discussion to assist clubs to develop business plans, asset management and risk management plans and a sponsorship register.

Queensland Racing continues with its commitment to assist clubs to improve their compliance in respect of both corporate governance and financial operations. The clubs provided feedback on areas where Queensland Racing could help in day to day operations and assist with establishing improved efficiencies across their organisations.





PUBLIC LIABILITY INSURANCE FOR CLUBS

The cost of insurance continues to place a strain on the industry and Queensland Racing is committed to working with participants to reduce the associated costs.

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

A captive fund arrangement has been established to overcome ever increasing public liability premiums, volatility and inflexibility associated with the traditional insurance market. In addition, substantial cost savings are realised by entering into a collective arrangement with Racing NSW and Racing Victoria, both of which look to obtain the same terms of coverage.

Licensed race clubs are liable collectively for the first \$50,000 of each claim made against the policy. Those amounts claimed and paid by Queensland Racing are added to the next year's premium and ultimately shared across all clubs.

Active management and settlement of claims should see the Queensland racing industry benefit in future years.

WORKERS COMPENSATION INSURANCE

Queensland Racing continues to subsidise the Workers Compensation Insurance for all riders by over \$1.5M per year. This amount is paid on behalf of all riders in the industry and is not recouped from industry participants. There have been significant increases in the premium charged to Queensland Racing over the previous two years.

Adequate insurance cover for riders is essential and Queensland Racing will continue to work with the Queensland Jockeys' Association to reduce costs. Queensland Racing is working towards ensuring a best practice risk and claims management program to control the risks, process and costs associated with this insurance, with a view to achieving ongoing premium reductions.

INTERNAL AUDIT

The financial year saw the introduction of a

comprehensive internal audit plan taking into account changes in Queensland Racing's risk profile, whilst recognising that planning is dynamic and can change in response to emergent risks and occurrences.

The scope of this project ensures that the internal audit coverage and focus was directed at areas of key risk and areas where management and the Audit Committee believe that value will be added to Queensland Racing.

Key areas reviewed during the year were; payroll, information technology, credit and collection, prizemoney, financial reporting and performance and compliance with the Racing Act 2002. All reports were raised with management for comment and presented to the Audit Committee.

WINTER RACING CARNIVAL

The remodelled Queensland Winter Racing Carnival was overwhelmingly supported, with UNITAB again recording excellent turnover figures.

The Gold Coast Turf Club kicked off the Winter Carnival with the running of the



revised Prime Minister's Cup meeting. This super day, which showcased six quality Black Type races, provided outstanding wagering growth of nearly 11% on the previous year.

The Carnival then moved to the Brisbane Turf Club, and saw the running of the BTC Cup at Group 1 level for the first year, which ensured healthy wagering growth of around 15.5%. The Group 1 Doomben Cup race day included three additional Black Type races which contributed to the success of the day, while the change in date for the running of the Group 1 Doomben 10,000 assured turnover growth over the three Doomben days of in excess of 7%.

Winter racing then moved to the Queensland Turf Club with the running of the Group 1 Queensland Oaks. The day saw a total complement of Black Type racing with eight races on the card, leading to a 14% increase in turnover. The following week made room for the Group 1 Stradbroke Handicap race day which again provided a Queensland off-course wagering record, surpassing the previous mark by approximately \$500,000. Despite

the overcast conditions, UNITAB recorded an increase of nearly 14% in turnover for the day. Brisbane Cup race day was unfortunately also affected by the weather but maintained healthy off-course wagering.

Ipswich Cup race day again featured a huge crowd with overall figures showing an approximate increase of 7.5% in off-course wagering.

The newly structured program was well received by all industry participants and Queensland Racing will continue to produce a carnival that delivers a structured program of feature events whilst providing for improved wagering returns.

The most significant achievement of the restructured carnival was the eight Group 1 races being conducted over five consecutive weekends. The success of this move not only showed in turnover figures as highlighted, but by the general crowds lining up at the gate with six of the 10 feature race days recording an increase in attendance figures on last year.

SUMMER RACING **CARNIVAL** GROUP AND LISTED **RACING**

The Summer Racing Carnival continues to grow each year. What is generally regarded as a secondary carnival to the Queensland Winter Racing Carnival is now achieving outcomes beyond those that were originally predicted.

The Magic Millions component of the Summer Carnival has become, in its own right, a truly international event. It wasn't that long ago that the Golden Nugget sales and race concept was under development. This concept, which proved a winner, was the embryo for the Magic Millions Sales and race series as we know it today.

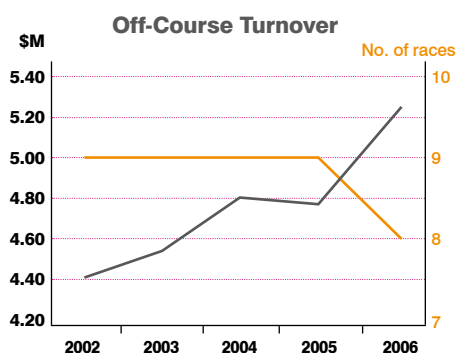
The Summer Carnival has achieved new benchmarks that are quite unbelievable. The Brisbane Turf Club set the scene this year with several superbly conducted meetings prior to the Magic Millions. From a racing standpoint, the Saturday meeting of the Magic Millions generated record off-course turnover for any thoroughbred race meeting ever conducted in Queensland. The Saturday turnover of \$5.22M eclipsed the previous benchmark that was set on the 2005 Stradbroke Handicap



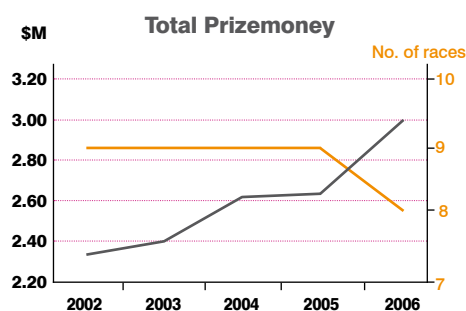
“The success of this move not only showed in turnover figures as highlighted, but by the general crowds lining up at the gate with six of the ten feature race days recording an increase in attendance figures on last year.”

race day conducted at Eagle Farm. The 2006 Stradbroke handicap meeting was to go on and again better the Magic Millions figure. At the time, the Magic Millions meeting was the first Queensland meeting to exceed the \$5M mark.

As shown in the graph below, turnover at the Magic Millions meeting continues on an upward trend. A significant influencing factor on turnover is the level of prizemoney offered. Prizemoney at this year's Magic Millions for the eight races burgeoned to \$3M. This is the highest amount of prizemoney ever offered at a Queensland race meeting.



The following graph shows the increase in prizemoney that has occurred on the Magic Millions race day. Another interesting fact about this year's Magic Millions was that it was held, for the first time, for Magic Million's graduates only. While this may have caused some consternation for those that do not support the concept, clearly it proved to be an overall winner with 110 starters participating in the eight scheduled races on the day.



With attendances reaching record levels and the outstanding results achieved this year, pressures are continuing to mount as

a result of the success of the Magic Millions concept. Quite clearly, the current Gold Coast Turf Club facility is inadequate and unable to sufficiently cater for a crowd of this size.

In this regard, Queensland Racing continues to liaise with the Gold Coast Turf Club to establish a master plan for the Gold Coast facility that will accommodate crowd growth in the future.





QUEENSLAND THOROUGHBRED INVESTMENT SCHEME (QTIS)

On May 4 2006, the Board of Queensland Racing discussed the need to undertake a review of QTIS.

Following this discussion the Board initiated a review of QTIS with the primary focus of the review centred around the level of QTIS bonuses attributable to metropolitan 2YO and 3YO races.

At the time, Saturday metropolitan 2YO and 3YO races carried a base level of prizemoney of \$25,000 with a substantial QTIS bonus of \$35,000. This imbalance was of concern to the Board of Queensland Racing.

On May 19 2006, Queensland Racing conducted a forum that was attended by representatives from the Owners', Breeders', and Trainers' associations and Metropolitan race clubs. In addition, it provided an opportunity for these representatives to comment on the current mix of base prizemoney and QTIS bonuses at metropolitan meetings.

QTIS is a scheme that has delivered many

benefits to various sections of the industry, in particular the breeding sector. As an incentive scheme, it encourages the ownership of locally bred eligible horses that compete for exceptional Stakes in the metropolitan area.

An issue identified by Queensland Racing was the fact that the considerable QTIS bonus of \$35,000 per race is not considered for the purposes of prizemoney when a race is discussed as a potential Black Type event. In addition, it was also noteworthy that QTIS bonuses are not considered by many clubs for the purpose of entry into a feature race. There is no doubt that both of these issues had an impact on the Queensland industry.

Subsequent to the forum and having considered industry feedback, the Board of Queensland Racing at its June 2 2006 meeting, agreed to a number of changes to the scheme.

These changes included:

- An increase to the base prizemoney levels for Metropolitan 2YO and 3YO races to \$45,000
- The programming of a \$30,000 QTIS

bonus on every Metropolitan 2YO and 3YO race worth less than \$100,000

- The removal of the Super Stakes component of the scheme
- The programming of a \$7,000 QTIS bonus at every Provincial TAB meeting
- The strategic programming of 150 - \$4,000 QTIS bonuses at Country race meetings
- The removal of the Breeders Bonus component of the scheme
- The inclusion of an additional tier to the closing deadlines, enabling pay-ups in September, February and June

There is no doubt that the increased base prizemoney for metropolitan 2YO and 3YO races will have the effect of better quality horses participating in these races.

QUEENSLAND COMMUNITY RACING SCHEME

During the 2005/2006 season, six race meetings were conducted under the Queensland Community Racing Scheme,



“There is no doubt that the increased base prizemoney for metropolitan 2YO and 3YO races will have the effect of better quality horses participating in these races.”

which is funded by the Queensland Government. The scheme allows race clubs to access up to \$5,000 per raceday for the conduct of such meetings.

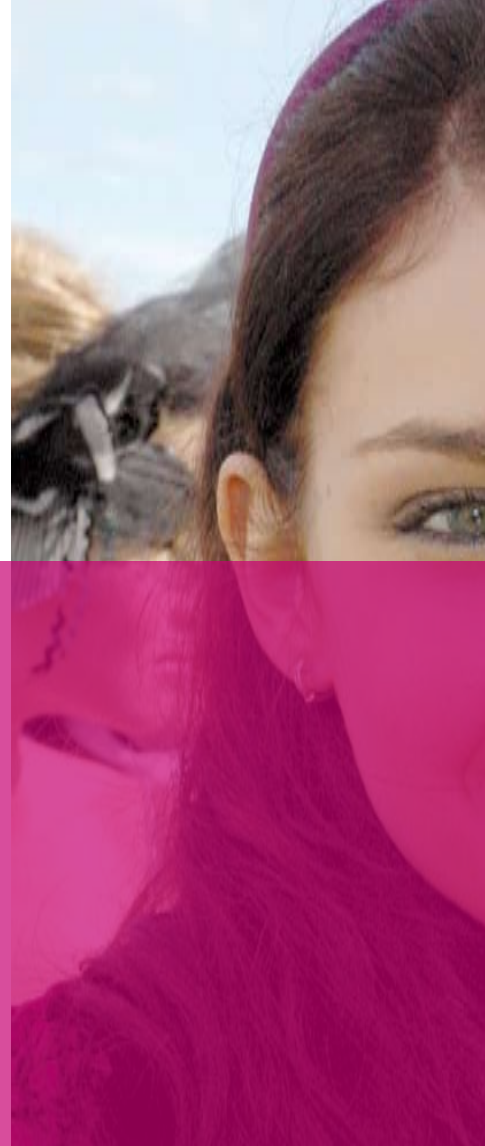
Seven race clubs availed themselves of these funds, with Sedan Dip Race Club, Talwood Race Club, Noccundra Amateur Race Club and Eromanga Amateur Race Club conducting corn-fed meetings with prizemoney restricted to \$2,000 per race, whilst the Oakley APRC conducted a grass-fed (two day) meeting restricted to trophies only. Unfortunately, wet weather caused the cancellation of the meetings scheduled to be conducted by the Tower Hill Amateur Picnic Race Club and the Western Picnic Race Club.

COUNTRY RACING

On August 8 2005, the Queensland Country Racing Committee (QCRC) held its inaugural meeting following amendments to the Racing Act 2002 which significantly reformed country racing administration structures to better address the needs of non-TAB racing.

The QCRC is chaired by Queensland Racing





Board Director Mr Bill Ludwig and consists of one member from each of the eight newly created racing regions throughout the State. Meetings are held approximately every three months, and apart from developing recommendations on the number of non-TAB race meetings and prizemoney required throughout the State, the group has also had significant input into the development of a number of initiatives relating to country racing, including:

- An integrated TAB and non-TAB racing policy

- Reviewing the structure of feature race series and the training track subsidy
- Liaising with industry groups regarding the introduction of free-racing
- Developing protocols for the conduct of Country Racing Association meetings

INNISFAIL TURF CLUB ASSISTANCE

The Queensland Racing industry rallied behind the victims of Cyclone Larry to provide assistance to the Clubs hit by such devastation in March this year.

After consulting the Committee of the Innisfail Turf Club, one of the most successful Country Clubs in Queensland, a team of volunteers prepared a restoration plan to ensure the facility was back up and running as soon as possible.

Representatives from Clubs across Queensland showed overwhelming support, forming "Team Larry" to assist with the restoration.

INDUSTRY TRAINING

Training Department activity focused on further improvements to the apprentices program, with the schedule for many apprentices being redesigned. In future, apprentices in all regions will have varying requirements for attendance based on progress to date and remaining training to be completed. There will be scheduled days where all apprentices attend together for special programs. On other dates, small groups will focus on particular training activities.

This year saw a number of very successful seminars and programs conducted. Highly respected and experienced persons from within the industry such as Darren Beadman, Danny Beasley, Jim Byrne, Bernadette





Payne, Michael Rodd, Ken Pope and Tony Pattillo gave up their time to assist. Others who contributed their skills and time included Bernie Pramberg and Wayne Wilson. Christian Letford and the team from Sky Channel have been particularly supportive of apprentice training this year. This resulted in the production of a DVD with Michael Rodd which demonstrates the benefits of good media skills.

In addition, external experts were also involved in specialised areas. These included sports nutritionists, sports psychologists, a sports media training expert and a sports coach-mentor. These activities have been extended to Downs apprentices and are scheduled for Central and North Queensland apprentices in October and November. The Australian Taxation Office is also involved, providing seminars on GST and taxation to apprentices and several more of these have been scheduled for the remainder of the year.

In March 2006, the Industrial Relations Commission registered the Queensland Apprenticed Jockeys Certified Agreement. This sets out all wages and conditions for apprentices and is available on the Queensland Racing website.

Recruitment and promotional activities

included the production of a new colour brochure for apprentices and trainees, a stand at the Brisbane Careers and Employment Expo and continued close cooperation with the new apprenticeship centres, schools and pony clubs. Queensland Racing has signed a memorandum of understanding with the Department of Employment and Training. The two parties have agreed to address racing industry recruitment and training needs directly at a high level as part of the Queensland Skills Plan.

LICENSING

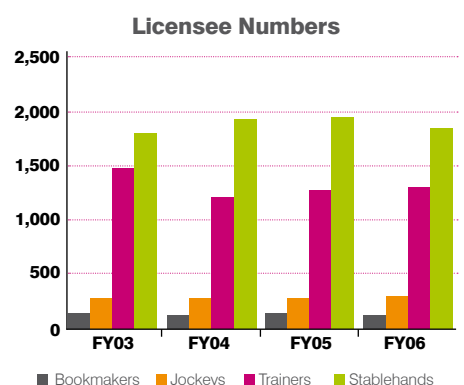
In November 2005, the staff and functions of the licensing and training areas were combined in a single department. New staff were appointed and trained and the operations moved to allow better interaction.

Licensing renewal processes were adjusted to decrease paperwork for participants and all renewal requirements will be reviewed for 2006/2007. New arrangements for trainers' public liability insurance were also implemented as part of the renewal process.

Licensing staff are undertaking a review of application forms and other current requirements in order to streamline licensing

and ensure that integrity and competency are the focus of these processes.

The Licensing Committee has made a number of changes to its operations. The Committee consists of management and staff from Licensing, Legal Compliance, Integrity Operations and Stewarding. The Committee has adopted a charter for its operations and has moved to fortnightly meetings to lessen delays in the consideration of applications for approval. Stablehand and track rider license applications are assessed on a weekly basis.





INFORMATION TECHNOLOGY

Queensland Racing continues to embrace technology as a means to ensure a more productive industry for all participants and a wide range of initiatives were undertaken throughout the year.

An upgrade was undertaken of all computers and software at Queensland Racing offices and this has seen a marked improvement in the service for Queensland Racing's customers through the provision of more accurate and timely information and the ability to introduce new systems. This, combined with an increase in the capacity of the links between offices and to the internet, will yield improved communication, faster access to the Queensland Racing website and enables future projects to be undertaken such as the use of e-commerce with online payments and account information.

An upgrade of the Bookmakers' on-course betting mobile phone system was also carried out during the year. This will ensure that this critical system remains highly available. The system is combined with the

new phone system for the Deagon head office and will deliver cost savings and provide more flexible communications across the Deagon facility.

During the year, an electronic document management and archival system was also introduced at Queensland Racing. This has seen a huge amount of paper archives that were previously in off-site storage made available on demand. This is being progressively rolled out through all departments and will enable a more responsive satisfaction of customer enquiries and efficient storage and retrieval of critical information, and in addition, savings on storage costs.

An upgrade of the audio visual and computer equipment in the Stewards' rooms at tracks will also complement the fast access now available via the internet for our stewarding team.

To further improve Queensland Racing's Integrity operations and administration capabilities, a system to begin archiving race footage in a digital format was implemented

providing easy access to relevant information for decision making.

Queensland Racing's investment in information technology has delivered;

- Lower operating costs meaning greater profits for future reinvestment in the industry
- The ability to quickly take advantage of opportunities in the racing industry in Queensland and to participate in national racing industry initiatives
- Less risk of IT failure in critical operations
- The provision of quality information for decision making

In addition to these projects, Queensland Racing continues to work to ensure that we have cost effective technology in place for racing operations. Four new photo finish systems have been introduced into North Queensland, completing a project that delivers a consistent technology platform across the state, again at a substantially



lower cost to all race clubs.

The Australian Prices Network equipment that monitors bookmaker's betting fluctuations at Brisbane metropolitan tracks has also been upgraded. This system allows the national tracking of fluctuations and on-course betting odds to ensure operational integrity and confidence in the industry. An option to introduce the system into Toowoomba, Townsville and Rockhampton was also pursued.

In the future, it is expected that our technology will continue to support both Queensland Racing and the broader industry and accommodate changes as they arise.

QUEENSLAND RACING INDUSTRY AWARDS

The Queensland Racing Industry Awards, held in August 2005, saw one of Queensland's most popular horses, St Basil, named Queensland Horse of the Year.

The Bevan Laming trained St Basil deservedly joined the Group 1 winners'

club when he won the 2005 Stradbroke Handicap at Eagle Farm.

Raced by Jenny Laming, George Horrocks and New Guinea based owners Geoff McLaughlin and Sir Michael Bromley, St Basil had been considered very unlucky by many when he blew the start in the 2004 Stradbroke, before running home strongly to finish third.

St Basil also ran third in the Group 1 Salinger Stakes at Flemington on Victoria Derby Day and second in the then Group 2 BTC Cup at Doomben, which were both over 1200m and probably a bit short of the gelding's best distance.

St Basil proved a clear-cut winner in the eyes of the voting panel of around 30, which is made up of media and industry stakeholders.

A bargain buy as a yearling in New Zealand, St Basil has now won nearly \$1.16M and looks certain to earn more before he is retired.

The Jim Atkins Trainer Achievement Award went to Bruce McLachlan trainer of Virage de Fortune which won five of her six starts as a 2YO including the Group 1 QTC Sires Produce and the Group 3 Champagne Classic at Doomben.

Scott Seamer was awarded the George Moore Jockey Achievement Award for the third year in a row, adding another eight Black Type races to his resumé in the 2004/05 season.

In the hotly contested Ken Russell Apprentice Achievement Award, Yoshi Yamazaki shone against some of the best riders in the country during the Brisbane Winter Carnival with two wins and three placings in Black Type races to take out the award. The highlight was the young rider's win in the Group 3 Carlton Draught Stakes at the Tattersall's meeting at Eagle Farm, beating boom sprinter Takeover Target.

In the metropolitan section of the awards, Stathi Katsidis was named Metropolitan Jockey of the Year for the second year in a row.

“The outcomes achieved by Queensland Racing would not have been delivered had it not been for the dedicated and committed staff within the organisation.”

Leading trainer John Hawkes won Metropolitan Trainer of the Year with 58 winners. The biggest win for the Hawke's stable came right at the end of the season, when Terrace ridden by stable apprentice Todd Pannell proved too good for his rivals in the Listed Tattersall's Mile.

Former New South Wales apprentice Gavin McKeon took the honours in the Metropolitan Apprentice of the year, riding 25 winners for the season in Brisbane.

In the provincial and country awards, Nessuno took out horse of the year. Trainer of the year went to Roy Chillemi and Jockey and Apprentice of the year to David Crossland and Gavin McKeon respectively.

The Queensland Racehorse Owners' Association award for the Best 4YO and Up was won by St Basil.

The Champion QTIS 2YO of the year was Written Tycoon which was sold at the 2004

Magic Millions yearling sale for \$50,000 to Graham Begg, who trains the colt on behalf of the Written Bloodstock Syndicate. Champion QTIS 3YO was Our Sweet Moss following two Stakes race wins.

The Thoroughbred Breeders' Queensland Association Champion Stallion and Champion 2YO Stallion were taken out by Lion Hunter which has proved a great loss to the Queensland breeding industry with his progeny excelling throughout the season with 224 runners for 100 winners. His top season performers include; Upilio, Ferocity and Street Smart. Champion Broodmare was Sparkling Bounty and Champion First Season Stallion was Iglesia.

In the media section, Just Racing's Phil Purser won the award for best print story for his fascinating piece entitled 'Bill Smith was Australia's First Woman Jockey'. Ross Stevenson from Turf Monthly won best

photograph for a unique shot of jockey Michael Pelling in a fall from Rose Of Destiny in the Doomben Roses.

The best radio/TV coverage award went to Sky Channel's Matthew Hill for his colourful report on Burdekin Cup Day.

Four more legends joined the Hall of fame this year. Lough Neagh, winner of Group 1 races between six furlongs and two miles was voted as this year's Hall Of Fame Horse Inductee. Lough Neagh can truly be described as a remarkable horse, having won at least one Stakes race every year from his 2YO season through to his retirement as a 9YO. The gelding won 32 times, which included 22 wins in Stakes races, 10 of which are now rated Group 1, and also placed another 44 times. Also inducted into the Queensland Racing Hall of Fame were champion Jockey Russell Maddock, Trainer Dick Roden and Associate Vince Curry.





The Queensland and Australian Halls of Fame celebrate racing's rich history and the contribution the exceptional people inducted into these halls make to the industry.

COMMUNICATIONS

During this financial year, feedback was sought from the industry on the Queensland Racing form guides published free on the website. A number of comments were received and improvements in the format and content of the form followed. Additionally, a cut down race fields guide was made available alongside the form. The Queensland Racing website was evaluated against current best practice and with the primary use identified as information retrieval. The front page was redesigned to enable a better experience for users and the web server was also upgraded to provide faster access.

ACKNOWLEDGEMENT

You will discern from the above report that Queensland Racing has experienced a busy and fruitful financial year. The outcomes achieved by Queensland Racing would not have been delivered had it not been for the dedicated and committed staff within the organisation. For this commitment and dedication, I would like to formally record my thanks. The way forward appears equally as challenging and I have confidence that the organisation is well equipped to meet these challenges and continue to pave the way forward for the industry.

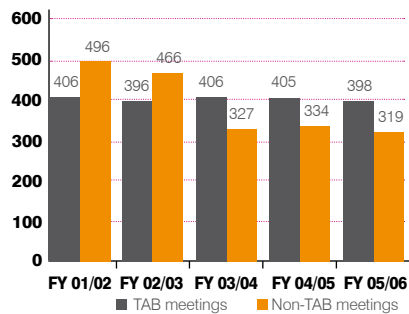
Malcolm Tuttle

CHIEF OPERATIONS MANAGER

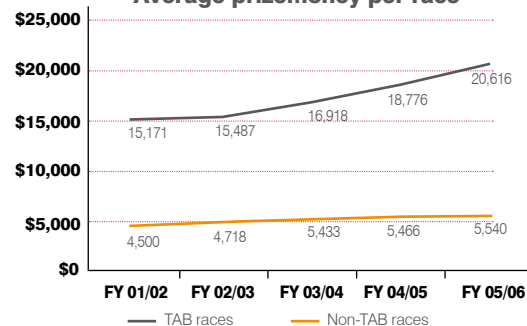
INDUSTRY PERFORMANCE INDICATORS

Racing in Queensland has enjoyed another excellent year with good growth in many key areas as the following statistics show.

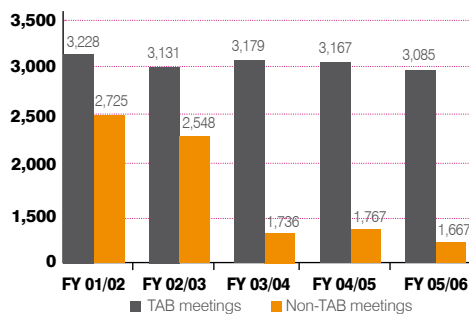
**Number of meetings conducted
– TAB and non-TAB**



Average prizemoney per race



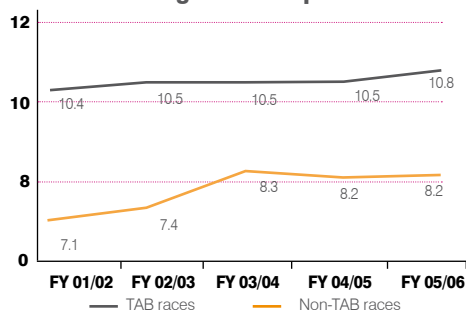
**Number of races conducted
– TAB and non-TAB**



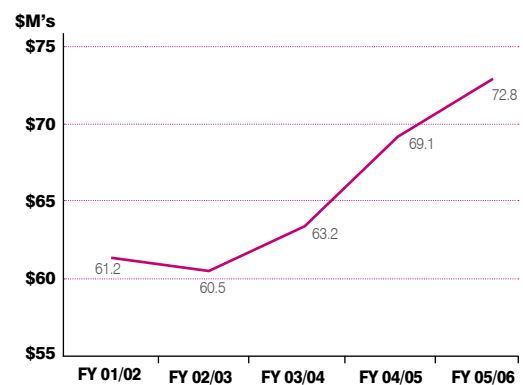
Average prizemoney per meeting

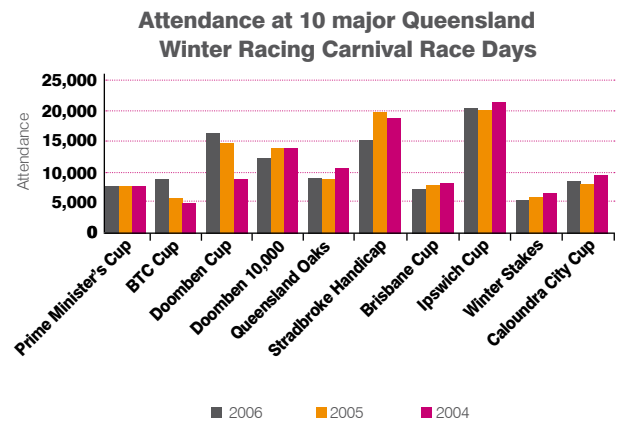
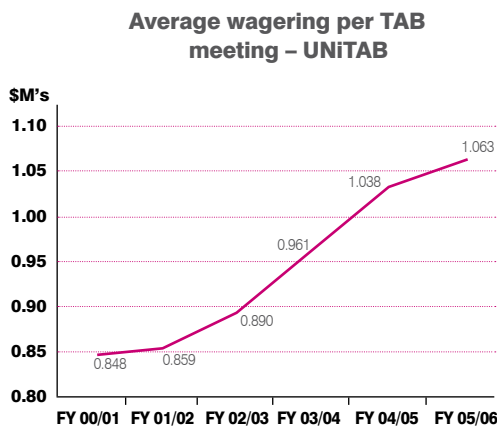
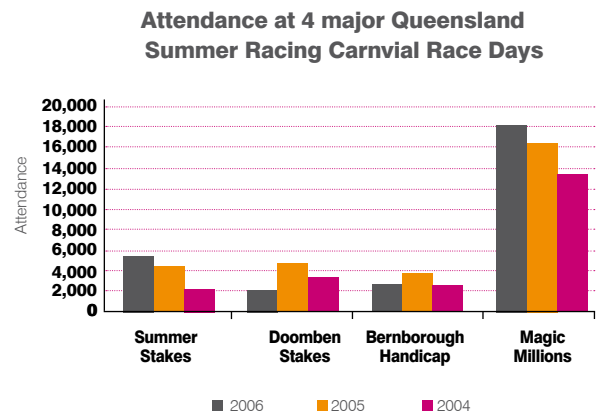
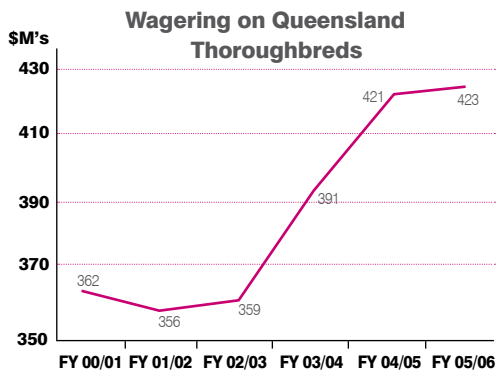


Average starters per race

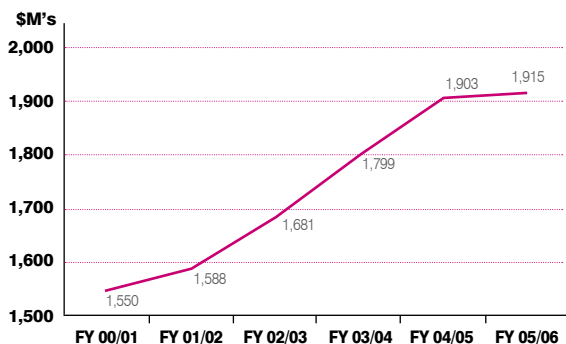


Prizemoney paid including QTIS

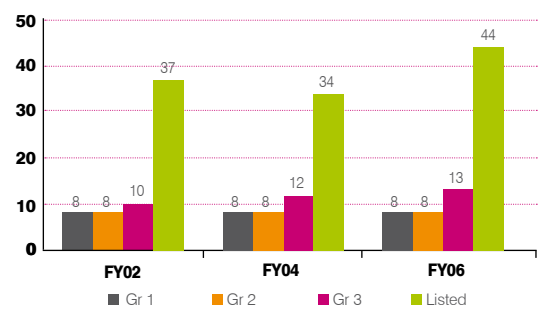




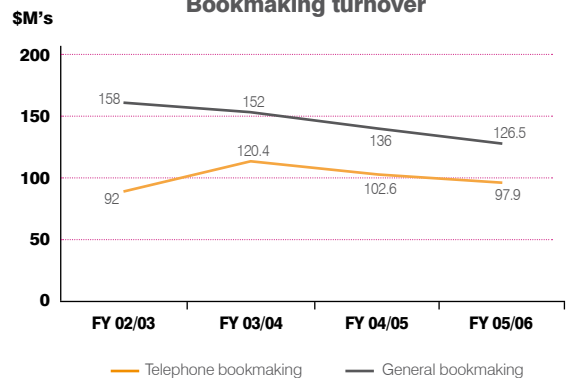
Total wagering – UNiTAB



Queensland Group and Listed Races



Bookmaking turnover





Andrew Hedges
DIRECTOR INTEGRITY OPERATIONS

FUNCTIONS AND DUTIES

The Queensland Racing Integrity Operations section is responsible for Operational Stewarding, Complaints Management and Betting compliance. Activities include:

- Officiating at race meetings and trials
- Working with the Racing Science Centre on drug control and animal welfare issue
- Enforcing the Racing Act 2002, Rules of Racing and Queensland Racing policies
- Conducting inquiries and appeals
- Developing policies that promote industry integrity and protect the welfare of racehorses



RESTRUCTURE AND KEY APPOINTMENTS

This financial year has seen significant change within the Integrity Operations section commencing with my appointment as Director and the other leadership positions within stewarding in Queensland being reviewed. The appointment of a young and vibrant Chief Steward in Reid Sanders has brought a fresh and pro-active approach to the delivery of Stewarding services throughout Queensland.

Reid has spent his lifetime involved in the horse racing industry and carries a passion to both maintain high integrity levels within the industry and enhance our reputation both nationally and internationally. The appointment of John Hackett (pictured) as Deputy Chief Steward ensures a wealth of experience, seniority and knowledge at the top end of the panel. This mix provides diversity within the stewarding leadership structure that returns countless benefits to the industry.

The panel state-wide, is a good mix of young talent and experienced stewards that collectively position Queensland Racing to deliver high-quality stewarding services in a sustained way well into the future.

The regions are well supported through Senior Stewards in Toowoomba, Rockhampton and Townsville and with the cost of travel currently being very low, Brisbane metropolitan full-time stewards are assisting regional stewards in the delivery of race-day stewarding services. This strategy is improving consistency across the state in a cost efficient and effective manner. Additionally, this approach allows the integrity operations to function as a close-knit team across the state.

DRUG TESTING STRATEGY

The drug testing strategies are formulated by the Chief Steward, Deputy Chief Steward and Director and implemented across the State. The Chief Steward takes on operational responsibility for the delivery of the strategies. The integrity operation's leadership team believes very strongly in the benefits and importance of robust drug testing strategies and processes. In setting strategies, Queensland Racing works very closely with the Racing Science Centre and has reported record sampling activity in the last financial year.

Queensland Racing has adopted a program that facilitates random testing and makes no apologies for using that approach. It is the intention to cultivate an environment in which drug testing can occur any place at any time which will act as a deterrent and increase the integrity of horse racing in Queensland.

As sampling statistics support, there has been a marked increase in pre-race blood testing with one positive test resulting. In addition, there was a 5% increase in post-race blood tests with no increase in positive tests resulting.

Throughout the year there was also an increase in the urine pre-race testing, with no positives resulting. There was also an increase in the urine post-race testing. It is expected that sampling will also increase next year, demonstrating a commitment to the integrity of horse racing in Queensland.



EMERGENCY ANIMAL DISEASE RESPONSE PLAN

Conscious of being capable of responding to emergency animal disease, Queensland Racing has actively participated in the development of a response plan to emergency disease.

On March 10 2006, Queensland Racing participated in an industry liaison officer's course that was designed to establish liaison officers throughout the industry so that a prompt response to a disease outbreak can be facilitated. Industry liaison officers will act as the vital communication link between the emergency disease response specialists, local livestock producers and industry people in the wider community.

It is intended that not only will these people keep the horse industry advised, but they will also provide key input into emergency disease planning, preparations and responses.

Horse movements are more prevalent today with horses capable of being moved freely around our state, across the country and even overseas. This free movement increases the risk of emergency disease and the industry must be vigilant in looking for the initial signs of any outbreak.

Another key task in managing a disease response is to accurately plan the response around the horse movements. To undertake this task, emergency disease planners must use the in depth knowledge provided by

participants within the horse industry.

Queensland is a large state and controlling and co-ordinating a major animal disease outbreak response is a major task. Properly integrated and co-ordinated communication is vital for successful implementation of any plan and an emergency disease response. Disease response involves many differing areas of expertise and deployment across vast areas with team members often physically dispersed widely. Despite this dispersion, the teams are highly interdependent and rely on timely information and resources of others to perform their tasks effectively.

These notions highlight the importance of the industry liaison officer role and reinforce why training is an important step as a necessary preparation for the management of major animal disease outbreaks.

A website has been established at www.animalhealthaustralia.com.au and it provides an in depth amount of information regarding the emergency animal disease preparedness program. This website is also useful in providing information on diseases that may pose threats as well as offering insight into how these diseases present themselves in horses.

CONFERENCES

The Stewards attended a two day intra-state Stewards' Conference held at the Brisbane

Turf Club in March 2006.

There were various agenda items discussed and resolutions were made with a view to adopting a consistent approach throughout the State.

The Conference also delivered Workplace Health and Safety and Legal Principle training to the Stewards, which was well received. This training will assist the Stewards in achieving their National Training Certificates.

In February 2006 Queensland Racing conducted a starters/track managers' Conference held at the Queensland Turf Club.

This Conference was very well supported by the TAB Clubs throughout Queensland and addressed issues such as accreditation and appropriate training programs.

This Conference was also a valuable opportunity to obtain consistency throughout Queensland.

Andrew Hedges

A stylized, handwritten signature in black ink.

DIRECTOR INTEGRITY OPERATIONS

Queensland Racing recognises the importance of good corporate governance. In December 2004, the Queensland Thoroughbred Racing Board approved a Code of Conduct covering Queensland Racing Board members, staff, officials, contractors and consultants.

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

The Code sets out the following responsibilities of the Queensland Racing Board:

The Board of Queensland Racing is responsible for determining the strategic direction of Queensland Racing and ensuring compliance with the statutory obligations imposed on Queensland Racing.

A Board member shall act independently and not in the interests of any sectional interests. A Board member has an obligation to be impartial in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions to be taken by the Board.

The Racing Act 2002 requires every Board member of Queensland Racing to disclose a personal interest, or a direct or indirect financial interest, in an issue being considered, or about to be considered, by the Board where the interest could conflict with the proper performance of the member's duties about the consideration of the issue. Unless the Board otherwise directs, the member must not be present when the Board considers the issue or take part in a decision of the Board about the issue.

A member of the Board of Queensland Racing shall attend Board meetings. When a member is unable to attend a Board meeting, the member must obtain a leave of absence.

A Board member must ensure the member is fully informed of the activities and affairs of Queensland Racing and the thoroughbred code of racing generally, including statutory obligations imposed on Queensland Racing and on Queensland Racing officials.

The Code is based on the five principles of ethical behaviour as identified in the Act. These principles are:

1. Respect for the Law and System of Government

All Queensland Racing officials must support the implementation of government policy effectively and impartially and carry out official duties lawfully, observing, where applicable, statutory obligations. The conduct of all Queensland Racing officials is subject to relevant statutory obligations, the requirements and sanctions specified in the Code of Conduct, their employment contract and/ or Queensland Racing policies.

2. Respect for Persons

All Queensland Racing officials must:

- Treat all licensees and participants in the thoroughbred racing industry with courtesy, honesty and fairness and with proper regard for their rights and obligations
- Respond to reasonable demands of stakeholders and line managers in a timely manner
- Cooperate and assist co-employees in the performance of their duties when reasonably requested to do so
- Support their co-employees in a responsible and ethical manner
- Exercise powers fairly and equitably

All Queensland Racing officials should deal with all matters in accordance with approved procedures, promptly and without discrimination. There is an obligation on all Queensland Racing officials to treat every issue reasonably and fairly and with a view to meeting the principles of natural justice.

3. Integrity

All Queensland Racing officials must:

- Perform their duties with the highest standards of personal integrity and honesty so as to maintain and enhance public confidence in Queensland Racing and the thoroughbred code of racing in Queensland
- Provide a timely and competent service to all members of the public and industry
- Not use or allow another person to use their official position of authority improperly.

4. Diligence

All Queensland Racing officials must:

- Comply with and implement Queensland Racing policies faithfully and impartially
- Comply with all reasonable and lawful instructions

- Exercise all reasonable care, skill and diligence in giving information or advice
- Perform their duties and functions of office to a high standard and with proper diligence, care and attention
- Use their skills and experience to the best advantage of Queensland Racing
- Refrain from frequently using, or using to excess, alcohol, drugs or other substances where that use may have an adverse affect on their work performance or behaviour, or on the integrity of Queensland Racing

5. Economy and Efficiency

All Queensland Racing officials must:

- Strive to obtain value for Queensland Racing money spent
- Ensure Queensland Racing resources are safeguarded and not wasted, abused or used improperly or extravagantly
- Not misuse the electronic communication systems of Queensland Racing to access, create, store, copy, retrieve or distribute offensive material

The Code of Conduct 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 Queensland Racing 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**

Michael Lambert (Chairman)
Tony Hanmer

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

Tony Hanmer (Chairman)
Bob Bentley
Bill Andrews

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

July 1 2005 to June 30 2006

ATTENDANCE AT **SUBCOMMITTEE MEETINGS:**

Member	Audit Committee Meetings		HRRC Meetings	
	No. Held	No. Attended	No. Held	No. Attended
Bob Bentley	N/A	N/A	6	6
Tony Hanmer	4	4	6	6
Michael Lambert	4	4	N/A	N/A
Bill Andrews	N/A	N/A	6	6
Bill Ludwig	N/A	N/A	N/A	N/A

(N/A – Not Applicable)

FINANCIAL REPORTS CONTENTS

- 33 PURPOSE AND **SCOPE**
- 34 INCOME **STATEMENT**
- 35 BALANCE **SHEET**
- 37 CASH FLOW **STATEMENT**
- 38 NOTES TO THE **FINANCIAL STATEMENTS**
- 47 INDEPENDENT **AUDIT REPORT**





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.

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

INCOME STATEMENT

For the year ended 30 June 2006

		Consolidated		Queensland Thoroughbred Racing Board	
	Note	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
REVENUE FROM ORDINARY ACTIVITIES					
Club Levies		19	1,024	19	1,024
Course Fees		154	77	154	75
Grants		860	860	860	860
Licence and Registration Fees		1,544	1,583	1,544	1,583
Racing Fees		6,907	6,129	6,907	6,129
Interest		1,131	940	1,075	868
Product & Program Fee		119,393	117,873	89,031	88,140
Marketing Income		203	307	203	307
Other		774	958	774	1,052
TOTAL REVENUE FROM ORDINARY ACTIVITIES		130,985	129,751	100,567	100,038
EXPENSES FROM ORDINARY ACTIVITIES					
Salaries, Wages and Associated Costs		5,598	5,482	5,598	5,482
Administration	12A	2,407	3,807	2,400	3,953
Depreciation		452	358	452	355
Committee/Board Expenses		276	263	276	263
Motor Vehicle and Travel Expenses		239	182	239	182
Product and Program Fee		30,410	29,800	-	-
Prize money & Other Distributions		73,516	68,408	73,516	68,408
Racing Expenses		6,767	9,899	6,767	9,899
QTIS Prize money		4,319	4,405	4,319	4,405
Grant – Training Track Subsidy		763	762	763	762
Auditor's Remuneration	12B	60	87	58	87
Marketing Expenditure		34	92	34	92
Operating Lease Expenses	17	640	727	640	727
Other		2,068	2,142	2,068	2,142
TOTAL EXPENDITURE FROM ORDINARY ACTIVITIES		127,548	126,414	97,130	96,757
PROFIT/ (LOSS) BEFORE RELATED INCOME TAX		3,437	3,337	3,437	3,281
INCOME TAX	1J	-	-	-	-
NET PROFIT/ (LOSS) AFTER RELATED INCOME TAX		3,437	3,337	3,437	3,281
NET PROFIT/ (LOSS) ATTRIBUTABLE TO OUTSIDE EQUITY INTERESTS	11	-	10	-	-
NET PROFIT/ (LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		3,437	3,327	3,437	3,281

The accompanying Notes form part of these financial statements.

BALANCE SHEET

As at 30 June 2006

		Consolidated		Queensland Thoroughbred Racing Board	
	Note	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
CURRENT ASSETS					
Cash and cash equivalents	2	24,032	15,644	23,280	14,753
Receivables	3	13,703	22,976	10,297	20,816
Other	4	45	183	45	105
Non-current assets classified as held for sale	5	62	-	62	-
TOTAL CURRENT ASSETS		37,842	38,803	33,684	35,674
NON-CURRENT ASSETS					
Property, Plant and Equipment	6	19,865	20,146	19,865	20,146
TOTAL NON-CURRENT ASSETS		19,865	20,146	19,865	20,146
TOTAL ASSETS		57,707	58,949	53,549	55,820
CURRENT LIABILITIES					
Bank Overdraft	2	6,526	6,263	6,526	6,246
Payables	7	5,663	11,004	1,505	7,892
Accrued Employee Benefits	9	355	517	355	517
Fees in Advance		888	315	888	315
TOTAL CURRENT LIABILITIES		13,432	18,099	9,274	14,970
NON-CURRENT LIABILITIES					
Accrued Employee Benefits	9	378	390	378	390
TOTAL NON-CURRENT LIABILITIES		378	390	378	390
TOTAL LIABILITIES		13,810	18,489	9,652	15,360
NET ASSETS		43,897	40,460	43,897	40,460
EQUITY					
Retained Profits		34,065	30,628	34,065	30,628
Asset Revaluation Reserve	8	9,832	9,832	9,832	9,832
OUTSIDE EQUITY INTERESTS					
Retained Profits	11	-	-	-	-
TOTAL EQUITY		43,897	40,460	43,897	40,460

The accompanying Notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

As at 30 June 2006

	Consolidated				Queensland Thoroughbred Racing Board			
	Retained Surpluses		Asset Revaluation Reserve		Retained Surpluses		Asset Revaluation Reserve	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1st July	30,628	27,301	9,832	72	30,628	27,347	9,832	72
Operating surplus /(Deficit)	3,437	3,327	-	-	3,437	3,281	-	-
Non-Owner Changes in Equity	-	-	-	-	-	-	-	-
Transactions with Owner as Owners:	-	-	-	-	-	-	-	-
- Revaluations	-	-	-	9,760	-	-	-	9,760
BALANCE AS AT 30 JUNE	34,065	30,628	9,832	9,832	34,065	30,628	9,832	9,832

The accompanying Notes form part of these financial statements.

CASH FLOW STATEMENT

For the year ended 30 June 2006

		Consolidated		Queensland Thoroughbred Racing Board	
	Note	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from Operations		163,172	120,650	121,101	90,903
Payments to Suppliers and Employees		(151,518)	(114,493)	(109,193)	(85,226)
Interest Received		1,087	1,017	1,031	945
GST Input Tax Credit		17,866	20,041	5,873	8,277
GST Remitted to ATO		(22,208)	(21,889)	(10,291)	(10,080)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	20 (A)	8,399	5,326	8,521	4,819
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for Property, Plant and Equipment		(324)	(169)	(324)	(169)
Proceeds from Sale of Plant and Equipment		50	50	50	50
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(274)	(119)	(274)	(119)
CASH FLOW FROM FINANCING ACTIVITIES					
Loan to Queensland Race Training Pty Ltd		-	-	-	-
NET CASH USED IN FINANCING ACTIVITIES		-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		8,125	5,207	8,247	4,700
CASH AT THE BEGINNING OF THE REPORTING PERIOD		9,381	4,174	8,507	3,807
CASH AT THE END OF THE REPORTING PERIOD	20 (B)	17,506	9,381	16,754	8,507

The accompanying Notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

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 that has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS) for the first time and Accounting Standards, Urgent Issues Group Interpretations and the requirements of Queensland Treasury Department, Financial Management Standard 1997. The transition to AEIFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to international Financial Reporting Standards' with the 1 July 2004 as the date of transition except for the accounting policies in respect of financial instruments. The disclosures concerning the transition from previous Generally Accepted Accounting Principles (GAAP) to AEIFRS are provided in note 21. The accounting policies have been consistently applied to all years. The election has been made to adopt the exemptions available under AASB 1 relating to AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. 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.

(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 116 Property, Plant and Equipment and Queensland Treasury's Non Current Asset Accounting Guidelines for the Queensland Public Sector 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, is to remain due to the corporatisation of Queensland Racing Limited at 1 July 2006, refer note 19. 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 2005 and would be independently valued during 2006-2007 following corporatisation of Queensland Racing Limited.

All other assets are measured at cost.

(d) Depreciation Rates

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

	Queensland Thoroughbred Racing Board
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 which depreciation is not calculated.

(e) 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.

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.

(f) 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.

NOTES TO AND FORMING PART OF THE **FINANCIAL STATEMENTS**

For the year ended 30 June 2006

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 2006 is 65 (2005: 62).

(g) 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.

(h) 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.

(i) 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.

(j) Taxation

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

The Queensland Thoroughbred Racing Board 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 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 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) Issuance of Financial Statements

The financial 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.

(p) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

	Consolidated		Queensland Thoroughbred Racing Board	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
2. CASH AND CASH EQUIVALENTS				
CASH ASSETS				
- Cash at Bank and on Hand*	11	14	9	14
- Short term Deposits*	24,021	15,630	23,271	14,739
	24,032	15,644	23,280	14,753
OVERDRAFT				
- Bank Overdraft **	6,526	6,263	6,526	6,246
	6,526	6,263	6,526	6,246
* Amount Includes earnings held in Trust for Apprentice Jockeys by the Queensland Thoroughbred Racing Board (Refer Note 7).				
** As at 30 June 2006 the actual bank account balance was in credit. The bank overdraft includes the amount of cheques not presented at the bank.				
3. RECEIVABLES				
CURRENT				
Trade Debtors	12,892	11,946	1,876	2,637
Sundry Debtors	234	10,498	7,847	17,649
Less Provision for Impairment of Debts	(6)	(6)	(6)	(6)
	13,120	22,438	9,717	20,280
Accrued Interest	125	80	122	78
Race Club Advance	458	458	458	458
	13,703	22,976	10,297	20,816
4. OTHER CURRENT ASSETS				
Prepayments	45	24	45	24
GST Receivable	-	159	-	81
	45	183	45	105
5. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE				
Bowen Racecourse Land	62	-	62	-
	62	-	62	-
6. PROPERTY, PLANT AND EQUIPMENT				
LAND				
At valuation	11,506	11,568	11,506	11,568
BUILDINGS				
At valuation	9,135	9,097	9,135	9,097
Accumulated Depreciation	(2,030)	(1,782)	(2,030)	(1,782)
Net Book Value	7,105	7,315	7,105	7,315
PLANT AND EQUIPMENT				
Cost	2,301	2,209	2,301	2,209
Accumulated Depreciation	(1,125)	(980)	(1,125)	(980)
Net Book Value	1,176	1,229	1,176	1,229

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

	Consolidated		Queensland Thoroughbred Racing Board	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
WORK IN PROGRESS				
Cost	77	34	77	34
TOTAL NET BOOK VALUE	19,865	20,146	19,865	20,146

Independent valuations of land and buildings were performed as at 30 June 2005 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.

PROPERTY, PLANT AND EQUIPMENT

QUEENSLAND THOROUGHBRED RACING BOARD AND CONSOLIDATED

Asset Name	Carrying amount 1/07/05	Additions	Revaluation	Transfers	Disposals	Depreciation	Carrying amount 30/06/06
	(\$'000)	(\$'000)	(\$'000)		(\$'000)	(\$'000)	(\$'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
	20,146	323	-	(62)	(90)	(452)	19,865

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.

	Consolidated		Queensland Thoroughbred Racing Board	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
7. PAYABLES				
Trade Creditors & Accrued Expenses	5,101	10,865	943	7,753
Jockey Earnings held In Trust	150	137	150	137
GST Payable	409	-	409	-
Other	3	2	3	2
	5,663	11,004	1,505	7,892
8. ASSET REVALUATION RESERVE				
Opening balance	9,832	72	9,832	72
Transfer to Retained Profits	-	-	-	-
Revaluation	-	9,760	-	9,760
CLOSING BALANCE *	9,832	9,832	9,832	9,832

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

* Closing Balance of Asset Revaluation Reserve by Class

Land	8,045	8,045	8,045	8,045
Buildings	1,765	1,765	1,765	1,765
Plant and Equipment	22	22	22	22
	9,832	9,832	9,832	9,832

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

	Consolidated		Queensland Thoroughbred Racing Board	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
9. ACCRUED EMPLOYEE BENEFITS				
CURRENT				
Annual leave	355	517	355	517
Long Service leave	-	-	-	-
TOTAL	355	517	355	517
NON-CURRENT				
Long Service Leave	378	390	378	390
	378	390	378	390
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	-	-
*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 Thoroughbred Racing Board. Queensland Thoroughbred Racing Board now performs all of the company's activities. It is anticipated that Queensland Race Training Pty Ltd will be wound on the 19th July 2006.				
11. 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	-	(10)	-	-
Interest in operating profit/(loss) after income tax	-	10	-	-
Interest in retained profits at the end of the financial year	-	-	-	-
12. EXPENSES FROM ORDINARY ACTIVITIES				
12A. ADMINISTRATION EXPENSES INCLUDES THE FOLLOWING LEGAL AND CONSULTING COSTS				
	\$'000	\$'000	\$'000	\$'000
Accounting, Administration & Finance	238	163	238	163
Human Resources & Recruitment	121	119	121	119
Information Technology	35	17	35	17
Legal	132	481	132	481
Property Consulting	129	132	129	132
Public Relations & Marketing	-	83	-	83
Commission of Inquiry *	-	897	-	897
TOTAL	656	1,893	656	1,893
* Commission of Inquiry costs were: -				
Shanahan Inquiry	-	30	-	30
Daubeny Rafter Inquiry	-	867	-	867
TOTAL	-	897	-	897
12B. AUDIT FEES				
Internal Audit	24	52	24	59
External Audit	36	35	34	28
TOTAL	60	87	58	87

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

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 6.05% (2005: 5.66%) 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		Net Fair value Amount	
	2006	2005	2006	2005	<= 1 yr	<= 1 yr	1-5 yrs	1-5 yrs	>5yrs	>5yrs			2006	2005	2006	2005
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS																
Cash	4.95	4.5	11	14	-	-	-	-	-	-	-	-	11	14	11	14
Receivables	-	-	-	-	-	-	-	-	-	-	13,703	22,976	13,703	22,976	13,703	22,976
Investments	6.05	5.66	24,021	15,630	-	-	-	-	-	-	-	-	24,021	15,630	24,021	15,630
FINANCIAL LIABILITIES																
Bank Overdraft	4.95	4.5	6,526	6,263	-	-	-	-	-	-	-	-	6,526	6,263	6,526	6,263
Payables	-	-	-	-	-	-	-	-	-	-	5,663	11,004	5,663	11,004	5,663	11,004

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.

14. SEGMENT REPORTING

The Board operates primarily within the racing industry in Queensland.

15. BOARD MEMBERS REMUNERATION

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

	2006	2005		
	Number	Number		
\$10,000 - \$19,999	-	2		
\$20,000 - \$29,999	-	-		
\$30,000 - \$39,999	5	3		
	Consolidated		Queensland Thoroughbred Racing Board	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'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.

168	136	168	136
-----	-----	-----	-----

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

	Consolidated		Queensland Thoroughbred Racing Board	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
16. PROFIT / (LOSS) ON SALE OF NON CURRENT ASSETS				
Proceeds from sale	50	50	50	50
Less Book value	(91)	(192)	(91)	(192)
GAIN (LOSS) ON SALE	(41)	(142)	(41)	(142)
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.				
Car Leasing	177	191	177	191
Computer Equipment	314	468	314	468
Office Equipment	149	68	149	68
TOTAL LEASING EXPENSED	640	727	640	727
Outstanding lease commitments are due for payment as follows: -				
Within one year	442	248	442	248
One to five years	356	114	356	114
Over five years	-	-	-	-
TOTAL LEASING COMMITMENTS NOT RECOGNISED IN THE FINANCIAL STATEMENTS	798	362	798	362

18. CONTINGENT ASSETS AND LIABILITIES

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.

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

19. POST BALANCE DATE EVENTS

On the 21st April 2006 the Queensland Parliament passed the Racing Amendment Bill 2006 whereby on the 1st July 2006 the existing thoroughbred control body Queensland Racing would cease to be a statutory body and would be 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 Bill transfers the assets, liabilities and ongoing responsibilities of the statutory body to Queensland Racing Limited.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

	Consolidated		Queensland Thoroughbred Racing Board	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
20. NOTES TO THE CASH FLOWS				
(A) RECONCILIATION OF PROFIT/(LOSS) TO NET CASH PROVIDED BY / (USED IN) ORDINARY ACTIVITIES				
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER RELATED INCOME TAX	3,437	3,337	3,437	3,281
Depreciation	452	358	452	355
(Profit)/Loss on Sale of Non-Current Assets	41	142	41	142
Income Tax Benefit	-	-	-	-
Deferred Tax Asset	-	-	-	-
CHANGES IN ASSETS AND LIABILITIES EXCLUSIVE OF NON-OPERATING ACTIVITIES –				
(Increase) Decrease in Trade Debtors	10,320	250	10,563	158
(Increase) Decrease in Accrued Interest	(44)	(80)	(44)	(78)
(Increase) Decrease in Race Club Advance	-	335	-	335
(Increase) Decrease in Prepayments	(21)	20	(21)	20
(Decrease) Increase in Provision for Doubtful Debts	-	(153)	-	(148)
(Decrease) Increase in Creditors	(6,185)	1,480	(6,306)	1,096
(Decrease) Increase in Provisions	(174)	(7)	(174)	(16)
(Decrease) Increase in Unearned Income	573	(356)	573	(326)
(Decrease) Increase in loans	-	-	-	-
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	8,399	5,326	8,521	4,819
(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.				
Cash at Bank and on Hand and Short term Deposits	24,032	15,644	23,280	14,753
Bank Overdraft	(6,526)	(6,263)	(6,526)	(6,246)
	17,506	9,381	16,754	8,507

21. EXPLANATION TO TRANSITION TO AUSTRALIAN EQUIVALENT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AEIFRS)

The transition from the previous GAAP to AEIFRS had no effect on the company's Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and no amount previously reported in the 2005 GAAP financial statements.



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 2005 to 30 June 2006 and of the financial position as at the close of that year.

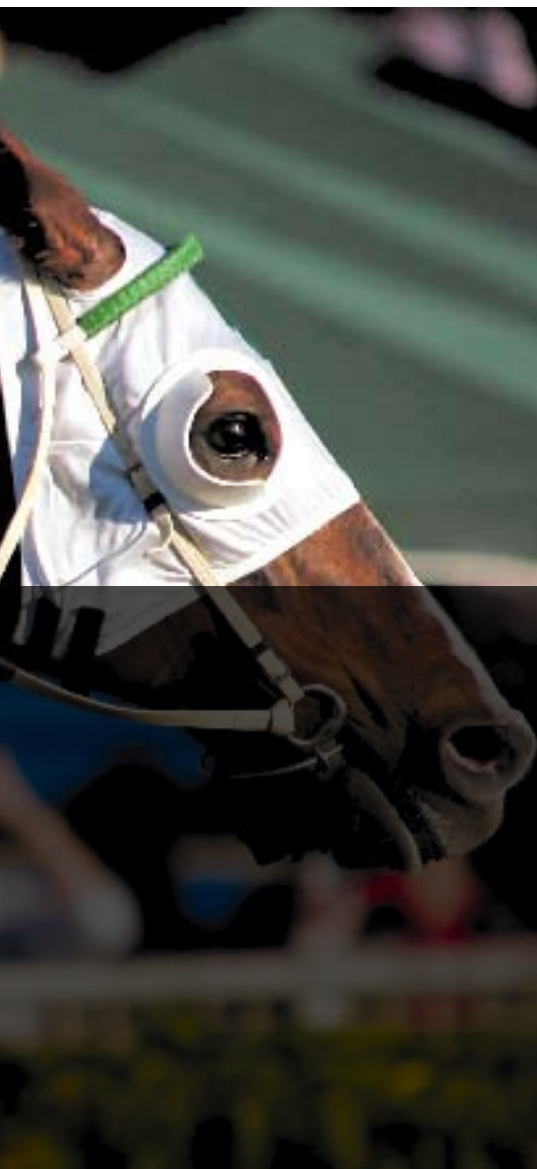
Robert Bentley

CHAIRMAN

Malcolm Tuttle

CHIEF OPERATIONS MANAGER

Date: 25 / 09 / 2006



INDEPENDENT AUDIT REPORT

To the Board of the Queensland Thoroughbred Racing Board

Matters Relating to the Electronic Presentation of 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 2006 included on Queensland Racing Limited's web site. The Directors are responsible for the integrity of the Queensland Racing Limited's web site. We have not been engaged to report on the integrity of the Queensland Racing Limited's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. 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 Queensland Racing Limited, to confirm the information included in the audited financial

report presented on this web site.

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

SCOPE

The Financial Report

The financial report of the Queensland Thoroughbred Racing Board includes 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 report consists of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, notes to and forming part of the financial report 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 2006.

The Board's Responsibility

The Board is responsible for the preparation and true and fair presentation of the financial report, 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 report.

Audit Approach

As required by law, an independent audit was conducted in accordance with QAO Auditing Standards, which incorporate the Australian Auditing Standards, to enable me to provide an independent opinion whether in all material respects the financial report is presented 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 report;
- 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 report.

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 audit powers are to be exercised.

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

AUDIT OPINION

In accordance with s.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 financial report has 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 2005 to 30 June 2006 and of the financial position as at the end of that year.

Mr Hyman CA

as Delegate of the Auditor-General of Queensland



QUEENSLAND AUDIT OFFICE, BRISBANE



QUEENSLAND THOROUGHBRED
RACING BOARD

Racecourse Road, Deagon QLD 4017
PO Box 63, Sandgate QLD 4017
Ph: 07 3869 9777 Fax: 07 3269 6404
Email: info@queenslandracing.com.au
Web: www.queenslandracing.com.au