



IN THE AUSTRALIAN COMPETITION TRIBUNAL

Statement

No. ACT of 2017

Tabcorp Holdings Limited

Proposed acquisition of Tatts Group Limited by Tabcorp Holdings Limited by way of scheme of arrangement

Statement of: Peter Stubbs

Address: 1 Randwick Road, Lyneham ACT 2602

Occupation: Chief Executive Officer, Canberra Racing Club

Date: 22nd February 2017

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I, Peter Stubbs, Chief Executive Officer of Canberra Racing Club in the Australian Capital Territory, say that:

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- 1 I am currently the Chief Executive Officer of the Canberra Racing Club (CRC) and I have held this position since 14 December 2006. I make this statement in my position as Chief Executive Officer and on behalf of Canberra Racing Club.
- 2 As Chief Executive Officer, I am responsible for:
 - (a) providing direction and advice to the 10-member CRC Committee (which is the body responsible for overall decision making in respect of CRC) in relation to its strategic and commercial initiatives;
 - (b) overseeing the day-to-day operations of CRC;
 - (c) preparation of CRC's annual reports;
 - (d) engagement and negotiations with external stakeholders (such as the Australian Capital Territory (ACT) Government, sponsors and other interested parties); and
 - (e) ensuring CRC fulfils its:
 - (i) responsibilities as a Principal Racing Authority in the ACT;
 - (ii) objectives contained in CRC's Constitution; and
 - (iii) responsibilities under the *Racing Act 1999* (ACT), as the controlling body for thoroughbred racing in the ACT.
- 3 I make this statement in relation to an application by Tabcorp Holdings Limited (Tabcorp) to the Australian Competition Tribunal (the Tribunal) for the authorisation of the proposed merger of Tatts Group Limited (Tatts) and Tabcorp.
- 4 The description of racing in the ACT and description of wagering in the ACT that is set out below, is based on my experience in the thoroughbred racing industry in the various roles described below.

BACKGROUND

Previously held roles

- 5 Prior to my appointment as Chief Executive Officer, I was the Deputy Chief Executive of CRC from 1998 to December 2006.
- 6 From 2006 to 2015, I was an Executive Director of the Australian Racing Board. In this role, I was responsible for representing and advancing the interests of CRC. I held this role until April 2015, when the Australian Racing Board merged with Racing Information Services



Australia and the Australian Stud Book, to become the peak representative body for the Australian racing industry, now known as Racing Australia. Set out below at paragraphs 33 to 36 is further information regarding Racing Australia.

- 7 From around 1991 to 1998, I was the Chief Executive Officer of Albury Racing Club, a racing club which conducts thoroughbred race meetings in country New South Wales (NSW).

Other relevant positions / experience

- 8 I have been on the Board of Pegasus Riding for the Disabled (Pegasus) since 2014, and President since 2016. Pegasus is a not-for-profit community organisation that provides therapeutic horse-facilitated programs and activities for people with disabilities. Using my racing industry experience, I assist Pegasus' board and management team to achieve the organisation's financial and operational objectives.
- 9 I have been interested and involved in the thoroughbred racing industry for over 40 years. I have personally owned thoroughbred race horses, and earlier in my career I held various roles in the industry, including as an amateur jockey, steward, starter and race club committee member.
- 10 I hold a Masters of Management from the Australian National University.

THOROUGHBRED RACING IN THE ACT

- 11 Thoroughbred horse racing is a long established spectator sport and form of entertainment for ACT residents. Race meetings have been held in the ACT since the early 1900s and were originally held at Acton Racecourse, until the site was flooded and is now under Lake Burley Griffin.
- 12 Since 1962, thoroughbred horse racing in the ACT has been held at Thoroughbred Park which is located in the suburb of Lyneham, and is the ACT's only thoroughbred race track.
- 13 The ACT is the smallest racing jurisdiction in Australia. In comparison to the metropolitan thoroughbred racing clubs located in other states and territories, CRC is a relatively small club and this poses challenges because CRC competes with larger thoroughbred racing clubs in other jurisdictions (particularly NSW) for horses to participate in its race meetings and wagering revenue (which CRC receives a percentage of through Race Field Legislation distributions). The size of the totalisator pools on individual ACT races are also considerably smaller compared to the pools for metropolitan race meetings in other states and territories.
- 14 Due to the geographical location of the ACT (which is surrounded by the state of NSW), there is considerable interaction between CRC and Racing NSW (the Principal Racing Authority for NSW) and many horse trainers from NSW race their horses in the ACT and vice versa. On



any given CRC race meeting day, the Club would usually have horses participating from several areas outside the ACT, including:

- (a) the Riverina region (particularly Albury and Wagga Wagga);
 - (b) Sydney;
 - (c) Goulburn;
 - (d) Nowra;
 - (e) Moruya and Bega;
 - (f) some provincial areas including the Hawkesbury and Wollongong; and
 - (g) other central areas of NSW (such as Cowra).
- 15 The ACT also acts as an important 'feeder' club for the NSW racing industry. Both the size and location of CRC mean that it plays an important role in developing and training horses that race in Sydney and regional NSW.

CANBERRA RACING CLUB

Overview

- 16 CRC is an association incorporated in the ACT. CRC is the ACT's only thoroughbred racing club.
- 17 Annexed at **Annexure PS-1** is a copy of CRC's Annual Report for the 12 months ending 30 June 2016.
- 18 The objects of CRC include (among other things):
- (a) promoting, developing, encouraging, carrying on and controlling registered horse racing and gambling activities;
 - (b) making and enforcing rules for horse racing and betting; and
 - (c) conducting horse races and race meetings.
- 19 CRC is unique in Australian racing, because it fulfils dual functions for the ACT thoroughbred racing industry; acting as both the Principal Racing Authority for the ACT, and as a racing club that conducts race meetings. This is unique because all other states and territories in Australia separate the functions of racing clubs, from the powers of the Principal Racing

Authority. Set out below at paragraph 35 is further information regarding CRC's responsibilities as a Principal Racing Authority for the ACT.

- 20 CRC race season runs from 1 July to 30 June, with its premiership season running from 1 August to 31 July. CRC's general functions include conducting race meetings, race programming, organisation of major race day events, catering, maintenance of grounds and facilities, management of club revenues and costs, negotiation of club sponsorship arrangements and administration associated with club memberships.
- 21 CRC hosts approximately 25 race meetings per season. The majority of race meetings are held on Fridays. In 2016, it held approximately 189 flat races, with over 1729 starters. CRC currently has approximately 1040 members and associate members. In addition, racehorse owners are afforded membership rights at race meetings.
- 22 In 2016, CRC conducted one 'Group 3' and 3 listed races:
 - (a) Group 3 – Mercedes-Benz Canberra Black Opal Stakes – prize money \$275,000;
 - (b) Listed – tab.com.au Canberra Cup – prize money \$200,000;
 - (c) Listed – Affinity Constructions AUST P/L National Sprint – prize money \$125,000; and
 - (d) Listed – XXXX Gold Canberra Guineas – prize money \$125,000.
- 23 In 2017, CRC's 'Group 3' and listed races will provide the following prize money:
 - (a) Group 3 – Mercedes-Benz Canberra Black Opal Stakes – prize money \$300,000;
 - (b) Listed – tab.com.au Canberra Cup – prize money \$200,000;
 - (c) Listed – Affinity Constructions AUST P/L National Sprint – prize money \$130,000; and
 - (d) Listed – XXXX Gold Canberra Guineas – prize money \$130,000.
- 24 The Black Opal Stakes is CRC's feature race which is held annually in March and is combined with the Canberra Cup, Canberra Guineas and the National Sprint. This meeting is CRC's premier race day, attracting crowds of between 8,500 and 10,000 people.
- 25 On standard race days, CRC attracts crowds between 2,000 and 3,000 people, with crowds between 3,000 and 4,000 on Tony Campbell Memorial Cup Students' Race Day and up to 6,000 on Melbourne Cup Day.
- 26 CRC provides the prize money for each race and in the 2015-2016 financial year, it distributed \$4,042,000 in prize money across the 189 races.

- 27 CRC also provides a bonus scheme to thoroughbred racehorse owners and trainers, known as the '*CanBOBS Bonus Scheme*' which was introduced on 1 September 2011. The scheme mirrors the NSW racing industry's Breeder Owner Bonus Scheme (**NSW BOBs**), which is designed to encourage breeding and ownership of racehorses. The CanBOBs Bonus Scheme pays a bonus of \$5,000 to Racing NSW BOBs eligible 2 and 3 year old horses who win a race conducted by CRC. The CanBOBs scheme was implemented to "match" the NSW scheme and ensure that racehorse owners and breeders in the ACT had the same incentives to run their horses in the ACT as in NSW, and encourage breeding and ownership of thoroughbred racehorses in the ACT. In the 2015-2016 financial year, CRC paid out 45 \$5,000 bonuses totalling \$225,000 to Racing NSW BOBS eligible two and three-year-old horses that won a race conducted by CRC.
- 28 CRC employs 16 staff on a full-time basis to carry out its racing operations, including the running of CRC's horse training facilities, track maintenance and repairs and catering. CRC also employs a number of staff on a casual basis to support its operations.
- 29 CRC also controls a significant horse training centre at Thoroughbred Park. The training centre is the largest of its kind between Sydney and the Victorian border and includes 3 training tracks, an equine swimming pool and automated horse walkers. Currently, 26 horse trainers operate out of Thoroughbred Park, with approximately 250 to 270 horses in stables at the facility. All horse training is conducted under the supervision of CRC's full-time Track Supervisor and Equine Pool Attendant. CRC's supervision of the training operations ensures:
- (a) the safety of the horses and trainers; and
 - (b) observance of integrity requirements and the Rules of Racing.
- 30 In an effort to promote ACT and country NSW-trained thoroughbred horse racing, in October 2015, Racing NSW introduced Highway Handicap races to 40 Saturday Metropolitan Sydney race meetings. The concept of the Highway Handicap was to add an additional race to the Saturday Metropolitan program restricted to horses legitimately under the care of a NSW country or ACT trainer. They are either a Class 3 handicap race (restricted to horses which have won 3 races or less) or a set weight plate race (where horses carry a certain weight based on their age and sex). Canberra-trained horses have been very successful in these races and have won twelve Highway Races since the races were introduced in October 2015.
- 31 Through my role as President of Pegasus, CRC has a connection with the organisation's activities, including for example hosting an annual charity race meeting for Pegasus, and donating prizes to Pegasus' charity functions.
- 32 CRC also hosts a number of charity race days and functions for the Canberra community. On a charity race day, CRC appoints the relevant charity as a joint sponsor of the race meeting to

provide increased publicity and community exposure for the charity. CRC also organises and donates prizes for charity fundraising raffles and often donates a table for four people to attend a lunch it hosts on the Black Opal Stakes race day.

Racing Australia

- 33 On 13 April 2015, Racing Australia became the peak body of racing in Australia as a result of the merger of the Australian Racing Board, Racing Information Services Australia and the Australian Stud Book.
- 34 As the peak administrative body for thoroughbred racing, Racing Australia is responsible for ensuring that thoroughbred racing, in all Australian states and territories, is conducted in accordance with the Australian Rules of Racing. The Australian Rules of Racing appoint a Principal Racing Authority in each state and territory that has control and general supervision of thoroughbred racing, which includes registering and supervising race clubs, licensing trainers, jockeys, bookmakers, bookmakers' clerks and other industry participants, handicapping and other general functions such as promotion of the industry.
- 35 CRC is the Principal Racing Authority for thoroughbred racing in the ACT under the Australian Rules of Racing. As the Principal Racing Authority, CRC is responsible for the control and supervision of thoroughbred racing in the ACT. However, most of its functions as a Principal Racing Authority (including integrity matters, stewarding and handicapping) are performed by Racing NSW which is contracted to undertake those duties on CRC's behalf, and in return, Racing NSW receives a fee. Racing NSW also has a steward's office based at Thoroughbred Park, which services both NSW and the ACT thoroughbred racing industries.
- 36 As a Principal Racing Authority, CRC retains a 1% shareholding in Racing Australia. Under Racing Australia's structure, CRC, TasRacing Pty Ltd and Thoroughbred Racing NT are represented by one director appointed on a two-year rotational basis by an agreement between the three clubs.

DIFFERENT FORMS OF WAGERING

- 37 There are two main ways that people can bet on races carried out by CRC.
- 38 The first is through the totalisator or "tote". This is by way of a form of wagering referred to as pari-mutuel betting. Punters wager a certain amount on a particular horse, which goes into a larger pool of funds received by the totalisator. At the end of the race, the totalisator operator receives a certain percentage of the amount bet and the remaining amount is distributed to the winning punters. For this reason, at the time of placing their bets, punters do not know what return they will receive if their horse wins. The smaller the totalisator "pool" is, the more

volatile the return that punters can make. For this reason, I have observed that punters usually prefer a larger and more liquid totalisator "pool".

- 39 Tabcorp holds a 50 year exclusive totalisator licence in the ACT which does not expire until 2064. This gives Tabcorp the exclusive right to provide this form of betting on-course and through a retail "bricks and mortar" TAB network in the ACT and online. Tabcorp's ACT totalisator pool is part of Tabcorp's SuperTAB pool which pools with Victoria (VIC) and WA.
- 40 The second type of wagering on thoroughbred racing is referred to as fixed odds. This is where the betting operator informs the punter, at the time of placing the bet, the return that the punter will receive if the chosen horse wins. This form of betting is offered by Tabcorp, corporate bookmakers other than Tabcorp and other interstate wagering operators (eg Tatts).

CANBERRA RACING CLUB – FUNDING ARRANGEMENTS

Funding and revenue sources

- 41 In the 2015/2016 financial year, CRC had revenue of approximately \$10 million. This revenue was derived from four primary sources:
 - (a) direct distributions from the ACT Government budget;
 - (b) payments distributed from wagering to the racing industry under race field legislation;
 - (c) sponsorship revenue; and
 - (d) revenue from operations associated with race meetings (e.g. bar receipts, hospitality etc).

ACT Government budget distributions

- 42 The funding model for the racing Industry in the ACT is different from other states. Prior to 2010, the ACT racing industry was funded through payments from the government-owned totalisator ACTTAB under commercial arrangements (similar to the model that continues to operate in NSW and VIC). Under the *Betting (ACTTAB) Limited Act 1964*, ACTTAB was required to pay the ACT Government 4.5% of its wagering turnover, which was subsequently distributed by the Government to CRC, Canberra Harness Racing Club and Canberra Greyhound Racing Club.
- 43 However, following changes in the wagering industry (such as the entrance of corporate bookmakers), there was a period in which ACTTAB's turnover declined considerably, to the point where the distributions from the ACT Government through ACTTAB were having a detrimental effect on the funding of racing in the ACT.

- 44 In the 2010-2011 ACT Budget, the ACT Government provided the three racing codes with direct budget funding. Since this time, the ACT racing industry has received the majority of its funding from the ACT Government by way of distribution from the Budget. In the 2015-2016 financial year, CRC received a Government distribution of \$6,169,500, which was its largest source of revenue for the financial year. In the 2014-2015 financial year, CRC received a Government distribution of \$6,017,000. The various sources of revenue for CRC are detailed on page 28 of the CRC Annual Report for 2015/16 (at Annexure PS-1).
- 45 In December 2013, the three codes of racing and the ACT Government signed a Memorandum of Understanding (**MOU**), which formalised the agreement by the ACT Government to continue funding the racing industry. The MOU also covers other matters, such as budget appropriation, performance reporting, multi-year contractual arrangements, structure and governance, integrity, race field legislation and the Racing Appeals Tribunal.
- 46 In 2014, the ACT Government sold ACTTAB to Tabcorp. As part of the sale process, the ACT Government requested a submission from the ACT racing industry as to what they wanted from the sale of ACTTAB. Although the ACT Racing industry preferred to remove its reliance on the government's budget distributions, the ACT racing industry remained on a government funding distribution model.
- 47 As a condition of the ACT Government's sale of ACTTAB to Tabcorp, I am aware that a separate agreement was entered in to which required Tabcorp to:
- (a) provide direct sponsorship to the Canberra racing industry (of at least \$300,000 indexed by CPI) for at least ten years;
 - (b) provide at least \$400,000 (indexed by CPI) in sponsorships and support to local community and sporting organisations for at least 10 years;
 - (c) pay an annual licence fee of \$1 million (indexed by CPI); and
 - (d) an annual contribution to the ACT's problem gambling fund over the full 50 year licence period.
- 48 The MOU between the three racing codes and the ACT Government is due to expire on 30 June 2017. The initial stages of review of the MOU have commenced and it is hoped that it will be finalised by March 2017.

Revenue from race field fees

- 49 Race field fees are fees that wagering operators pay to a racing club for the right to use information about the race such as the information identifying the animals participating in a race.



- 50 Under ACT legislation (the *Racing Act 1999* (ACT)) licensed wagering operators are permitted to use ACT Race Field Information to undertake wagering, in exchange for paying a fee based on a portion of the turnover wagered on a race. This legislation is known as Race Field Legislation (RFL), which was passed by the ACT Legislative Assembly in 2010. These fees are known as 'race field fees' or 'product fees'.
- 51 Between 2010 and 1 July 2013, the administration and collection of race field fees was administered by the ACT Gambling and Racing Commission.
- 52 In February 2013, the ACT Government amended the legislation to allow CRC to set its own fee structure for race field information from 2014. The amendments allowed CRC to assume responsibility of RFL from the ACT Gambling and Racing Commission from 1 July 2013. CRC also administers RFL on behalf of Canberra Harness Racing Club and Canberra Greyhound Racing Club.
- 53 There are currently 48 wagering operators licensed to bet on ACT racing. Table 1 below shows the percentage of turnover wagering operators are required to distribute to CRC (as the agent for Canberra Harness Racing Club and Canberra Greyhound Racing Club).

Table 1: Percentage of turnover wagering operators are required to distribute to Canberra Racing Club

Thoroughbred Races:

Wagering Type	Standard Race Meeting	Black Opal Stakes Race Meeting
Totalisator	1.5% of turnover	2.5% of turnover
Fixed odds	2.0% of turnover	3.0% of turnover
Non Totalisator and not derived from fixed odds	2.5% of turnover	3.5% of turnover
Betting Exchange	1.0% of turnover	2.0% of turnover

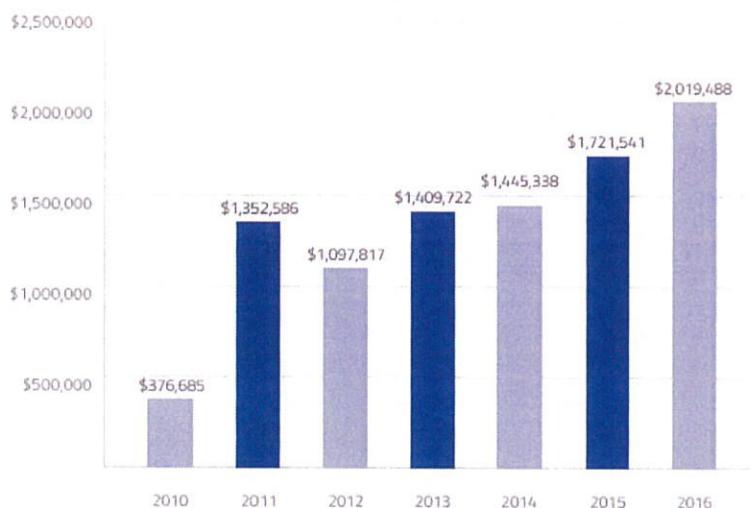
Greyhound and Harness Races:

1.5% of the wagering operator's assessable turnover on all Harness and Greyhound races.

Source: Information on and application to use ACT Race Field Information

- 54 CRC's income from race field fees has continued to grow over time.
- 55 The combined total wagering turnover on Canberra thoroughbred races in 2015/2016 for all bookmakers (both Tabcorp and others) was \$109,497,190. Of this total turnover, the wagering turnover from all TABs combined (both tote and fixed odds) on CRC races amounted to 57% of total wagering turnover, and corporate bookmakers constituted 42% of total turnover. Approximately 1% was turnover from individual bookmakers.
- 56 From total turnover, wagering operators returned \$2,019,488 in revenue from race field fees (refer to page 5 of Annexure PS-1).
- 57 Race field fees are now the second highest source of revenue for CRC (second to the direct government distributions). The graph below at Chart 1 shows CRC's race field fees from 2010 to 2016.

Chart 1: Canberra Racing Club race field fee revenue (2010 – 2016)



Source: Canberra Racing Club Annual Report 2015-2016, page 4.

- 58 Although race field fees have continued to grow since the introduction of RFL, this source of revenue is still less than a third of the amount received by CRC by way of direct distribution from the ACT Government.

Sponsorship revenue

- 59 A third significant source of revenue is support from CRC's corporate sponsors. These are important relationships for CRC. In the 2015/2016 financial year, CRC received \$413,969 (net) in sponsorship revenue (refer to page 28 of Annexure PS-1).

- 60 Race sponsorship provides support for prize money. Throughout the 2015/2016 financial year CRC signed several significant and long-term sponsorship contracts including:
- (a) Tabcorp – 5 years – sponsor of the tab.com.au Canberra Cup, Melbourne Cup day, and Tony Campbell Memorial Cup.
 - (b) Sky Racing – 5 years – vision rights, Race Callers Cup, and Black Opal Stakes day race.
 - (c) Lion – 5 years –sponsor of the Canberra Guineas and the right to be the exclusive beer supplier to CRC.
 - (d) Treasury Wine Estates – 4 years – the right to be the exclusive wine supplier to CRC.

61 CRC's sponsorship agreement with Tabcorp is a 5 year agreement (with 4 years left to run), which provides for the continuing support of the events listed in 60(a), and makes available to Tabcorp on-track signage and other benefits.

Revenue from operations associated with race meetings

62 Finally, CRC also earns some income from other sources, such as admissions to the track, catering income and memberships. Combined, these sources of income constituted approximately 7% of CRC's total revenue over the 2015/16FY (refer to page 28 of Annexure PS-1).

Competition with sporting codes for funding and membership

- 63 Canberra is a city which supports a number of popular sporting clubs, including the NRL's Canberra Raiders, the ARU's Brumbies and the AFL's Greater Western Sydney Giants. All of the national sporting codes enjoy substantial funding (often based on lucrative broadcasting rights arrangements) and large local supporter bases.
- 64 Racing is a form of entertainment that competes with other entertainment, and especially those (such as sport) which also involve an element of wagering. As a practical matter, therefore, I consider that CRC is competing with other sporting codes both for revenue (given the growth in sports betting over recent years) as well as membership and attendance at race events.
- 65 The major sports codes have become highly sophisticated businesses, with national funding, business development strategies and a compelling "product". I consider that to continue to grow, the racing industry needs to develop a similarly sophisticated and nationally-integrated approach to its product and business development.

VIEWS ON THE ACT RACING INDUSTRY AND WAGERING INDUSTRY

- 66 As noted above at paragraph 42, the relationship between the tote and the racing industry in the ACT is different from the relationship that exists in some other states (particularly NSW and VIC), because there is no longer any direct funding relationship with the industry. In other states, funding from the tote to racing occurs through a "revenue sharing" relationship under commercial arrangements. In the ACT, direct distributions from the tote to the industry were replaced in 2010 by a direct government funding model, supplemented by race field fees from all wagering operators (not just the tote).
- 67 Despite these differences, I consider that the long term strength of the tote remains important to the sustainability and development of the ACT racing industry, for a number of reasons:
- (a) Wagering turnover from TAB operators continues to be greater than turnover from turnover from corporate bookmakers. In part, this is because the retail "bricks and mortar" TAB network remains an important source of off-course wagering turnover despite the growth of online betting.
 - (b) Tabcorp, as the ACT tote operator, maintains a closer and more supportive relationship with CRC than other bookmakers. For example, Tabcorp is the only major bookmaker that is a sponsor to CRC. Tabcorp has also recently relocated its offices to CRC's site at Thoroughbred Park.
 - (c) Over the longer term, the heavy reliance on government funding exposes the ACT racing industry to considerable uncertainty. When the ACT Government sold ACTTAB, I would have preferred to see the model revert to one that involves a more direct and sustainable link between the tote and the industry, as exists in other states – and which is therefore less exposed to government budget uncertainties each year. For example, the ACT Government has indicated that it will no longer provide any funding support for the greyhound racing industry in the ACT after the current MOU with the racing industry expires in 2017. There may be scope over time for CRC's revenue from RFL fees to grow, but it is unlikely that CRC's RFL fees will ever be of significant enough scale to replace the funding provided by the ACT Government.
 - (d) Tote operators have historically derived their wagering income from racing and this continues to be their main focus. Corporate bookmakers offer wagering on racing as one form of product, but most also have significant betting operations associated with sports betting. Any shift from racing to sports wagering would reduce race field revenue and negatively impact the racing industry.
 - (e) Unlike corporate bookmakers, who are often located in jurisdictions that minimise their tax liability, Tabcorp has physical operations in the ACT. This contributes to the ACT's



overall economic activity because it operates out of facilities in the ACT and employs local staff. As it is ACT-based, the ACT totalisator is also considered to be part of the ACT racing industry. This is important because the totalisator is included in any consideration of the economic contribution to the ACT made by the racing industry.

VIEWS ON PROPOSED MERGER OF TABCORP AND TATTS

- 68 I understand that Tabcorp has proposed to acquire the issued shares of Tatts by way of scheme of arrangement (the **Proposed Transaction**). In November 2016, I attended a presentation delivered by Tabcorp to CRC relating to the expected benefits of the Proposed Transaction. I am of the view that the Proposed Transaction will deliver positive benefits to the racing industry nationally by supporting the sustainability of pari-mutuel wagering, in response to the structural changes that are occurring in the wagering industry.
- 69 There has been a high degree of competition in the wagering Industry over recent years, through the introduction and rapid growth of corporate bookmakers. The corporate bookmaker product competes directly with traditional pari-mutuel products offered by the TAB.
- 70 I see the growth of corporate bookmakers in the Australian wagering industry as another chapter in the history of racing, and one which reflects a necessary growth in corporatisation and sophistication in the racing product. I see this shift to greater corporatisation as, in some ways, both inevitable and necessary.
- 71 I have seen a long term trend in wagering to move "off-course". Traditionally, punters had to attend a race meeting at the track to place wagers on races. Following the introduction of "bricks and mortar" off-course retail channels, punters in the ACT were no longer required to physically attend the track to place a wager, and this resulted in a considerable decline in on-course wagering, with the majority of punters placing their bets off-course.
- 72 In recent years, a larger proportion of off-course wagering has been carried out through digital channels using an individual's phone or the internet (through computers and applications on mobile devices). The increased use of phone or internet betting has also facilitated the entry of corporate bookmakers who have heavily invested in product development and digital wagering platforms. As described above, this has resulted, in the last decade, in significant growth of online corporate bookmakers, and a shift away from pari-mutuel to fixed odds betting. In this context, I view the Proposed Transaction as a natural progression for the totes which needs to become more sophisticated to compete in the evolving wagering industry.



- 73 I consider the merger of Tabcorp and Tatts, and the development of a consolidated tote operator as beneficial for the following reasons:
- (a) In order to compete with the continued growth of 'fixed odds' products being sold by corporate bookmakers, there is a need for individual state totes to be able to offer a larger (ideally a national) pari-mutuel pool – which would then give them the liquidity to offer a higher dividend and more innovative products. In particular, this may potentially increase online wagering from other states on smaller races, including those held by CRC.
 - (b) A national tote operator is better placed to work with state and territory racing bodies to promote thoroughbred racing at a national level and to bring a more sophisticated national approach to developing racing, which can allow it to better compete with the major national sporting codes – both for wagering and membership/attendances.
 - (c) A number of the corporate bookmakers are substantial international wagering businesses and so the tote is likely to require considerable financial scale to be able to effectively compete with these players.
 - (d) Corporate bookmakers are often focused on sport betting as well as racing. A national tote operator is more likely to be primarily focused on racing, including developing country or regional racing – which, although less remunerative, is an important 'feeder' for the larger centres and the success of the industry at a national level.
 - (e) Tabcorp's long term investment in the tote licence for the ACT also means that it has a greater interest in fostering the development of racing in the ACT and CRC (which is otherwise a small club), than corporate bookmakers, who are more focussed on supporting larger metropolitan race clubs because of the wagering income they generate.
- 74 I understand that the Proposed Transaction will provide a range of benefits for the racing industry in Australia and will provide at least \$50 million per annum in additional funding to the industry. I understand that the additional funding is expected to flow into the racing industry from cost synergies and revenue synergies. I consider that CRC will receive indirect benefits from the Proposed Transaction (as noted above in paragraph 73), but this additional funding will directly benefit the states that have a joint venture arrangement with Tabcorp (such as NSW and VIC, which are major racing states that have commercial funding arrangements in place with Tabcorp). Therefore, I would like to see the Proposed Transaction provide some direct benefits to the smaller racing jurisdictions in Australia that do not have a joint venture arrangement in place with the totalisator operator.



75 Ultimately, I consider that any 'synergies' associated with the Proposed Transaction will deliver less immediate or direct financial benefits to the ACT racing industry than in some other states, because CRC does not have the same direct revenue sharing arrangements in place (as outlined above at paragraphs 42 - 48 and 66). Nonetheless, what is good for the national racing industry and product is ultimately also beneficial for CRC. For the reasons set out at paragraph 73 above, I consider a consolidated tote operator represents an important further step in developing racing (and associated wagering) as a sophisticated, national product.

ANNEXURES

76 Set out in Schedule "A" of my statement is a table of annexures that I refer to in my statement.

Signature

Peter Stubbs, Chief Executive Officer, Canberra Racing Club

Date: 22nd February 2017



SCHEDULE A

TABLE OF ANNEXURES REFERRED TO IN STATEMENT OF PETER STUBBS

Annexure	Description	Confidentiality
PS-1	Canberra Racing Club's Annual Report for the 12 months ending 30 June 2016	





Canberra Racing Club Incorporated Annual Report

2015 - 2016

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CANBERRA RACING CLUB COMMITTEE

COMMITTEE MEMBERS



Chris Ward
Chairman



Paul Meiklejohn CPA
Vice Chairman



Tom Glover
Treasurer



Les Boag



Geoff Bloom



John Dessimone



Keith Dryden



Stephen Heppenstall

LIFE MEMBERS



Paul Miller



Tim Olive CPA

Bob Barlow
Peter Faulkner
Peter Huddy
Kath Mornement
Jim Munro AO
Roger Norton
Neville Prendergast

SENIOR EXECUTIVE STAFF



Peter Stubbs
CEO



Andrew Clark CA
Chief Financial Officer



CHAIRMAN'S REPORT

It is with great pleasure that, on behalf of the Committee, I present the Annual Report of the Canberra Racing Club Incorporated (the Club). The year was characterised by further significant capital investment in the racing and training facilities of the Club and a profitable operational outcome for the 2015/2016 Financial Year. It was also highlighted by the growing success of Canberra-trained horses competing interstate.

Key Points

- Budgeted prize money increased by 22.2% over two years. A total of \$4,127,000 in prize money for 2015/2016 (includes \$50,000 for Country Championships)
- Acton Track resurfacing at a cost of \$1.9 million – project partially completed at 30 June 2016
- Operating profit of \$389,248
- Cash reserves maintained at \$3,220,913

The Club has continued to fulfil its responsibilities as a Principal Racing Authority and achieve the objectives

contained within the Club's Constitution.

Financially, the Club has had an exceptional year, returning an operational profit of \$389,248 with cash reserves being maintained at \$3,220,913 despite significant capital works expenditure resulting in a strong balance sheet as detailed in the Financial Report.

Outlined below is a précis of the activities of the Club for the 2015/2016 financial year.

PRIZE MONEY

Prize money is a key economic driver for the thoroughbred racing industry, and the Committee is dedicated to maximising prize money within the Club's financial resources.

In this regard, the Committee approved increases in prize money for 2015/2016 to \$4,127,000, which was \$285,000 in excess of prize money paid in the 2014/2015 financial year. Included in the increases was the introduction of Capital Cash race meetings for at least one race meeting per month, where, at a minimum, the

Capital Cash race meeting had one race programmed at \$27,000, three races at \$20,000 and four races at \$18,000. The alternative meeting conducted each month had prize money programmed at \$16,000 per race.

In May 2016, following the introduction of initiatives to improve revenue and during the process of the compilation of the 2016/2017 Club Budget, the Committee approved increases in prize money for 2016/2017 to \$4,683,000, which is \$556,000 in excess of 2015/2016 prize money levels. In 2016/2017, standard race meeting prize money of \$20,000 per race will generally be paid once per month and the alternative meeting of the month will be programmed at \$18,000 per race. Capital Cash race meetings will no longer be programmed.

The latest approved prize money increases represent an increase of 22.2% prize money over two years.

ACTION TRACK REFURBISHMENT

The replacement of the surface of the Action Track has been an ongoing project. It is anticipated that by the time this report is published, the project will be complete.

The completed project will come in under the \$2 million budget with the final cost expected to be at just over \$1.9 million. The project has been fully financed by the Club without the need to secure a bank loan as reported last year.

The project has involved substantial effort, including ongoing testing to ensure the surface meets the specifications, securing wax and fibre components from overseas, contractual negotiations for the purchase of components, purchasing machinery and equipment to enable mixing of the surface material, legal advice, and patent advice.

Due to the excessive cost of mixing by a commercial plant and transportation of the surface material, the Club took the decision

mid-year to purchase the equipment to mix the surface and undertake this process on site. The ongoing benefit of having the mixing equipment is significant. It provides the opportunity for ongoing top ups of the surface, which will extend the longevity of the track surface and presents commercial opportunities to supply the surface mix to other racing clubs, training tracks, and equestrian centres.

CAPITAL WORKS EXPENDITURE

The Committee is dedicated to the ongoing upgrade of the facilities, racecourse and training centre. In accordance with this objective, the more significant capital expenditure approved by the Committee included the following projects and equipment replacement:

- \$987,396 – Replacement of the Action Track surface – the project is ongoing.

The budgeted cost was \$2 million with the total cost expected to be under budget at approximately \$1.9 million.

- \$117,197 – Automated horse walkers – installation of a new automated ten horse walking machine and increasing the capacity of the two existing automatic walkers from eight to ten. This provides capabilities to exercise up to sixty horses per hour based on an average walking session of half an hour on the three Club-owned automatic walking machines.
- \$74,209 – Silvia spray unit – chemical spray unit for course proper.
- \$45,726 – Kitchen upgrade – main kitchen refurbishment and upgrade.



Above: Construction of automated horse walker.

GOVERNOR-GENERAL

The Club was honoured to host Governor-General Sir Peter Cosgrove and Lady Cosgrove at the Mercedes-Benz Canberra Black Opal Stakes race meeting.

The Governor-General and Lady Cosgrove attended the Chairman's Official Function for afternoon tea, and the Governor-General presented the trophy to the winning owners of the Mercedes-Benz Black Opal Stakes.

GAMING MACHINES

The Club has fourteen gaming machines all of which are currently in storage. The gaming machines have not delivered adequate financial results since the machines were installed.

The Committee has approved the sale of the gaming machines, and throughout the year, the Club has been negotiating the sale of the machines. Those negotiations are ongoing.

SPONSORSHIP CONTRACTS

Race sponsorship is an important aspect of the race day experience and provides funding support for prize money. We are extremely pleased that Mercedes-Benz Canberra is the sponsor of our flagship race the Black Opal Stakes. The Club is fortunate to have the support of many sponsors at all levels, and the Club is most appreciative of their support. Many of our sponsors have been with us for several years.

Throughout the year, the Club signed a number of significant and long-term sponsorship contracts, including:

- Tabcorp – 5 years – Sponsor of the tab.com.au Canberra Cup, Melbourne Cup day, and Tony Campbell Memorial Cup.
- Sky Racing – 5 years – Vision rights, Race Callers Cup, and Black Opal Stakes day race.
- Lion – 5 years – Beer rights and sponsor of the Canberra Guineas.
- Treasury Wine Estates – 4 years – Wine rights sponsor.



Above: Governor-General Sir Peter Cosgrove

WAGERING TURNOVER AND REVENUE FROM WAGERING

The Club receives revenue from licensed wagering operators from all over the country who accept bets on Canberra Thoroughbred races. The legislation that allows the collection of this revenue is known as Race Field Legislation (RFL), which was passed by the ACT Legislative Assembly in 2010.

The Club administers RFL on behalf of the three codes of racing in the ACT. This involves reporting to the Minister, licensing of wagering operators, processing and collection of fees, and ensuring compliance. There are forty-eight wagering operators licensed to bet on ACT racing.

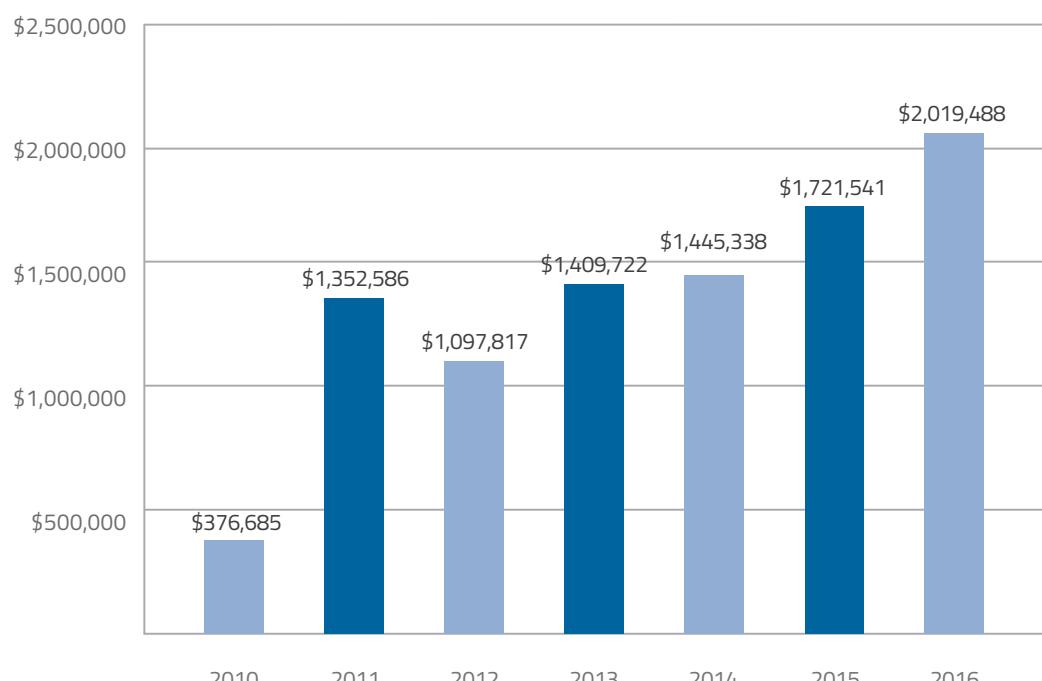
The combined total wagering turnover on Canberra Thoroughbred races in 2015/2016

was \$109,497,190, returning \$2,019,488 in revenue from RFL.

RFL revenue has continued to grow since the legislation was introduced in 2010 (see graph below) and is clearly the second highest source of revenue for the Club.

The Club continues to market directly to punters through enhanced smartphone access, marketing of selections and best bets, marketing to Facebook punters, Sky Racing television advertising, and website promotion.

The history of revenue growth from RFL is contained within the graph below.



The graphs on next page demonstrate the breakdown of wagering turnover on Canberra Thoroughbred races between Tab Operators, Corporate Bookmakers, and Individual Race Day Bookmakers and provide a comparison over the past two years.



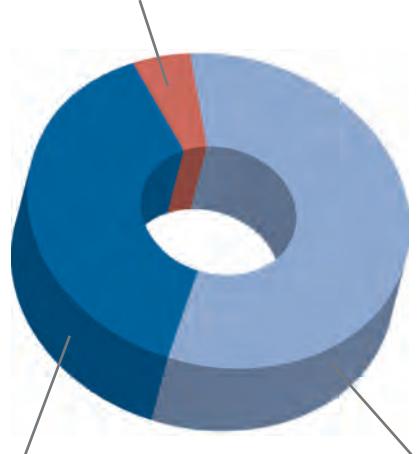
2014/2015 WAGERING TURNOVER

All TABs combined	\$65,931,976
Corporate Bookmakers	\$43,932,238
Individual Bookmakers	\$1,418,785
Total Wagering Turnover on Club races	\$111,282,999

2015/2016 WAGERING TURNOVER

All TABs combined	\$62,673,076
Corporate Bookmakers	\$45,617,763
Individual Bookmakers	\$1,206,351
Total Wagering Turnover on Club races	\$109,497,190

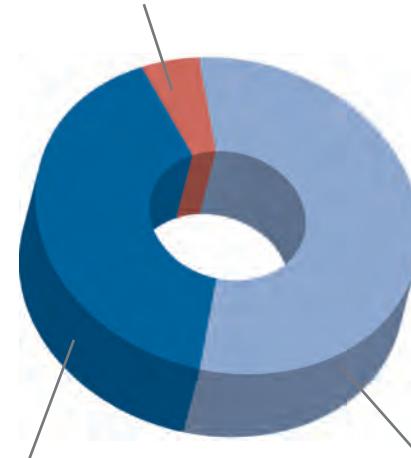
Individual Bookmaker: 1%



Corporate Bookmaker: 40%

TAB: 59%

Individual Bookmaker: 1%



Corporate Bookmaker: 42%

TAB: 57%



FINAL YEAR AS CHAIRMAN

As required by the Constitution of the Club, this will be my last term as Chairman, and I will be retiring as Chairman following this Annual General Meeting. My time as Chairman has been a great pleasure. The Club continues to trade effectively, and racing in the ACT continues to have the support of the Government and the community, with our feature race-days continuing to attract broad community participation. As a smaller club, challenges will continue to evolve. Our prime location in the centre of Canberra, which is one of the foundations for our success, will continue to come under pressure from urban infill development. Prize money must continue to develop to ensure that our local racing product remains attractive to all owners and trainers, both in the Territory and in the wider region. The astonishing recent success of Canberra-trained horses interstate has placed the Club in a strong position to continue to attract interstate trainers to our superb training facilities. I have no doubt that this is a trend which will continue.

I have been graced by the support of my Committee and the staff of the Club. During my time as Chairman, each member of the

Committee has been able to provide me with counsel and support during difficult decisions. The Committee has been a consistently harmonious and professional governing body, despite robust discussions dealing with issues of great significance. I thank each and every Committee member who has served over the four years of my term. Peter Stubbs as CEO has provided more support and assistance than could ever be expected. His wise guidance and friendly manner have made my tasks straightforward and enjoyable. I thank him. I also thank every member of the Club's staff. Each of them approach their roles in a way that goes well beyond the duty statement for their task. The Club is literally built on the back of our staff, who do astounding work, not just on race day, but throughout the year.

Finally, I wish to thank the members of the Club for their support, words of encouragement, advice, and friendship. No club exists without its members, and this club is fortunate to have such committed and intelligent members who are able to work with the Committee to meet challenges as they arise.

It has been a pleasure to guide the Club for the past four years, and I wish the new Committee and Chairman well.

Dr. Chris Ward SC

VALE RUSSELL OWEN CHARLES BROWN

12 January 1942 – 3 February 2016

Sadly, on 3 February 2016, Life Member Russell Brown passed away.

Russell was a great supporter of the Canberra Racing Club. He was a Committeeman from 1990 to 2008 and the Club Treasurer as well.

Prior to the Canberra Racing Club becoming a Principal Club, Russell represented the Club and served as Treasurer on the South East Racing Association Committee.

Russell will be sadly missed, and condolences are passed to his wife Lyn and family.

COMMUNITY SUPPORT



ACKNOWLEDGMENTS

For their support, I would like to acknowledge and thank the following:

Chief Minister,
Mr Andrew Barr MLA

Deputy Chief Minister,
Mr Simon Corbell MLA

Minister for Racing & Gaming,
Mr Mick Gentleman MLA

Director-General Economic Development
Directorate, Mr David Dawes

President, Racing Appeals Tribunal,
Mr John Kalokerinos

The Board, CEO and staff of the Gambling &
Racing Commission

Racing Australia

Racing NSW

Media, including the many ACT media
outlets and their staff

Canberra Racing Club members

Racehorse owners

Trainers

Jockeys

On-course bookmakers

Wagering operators

Punters



RACING REPORT

RACING REPORT

A key objective of the Canberra Racing Club (the Club) is to promote, develop, encourage, carry on and control registered horse racing and conduct horse races and race meetings.

To this end, the Club conducted race meetings throughout the 2015/2016 financial year, promoted and developed racing, and carried on the control of racing through its Principal Racing Authority responsibilities.

For the 2015/2016 financial year, the Club scheduled and conducted 25 race meetings on the turf course proper, comprising a total of 189 races at an average field size of 9.15. Detailed statistics on each race meeting are contained within this report.

RETURNS TO OWNERS PRIZE MONEY & CANBOBS

Throughout the year, the Club distributed \$4,042,000 in prize money across 189 races, an increase of \$285,000 over

the previous year but with four less races conducted due to four races being abandoned on 22 January 2016 due to wet weather.

The CanBOBS bonus scheme, introduced on 1 September 2011, registered a decline in bonuses paid out in 2015/2016 compared to the previous year. In 2015/2016, the Club paid out 45 \$5,000 bonuses totalling \$225,000 to Racing NSW BOBS eligible two and three-year-old horses, compared to 62 CanBOBS bonuses paid totalling \$310,000 in 2014/2015. CanBOBS bonuses are not included in the prize money figures quoted above but are included in prize money in the financial statements.

GROUP & LISTED RACES

Currently, the Club conducts one Group 3 and three Listed races, the details and conditions of which are described below:

- Group 3 – \$275,000 Mercedes-Benz Canberra Black Opal Stakes – Open two-year-old (set whts + pen.) 1200 metres

- Listed – \$200,000 tab.com.au Canberra Cup – Open quality handicap 2000 metres
- Listed – \$125,000 Affinity Constructions AUST P/L National Sprint – Open quality handicap 1400 metres
- Listed – \$125,000 XXXX Gold Canberra Guineas – Open three-year-old (set whts + pen.) 1400 metres

The Australian Pattern Committee is sanctioned by Racing Australia to make recommendations as to which Australian races are worthy of "Black Type" status. The listing of Group and Listed races are approved and published by Racing Australia and are accepted by the International Cataloguing Standards Committee for publication in 'The Blue Book', thereby achieving international recognition for Australia's best races.

Each year, Group and Listed races are given a benchmark rating which is measured against the benchmark for inclusion in each category of Group races or as a Listed race.

BENCHMARKS	2YO	3YO	F&M	OPEN
Group 1	110 (105F)	115 (110F)	110	115
Group 2	105 (100F)	110 (105F)	105	110
Group 3	100 (95F)	105 (100F)	100	105
Listed	95 (90F)	100 (95F)	95	100

Above: Group and Listed races

RACE	YEAR	BLACK OPAL	CANBERRA CUP	NATIONAL SPRINT	CANBERRA GUINEAS
BENCHMARKS	2016	103.3	104.5	100.5	96
BENCHMARKS	2015	101.8	99	98.5	97.5
BENCHMARKS	2014	101.5	97.8	108	105.3
BENCHMARKS	2013	102.5	105	101.5	104.8
BENCHMARKS	2012	105.8	101.3	101	101.8

Above: In 2016, Canberra Listed races achieved the above benchmarks with comparative figures for 2012, 2013, 2014 and 2015

**WINNERS - MERCEDES-BENZ CANBERRA
BLACK OPAL STAKES & TAB.COM.AU
CANBERRA CUP – SUNDAY 7 MARCH 2016**

RACE	PRIZE MONEY	WINNER	TRAINER	JOCKEY
Mercedes-Benz Canberra Black Opal Stakes (Group 3)	\$275,000	Defcon	Peter & Paul Snowden	Blake Shinn
tab.com.au Canberra Cup (Listed)	\$200,000	Hippopus (NZ)	Gai Waterhouse	Tim Clark
Affinity Construction Aust P/L National Sprint (Listed)	\$125,000	Cosmic Cube (NZ)	David Vandyke	Tim Clark
XXXX Gold Canberra Guineas (Listed)	\$125,000	Italy	John O'Shea	Christian Reith
Barlens Camarena Quality Handicap	\$50,000	Highly Geared	Garry Kirkup	Matthew Cahill
Sky Racing Maiden Plate	\$24,000	Trick Star	Peter Robl	Black Shinn
Caprint Benchmark 65 Handicap	\$24,000	Hermosa Beach	Matthew Dale	Hugh Bowman
Premier Racing Partnership Benchmark 65 Handicap Barlens	\$24,000	Hill Spy	Luke Pepper	Brock Ryan (A)

COURSE PROPER RECORDS SET THIS SEASON

DISTANCE	NAME	TIME	DATE	WEIGHT KGS
1300M	Laurie's Love	1:16.10	27/11/2015	61KG
1600M	Mendelssohn	1:34.69	16/10/2015	59KG

CONGRATULATIONS TO ALL OWNERS, TRAINERS, JOCKEYS AND BREEDERS WHO WERE SUCCESSFUL DURING THE 2015/2016 RACING SEASON



DEFCON – WINNER – MERCEDES-BENZ CANBERRA BLACK OPAL STAKES

Winning Owners: James Herron Bloodstock, Newgate S F, Horse Ventures, EST E G T Bateman, Mrs B C Bateman, Doyles Breeding & Racing, Rockingham Thoroughbreds, J A & Mrs F A Ingham, Love Racing & Gleneagles Stud Pty Ltd.



HIPPOCUS – WINNER – TAB.COM.AU CANBERRA CUP

Winning Owners: J W L Tan, Mrs G C Y Wong, & Miss G W C Tan



COSMIC CUBE (NZ) – WINNER – AFFINITY CONSTRUCTIONS AUST P/L NATIONAL SPRINT

Winning Owner: J A Rowan



ITALY – WINNER – XXXX GOLD CANBERRA GUINEAS

Winning Owner: Godolphin

WINNERS OF CANBERRA RACING CLUB FEATURE EVENTS FOR 2015/2016

Field Limits vary according to rail position - Maximum 16						Winners Racing Style			Av. Time Last 600m Sprint Races	Av. Time Last 600m Distance Races 1600+	Fastest Last 600m Of Day	Temperature	Rating	Rail
DATE	NOMS	ACCTS	RACES	STRS	AVG/ STRS	Leading 2 or 3	Midfield	Back						
5.7.15	90	66	7	56	8	3	2	2	37.84	38.12	36.61	9	Soft 7	+9m
17.7.15	121	85	8	64	8	1	4	3	37.38	38.77	36.12	11	Heavy 10	+12m
31.7.15	119	87	8	73	9	4	2	2	37.24	37.46	35.37	14	Heavy 8	TRUE
14.8.15	105	77	8	69	9	3	3	2	37.56	39.18	35.32	14	Soft 7	+5m
28.8.15	117	74	8	60	8	4	2	2	37.89	40.07	36.65	16	Heavy 10	+8m
11.9.15	98	74	8	67	8	3	2	3	35.86	36.33	34.83	18	Soft 6	TRUE
25.9.15	125	79	8	71	9	3	2	3	34.21	36.83	33.4	15	Good 4	TRUE
16.10.15	123	84	8	72	9	5	1	2	35.47	36.53	34.34	30	Good 4	+2m
23.10.15	144	98	8	77	9	4	2	2	36.53	38.46	35.33	16	Soft 7	+4m
3.11.15	95	59	7	54	8	4	1	2	36.78	37.16	35.18	21	Soft 6	+8m
15.11.15	115	80	7	51	7	5	1	1	36.1	35.85	34.95	21	Soft 7	+10m
27.11.15	146	104	8	92	12	1	5	2	34.85	37.59	33.82	23	Good 3	TRUE
13.12.15	127	87	7	64	9	2	4	1	35.23	37.48	34.01	28	Good 3	TRUE
29.12.15	149	105	8	82	10	4	4	0	34.77	35.03	33.83	30	Soft 5	+3m
8.1.16	144	103	8	85	11	6	2	0	35.07	37.54	33.5	30	Soft 5	+3m
22.1.16	144	98	4	39	10	1	1	2	36.81	0	35.46	28	Soft 7	+8m
5.2.16	131	86	8	70	9	2	0	6	36.1	37.93	35.13	24	Soft 6	+8m
21.2.16	123	86	7	73	10	3	2	2	35.12	34.64	34.16	30	Good 3	TRUE
6.3.16	159	105	8	90	11	4	1	3	35.01	35.37	33.39	34	Good 4	+3m
19.3.16	110	77	6	62	10	2	2	2	36.55	38.44	35.18	21	Soft 7	+7m
8.4.16	129	80	8	66	8	4	2	2	36.36	37.89	34.73	19	Soft 6	+10m
22.4.16	127	82	8	72	9	6	2	0	35.04	36.88	33.82	19	Soft 5	TRUE
27.5.16	119	90	8	68	9	3	5	0	36.97	38.52	36.18	12	Heavy 8	+4m
10.6.16	135	83	8	74	9	3	4	1	39.24	41.22	37.6	15	Heavy 10	+8m
24.6.16	146	97	8	78	10	7	1	0	38.77	40.59	37.0	9	Heavy 10	TRUE
Total	3141	2146	189	1729		87	57	45						
Average Starters 9.15						46.03%	30.16%	23.81%						

CANBERRA HIGHWAY HANDICAPS

In October 2015, Racing NSW introduced Highway Handicap races to 40 Saturday Metropolitan Sydney race meetings.

The concept of the Highway Handicap was to add an additional race to the Saturday Metropolitan program restricted to horses legitimately under the care of a NSW country or ACT Trainer and programmed as Class 3 handicap or set weight plate races.

Canberra-trained horses have been very successful in these races and have won nine Highway Races since the races were introduced.

Canberra Highway Race winners for the 2015/2016 financial year were:

Date	Horse	Trainer
07.11.2015	Shadow Affair	Matthew Dale
21.11.2015	Bitburg	Matthew Dale
28.11.2015	Royal Jackpot	Matthew Dale
16.01.2016	Hermosa Beach	Matthew Dale
23.01.2016	Atom Eve	Norm Gardner
30.01.2016	Halfpenny Gate	Keith Dryden
27.02.2016	Appoint Percy	Luke Pepper
28.05.2016	Wonderbolt	Barbara Joseph/Paul Jones
25.06.2016	Rock On Zariz	Barbara Joseph/Paul Jones

Below: tab.com.au Melbourne Cup Race Day, 3 November 2015





Above: Students Race Day, 16 October 2015

Below: Mercedes-Benz Canberra Black Opal Stakes, 6 March 2016



CANBERRA RACING CLUB PREMIERSHIP AWARDS 2015/2016

(1 August 2015 – 31 July 2016)

TRAINER OF THE YEAR

Winner: Matthew Dale

Matthew Dale recorded his first win in the Canberra trainer's premiership, capping off an outstanding season. Matthew recorded 27 wins on the Canberra track for the season to win the premiership. Throughout the country, Matthew recorded 48 winners on NSW/ACT tracks plus three wins in Melbourne and one in Brisbane to bring his overall total of wins for the season to 52 with 64 placings from 244 starters. Included in his wins were three Black Type races with his stand out horse, Fell Swoop, a Group 2 winner in Brisbane and two Listed races in Melbourne. Matthew recorded a great winning strike rate of 21%, and his horses won \$1,938,718 in prize money. Matthew recently expanded his team and is looking forward to even greater success in the future.

JOCKEY OF THE YEAR

Winner: Brendan Ward

Brendan Ward has won the Canberra Racing Club's Jockeys premiership for the fifth time with 24 wins on the Canberra track for the season. Overall, Brendan recorded a total of 66 race wins on NSW/ACT tracks and 123 placings from 612 race rides. Horses he rode in races won a total of \$1,036,803 in prize money. Brendan is very consistent and dedicated to his profession and works hard on his fitness to ensure he gives every horse its best opportunity.

APPRENTICE OF THE YEAR

Winner: Kayla Nisbet

Kayla Nisbet had an outstanding season to record her second Canberra Apprentice Jockey premiership with a total of 12 wins as an apprentice on the Canberra track. Overall,

in NSW/ACT Kayla recorded 53 wins and 101 placings from 542. Her mounts won a total of \$945,030 in prize money. Kayla and her father John are the only father and daughter to have won riding premerships at Canberra – John having won the Jockey Premiership in 2001/2002. Kayla has now completed her apprenticeship and is looking forward to a successful career as a jockey.

OWNERS OF THE YEAR

Joint Winners:

Mrs S (Sharon) McGuinness

Mr P (Pat) O'Brien

The owner's premiership was very competitive this year with eight groups of owners on three wins for the season. The winners were determined on count back based on second placings. Pat O'Brien and Sharon McGuinness are joint winners of the Owners of the Year each having recorded three wins and two seconds with their horses.

Sharon McGuinness was successful with her two horses Hermosa Beach and Chaquinta (NZ). Hermosa Beach recorded two wins and one second, and Chaquinta (NZ) recorded one win and one second.

Pat O'Brien was successful with his two horses She Zar and Erins Zar. She Zar recorded two wins and Erins Zar recorded one win and two seconds.

Congratulations to both winners who have significantly contributed to the Canberra Racing Club and the racing industry in general.

HORSE OF THE YEAR

Winner: Rock On Zariz

Rock On Zariz is the Canberra Racing Club Horse of the Year having recorded three wins and one second on the Canberra track for the season. In a very competitive year, Rock On Zariz won the award on count back from Agamemmon, Ziganui, Linsang Hercegovka and Miss Liffey. Rock On Zariz

is owned by a large syndicate comprising of JJR Partnership (Mgr: Mrs B M Joseph), D G Miers, Mrs L J Miers, R Smith, Mrs K M Smith, R J Watson, J A Watson, G J Flint, T A Harvey, Mrs R M Harvey, P W Rudd, Mrs J E Rudd, M W Locke, Mrs L L Locke, P G Kimber, K J Miers, J V de Smet, M T Podolinsky and M D Martin.

The fact that Rock On Zariz only commenced racing in December of the 2015/2016 adds more merit to her winning the Canberra Horse of the Year. For the season, Rock On Zariz had 12 starts for 5 wins, three second placings and one third. Adding to her three wins at Canberra, Rock On Zariz was also successful in a Highway Handicap at Randwick in June 2016. Her total prize money won for the season was \$106,942.

FOCUS AWARD

Winner: Single Gaze & Fell Swoop

The Focus Award is awarded to a horse that, through its performance and media coverage received throughout the season, attracts a focus on Canberra racing. Canberra racing had the benefit of having two outstanding horses in Single Gaze and Fell Swoop, promoting the strength of Canberra racing; hence, the award has been awarded jointly.

Single Gaze was the winner of the Group 1 Vinery Stakes – the first Canberra Group 1 winner since Camarena in 1999. She also won the Group 3 Keith Nolan at Kembla Grange, ran second in the Group 2 Surround Stakes at Randwick, and second in the Gold Coast Magic Millions Guineas – an unlisted \$1.8 million race. Unfortunately, Single Gaze fell when competing in the Group 1 ATC Oaks at Randwick. Both Single Gaze and jockey Kathy O'Hara sustained relatively minor injuries.

Fell Swoop won five races in the season, including the Group 2 Victory Stakes at Doomben, the Listed Chand MacLeod at

Moonee Valley, and the Listed Testa Rosa at Moonee Valley. His peak performance was in defeat in the \$2.6 million Group 1 TJ Smith at Royal Randwick over the Championships being beaten by the world's top rated sprinter Chautauqua.

Both horses received outstanding media coverage throughout the season and are deserved joint winners.

CONTRIBUTION TO ACT RACING INDUSTRY AWARD

Winner: Bernie Howlett

The 2015/2016 Contribution to ACT Racing Industry Award is awarded to Mr Bernie Howlett.

Bernie first moved to the Canberra region in 1963, towards the end of his career as a jockey. It was at about this time that the Canberra racecourse relocated from Acton to its present site, and Bernie experienced success in the early days of the track.

Bernie made his name as a trainer when training at Kembla Grange, where he trained from 1989 to 1999. During this period, he won the 1996 Group 1 Doomben 10,000 with Suntain.

Bernie relocated to Canberra and his Hall training property in 1999 and has enjoyed success ever since.

Bernie had great success with the talented stayer Belmonte, including consecutive wins

at Group 3 level in the Rough Habit and the Doomben Classic at the 2006 Brisbane Winter Carnival.

According to Bernie, a highlight of his career was winning consecutive Canberra Cups with Macknuckle in 2009 and 2010 for Club members Lyn and Bob Barlow, Michael and Jan James and Judith Hutchins.

In 2003, Sansadee, a filly trained by Bernie and part-owned by him in partnership with members of his family, ran third in the Group 3 Black Opal Stakes. Whilst this was an exciting result for Bernie and his family at the time, it would be difficult to contemplate the journey this would take them on in the thoroughbred breeding industry.

In 2011, Sansadee produced a colt foal by I Am Invincible who was sold at the 2013 Inglis Classic Sale and raced as the great horse Brazen Beau. Brazen Beau was Champion sprinter and the standout racehorse of his generation – a rare hero of the Group 1 Newmarket as a three-year-old and now stands at Darley Stud. Bernie and his family have since sold a full brother to Brazen Beau who is currently in training with Chris Waller and have a yearling full sister to Brazen Beau, on their Hall Property.

Bernie commenced his career in racing as an apprentice jockey aged 15 in 1953 and had a relatively short nine year riding career, eventually succumbing to rising weight.

As an apprentice jockey, Bernie won two Sydney Cups, in 1959 on On Line and 1961 on Sharply.

Bernie ran second in the Caulfield Cup on Lord Fury and then was suspended in a minor race prior to the Melbourne Cup and could not take the ride on Lord Fury who won the 1961 Melbourne Cup.

He ran second on Sharply in the Brisbane Cup behind the champion Tulloch, rode On Line in Hi Jinx's 1960 Melbourne Cup, won the Ipswich Cup on Sharply, and rode in most States in Australia including, by invitation, in two Perth Cups.

There are not many in the thoroughbred racing industry who have ridden a Group 1 winner, trained a Group 1 winner and bred a Group 1 winner. Bernie Howlett is a deserving recipient of the Contribution to ACT Racing Industry Award.

Bernie Howlett – a champion and a gentleman.

Congratulations to all season award winners.

FORM SUMMARY: SINGLE GAZE

Season Starts	7
Wins	Vinery Stud Stakes Group 1 – Randwick Keith Nolan Group 3 – Kembla Grange
Seconds	Surround Stakes Group 2 – Randwick Magic Millions Guineas – Gold Coast
Thirds	NIL
Prize Money	\$836,550

FORM SUMMARY: FELL SWOOP

Season Starts	10
Wins	Victory Stakes Group 2 – Doomben Test Rossa Listed – Caulfield Chand Macleod Listed – Moonee Valley Benchmark 85 – Randwick Benchmark 75 – Rosehill
Seconds	Oakleigh Plate Group 1 – Caulfield T J Smith Group 1 – Randwick
Thirds	NIL
Prize Money	\$956,000

SPONSORS



Alan
Rummery
Bookmaker



Fiona Allen &
Fred Lawson



REVIEW



CANBERRA RACING CLUB FINANCIAL STATEMENTS

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Report of the Committee

30 June 2016

Your Committee present their report on the financial statements of the Canberra Racing Club Incorporated (the Club) for the year ended 30 June 2016.

Committee Members

The names of the Committee members of the Club at the date of this report and at any time during the financial year were:

	Meetings attended during the year	Meetings eligible to attend during the year
C Ward (Chairman)	9	9
P Meiklejohn (Vice Chairman)	9	9
T Glover (Treasurer)	7	9
T Olive	9	9
G M Bloom	8	9
K Dryden	9	9
P Miller	8	9
L Boag	9	9
S Heppenstall	8	9
J Duss (appointed 1 July 2015)	7	9

Principal Activities

The principal activity of the Club during the year was to promote the development of thoroughbred horse racing within the Australian Capital Territory.

There was no change in the nature of this activity during the year.

Results

The surplus for the year before grants and depreciation of Racing Development Fund (RDF) funded assets was \$389,248 (2015: \$299,030). The total comprehensive income of the Club for the year was a deficit of \$610,021 (2015: deficit of \$700,304).

Signed in accordance with a resolution of the Committee.

C Ward
Chairman

T Glover
Treasurer

26/8/16 August 2016
Canberra

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Statement of Comprehensive Income
For the Year Ended 30 June 2016

		2016	2015
	Note	\$	\$
Revenue			
Revenue	2	10,115,294	9,591,610
Gain on sale of non-current assets		5,455	38,744
Total revenue		10,120,749	9,630,354
Expenses			
Bad and doubtful debts		6,141	-
Depreciation		491,207	719,544
Employee leave expenses		79,794	31,157
Financial expenses		16,579	16,538
Insurance		158,466	147,156
Legal expenses		28,269	5,687
Other administration expenses		431,294	342,667
Racing expenditure	4	6,526,040	6,341,200
Track and ground expenditure		900,340	688,037
Wages and salaries		1,093,371	1,039,338
Total expenditure before depreciation of RDF funded assets		9,731,501	9,331,324
Surplus/(deficit) before costs related to RDF funded assets		389,248	299,030
Depreciation of RDF funded assets	14	(999,269)	(999,269)
Interest on borrowings related to RDF assets	14	-	(65)
Net surplus/(deficit) before income tax expense		(610,021)	(700,304)
Income tax expense	1(a)	-	-
Net surplus/(deficit)		(610,021)	(700,304)
Total comprehensive income for the year		(610,021)	(700,304)

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Statement of Financial Position**As At 30 June 2016**

		2016	2015
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,210,721	1,449,771
Other financial assets	6	2,010,192	2,009,534
Trade and other receivables	7	1,373,221	324,602
Inventories		62,737	82,547
Racing Australia		128,353	128,353
TOTAL CURRENT ASSETS		4,785,224	3,994,807
NON-CURRENT ASSETS			
Property, plant and equipment	8	9,339,486	10,468,282
Land rent prepaid		143,634	145,346
TOTAL NON-CURRENT ASSETS		9,483,120	10,613,628
TOTAL ASSETS		14,268,344	14,608,435
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	572,421	372,600
Provisions	10	359,767	284,816
TOTAL CURRENT LIABILITIES		932,188	657,416
NON-CURRENT LIABILITIES			
Stable lease in advance		629,920	636,767
Provisions	10	7,651	5,646
TOTAL NON-CURRENT LIABILITIES		637,571	642,413
TOTAL LIABILITIES		1,569,759	1,299,829
NET ASSETS		12,698,585	13,308,606
EQUITY			
Accumulated surplus		12,698,585	13,308,606
TOTAL EQUITY		12,698,585	13,308,606

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Statement of Changes in Equity

For the Year Ended 30 June 2016

2016

	Accumulated Surplus	Total
	\$	\$
Balance at the beginning of the year	13,308,606	13,308,606
Total comprehensive income	(610,021)	(610,021)
Balance at the end of the year	12,698,585	12,698,585

2015

	Accumulated Surplus	Total
	\$	\$
Balance at the beginning of the year	14,008,910	14,008,910
Total comprehensive income	(700,304)	(700,304)
Balance at the end of the year	13,308,606	13,308,606

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Statement of Cash Flows
For the Year Ended 30 June 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and others	10,533,140	9,990,343
Interest paid	-	(65)
Interest received	129,160	150,439
Prize money, trophies and subsidies	(4,699,195)	(4,604,574)
Other payments	(5,845,930)	(4,553,739)
Net cash provided by/(used in) operating activities	117,175	982,404
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	5,455	38,744
Payments for property, plant and equipment	(361,680)	(268,797)
Proceeds from disposal of financial assets (term deposits)	-	704,426
Net cash provided by/(used in) investing activities	(356,225)	474,373
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	-	(687,000)
Net cash provided by/(used in) financing activities	-	(687,000)
Net increase/(decrease) in cash and cash equivalents held	(239,050)	769,777
Cash and cash equivalents at beginning of year	1,449,771	679,994
Cash and cash equivalents at end of financial year	5 1,210,721	1,449,771

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards (Reduced Disclosure Requirements of the Australian Accounting Standards Board) and the Associations Incorporation Act (1991).

The Club is an association incorporated in the Australian Capital Territory under the Associations Incorporation Act (1991). The financial statements cover the Club as an individual entity.

A number of new or revised Australian Accounting Standards are effective for the first time in the current financial year. These standards have had no material impact on the entity.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The following is a summary of the material accounting policies adopted by the Club in the preparation of the financial statements.

Accounting Policies

(a) Income Tax

The Club is a tax exempt body under relevant provisions of the Income Tax Assessment Act, 1997.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any. Costs are assigned on the weighted average costs basis.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Where a revaluation has been performed, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The carrying amount of property, plant and equipment is reviewed at the end of the reporting period to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Club and the cost of the item can be measured reliably. All other costs (e.g. repairs and maintenance) are charged to the statement of comprehensive income during the financial period in which they are incurred.

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

(d) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Club are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated over their estimated useful lives where it is likely that the Club will obtain ownership of the asset or otherwise over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Gains and losses arising from changes in the fair value of these assets are included in the profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment valuation reserve.

Financial liabilities

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of the reporting period, an assessment is made whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

(g) Impairment of Assets

At the end of the reporting period, the carrying values of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash generating unit to which the asset belongs is estimated.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(i) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue is deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered, otherwise the grant is recognised as income on receipt.

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(i) Revenue (continued)

All revenue is stated net of the amount of goods and services tax (GST).

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of the GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to the reporting date. The benefits due to be settled within one year to employees for their entitlements have been measured at the amounts expected to be paid including on-costs and are disclosed as current liabilities. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made in respect of those benefits. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

(l) Provisions

Provisions are recognised when the Club has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured

(m) Comparative Figures

Comparative figures have been adjusted, where necessary to conform to changes in presentation for the current financial year

Critical accounting estimates and judgments

The Committee members evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Club.

The Committee have reviewed the ageing of debtors and made an estimate of the amount that will ultimately be received, based on knowledge of the debtors and the Club's history of collection of debts.

The Committee members do not believe that there were any other key estimates or key judgements used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements For the Year Ended 30 June 2016

2 Revenue

	2016	2015
	\$	\$
ACT Government distribution	6,169,500	6,017,000
Admissions	142,264	166,660
Bookmaker's revenue	1,200	2,400
Net catering income (refer note 3)	411,379	424,707
Membership subscriptions	45,960	52,285
Nomination and acceptance fees	137,322	127,987
Other income (refer note 3)	774,212	702,231
Race fields revenue	2,019,488	1,721,541
Net sponsorship revenue	413,969	376,799
	10,115,294	9,591,610

3 Catering and Other Income

Included in the net catering income and net other income disclosed in note 2, are the following specific items of revenue and expenditure:

	2016	2015
	\$	\$
Bar sales	683,920	777,870
Food sales	979,848	865,259
Interest received	129,818	146,013
Other income	702,539	626,147
Cost of goods sold - bar	(274,543)	(298,819)
Cost of goods sold - food	(189,908)	(143,758)
Depreciation - bar	(9,514)	(9,501)
Depreciation - food	(26,869)	(23,856)
Other bar and food expenses	(751,555)	(742,488)
Other expenses	(58,145)	(69,929)
	1,185,591	1,126,938

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements
For the Year Ended 30 June 2016

4 Racing Expenditure

	2016	2015
	\$	\$
Advertising and promotional expenditure	317,140	255,550
Jockeys' insurance	410,655	426,171
Other administrative expenses	260,618	255,912
Principal club expenses	65,372	75,422
Prize money, trophies and subsidies	4,699,195	4,604,574
Race meeting expenses	<u>773,060</u>	<u>723,571</u>
	<u>6,526,040</u>	<u>6,341,200</u>

5 Cash and Cash Equivalents

	2016	2015
	\$	\$
Cash at bank and on hand	<u>1,210,721</u>	<u>1,449,771</u>

6 Other Financial Assets

	2016	2015
	\$	\$
Held-to-maturity investments	<u>2,010,192</u>	<u>2,009,534</u>

The held-to-maturity investments are made up of term deposits with initial terms to maturity of 180 days.

7 Trade and Other Receivables

	2016	2015
	\$	\$
Trade debtors	323,101	271,718
Less provision for doubtful debts	(12,428)	(8,130)
Prepayments:		
- Acton Track	987,396	-
- Other	<u>75,152</u>	<u>61,014</u>
	<u>1,373,221</u>	<u>324,602</u>

Canberra Racing Club Incorporated

ABN: 21 423 896 409

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

7 Trade and Other Receivables (continued)

Ageing of trade and other receivables

	2016	2015
	\$	\$
Not overdue	294,723	257,775
30 to 60 days overdue	2,466	4,731
61 to 90 days overdue	916	3,885
More than 90 days overdue	24,996	5,327
Total trade and other receivables	323,101	271,718

Ageing of provision for doubtful debts

Not overdue	6,626	8,130
Less than 30 days overdue	338	-
30 to 60 days overdue	338	-
61 to 90 days overdue	338	-
More than 90 days overdue	4,788	-
Total provision for doubtful debts	12,428	8,130

Reconciliation of provision for doubtful debts

Opening balance	8,130	8,130
Additional provision recognised	6,141	-
Reduction in provision resulting from a write back against the receivables	(1,843)	-
Closing balance of provision for doubtful debts	12,428	8,130

Canberra Racing Club Incorporated

ABN: 21 423 896 409

**Notes to the Financial Statements
For the Year Ended 30 June 2016**
8 Property, Plant and Equipment

	2016	2015
	\$	\$
Buildings/course improvements on leasehold land - at cost	23,111,659	23,382,477
Less accumulated depreciation	(14,343,884)	(13,358,569)
	8,767,775	10,023,908
Plant, fixtures and fittings - at cost	1,036,819	887,960
Less accumulated depreciation	(510,888)	(508,135)
	525,931	379,825
Motor vehicles - at cost	73,016	73,016
Less accumulated depreciation	(27,236)	(8,467)
	45,780	64,549
	9,339,486	10,468,282

Movements in Carrying Amounts

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

	Building/course improvements	Plant, fixtures and fittings - at cost	Motor vehicles	Total
				\$
Balance at the beginning of year	10,023,908	379,825	64,549	10,468,282
Additions	73,398	324,665	-	398,063
Depreciation expense	(1,329,531)	(178,559)	(18,769)	(1,526,859)
Balance at the end of the year	8,767,775	525,931	45,780	9,339,486

Depreciation is calculated on a prime cost basis. The following depreciation rates were used:

Class of Asset	Depreciation Rates
Buildings/course improvements on leasehold land	1% to 50%
Plant, fixtures and fittings	5% to 33%
Motor vehicles	20% to 33%

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements For the Year Ended 30 June 2016

9 Trade and Other Payables

	2016	2015
	\$	\$
Trade and other payables	457,235	278,370
Income in advance	75,390	60,346
Other payables - Greyhound and Harness Racing	39,796	33,884
	572,421	372,600

Other payables - Greyhound and Harness Racing relate to Race Field Legislation revenue collected by Canberra Racing Club on behalf of Greyhound and Harness Racing. There is a corresponding amount included in the trade and other receivables balance in Note 7 of these financial statements.

10 Provisions

	2016	2015
	\$	\$
Current		
Provision for annual leave	151,878	115,973
Provision for long service leave	207,889	168,843
	359,767	284,816
Non-current		
Provision for long service leave	7,651	5,646

11 Key Management Personnel Compensation

Key management personnel is defined by AASB 124 "Related Party Disclosures" as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Committee members of the entity.

The total of remuneration paid to the key management personnel of Canberra Racing Club Incorporated during the year are as follows:

	2016	2015
	\$	\$
Total key management personnel compensation	359,442	354,083

Committee members do not receive a financial or loan benefit in their role as a Committee member which is an honorary position.

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements For the Year Ended 30 June 2016

12 Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases.

The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the reporting date are consistent with those regularly adopted by businesses in Australia.

The entity is not exposed to any significant liquidity, credit or interest rate risk in relation to its financial instruments.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	5 1,210,721	1,449,771
Other financial assets	6 2,010,192	2,009,534
Loans and receivables	7 1,373,221	324,602
Total financial assets	4,594,134	3,783,907
Financial Liabilities		
<i>Financial liabilities at amortised cost:</i>		
- Trade and other payables	9 497,031	312,254
Total financial liabilities	497,031	312,254

Net fair values

Financial assets and financial liabilities are carried at their net fair value at the end of the reporting period. The carrying values of financial assets and financial liabilities approximate their net values due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

Finance Facilities

The Club has an overdraft facility of \$250,000 (2015: \$250,000). The unused portion of this facility at 30 June 2016 is \$250,000 (2015: \$250,000). The overdraft facility has been established to assist with cash flow requirements. The overdraft facility is secured over the Club's non-current assets. The Club also has a credit card facility limit of \$40,000 (2015: \$40,000) which is cleared monthly.

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements

For the Year Ended 30 June 2016

13 Related Party Disclosures

Key management personnel transact with the Club from time to time on normal terms and conditions that are no more favourable than those available to others. The types of transactions involved include gaming and the purchase of food, beverages and membership. The transactions are settled at the time of the transaction, and no amounts are owing to the Club at year end in respect of these transactions. The total value of these transactions is low and is considered by the Club to be immaterial.

Other than the transactions disclosed above, and compensation of key management personnel, which is separately disclosed in these statements, there were no other related party transactions during the financial year.

14 RDF Funded Assets

Depreciation of RDF funded assets and interest on borrowings to cover RDF funded assets relate to the assets acquired from the funding received from the Racing Development Fund (RDF) for the development of the track and facilities before the RDF was abolished. The assets are depreciated at 5% per annum.

15 Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets at the end of the financial year.

16 Expenditure Commitments

There are no expenditure commitments as at the reporting date.

17 Events after the Reporting Period

These financial statements were authorised for issue by the Committee on the date of signing the attached Report of the Committee. The Committee have the power to amend the financial statements after they are issued.

There are no events after the reporting date which require amendment of, or further disclosure in, the financial statements.

18 Statutory Details

The Club is incorporated under the ACT Associations Incorporation Act, and operates within the Australian Capital Territory promoting the development of thoroughbred horse racing. The Club is domiciled in Australia and its principal place of business is located at Randwick Road, Lyneham, ACT.



the next solution

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CANBERRA RACING CLUB INCORPORATED**

We have audited the accompanying financial statements of Canberra Racing Club Incorporated (the Club), which comprise the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Responsibility of the Committee for the Financial Statements

The Committee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Associations Incorporation Act, and for such internal control as the Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial statements.

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

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Auditor's Opinion

In our opinion,

- (a) the financial statements of the Canberra Racing Club Incorporated (the Club) are properly drawn up:
 - (i) so as to give a true and fair view of the assets and liabilities of the Club as at 30 June 2016, the income and expenditure and cash flows of the Club for the financial year ended on that date and the other matters required by subsection 72(2) of the Associations Incorporation Act to be dealt with in the financial statements;
 - (ii) in accordance with the provisions of the Associations Incorporation Act; and
 - (iii) in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.
- (b) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- (c) proper accounting records and other records have been kept by the Club as required by the Act; and
- (d) the audit was conducted in accordance with the rules of the Club.

Duesburys Nexia

Duesburys Nexia
Canberra, 26 August 2016

A handwritten signature in blue ink that reads "R C Scott".

R C Scott
Partner



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