

HARNESSE RACING NSW

ANNUAL REPORT

FY 2022 - 2023





TABLE OF CONTENTS

Chairman's Report	01
Chief Executive's Report	05
Corporate Governance	10
Review of Operations	15
Finance & Operations	15
GIPA	23
Stakeholder Engagement	28
Integrity Auditor Report	30
Strategic Plan	31
Racing	34
Breeding	39
Integrity	47
Media & Marketing	50
Youth Development & Industry Welfare	53
External Relations	55
Racing Highlights	59
Financial Statements	70



CHAIRMAN'S REPORT



KEN BROWN AM

Chairman

FY 2023 was a productive year of change, initiative and development for Harness Racing New South Wales (HRNSW) and the Harness Racing Industry of New South Wales.

As announced in May 2022 HRNSW resolved to deliver to the Industry \$15 million in a suite of funding injections over the next three years commencing from 1 July 2022.

Signature to this range of initiatives was the "Breed NSW" concept designed to deliver a direct injection of \$1.7 million into breeding mares in NSW in the 2022/23 breeding season and a guaranteed \$6 million over the three year period.

Owners of broodmares physically located in NSW from the commencement of the 2022/23 breeding season (1 August 2022) receive:

- \$250 on a 42 day pregnancy test of the mare
- \$1,000 on the HRNSW registration of a live foal, and an additional
- \$500 for live foals by stallions physically standing in NSW which have been accepted into the "Breed NSW" Scheme.

The Colonial Stallion Scheme (\$500 cash rebate) which was introduced by HRNSW several years ago remains in place.

The success of this initiative was immediate as evidenced by the fact that in the first year of the Scheme the NSW Stallion Services and Mares Service market shares increased by 4% and 1% respectively.

On the prizemoney front, as and from 1 July 2022 "A" Category Meeting races increased from \$8,800 to \$9,600. In effect, in a period of but 18 months base prizemoney for "A" Category Races went from \$6,500 to \$9,600, an increase of 48%. With 65% of meetings scheduled in NSW being "A" Category the increase to \$9,600 will deliver additional base prizemoney of \$4.8 million over the three year period 1 July 2022-30 June 2025.

CHAIRMAN'S REPORT (CONT.)

In tandem, from 1 July 2022 minimum race prizemoney of Club Menangle Metropolitan Race Meetings was elevated to \$20,000, representing an annual increase in prizemoney on offer of \$1 million.

Other approved increases in prizemoney for the Breeders Challenge and Trot NSW Series as well as boosts in feature trotting events representing in total some \$600,000 annually, were also announced.

For FY 2023 a record \$48.398 million was paid in prizemoney (FY 2022 \$43.608 million).

Total wagering turnover for FY 2023 was \$1.012 billion. While this represents a turnover decrease of 4.1% compared to FY 2022, it is the second successive year total wagering turnover has exceeded \$1 billion and is the second highest turnover generated by HRNSW on record.

Overall wagering revenues improved from \$71.713 million in 2022 to \$75.234 million in 2023, an increase of \$3.521 million or 4.9%.

Against a budgeted deficit of \$4.015 million, HRNSW for FY 2023 posted a statutory surplus of \$0.453 million.

This operating surplus was derived after the following amounts were paid out to the Industry:-

- An increase in distributions of club funding and prizemoney - \$5.670 million;
- Flood Assistance Grants of \$0.343 million; and
- Total subsidies to Clubs in addition to administration funding of \$3.106 million.

Capital expenditure in the order of \$5.063 million was incurred during the year and included:-

- In progress construction of the Bathurst Harness Racing Training Centre \$3.084 million;
- Refurbishment of permanent stables and grandstand at Paceway Tamworth \$1.124 million and;
- Acquisition of Aquagait equipment at the Menangle Park Training Centre stables \$0.690 million.

The enactment of the Racing and Gambling Legislation Amendment Act 2022 saw:-

- The establishment of a Stakeholder Engagement Plan to facilitate consultation with all arms of the Industry. The Plan sets out the stakeholders to be engaged by HRNSW, the nature of the engagement and the times at which the engagement will occur.
- The voluntary de-registration of the NSW Harness Racing Industry Standardbred Re-Homing Company Limited and its operations assumed by HRNSW. It is pleasing to note that the Company successfully assisted in the rehoming of 210 retired standardbreds during the course of the year.
- The establishment of a new Harness Racing Appeals Panel framework (similar to that in place for thoroughbred racing) to provide an interim appeal process and allow for more efficient and cost effective hearing of appeals. The Panel is headed by the eminent judicial officer His Honour Wayne Haylen KC and is supported by a number of members with impeccable legal backgrounds and a vast knowledge of racing.

After months in the planning, the world's richest harness race certainly delivered when the inaugural "TAB Eureka" was held at Tabcorp Park Menangle on September 2, 2023.

With the largest crowd seen at that venue in more than a decade, the \$2.1 million feature was an outstanding success.

The event, and the weeks leading into the race meeting, projected harness racing to new audiences and displayed a strong collaborative effort between Harness Racing Australia, HRNSW, Club Menangle and the TAB.

Generating exceptional wagering turnover, the race was beamed to 68 countries around the world and showcased Australian harness racing at its absolute best.

CHAIRMAN'S REPORT (CONT.)

Year's end saw the retirement of HRNSW Board Member and Chief Executive Officer (CEO) Mr John Dumesny effective on 7 July 2023.

In 1988 John was recruited to the position of Racing Administrator of the NSW Harness Racing Club, a position he held for 16 years. In 2004 he was elevated to the position of Chief Executive Officer of the Club and, in turn, held that position for some 10 years.

In 2014 he was appointed CEO of HRNSW, the position from which he retired.

On behalf of the Board and the entire HRNSW community, I extend our sincere gratitude to John for his invaluable contributions during his tenure as CEO. John's leadership and strategic vision have been instrumental in elevating HRNSW to new heights and we wish him all the very best in his future endeavours.

As one chapter closes another commences and in this context I was delighted to announce the

appointment of Mr Peter Buckman as our new CEO effective from 10 July 2023.

Peter served as CEO designate from 3 April 2023 providing continuity for the business as the leadership transition occurred.

The Board of HRNSW has full confidence in his abilities and is certain that under his guidance HRNSW will continue to thrive and grow.

On 3 April 2023 Mr Doug Freeman joined the Board (replacing Mr Ross Higgins) and more recently on 21 July 2023 Ms Yvonne O'Keefe was appointed to fill the vacancy on the Board occasioned by the appointment of Mr Peter Buckman to the position of CEO.

Both Mr Freeman and Ms O'Keefe come highly credentialed and bring to the table significant experience, expertise and commitment which augurs well for the future successful operation of the Board.



2023 HRNSW Awards featuring Ken Brown AM, John Dumesny and Andrew Kelly (left to right)

CHAIRMAN'S REPORT (CONT.)

Thanks and appreciation are extended to Mr Ross Higgins for his contribution and support of the Industry during his 3-year tenure as a Board Member of HRNSW.

On behalf of the Board of HRNSW I express our thanks to the Hon David Harris MP Minister for Gaming and Racing, the Hon Kevin Anderson MP the former Minister for Hospitality and Racing, their respective personal staff and Mr Terry O'Brien and staff of the NSW Office of Racing for their every support throughout the year.

Appreciation is also extended to Mr Robert Marshall Chairman of Club Menangle and his Board of Directors, Mr Bruce Christison CEO of Club Menangle, Ms Julie Maughan Chair of HRICG and its Members, the various Industry Associations and the Harness Racing Clubs throughout the State for their collective endeavours to improve and provide for the well being of the Industry and its participants.

Last, but by no means least, might I express the Board's thanks and gratitude to the HRNSW senior management team, its stewards and staff for their commitment to and support of the Board throughout the year. I can but only reiterate that the Harness Racing Industry of NSW is certainly fortunate to have people of this calibre, knowledge and experience in its employ. They are individually and as a team to be highly commended.

Finally, in August 2022, HRNSW commissioned a study into the size and scope of Harness Racing in NSW. The last such study was undertaken in 2012-13.

The study aimed to quantify the economic, employment and social contribution that the Harness Racing Industry generates within the State.

Key findings of the study were:-

- In 2021-22 the NSW Harness Racing Industry generated a total direct spending amount of \$382.5 million. This expenditure was responsible for creating a direct value added impact (in terms of wages, salaries and profits) of \$172.5 million. However, the flow-on effects linked to this direct value added increases the size of the Industry's total value added contribution to \$486.2 million.

- More than 47% of the total value added impact occurred in the regional parts of NSW, whilst 53% occurred in metropolitan areas.
- The economic output generated by the NSW Harness Racing Industry was directly responsible for sustaining 1,602 full time equivalent (FTE) jobs across the State. When flow-on employment impacts are considered, the total FTE impact generated by the Industry rose to 3,290. The total represents the employment sustained within the Industry, as well as the employment that is sustained in supply industries which meet the demand created by harness racing industry activity.

The full 65 page study report which can be accessed on HRNSW's website (www.hrnsw.com.au) clearly identifies the important and significant role played by our Industry in the economic and social well being of NSW.

Ken Brown AM
Chairman

CHIEF EXECUTIVE'S REPORT



PETER BUCKMAN

Chief Executive

The fiscal year 2022-2023 presented a challenging backdrop against which Harness Racing NSW navigated. Despite the myriad of challenges, HRNSW concluded the financial year with a comprehensive surplus of \$0.453 million, a contrast to the \$10.941 million surplus from FY 2022. The composition of this year's result is as follows:

- Operating Deficit before Investment Income: (\$1.241 million)
- Investment Income on Future Fund: \$1.694 million
- Comprehensive Surplus for the Year: \$0.453 million

Total revenue saw a commendable year-on-year rise by \$3.939 million, offsetting the decline of \$2.398 million in 2022. Key revenue insights include:

- Unpredictable wagering revenue, yet an overall rise by 4.9% or \$3.522 million from FY 2022.
- TAB revenue saw a moderate rise of \$0.579 million.
- Race fields revenue declined by 5.8%, costing \$1.121 million.
- Consistency in Tax Parity revenue.
- A substantial boost in Point of Consumption Tax grant by \$4.089 million due to the rate change from 10% to 15% as of 1 July 2022.

While investment markets remained tumultuous because of global disruptions, inflationary pressures, and geopolitical concerns, our Future Fund returned positively with \$1.695 million, a welcome contrast from the loss of \$1.393 million in 2022.

On the expenditure front, we observed an increase of \$9.095 million driven mainly by:

- An uptick in distributions of club funding and prizemoney by \$5.670 million.
- A Future Fund allocation of \$1.350 million for capital endeavors at Bathurst and Tamworth
- Staffing costs rose by \$1.311 million primarily due to the strengthening of our Integrity team and associated increases in Racing Integrity costs of \$0.379 million.

CHIEF EXECUTIVE'S REPORT (CONT.)

Our commitment to the Industry and its participants remained unwavering, with \$0.343 million extended under the Flood Assistance scheme. Clubs also benefited from augmented subsidies amounting to \$3.106 million.

A significant development this year was the increase in baseline prize money. Starting from 1 July 2022, "A" Category Meeting races saw an increment from \$8,800 to \$9,600. This means that within a mere 18 months, base prizemoney for "A" Category Races surged from \$6,500 to \$9,600 – a striking 48% growth. With 65% of meetings in NSW being "A" Category, this surge will infuse an additional base prizemoney of \$4.8 million. For FY 2023, a landmark \$48.398 million was disbursed as prizemoney.

The "Breed NSW" initiative, introduced this year, is set to revitalize the breeding sector with a direct fund injection of \$1.7 million in the 2022/23 breeding season and a promised \$6 million over three years.

Closing the year, it is evident that wagering markets are softening. The latter part of the fiscal year highlighted a waning wagering sector, with economic challenges influencing inflation and living costs.

As we transition into the next phase of our strategic planning, the imperative for us is clear: diversify and strengthen our revenue streams while challenging entrenched business norms. By critically assessing our existing frameworks and being agile in our approach, we can solidify the industry's long-term trajectory.

The financial landscapes are ever-evolving, and as we have seen in the recent past, external challenges arise. Yet, I remain optimistic. With focused effort, alignment of our strategic objectives, and the drive to innovate, not only can we navigate the challenges ahead, but we can also capitalise on new opportunities.

John Dumesny's retirement in July 2023 comes at a time where HRNSW is in the strongest financial position in its history. This is a testament to his exemplary management and leadership since 2014 and I thank him for his years of outstanding service to HRNSW and the harness racing Industry.

INTEGRITY

HRNSW places paramount emphasis on maintaining the sport's integrity. As the governing authority, we understand that our role extends beyond mere regulation—it's about fostering trust, ensuring transparency, and upholding the values that define the very fabric of this sport.

Our Integrity department, with its meticulous sample testing, provides crucial insights into the potential use of prohibited substances. This intelligence-led approach is a testament to our proactive stance on ensuring fairness within the industry. Recognising the intricacies of our mandate, we remain committed to a thorough and considered process, always grounded in the principles of procedural fairness.

While some cases may necessitate legal recourse, HRNSW remains steadfast in defending the integrity of the sport, irrespective of the challenges that may be involved.

Reinforcing our commitment, HRNSW has been proactive in commissioning key studies to fortify the integrity measures. The recent Levamisole study stands as a testament to our investment in rigorous scientific methodologies that safeguard the sport's credibility. Moreover, the strategic decision to bring the rehoming business in-house ensures that HRNSW retains direct oversight, aligning with our obligations as outlined in the governing Act.

Operational enhancements have further augmented our protective measures. By intensifying pre-race testing and integrating this into our organisational policy, we have strengthened our preventive stance against potential integrity breaches. Our collaborations with renowned national and international laboratories showcase our dedication to harnessing cutting-edge techniques in sample analysis. The association with the Australian Racing Forensic Laboratory, recognised for its technological prowess, accentuates this commitment.

CHIEF EXECUTIVE'S REPORT (CONT.)

INTEGRITY (CONT.)

The continuation and expansion of the HRNSW Retention Facility adds another layer of oversight that is critical in upholding integrity on high profile race days. Additionally, we continue to collaborate with law enforcement agencies as well as other racing bodies to share intelligence and seek out individuals that are contravening industry rules. Facilitated by the Integrity Division, this encapsulates our holistic approach to upholding integrity.

HRNSW's unwavering dedication to the tenets of integrity, transparency, and fairness is not just an operational mandate but a reflection of our corporate ethos, embodying our responsibility to the sport and its stakeholders.

WAGERING

In a year marked by both challenges and opportunities, our cumulative wagering revenue, sourced from diverse avenues such as Tabcorp's Racing Distribution Agreement, Racefields Fees, Tax Parity, and the Point of Consumption Tax, witnessed a year-on-year adjustment from \$71.712 million to \$75.234 million.

With the coronavirus pandemic disrupting traditional patterns of consumption and introducing new ways of engagement, many industries, including ours, experienced surges in activity. The so-called 'wagering bubble' emerged as people sought alternatives for entertainment during lockdowns. However, as regions open up and diversify their entertainment avenues, we are seeing a retraction in the wagering space.

It's clear that wagering markets are softening, a trend that reflects the broader shifts in the global economic landscape. The rapid expansion and subsequent contraction of the wagering ecosystem, especially during the pandemic, have shown that such markets are susceptible to external pressures and changing consumer behaviours.

Moreover, this softening is also intertwined with wider economic factors such as inflationary pressures, global supply chain challenges, and geopolitical tensions which have rendered consumer spending power and confidence unpredictable. The decline in Racefield's revenue by 5.8% is a testament to this dynamic, signalling that players in the market are becoming more conservative in their betting behaviours.

Yet, amidst these challenges, the resilience and adaptability of the industry have been evident. The rise in TAB revenue and the significant boost from the Point of Consumption Tax grant are proof that strategic measures and a proactive approach can still yield positive results. It's crucial for us to remain vigilant, anticipate market shifts, and be agile in our strategies to ensure sustainable growth and stability in the face of softening wagering markets.

Going forward, our focus will need to be on innovative engagement strategies, diversifying revenue streams, and strengthening collaborations within the industry. It's a period of recalibration, and with concerted effort and foresight, we can navigate these economic headwinds effectively.

CHIEF EXECUTIVE'S REPORT (CONT.)

BASE PRIZEMONEY

HRNSW has consistently demonstrated a proactive approach to augmenting the quality and stature of the sport within the state. The fiscal year 2022-2023 has been emblematic of this strategic thrust, underscored by significant financial commitments to enhance the overall racing ecosystem.

Commencing 1 July 2022, we implemented a substantial uplift in the base prizemoney for "A" Category Meeting races, marking an increase from \$8,800 to \$9,600. To contextualize this enhancement, it is pertinent to reference the position a mere 18 months prior, when the base prizemoney stood at \$6,500. The escalation to \$9,600 signifies a calculated 48% increment, demonstrating HRNSW's strategic commitment to fostering a competitive and rewarding environment for stakeholders.

Given that a predominant 65% of our scheduled meetings fall under the "A" Category, this financial augmentation has a broad-spectrum impact on our racing community. In precise terms, this translates to an additional infusion of \$4.8 million into the base prizemoney pool, signaling our intent to fortify the industry's foundations.

From a fiscal perspective, FY 2023 emerged as a pivotal year for HRNSW. Our prizemoney distribution peaked at an unparalleled \$48.398 million, underscoring our commitment to reinvesting in the sport's core. This figure is not merely statistical; it represents our forward-looking strategy and unwavering belief in the long-term prospects of harness racing in New South Wales.

As HRNSW navigates the future, our strategic direction remains clear; to leverage our resources effectively, to consistently elevate the profile of the sport, and to ensure that we remain at the forefront of the national racing landscape.

RACING & BREEDING

HRNSW once again delivered a successful Breeders Challenge Series, which was well supported by the industry. Across the three series (Regional, Blue and Major) HRNSW delivered more than \$2,000,000 to the industry as prizemoney, culminating with four Group One Races for 2YO and 3YO eligible horses, worth \$150,000 each.

The Regional Championships were again a major success, with four finals across the State for \$100,000 each, with the best regional Pacers across the State meeting in the State Final at Menangle Park.

The Riverina 4&5YO Series at the Riverina Paceway were hotly contested with two \$100,000 Finals on offer during the Easter weekend, and the traditional Gold Crown Carnival at Bathurst with two Group One races valued at \$150,000, as well as a number of \$100,000 races, also contested at the usual high standard.

The \$1,000,000 Miracle Mile at Menangle Park continues to be a highlight of pacing within Australia. Kate Gath became only the fourth woman to win the prestigious race driving Catch A Wave.

HRNSW takes pride in noting a commendable rise in the number of foals born in the state during the 2022/23 season, with notifications of 944 live foals. This positive trajectory starkly contrasts with the prevailing downturn observed nationally.

Our Breeders Challenge initiatives have significantly contributed to the breeding landscape, disbursing funds to the tune of \$2,715,644, not accounting for the additional prizemoney. Closer examination of the Breeders Challenge's financial model reveals a concerning disproportion. The funds accrued from qualification fees when compared to the sums disbursed by HRNSW highlight a disparity, underscoring that the initiative is not self-sustaining.

Nevertheless, as a testament to our unwavering commitment to the enhancement of breeding in NSW, HRNSW launched the Breed NSW scheme. Aimed at alleviating breeding expenses within the state, this program signifies a projected investment of \$6 million over an upcoming three-year span.

CHIEF EXECUTIVE'S REPORT (CONT.)

INFRASTRUCTURE & CLUB FUNDING

HRNSW has consistently upheld its strategic mandate to bolster the infrastructure and institutional underpinnings of the industry, ensuring its robustness and future-readiness. This fiscal year epitomised these efforts, emphasising our unwavering commitment to harness racing's sustainable evolution in the region(s).

A critical element in our infrastructure blueprint was the commissioning and establishment of the Bathurst Training Centre—a sophisticated development poised to serve as a nexus for harness racing training excellence in NSW. This facility, designed to meet global standards, is a testament to HRNSW's foresight in advancing the state's training capabilities and creating an environment conducive to nurturing and refining talent.

Parallel to our new ventures, HRNSW remained cognisant of optimising existing assets. The Tamworth facility, a cornerstone in our infrastructure portfolio, underwent targeted enhancements this fiscal year. These initiatives underscore our commitment to ensuring that our existing assets remain contemporaneous and resonate with the standards we envision for NSW harness racing.

Integral to HRNSW's ethos is our collaborative approach with the clubs, recognising their pivotal role within the harness racing fabric of the state.

The Racecourse Development Fund (RDF) Scheme exemplified this collaboration, furnishing clubs with the requisite financial support for maintenance endeavours, underscoring our commitment to racecourse quality and sustainability.

Beyond facility-focused initiatives, our financial stewardship extended to the enhancement of club funding mechanisms. In a strategic move, club funding witnessed an augmentation of approximately 10% this fiscal year. This deliberate elevation is indicative of HRNSW's intent to continually empower our partner clubs, fortifying their operational capacities and ensuring they remain in an optimal position to contribute to the state's harness racing ecosystem.

INDUSTRY CONSULATION & GOVERNANCE

HRNSW prides itself on rigorous governance structures that ensure consistent advancement in the dynamic domain of harness racing. The 2020 Strategic Plan has reached its planned conclusion, having achieved its set objectives and fortified HRNSW's position within the industry.

Transitioning into the next phase, preparations are underway to draft the 2024-2026 Strategic Plan. Recognising the value of stakeholder input in such pivotal undertakings, HRNSW is prioritising consultations with key industry participants in the plan's development. Their insights will be instrumental in ensuring that the upcoming plan is both comprehensive and actionable.

The 2024-2026 Strategic Plan will serve as the foundation for HRNSW's operational and strategic directives in the forthcoming years. This document will not only outline our key objectives but will also provide a clear roadmap for achieving them, reinforcing our commitment to transparency and performance.

In summary, HRNSW's governance approach is characterised by strategic clarity, stakeholder collaboration, and a forward-looking perspective, which are essential attributes as we navigate the challenges and opportunities of the harness racing sector.

Peter Buckman
Chief Executive

CORPORATE GOVERNANCE

BOARD RESPONSIBILITIES

The HRNSW Board has in place a Code of Conduct that sets out the responsibilities of the Board and its individual members.

In terms of corporate governance the Board is responsible for:

- Promoting ethical and responsible decision-making,
- Ensuring compliance with laws, regulations, appropriate accounting standards and corporate policies,
- Setting and reviewing strategic direction,
- Approving the annual operating budget and monitoring financial performance,
- Approving and monitoring capital expenditure,
- Monitoring risk management, and
- Recognising the legitimate interests of stakeholders and ensuring that the industry is kept fully informed of all material developments in relation to harness racing.

BOARD FUNCTIONS

The functions of the Board as outlined in Section 9 of the Harness Racing Act 2009, which was updated in 2022, include the following:

- (a) To control, supervise and regulate harness racing in the State;
- (b) To register harness racing clubs, harness racing horses, owners, trainers and drivers of harness racing horses, bookmakers for harness racing and other persons associated with harness racing;
- (c) To initiate, develop and implement policies considered conducive to the promotion, strategic development and welfare of the harness racing industry in the State;
- (d) To distribute money received as a result of commercial arrangements required by the Totalizator Act, 1997;
- (e) To allocate harness racing clubs the dates on which they may conduct harness racing meetings;
- (f) To initiate, develop and implement policies relating to the welfare of harness racing horses.

The functions and powers of HRNSW can be found at the new HRNSW website:

<http://www.hrnsw.com.au/hrnsw/about-us/functions-and-powers>

CORPORATE GOVERNANCE (CONT.)

BOARD STRUCTURE

The Board, which currently consists of the Chief Executive Officer and 5 members, was appointed in accordance with Section 6 of the Harness Racing Act 2009.

The Board is to consist of 5 members recommended for appointment by a Selection Panel and then appointed by the Minister to give effect to the recommendation of the Selection Panel.

The Board's aim is to provide direction and impetus to HRNSW's efforts to secure the future of the industry and improve outcomes for its stakeholders.

The varied backgrounds, skills and experience of individual Board Members provides a balanced view of the industry's needs and opens many paths to obtaining solutions for the most pressing issues.

The current Chairman, Mr Ken Brown, was first elected Chairman in February 2020.

CHAIRMAN

Brown, Kenneth AM

(Independently Elected Chairman)

Mr Brown has intimate knowledge of the racing industry having been involved in all three codes through his various capacities but most particularly as the Director General NSW Department of Gaming and Racing from 1995 to 2006.

More recently Ken served as a Board Member of Racing NSW and as a member of the NSW Independent Liquor and Gaming Authority.

Mr Brown was first elected to the Board on 26 May 2017 to fill a vacancy arising from the resignation of Ms Robyn Stubbs. His initial term expired on 2 February 2020 and he was subsequently re-appointed for a further term of four years expiring on 2 February 2024.

Mr Brown was first elected Chairman at the February 2020 Board meeting and re-elected Chairman at the February 2021, 2022 and 2023 Board meetings.

MEMBERS

The following persons were Members of the Board throughout FY 2023;

- Mr Adam Fairley
- Mr Peter Nugent

Mr Ross Higgins retired from the Board on 2 February 2023 and Mr Doug Freeman was appointed by the Government, effective from 3 February 2023.

Mr Peter Buckman resigned on 30 March 2023 and Mrs Yvonne O'Keefe was appointed by the Government, effective from 21 July 2023.

Mr Dumesny resigned from the Board on 7 July 2023 following his retirement as Chief Executive Officer on 7 July and Mr Peter Buckman was appointed to the Board on 10 July 2023 following his appointment as Chief Executive Officer.

CORPORATE GOVERNANCE (CONT.)

Details of each person holding the position of Member during and after the end of the financial year are as follows:

Fairley, Adam

Mr Fairley has a passion for sport and racing. He is the General Manager – Junior League at the Parramatta Eels Junior Rugby League club. Prior to that he was the General Manager of the Blacktown & Districts Soccer Football Association and Blacktown Spartans Football Club.

He has been involved in Harness Racing for over 25 years as an administrator, breeder and owner. During this time Mr Fairley held various harness racing administration roles including Handicapper, Racing Manager, Club General Manager, Project Manager, Industry Development Manager and a Committee Member of Harness Breeders NSW.

In 2020 he received a Harness Racing Australia Distinguished National Service Award.

Mr Fairley was appointed in February 2022 for a term of four years which expires on 2 February 2026.

Freeman, Doug

Mr Freeman is a Chartered Accountant by background who has held a range of senior executive roles in large corporates such as Tabcorp, George Weston Foods, Optus, Alexander & Alexander and Deloitte and is a graduate of the Institute of Company Directors.

He has extensive commercial, financial, media, strategic, project and management experience including 17 years in the gambling, racing and media industries at Tabcorp. From those roles Mr Freeman has gained a detailed understanding of the three codes of racing in each state of Australia and internationally.

Mr Freeman has had a passion for racing all his life having attended harness meetings almost every week throughout his youth.

Mr Freeman's appointment is for a four year term from 3 February 2023 to 2 February 2027.

Higgins, Ross

Mr Higgins was admitted as a Solicitor in 1974 and is the sole Principal of Higgins Lawyers practicing in the Blue Mountains and Central West of NSW. He has been involved in harness racing for over 40 years as an owner, breeder and legal representative of industry participants in the Tribunal.

Mr Higgins was appointed to the board on 3 February 2020 for a 3 year term which expired on 2 February 2023.

Nugent, Peter

Mr Nugent has been involved in various capacities in the sport since 1975.

A former school principal, Mr Nugent has served on many harness racing club committees and boards including those at Bathurst, Dubbo, Forbes and Gilgandra. In addition to serving on boards and committees Peter has been involved in harness racing as an owner and breeder.

Mr Nugent was initially elected to fill a vacancy on the Board in December 2016 and was re-appointed for a four year term expiring on 2 February 2023. This was further extended for a two year term ending on 2 February 2025.

CORPORATE GOVERNANCE (CONT.)

Dumesny, John

John has a long and distinguished career in Harness Racing. He commenced with the NSW Harness Racing Club in 1988.

He has been Chief Executive Officer of the NSW Harness Racing Club since 2004, prior to that he was the Racing Manager from 1988 to 2004.

He retired from the Board on 7 July 2023 following his retirement as Chief Executive Officer of HRNSW.

Buckman, Peter

Mr Buckman, who had been involved in harness racing as a breeder and owner was appointed to the Board in December 2018 to fulfil the vacancy caused by the decision by Ms Dimarco not to seek re-election.

Mr Buckman is based in the Hunter region of NSW and has worked in the resource sector for more than 20 years specialising in mining and petroleum.

Mr Buckman was appointed on 19 December 2018 for a four year term expiring on 21 November 2022 which was extended for a further term of four years to 21 November 2026.

He resigned from the Board on 30 March 2023 and re-joined it on 10 July 2023 following his appointment as Chief Executive Officer.

O'Keefe, Yvonne

Ms O'Keefe is a highly regarded sports broadcaster who has earned a distinguished reputation in the sports media industry through a career spanning more than 20 years. Yvonne brings considerable knowledge and experience in sports broadcasting and will bring a fresh perspective and valuable insights to HRNSW.

Besides being a sports broadcaster, Yvonne is an accomplished horsewoman with a deep-rooted passion for the equine world. She has an extensive understanding of both the horse racing industry and the broader sporting landscape.

Ms O'Keefe was appointed to the Board on 21 July 2023 to fill the vacancy occasioned by the appointment of Mr Peter Buckman to the position of CEO.

MEETINGS

Harness Racing NSW conducts Board Meetings on a monthly basis usually on the last Thursday. In special circumstances where matters must be considered outside this timeframe, the Board holds special Board Meetings either in person or by teleconference.

CORPORATE GOVERNANCE (CONT.)

MEMBERS MEETINGS

During the year Members met 11 times. Attendance at meetings was as follows:

Name	Attended	Number Eligible to Attend	Apology	Leave of Absence
Mr Ken Brown AM	11	11	-	-
Mr Adam Fairley	11	11	-	-
Mr Doug Freeman	5	5	-	-
Mr Ross Higgins	6	6	-	-
Mr Peter Nugent	10	11	-	1
Mr John Dumesny	11	11	-	-
Mr Peter Buckman	8	8	-	-

Member's attendance at Committee meetings was as follows:

Name	Investment Committee		Finance & Audit Committee	
	Attended	Number Eligible to Attend	Attended	Number Eligible to Attend
Mr Ken Brown AM	2	2	2	2
Mr Peter Buckman	-	-	2	2
Mr Adam Fairley*	-	-	1	-
Mr Doug Freeman*	1	1	1	-
Mr Ross Higgins	-	1	-	-
Mr Peter Nugent	2	2	2	2

* All Board members attended a Finance & Audit Committee meeting held on 27 March 2023.

BOARD APPOINTMENT/TERMINATION SCHEDULE

Name	Date of Appointment or Re-appointment	Appointment Termination date			
		FY2024	FY2025	FY2026	FY2027
Ken Brown AM	3 February 2020	2 Feb 2024			
Adam Fairley	3 February 2022			2 Feb 2026	
Doug Freeman	3 February 2023				2 Feb 2027
Yvonne O'Keefe	21 July 2023			21 Nov 2026	
Peter Nugent	3 February 2023		2 Feb 2025		

REVIEW OF OPERATIONS - FINANCE & OPERATIONS: FINANCE

HRNSW Result

HRNSW derived a statutory surplus of \$0.453m (2022: surplus of \$10.941m including revaluation of properties of \$5.332m) for the year ended 30 June 2023.

The operating surplus was derived after the following amounts were paid out to the industry:

- (i) An increase in distributions of club funding and prizemoney of \$5.670m.
- (ii) Flood assistance grants of \$0.343m
- (iii) Total subsidies to Clubs in addition to administration funding of \$3.106m.

Global supply chain disruptions, increasing inflationary pressures and heightened geopolitical tensions continued during 2023, however, the Future Fund investment returns were positive and these returns contributed to the support provided to the industry. The fund earned a profit of \$1.695m in 2023 (2022: loss \$1.393m).

The Board has resolved that the operational surplus will be transferred to the Future Fund which will be used to sustain the industry across a number of areas into the future.

Areas where the Future Fund will be used, if necessary, include:

- (i) Ensuring that prizemoney increases will be maintained and that any additional increases included can be implemented and maintained in full. This included a further increase in Category A base prizemoney in FY 2023.
- (ii) Funding of \$1.5m for the Breed NSW Scheme for the upcoming season.
- (iii) Increased expenditure across a number of integrity related areas to further enhance the industry, including the appointment of additional investigators and compliance officers;
- (iv) Allocate funds to the upgrade the Harvey system (purchased by the industry in 2020). The Harvey system is the national database that holds all relevant industry information.
- (v) Allocate funds for other IT projects that can now be developed in conjunction with the Harvey system upgrades;

The objective of the Fund is to sustain and safeguard the industry from any adverse market cycles (such as Covid) and provide funding for initiatives that fall outside normal operational activities.

Total Revenue

Total operating revenue increased by \$3.939m to \$80.722m. The increase was primarily driven by higher wagering revenue of \$3.521m (with Point of Consumption Tax grants up by \$4.089m) and an increase in investment income of \$3.087m which was partially offset by reduced Government Grant income of -\$2.655.

Wagering Revenues

Total revenue from the TAB and Wagering Operators amounted to \$50.534m, a decrease of \$0.541m (1.06%) on the \$51.076m derived in FY 2022.

Also contributing to the downturn in gross wagering revenues was a reduction in Tax Parity receipts of -\$0.025m. However revenue from the Point of Consumption Tax grant increased by \$4.089m.

Overall total wagering revenues improved from \$71.713m in 2022 to \$75.234m in 2023, an increase of \$3.521m or 4.9%.

TAB Income

Gross revenues from the TAB were \$32.348m an increase of \$0.579m or 1.82% on the \$31.769m derived in FY 2022.

The pari-mutuel component declined year on year from 40.7% to 38.5% and the Wagering Incentive Fee (WIF) increased as a proportion of total TAB revenue from 56.3% to 60.2% during FY 2023.

In accordance with the Harness Racing Act 2009 and the Intracode Agreement, a series of provisions were made 'off-the-top' of the Distribution before determining the allocation of remaining funds to clubs and prizemoney.

A total of \$2.588m was allocated from the TAB Distribution to the Industry Fund (\$1.941m) and Racecourse Development Fund (\$0.647m) at the prescribed rates of 6% and 2% respectively. Administration Funding of \$6.684m was provided to HRNSW as endorsed by the Harness Racing Clubs Committee.

REVIEW OF OPERATIONS - FINANCE & OPERATIONS: FINANCE (CONT.)

TAB Income (Continued)

The balance of \$23.076m remaining after the 'off-the-top' funding provisions was allocated to clubs and to fund racing prize money.

Additional funding for prize money and club operating costs was also provided from Racefields, Tax Parity and Point of Consumption Tax revenue streams.

Racefields Income

Racefields revenue for the year was \$18.186m, a decrease of \$1.121m or 5.80% on the \$19.307m received in FY 2022.

Racefields revenue is derived from existing wagering operators including PGI, an offshore arm of the TAB.

Racefields contributed 36.00% of the total TAB and Racefields Wagering revenue received in FY 2023, marginally down from 37.80% last year.

This revenue stream was originally allocated to the industry in accordance with the principles of a formula set within the 2010-2013 Strategic Plan. However changes have been made to those principles by the Board to accommodate industry needs and to provide for increased race prizemoney funding requirements.

In addition to race and administration funding, \$3.100m (2022: \$2.000m) was directed to the Industry Fund to cover the cost of the various breeding schemes and the Breeders Challenge race series.

Tax Parity Income

Following the enactment of the Betting Tax Legislation Amendment Act 2015, the NSW Harness Racing Industry continues to receive the benefits of parity with the Victorian Racing Industry in respect of the sharing of TAB gross wagering revenue between the Government and the NSW racing Industry. The legislation provided for a staged introduction of the concessions over 5 years commencing from July 2015.

The decrease in the tax rate was intended to ensure that additional funds are made available to support the NSW racing industry. HRNSW will receive 12.7% of the tax benefit.

In FY 2023, HRNSW received a total of \$10.896m, a decrease of \$0.025m or 0.23% on the \$10.921m derived in FY 2022.

The funds have been allocated in accordance with the Board's policy across a number of areas including prizemoney, club administration, breeding, industry, infrastructure and integrity.

Point of Consumption Tax Grant.

Point of Consumption Tax legislation was introduced by the New South Wales Government in October 2018 and applied to all wagers placed by NSW residents from 1 January 2019. The tax aligned NSW with all other states and territories which had already or intended to introduce such a tax. HRNSW receives a portion of the Tax collected by the government as a grant.

The total grant received in FY 2023 was \$13.804m an increase of \$4.089m or 42.1% on the \$9.715m derived in FY 2022. This revenue stream was allocated mainly to additional prizemoney throughout FY 2023.

TAB Sponsorship

Sponsorship Income of \$0.728m was received from TAB Limited which was used to fund prizemoney for the Tabcorp Regional Championships in each of the Metropolitan, Western Districts, Riverina and Hunter districts, with the state final being held at Tabcorp Park Menangle on Saturday 27 May 2023.

All Other income

All other operational income was down \$2.095m on the prior financial year, with the majority of the decrease due to \$2.900m of government grant income received in 2022 compared to \$0.245m in 2023.

Expenditure

Total HRNSW expenses increased by \$9.095m from \$71.174m to \$80.269m.

TAB distributions to Clubs increased by \$0.249m due to higher TAB revenues. Prizemoney funding increased during year by \$5.67m. The increase in prizemoney aligns with the objectives of the strategic plan.

REVIEW OF OPERATIONS - FINANCE & OPERATIONS: FINANCE (CONT.)

Employee Salaries and related expenses increased by \$1.311m primarily due to an additional five headcount as at the end of 2023 compared to 2022, including three new stewards.

The increase in travel expenses of \$0.274m reflect increased fuel and insurance costs as well as expansion of the vehicle fleet and increased costs to maintain the mobile barrier vehicles.

The increase in Occupancy expenses of \$0.051m is predominately due to Facility maintenance and plant & equipment maintenance at HRNSW facilities, plus costs associated with the Maitland Training Centre which HRNSW assumed control of during FY 2022.

IT costs increased by \$292k due to an upgrade expense of \$207k for the RISE system plus increases in licence fees and other IT costs.

Insurance premiums increased by \$0.167m due to additional Industrial Special Risks policies for the Bathurst and Maitland sites plus overall increases to existing policies.

Integrity expenses (excluding salaries) increased by \$0.379m with additional costs incurred for swab testing, stewards' inquiries, appeals and legal expenses.

Grants of \$0.343m were provided to NSW participants impacted by floods.

The Racefields contribution to the Industry Fund was increased by \$1.100m to \$3.100m from the prior year level of \$2.000m with additional Industry Fund revenues used to support these breeding related activities.

INDUSTRY FUND RESULT

The Industry Fund receives a set allocation from the TAB Distribution that is used to finance industry specific activities such as the Breeders Challenge Series, Breeders Challenge Owners Bonus Scheme, Nominator Bonuses, Trotters Foundation Series, promotion of the industry's youth and younger drivers including Mini Trots and assistance to Industry Associations.

The Carnival of Cups series is funded from Racefields revenue, with the allocation based a notional 0.67% of TAB Revenues.

In FY 2023 revenues of \$1.941m were derived from TAB distributions and a further \$0.217m from Racefields distributions. This was a small increase of \$0.039m on the prior year due to higher TAB revenue impacting TAB distributions.

The Fund also received \$3.100m from race fields revenues for breeding initiatives, an improvement of \$1.100 on FY 2022 levels.

Expenditure for the year was \$7.160m. The majority of expenditure was dedicated to the State Bred Bonus Schemes including the Owners Bonus Certificates and Nominator Bonuses, all of which are essential to the development of the breeding industry and hence long-term sustainability of racing. The total amount devoted to breeding activities amounted to \$5.202m, an increase of \$0.899m compared to FY 2022.

In FY 2023 a total of 538 NSW Breeders Challenge Owners Bonus Certificates were issued with a total gross value of \$1.621m.

There were 541 Foal Nominators bonuses won during FY 2023. This amounted to \$1.623m in cash being distributed.

A further \$0.088m was distributed in Group 1 Winning Bonuses which were paid at 10% of the advertised first prizemoney to any 2YO, 3YO and 4YO Foal Nominator.

With other incentives included in total \$3.741m in NSW Breeding Scheme Bonuses were paid in FY 2023.

Financial support to the Mini-Trotting Association remains an important initiative to develop younger drivers and participants into the industry. This includes the employment of a Youth Development Officer within HRNSW to manage this vital area of the industry.

RACECOURSE DEVELOPMENT FUND RESULT

The Racecourse Development Fund (RDF) is used to provide financing for industry capital works programs including track development, enhancement to facilities and the acquisition of plant and equipment to support racing operations.

REVIEW OF OPERATIONS - FINANCE & OPERATIONS: FINANCE (CONT.)

RACECOURSE DEVELOPMENT FUND RESULT (Continued)

In FY 2023 \$0.647m was provided to the RDF from the TAB Distribution.

Capital expenditure of \$5.063m that incurred in FY 2023 was for:

- (i) the construction in progress of the Bathurst Training Centre \$3.084m,
- (ii) refurbishment of permanent stables and grandstand at Paceway Tamworth of \$1.124m,
- (iii) Aquagait equipment at the Menangle Park Training Centre stables \$0.690m,
- (iv) the balance of \$0.164m on the purchase of tractors, ride on mowers, water trucks and other equipment.

Funding was provided to various tracks for capital and other works at a cost of \$0.043m.

In addition to expenditure on infrastructure outlined above, the Board also committed to a program of grants to assist with the maintenance of existing facilities in accordance with the Racecourse Development Fund policy.

BENEVOLENT FUND RESULT

The Benevolent Fund is a trust established by the harness racing industry to provide financial assistance to current and past participants who may find themselves in difficult financial circumstances.

The Benevolent Fund is administered by HRNSW which, in the past, has approved requests for assistance to contribute towards funerary costs and provide levels of financial respite especially in cases where there has been a lag in the release of insurance benefits by providers.

In keeping with confidentiality provisions, HRNSW does not report on applications received by the Benevolent Fund and amounts disbursed. The operation of the Fund is governed by the Harness Racing Act 2009.

FUTURE FUND INVESTMENTS

The Board of HRNSW established a Future Fund from Racefields monies remaining after loans had been repaid which maintained race and club administration funding from FY 2009 to FY 2012. The Fund was topped up with Tax Parity monies received during FY 2016 and surplus funds from FY 2017 and other subsequent financial years.

The objectives of the Fund, which is overseen by an Investment Committee, are to produce capital growth and income to increase the real value of the Fund over the longer term, plus provide financial sustainability, so that HRNSW is better resourced to achieve its mission. Specifically the Future Fund provides financial sustainability for now and into the future.

The Future Fund policy is under review and will be revised as part of the 2024-2026 Strategy.

The objective of the Future Fund income is to provide a buffer for the industry against future shocks or to contribute to future growth initiatives. The Fund enables HRNSW to even out the revenue cycle and to contribute to recurrent income for the industry.

The investment return objective for the Fund is to achieve a long term total returns (income and capital growth) of Consumer Price Index (CPI) All Groups + 2.5%, over a rolling 5 year period after fees.

The fund was split into two separate funds, one for short term cash requirements and another for longer term investment returns.

The strategy adopted by the Investment Committee set a risk objective of limiting the probability of a negative return on the total portfolio to 1 year in every 5 years. This equates to a 68% probability that the range of returns will be between -2.2% and 17%.

It should be noted that excluding the negative returns in FY 2022 the Future Fund has returned just under 8% pa since inception.

REVIEW OF OPERATIONS - FINANCE & OPERATIONS: FINANCE (CONT.)

INDUSTRY FUNDING AND TURNOVER

Total Wagering Turnover for FY 2023 was \$1.012 billion. While this represents a turnover decrease of 4.1% compared to FY 2022, it is the second successive year total wagering turnover has exceeded \$1 billion, and is the second highest turnover generated by HRNSW on record. It is notable that FY 2023 was impacted by challenging economic conditions with, in particular, high inflation and resultant increases in interest rates pressurising disposable incomes. This, in addition to other global concerns continuing to weigh heavily on the Australian market. Overall, a pleasing turnover performance considering all the external factors challenging the economy, the industry and livelihoods.

NSW harness racing turnover with the NSW TAB for FY 2023 was \$132.9 million, an increase of \$6.1 million (4.8%) from the \$126.2 million recorded in FY 2022. It is recognised that TAB Retail outlets had been closed in the prior year, from 1st July 2021 – 11th October 2021 following government mandated directives due to the global Coronavirus pandemic adversely impacting FY 2022 turnover with the NSW TAB.

When interstate corporate wagering operators and international turnover is included, total turnover on harness racing decreased by \$43.5 million (4.1%) year on year to \$1.012 billion. This decrease primarily driven by a decrease in wagering with corporate bookmakers. Corporate bookmaker turnover decreased by \$55.1 million (7.5%) year on year to \$681.4 million in FY 2023 from \$736.5 million in FY 2022. It is also significant that prior year turnover was boosted by NSW hosting the Inter Dominion Carnival in December 2021. The four Inter Dominion carnival meetings totalled \$22.6 million in FY 2022.

Corporate turnover was stronger in the first half of FY 2023, with the second half the year more severely impacted by the economic factors which saw interest rates rise for 11 successive months and peak at an 11 year high in May 2023.

It is relevant that although corporate bookmakers' turnover on the NSW harness product was \$681.4 million (67.32%) of total wagering turnover (\$1.012 billion) actual wagering revenues derived from these

bookmakers was only 36.0% of the direct wagering revenue, representing a decrease of 1.7% on FY 2022.

Fixed Odds wagering on harness racing with the NSW TAB increased marginally in FY 2023 with this form of wagering comprising 60.5% of wagers placed in FY 2023 compared to 58.3% in FY 2022, an increase of 2.2%. The shift seen in recent years from pari-mutuel wagering to fixed odds wagering decelerating in FY 2023.

REVIEW OF OPERATIONS - FINANCE & OPERATIONS: OPERATIONS

PROPERTIES

Bathurst

As mentioned in last year's report the purchase of the land from Bathurst Regional Council by both HRNSW (via the Racecourse Development Fund) and the Bathurst Harness Racing Club on which the Bathurst Gold Crown Paceway is located, was completed in late June 2022.

Works commenced on the Training centre in December 2021. Unfortunately the project has been plagued by the inclement weather experienced along the east coast throughout the whole of 2022 and well into 2023 which has delayed the completion date by up to five months.

Most of the structures have been built and work is now progressing at a faster rate.

Electrical connections to the site have caused further delays as the preferred solution was rejected by the electricity supplier.

It is expected that the site should be ready for occupation in the first quarter of 2024.

Tamworth

The major renovations at the permanent stables and grandstand are nearing completion.

The grandstand underwent a major refurbishment and the permanent stables have been substantially upgraded with concrete floors, additional lighting, upgraded wash bays and electrical connections. Roofing on the stable area now collects rain water which is transferred to an onsite storage tank for use throughout the site.

As with Bathurst, the permanent stabling project is behind schedule due to the adverse weather conditions the state of NSW has experienced over the past eighteen months.

No activity has occurred with the land at Burgmanns Lane although the property has attracted some commercial interest.

Beresfield

As in past years there are no major developments to report this year on the project to realise a commercial benefit from the parcel of land at

Beresfield. This project remains on HRNSW's agenda to be pursued when circumstances allow.

Goulburn

There are also no developments to report on the two parcels of land owned by HRNSW adjacent to the Goulburn Harness Racing Club track.

The land was surveyed and new fencing was installed on certain parts of the property.

Wagga

Following approval of changes to the DA by Wagga City Council in August 2020 the facility can now host up to 52 meetings per year.

This change has resulted in the Club being allocated additional meetings during FY 2023.

HRNSW is also working with a local Wagga based Town Planner who is examining other potential zoning changes for the site and its operations.

Training centres

HRNSW operates three training centre operations throughout NSW with a fourth one at Bathurst to come online in early 2024.

The HRNSW operated Training Centres are located at Menangle Park, Tamworth and Maitland.

HRNSW also contributes to the operating costs of training tracks at Hawkesbury and Cessnock.

INSURANCE

All trainers and registered harness racing clubs are covered by either a Public Liability, Personal Accident or Workers Compensation policy whilst undertaking harness related activities.

All trainers, drivers, stable hands, attendants, voluntary workers and mini trot participants are covered by a Personal Accident policy when not covered by a NSW Workers Compensation policy.

In FY 2023 the capital benefit payment was increased from \$250,000 to \$500,000. This is the highest capital benefit for harness participants across all states and territories in Australia and is the result of

REVIEW OF OPERATIONS - FINANCE & OPERATIONS: OPERATIONS (CONT.)

working closely with HRNSW's insurance broker, Gallagher.

The terms and conditions of the policy including benefits are reviewed each year before the policy is renewed.

A Public and Products Liability policy was also taken out to cover participants and clubs for potential claims made against them. Allocation of the premium was made on the basis of past claims and other relevant criteria.

All trainers and drivers now pay a small fee each time they participate in a race which represents a contribution to their insurance coverage. As a result of this change a large lump sum insurance charge is no longer levied on annual licences fees.

Other policies are purchased by HRNSW to cover the building at Meredith Street, the motor vehicle fleet, cyber, directors and insurance for equipment such as trailers and photo finish equipment which are used throughout the state for race meetings.

IT SYSTEMS

There have been a number of significant changes to the IT environment since the national database, Harvey, was acquired in 2020 by all state harness racing authorities from Harness Racing Victoria.

Rise/Harvey

During FY 2023 a number of projects were completed for NSW including;

- (i) Phase II of the Split prizemoney for owners;
- (ii) Improvements to the Breeders Challenge system;
- (iii) Streamlined scratching fees;
- (iv) Implementation of further enhancements to the new On Track Stewards Portal;
- (v) Updates for changes to compulsory superannuation for drivers;
- (vi) Horse, Trainer and Driver profiles on harness.org.au.

In addition a major project was completed to move the national database from outsourced hosted servers to a robust cloud solution hosted by Amazon Web Services (AWS). This project was completed in August 2022.

RISE Racing is also implementing improvements to the Harnessweb site with the aim of significantly reducing paper forms. HRNSW also intends working with RISE Racing to use the upgrade features and others in the pipeline to launch a new web site in late 2023.

Furthermore, RISE Racing is part way through a 24-month journey to refactor the steward integrity portal known as OnTrack, providing a digital platform for stewards to manage race day activities. During FY 2023 significant progress was made. The next stage of features will see parade ring and paperless swabbing enabled, resulting in the OnTrack platform being ready for use in a live environment.

A rebuild of the national database Harvey has been delayed however is expected to be started in early 2024.

In House Systems

HRNSW is also undertaking an in house review of its general ledger platform which also drives the fortnightly stakes system.

WH&S System

Given the importance of work, health and safety HRNSW has also been working with Gallagher to develop and implement a new insurance reporting system.

The system was developed with seed funding from iCare and after testing was implemented for the larger clubs in the first quarter of 2022.

The system has two components namely a WH&S reporting system that clubs can use to review their track and associated infrastructure and secondly a reporting system to log any incident that occurs at a track including race falls. Depending on the circumstance the system can open a workers compensation claim for an incident.

REVIEW OF OPERATIONS - FINANCE & OPERATIONS: OPERATIONS (CONT.)

The system was rolled out to all other clubs in the later part of 2022.

A number of small upgrades were also built into the system during FY 2023 including the ability for a club to open up a personal accident claim for a participant who may have been injured at a track and which is not covered by workers compensation.

WORK HEALTH & SAFETY

As part of the Board's attention to Work, Health and Safety matters each year two tracks from each club category are selected to be assessed by an independent WH&S consultant.

The consultant reviews the selected tracks and reports to the Board.

During FY 2023 six club tracks were assessed.

RACING INTEGRITY

In accordance with Section 24 of the Harness Racing Bill 2009, Harness Racing NSW appointed "a person who, in the opinion of Harness Racing NSW, has suitable legal qualifications to hold the office of Harness Racing Integrity Auditor."

During the year Mr Graham Gorrie fulfilled this role.

REVIEW OF OPERATIONS - GIPA

Access applications under Schedule 2 of the GIPA Act

Statistical information about access applications made to HRNSW

Statistical information about access applications made to our office during the reporting year is set out in the following tables – the form required by Schedule 2 to the GIPA Regulation.

CLAUSE 7A: Details of the review carried out by the agency under section 7 (3) of the Act during the reporting year and details of any information made publically available by the agency as a result of the review

Reviews carried out by the agency	Information made publicly available by the agency
Yes	Yes

CLAUSE 7B: The total number of access applications received by the agency during the reporting year (including withdrawn applications) but not including invalid applications

The number of applications received
1

CLAUSE 7C: Total number of access applications received by agency during reporting year that agency refused either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure)

Number of Applications Refused	Wholly	Partly	Total
	0	0	0
% of Total	0%	0%	0%

REVIEW OF OPERATIONS - GIPA (CONT.)

TABLE A: Number of Applications by type of applicant and outcome *

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not-for-profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal)	1	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0
Total	1	0	0	0	0	0	0	0

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

REVIEW OF OPERATIONS - GIPA (CONT.)

TABLE B: Number of Applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Personal information applications *	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	1	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0
Total	1	0	0	0	0	0	0	0

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual)

REVIEW OF OPERATIONS - GIPA (CONT.)

TABLE C: Invalid Applications

Reason for invalidity	Number of Applications
Application does not comply with formal requirements (section 41 of the GIPA Act)	0
Application is for excluded information of the agency (section 43 of the GIPA Act)	0
Application contravenes restraint order (section 110 of the GIPA Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

TABLE D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to the Act

Matter	Number of times consideration used *
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application).
This also applies in relation to Table E.

TABLE E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

REVIEW OF OPERATIONS - GIPA (CONT.)

TABLE F: Timeliness

	Number of Applications
Decided within the statutory time frame (20 days plus any extensions)	1
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	0

TABLE G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision Varied	Decision Upheld	Total
Internal review	0	0	0
Review by Information Commissioner *	0	0	0
Internal review following recommendation under section 93 of the GIPA Act	0	0	0
Review by NCAT	0	0	0
Total	0	0	0

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker.

The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner

TABLE H: Applications for review under part 5 of the Act (by type of applicant)

	Number of Applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the GIPA Act)	0

TABLE I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	Number of Applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

REVIEW OF OPERATIONS - STAKEHOLDER ENGAGEMENT

Report on Stakeholder Engagement

Under Section 16 of the Harness Racing Act 2009 HRNSW is required to produce an Annual Report on its work and activities for the twelve months ending on 30 June that year. Section 16 (2A) (a) (i) states that the report must include progress reports on the implementation of the stakeholder engagement plan.

The report below outlines the activities and initiatives that occurred during the year to 30 June 2023.

Stakeholder Engagement Activity	Completed in FY 2023
Meetings with:	
<ul style="list-style-type: none"> Office of Racing 	HRNSW met with the Office of Racing three times during FY 2023. The meeting in February was vacated as the government was in caretaker mode.
<ul style="list-style-type: none"> HRICG 	HRNSW met with HRICG on four occasions. The meeting in February was vacated by mutual consent. The April meeting did not occur as HRICG declined to meet.
<ul style="list-style-type: none"> Clubs conducting more than 6 race meetings in a calendar year 	During the year four meetings were held with these clubs.
<ul style="list-style-type: none"> Clubs conducting 6 or less race meetings in a calendar year 	During the year four meetings were held with these clubs.
<ul style="list-style-type: none"> Principal Club 	During the year four meetings were held with the Principal Club.
<ul style="list-style-type: none"> UHRA and Trotters Representatives 	Four joint meetings were held with these two groups. Representatives of the UHRA met with the Board in July 2022.
<ul style="list-style-type: none"> Standardbred Owners Association 	Two meetings were held in FY 2023 with this group. In addition the Association was invited to address one Board meeting in December 2022.
<ul style="list-style-type: none"> Breeders NSW Association 	Two meetings were held during the year with this group. In addition representatives of the Association met with the Board in May 2023.
Meetings with individual clubs	HRNSW held meetings with individual clubs on an ad hoc basis.
Education and Welfare	Meetings with: <ul style="list-style-type: none"> Harness Racing Participants – 15 NSW Education & Welfare Committee Meetings – 4 Ambulance Service Provider (SMA) – 4 Mates4Harness Ambassadors - 2 Psynet Psychology Service - 4 Veritis Sports Psychology Service – 4 Apprenticeship Australia – 6 Racing Education Board - 1

REVIEW OF OPERATIONS - STAKEHOLDER ENGAGEMENT (CONT.)

Stakeholder Engagement Activity	Completed in FY 2023
Training	HRNSW arranged training for all clubs in the use of the new online insurance reporting system.
Stakeholder Surveys	<p>Surveys issued throughout FY 2023 included:</p> <ul style="list-style-type: none"> (i) Survey of trainers in relation to a potential training centre at Coolamon; (ii) Survey of participants in relation to the Breeders Challenge conditions. (iii) Clubs/tracks surveys (iv) Strategic Plan (v) IER content
Media Releases	Media releases were issued on a regular basis.
Integrity Notices	Integrity notices were issued on a regular basis.
Racing Notices	Racing Notices were issued throughout the year.
Industry Notices	Industry notices were issued to participants during FY 2023.
Disqualifications, Open Inquiries, Appeals pending and Appeal decisions	Listings of Disqualifications, Open Inquiries, Appeals pending and Appeal decisions were published on the HRNSW web site.
Podcasts	Podcasts were created throughout most of FY 2023,
Strategic Plan	<p>Initial details on the development of the 2024-2027 Strategic Plan were advised to Clubs and Associations on 31 May 2023.</p> <p>A general announcement was made to the industry on 1 June 2023.</p> <p>Representatives from all groups were invited to present at the Industry Strategic Planning sessions held on Sunday and Monday 23 and 24 July 2023.</p>
IER Report on the size and scope of the harness racing industry in NSW	HRNSW engaged IER to write the report. IER engaged with a number of industry participants, clubs and Associations in generating the final report.
Annual Report	The FY 2022 Annual Report was delivered to the Minister in late October and published on HRNSW's website in November 2022.

REVIEW OF OPERATIONS - INTEGRITY AUDITOR REPORT

HARNESS RACING INTEGRITY AUDITOR

Section 27AA of the Harness Racing Act

Summary of Investigations

For the period 1 July 2022 to 30 June 2023

Date of Complaint	Issue	Outcome
8 August 2022	Allegation of a breach of confidentiality by a Racing Official	No adverse finding of either corrupt, improper or unethical conduct under S. 26(2) (a) of the HRNSW Act
24 October 2022	Allegation of harassment by a HRNSW Racing Official	No adverse finding of either corrupt, improper or unethical conduct under S. 26(2) (a) of the HRNSW Act
5 April 2023	Various allegations concerning the conduct of a Racing Official	No adverse finding of either corrupt, improper or unethical conduct. Matter referred under S. 10(1) and S.10(2) of the Harness Racing Act, 2009
21 May 2023	Various allegations of governance breaches by HRNSW staff	All matters determined to be outside the jurisdiction of the Integrity Auditor

REVIEW OF OPERATIONS - STRATEGIC PLAN

The three broad focus areas of the FY 2021-FY 2023 Strategic Plan were:

- (i) Sustain the industry;
- (ii) Enhance the industry; and
- (iii) Provide Innovation to the Industry.

Sustain

Progress on sustaining the industry is outlined below and includes comments on each area within the objective.

- (i) Increase prizemoney and returns for owners and trainers/drivers;

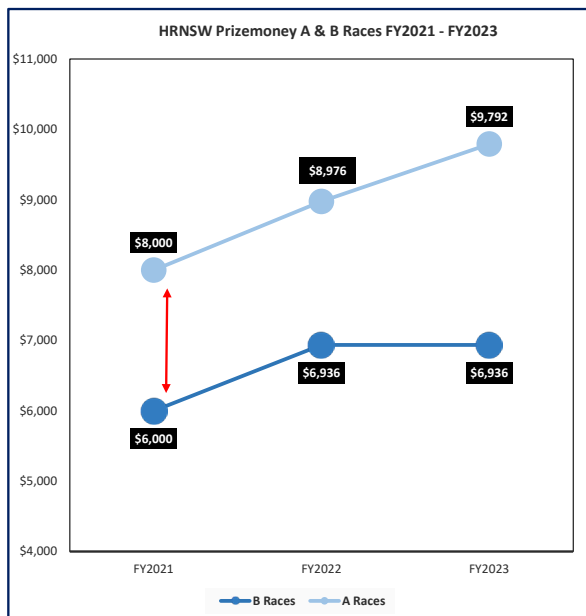
The number of TAB and NON TAB race meetings increased during the year from 488 to 496 and the number of races increased from 4,010 to 4,100 thereby providing participants greater opportunities to share prizemoney.

Prizemoney also increased during the year providing further opportunities for owners, trainers and drivers to benefit.

Total prizemoney paid out in FY 2023 was \$48.398m compared to \$43.608m, an increase of \$4.790m or 10.98%.

Over the past two years prizemoney has increased by \$11.947m or 32.78%.

Appendix 1: HRNSW Prizemoney Paid FY2021 – FY 2023



Following on from the prizemoney increases to “A” and “B” category races in FY 2021 the Board increased prizemoney in FY 2022.

In January 2021 base prizemoney was lifted from \$6,630 to \$8,000 per race for “A” meetings.

The Board bought forward prizemoney increases to 1 July 2021 that were originally scheduled to be implemented from 1 January 2022.

Base prizemoney was lifted from \$8,000 to \$8,568 for “A” meetings and to \$8,976 on 1 January 2022. A further increase occurred on 1 July when prizemoney was again lifted to \$9,792 for “A” category races.

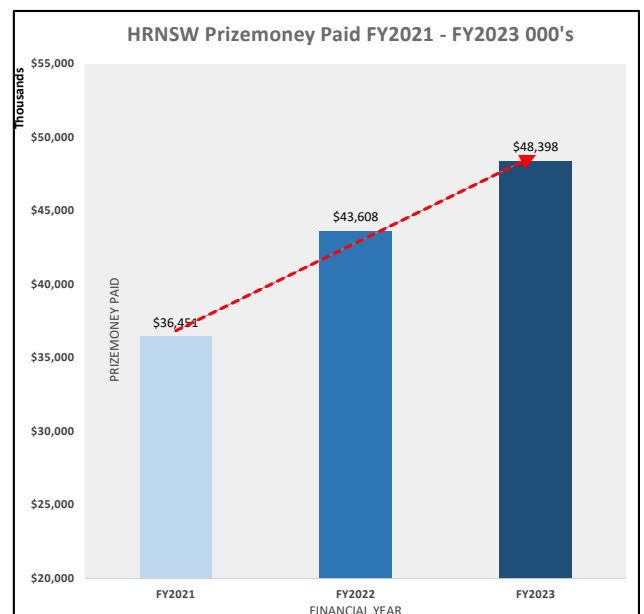
Overall from 1 July 2019 to 1 July 2022 there has been a 60% increase in prizemoney for “A” class races.

A similar story prevails for “B” class races which have been increased by 36% over the same period.

Following industry consultation HRNSW has also widened the prizemoney differential between A and B category meetings. This ensures winning horses are not disadvantaged in relation to the national rating point matrix.

Therefore by 30 June 2023 HRNSW fulfilled the prizemoney objectives contained in the current 2021 to 2023 Strategic Plan.

Appendix 2: HRNSW Prizemoney ‘A’ and ‘B’ Races



REVIEW OF OPERATIONS - STRATEGIC PLAN (CONT.)

Trainer commissions were increased on 1 January 2021 at the start of the strategic plan period from 7.5% to 10.0%.

(ii) Increase Incentives for Owners & Breeders;

HRNSW issued industry surveys during FY 2023 covering a number of topics including breeding. Following a review of the outcomes changes were made to the Breeders Challenge series, however the most significant changes relate to the boost to breeding incentives which commenced in FY 2023.

The breeding boost, in excess of \$1.705 million, includes:

- A payment of \$250 on a 42 day positive pregnancy test;
- \$1,000 on the registration of a live foal with HRNSW; and
- \$250 for foals born to stallions physically based in NSW.

The other objectives of:

- continuing to enhance the two year old guarantee calendar in all regions
- developing a calendar of weekly guaranteed fillies and mares races in all regions, and
- the financial support of Group One Marquee events and Carnivals in each region

were also met throughout the past year.

(iii) Infrastructure improvements on properties owned and/or controlled by the industry;

Planning commenced in mid June 2021 to start both the Bathurst Training Centre and Paceway Tamworth projects.

Contracts were signed in the first quarter of FY 2022 with construction to commence for both projects in the second quarter.

Although construction at Bathurst commenced in December 2021 the constant wet weather experienced throughout most of 2022 and into 2023 has pushed this project out by several months. This project is now expected to open in the first quarter of 2024.

Construction works at Tamworth have also been impacted by the weather. Although the grandstand works have been completed the upgrade of the permanent stables remains behind schedule.

(iv) Asset replacement scheme across all tracks and training centres;

In March 2021 the Board announced an Asset Replacement Scheme of \$0.750 million for critical race meeting equipment for clubs and training centres.

This scheme continued to operate in both FY 2022 and FY 2023.

A number of clubs have received tractors and other major pieces of equipment including water trucks.

Enhance

(i) Expand Marketing & Media

HRNSW appointed a Media & Marketing Manager in March 2021. Over the past two years a number of new initiatives have been implemented.

(ii) Improve communication and Administration at all levels within the industry;

HRNSW issued a significant number of industry, integrity and racing notices in addition to media releases.

The Stakeholder Engagement Plan report outlines the number of meetings that HRNSW held with various bodies throughout FY 2023.

(iii) Expand wagering relationships and collation of data;

Meetings have been held with TAB and other wagering operators, including Sportsbet, Ladbrokes and Betfair.

As a result of these meetings, additional data has been provided to HRNSW and minimum bet rules have been updated which have benefited NSW harness punters.

Some wagering operators are now required to lodge wagering data on a weekly basis to enable HRNSW to improve wagering analytics.

REVIEW OF OPERATIONS - STRATEGIC PLAN (CONT.)

- (iv) Improve the image of harness racing (integrity & welfare);

Integrity

Spending on integrity related activities has increased over all years within the Strategic Plan.

During FY 2023 additional Integrity and Compliance Officers were appointed.

Welfare - Equine

A significant number of horses were re-homed in FY 2023 assisted by the employment of an administrator to manage the rehoming program.

Welfare – Participants



Mates 4 Harness is a peer support initiative established in March 2020 by HRNSW, empowering mates to look out for mates. Research has found that effective support offered from peers and colleagues can aid significantly in coping with stress and difficult situations.

Mates 4 Harness is managed by Maurice Logue and Ambassadors devote their time on a voluntary basis. Ambassadors were appointed to promote the program and provide support to participants in their respective area within NSW. The Ambassadors possess a wealth of industry knowledge allowing them to relate to multifaceted concerns people may be experiencing. Industry specific expertise combined with training delivered by psychologists ensures Ambassadors can provide a crucial link between those in need and the required support. The Mates 4 Harness welfare programs has continued to provide support to participants and their families during FY 2023.

Education – Participants

- (v) Develop pathways for Participants;

As outlined in the Stakeholder Engagement Plan report HRNSW partnered with registered training organisation, The Management Edge, to deliver education programs to participants focusing on both animal and human welfare. Subjects delivered were:

- Provide first aid
- Contribute to work health and safety
- Comply with racing industry ethics and integrity
- Participate in protest and inquiries
- Manage personal health and fitness
- Public speaking
- Equine nutrition
- Horse anatomy
- Equine dentistry
- Determine hoof care and hoof protection plans for equines

Innovation (FY2021-FY 2023 Plan)

- (i) Form an Innovation Group

The Innovation Group did not proceed in FY 2023.

REVIEW OF OPERATIONS - RACING

Racing Season

Since 1 January 2021, the racing schedule now follows the calendar year. Racing participants have been quick to acknowledge the change, and again have provided great racing to NSW.

Race Date Allocation

Race dates for FY 2023 were programmed from 1 July 2022. Subsequent race date allocations will continue to run from July 1, with those allocations notified to the Industry following ratification from the HRNSW Board in February of that year.

The race dates are allocated to clubs:

- a. To promote full and competitive race fields.
- b. To maximise the amount of races programmed at each meeting.
- c. To ensure that participants have options to compete weekly in each region.
- d. To reflect the horse population during the season.
- e. To ensure that each region (outside the Metro area) has a primary (A) meeting and a secondary (B) meeting.

Prizemoney

With the exception of non-TAB meetings, which are run at Broken Hill, there was no change to minimum base prizemoney during FY 2023, following multiple prize money raises in FY 2023:

Meetings	Minimum Prizemoney
NSWHRC Metropolitan	\$20,000
HRNSW Midweek	\$9,800
A Meetings	\$9,600
B Meetings	\$6,800
non-TAB	\$3,000

NB- NSWHRC is funded to a gross dollar amount which must be applied across all NSWHRC meetings, including all Group races.

Race Programming

HRNSW, as well as most Australian States, adopted the Ratings Based Handicapping system from 2019. This system forms the basis of the Programming System in NSW. The programming of races has many of the same aims of race date allocation, to maximise field sizes, races and allow all participants the opportunity to race weekly.

HRNSW has continued a number of races specific to this state to maximise these efforts. These include, but are not limited to; Concessions for 2YO and 3YO horses, females and younger drivers, races restricted to lifetime wins, increased maiden (non-winner) races, races restricted by age and races with preference to locally trained horses.

In a number of regions, HRNSW experienced record numbers of horses nominating for races.

REVIEW OF OPERATIONS - RACING (CONT.)

2023 Miracle Mile

Visiting Victorian 4YO Catch A Wave was the winner of the \$1,000,000 2023 Miracle Mile, held at Tabcorp Park Menangle on 4 March, after winning the Chariots of Fire the previous week.

Trained by Andy Gath, and driven by his wife Kate (only the fourth female driver to win the race), Catch a Wave was able to lead from the front, and with a good lead on the final turn, was unable to be caught, holding out Spirit of St Louis and Honolua Bay by an impressive three metres.

2023 Miracle Mile - Result

Position	Horse Name	Trainer	Driver	Distance
1	CATCH A WAVE	Andy Gath	Kate Gath	
2	SPIRIT OF ST LOUIS NZ	Belinda McCarthy	Jack Callaghan	3.1
3	HONOLUA BAY	Emma Stewart	David Moran	3.4
4	HURRICANE HARLEY	Emma Stewart	Amanda Turnbull	14.4
5	BRAEVIEW KELLY NZ	Jack Trainor	Cameron Hart	14.7
6	EXPENSIVE EGO	Belinda McCarthy	Luke McCarthy	15.6
7	CAPTAIN RAVISHING	Emma Stewart	Mark Pitt	18.2
8	MACH DAN	Emma Stewart	Nathan Jack	20.3



CATCH A WAVE

REVIEW OF OPERATIONS - RACING (CONT.)

2022 Breeders Challenge Finals

HRNSW conducted another successful Breeders Challenge series (for 2YO and 3YO horses), comprising the Major Series, Blue Series and Regional Series.

After a series of heats conducted around the State during September and October 2022, and Semi Finals at Tabcorp Park Menangle, the Finals of the Major Series for both 2YO and 3YO Pacers were held on 29 October.

Running for \$150,000 each, the night began with the 2YO Colts and Geldings Final, with Goulburn based visitor Captains Knock cruising to a 2.6 metre victory over Better Be The Best.

The 2YO Fillies final went the way of a visitor, with the unbeaten Victorian Major Delight easing to a 5.6 metre win over the unfancied Sky Blu.

Leap to Fame looked to be writing himself into the Hall of Fame, as he made light work of the class field in the 3YO Colts and Geldings final. He added another Group One to his belt, as he cruised to a 4.9 metre win over My Ultimate Ronnie.

Captn Me won by the barest of margins (half neck) over Ideal In Dreams in a grandstand finish to the 3YO Fillies Final.

Race	Winner	Driver	Trainer	Mile
NSW Breeders Challenge 2YO C&G Final	Captains Knock	Brad Hewitt	Brad Hewitt	1.52.9
NSW Breeders Challenge 2YO Fillies Final	Major Delight	Mark Pitt	Emma Stewart	1.50.3
NSW Breeders Challenge 3YO C&G Final	Leap To Fame	Grant Dixon	Grant Dixon	1.49.0
NSW Breeders Challenge 3YO Fillies Final	Captn Me	Jack Trainor	Jack Trainor	1.52.2

2022 NSW Young Stars Invitational

Following the successful running of the 2021 Young Drivers Invitational as single race, the 2022 version was again run as a single race, on HRNSW Breeders Challenge Finals night.

A selection of two Concession Drivers from each provincial region, and three from the Metropolitan region and one wild card were selected to contest the penalty free event.

Riverina based 18YO Driver Taylah Osmond gained her first Metropolitan with a patient drive to kick clear late and win by 5.8 metres.

“It was great. This is only my third Metropolitan drive, so that was really special”, said Osmond following the win.

REVIEW OF OPERATIONS - RACING (CONT.)

FY 2023 Carnival of Cups

HRNSW once again hosted a successful Carnival of Cups across NSW, following interruptions with Covid in the previous season. These meetings are well supported by participants and the general public, with a number of clubs recording record crowds.

The meeting at Forbes on 25 April 2023 was moved to Eugowra following the devastating floods in the Central West, and served as a flood relief meeting for those communities.

The Carnival of Cups meetings are unique, in that they can encompass a Group One Meeting (Newcastle and Wagga), or be one of only two meetings that a club may run in a year. During FY 2023, the following Carnival of Cup meetings occurred:

Club	Date
Cowra	Sunday, 18 September 2022
Eugowra	Monday, 3 October 2022
West Wyalong	Friday, 28 October 2022
Griffith	Saturday, 12 November 2022
Dubbo	Friday, 16 December 2022
Bathurst	Monday, 26 December 2022
Maitland	Friday, 30 December 2022
Parke	Saturday, 31 December 2022
Leeton	Sunday, 1 January 2023
Temora	Saturday, 14 January 2023
Tamworth	Friday, 20 January 2023
Junee	Saturday, 28 January 2023
Newcastle	Friday, 3 February 2023
Albury	Friday, 10 February 2023
Blayney	Sunday, 12 February 2023
Armidale	Sunday, 26 February 2023
Young	Friday, 10 March 2023
Broken Hill	Friday, 10 March 2023
Penrith	Thursday, 6 April 2023
Wagga	Saturday, 8 April 2023
Narrabri	Monday, 10 April 2023
Coolamon	Sunday, 16 April 2023
Forbes (@ Eugowra)	Tuesday, 25 April 2023
Goulburn	Sunday, 28 May 2023
Bankstown	Monday, 12 June 2023

In FY 2024, the HRNSW annual Carnival of Cups program is being reimagined with five major regional race meetings to play host to a reformatted concept including a significant entertainment offering to compliment the elite racing program.

In addition, amendments have been made to the eligibility criteria for Carnival of Cups races, and a re-sized bonus prizemoney incentive scheme will be on offer.

REVIEW OF OPERATIONS - RACING (CONT.)

2023 Racing Awards

On Sunday 26 February, 2023 HRNSW hosted an awards event to acknowledge those who performed at the highest level during the 2022 racing season. At the awards lunch, which also featured the 2023 Miracle Mile barrier draw, the Belinda McCarthy trained King Of Swing was crowned Horse of the Year for the third year in a row.

2022 was yet another hugely successful year for King Of Swing, with victories in the Group 1 AG Hunter Cup and Miracle Mile, after which he was retired to stud. His third win in a row in the Miracle Mile (the first horse to win three), has cemented King of Swing's legacy as one of the greatest pacers to take to the track.

Ripp added to his two Group One wins by beating out a tough field for the 3YO of the Year title. After his Group One wins in NSW, Ripp bounced back from a hard Queensland campaign to place in a number of high profile races in the back end of 2022.

Jewel Melody was a well-deserved winner of the 2YO prize after four Group One wins across NSW and Queensland.

Two-Year-Old Trotter of the Year	Dreambigaimhigh & Watts Up Partytime
Two-Year-Old Filly Pacer of the Year	Jewel Melody
Two-Year-Old Colt/Gelding Pacer of the Year	Better Be The Best
NSW Two-Year-Old of the Year	Jewel Melody
Three-Year-Old Trotter of the Year	Tough Love
Three-Year-Old Filly Pacer of the Year	Madrid
Three-Year-Old Colt/Gelding Pacer of the Year	Ripp
NSW Three-Year-Old of the Year	Ripp
Aged Trotter of the Year	Watts Up Majestic
Aged Mare Pacer of the Year	Fairy Tinkerbelle
Aged Entire/Gelding Pacer of the Year	King Of Swing
Aged Horse of the Year	King Of Swing
Horse of the Year	King Of Swing
NSW Broodmare of the Year	Ravishing Girl
NSW Sire of the Year	For A Reason
Owner of the Year	Anthony Pantano
Breeder of the Year	Troy Saddler
Driver of the Year	Cameron Hart

REVIEW OF OPERATIONS - BREEDING

Total Services

The following tables show the number and percentage of services to mares served over the past five (5) Breeding Seasons and how those mares were served (in NSW):

Season	ST to NSW	ST within NSW by NSW sire	AI	Hand	Paddock	NSW TOTAL	Year on Year %	AUS TOTAL	NZ TOTAL
2018/19	958	183	201	88	6	1,436	(14.0%)	4,845	2,437
2019/20	732	276	246	96	30	1,380	(3.9%)	4,580	2,313
2020/21	728	459	249	122	19	1,577	14.3%	5,251	2,017
2021/22	717	503	225	69	5	1,519	(3.7%)	5,025	2,042
2022/23*	622	625	169	97	11	1,524	0.3%	4,721	1,963

*2022/23 Season is current at 10 July, 2023

Season	ST to NSW	ST within NSW by NSW Sire	AI	Hand	Paddock	TOTAL
2018/19	67%	13%	14%	6%	0%	100%
2019/20	53%	20%	18%	7%	2%	100%
2020/21	46%	29%	16%	8%	1%	100%
2021/22	47%	33%	15%	5%	0%	100%
2022/23	41%	41%	11%	6%	1%	100%

ST to NSW: means semen transported from another state or country to be inseminated into a NSW based mare

ST to NSW by NSW Sire: means semen transported from a NSW based sire to be inseminated into a NSW based mare

AI: means semen artificially inseminated into a mare from a sire standing at the same property

Hand: means the mare is naturally served by a sire under the supervision of a handler

Paddock: means the mare and sire are placed in a paddock to naturally mate under no supervision

REVIEW OF OPERATIONS - BREEDING (CONT.)

Foals Born In NSW

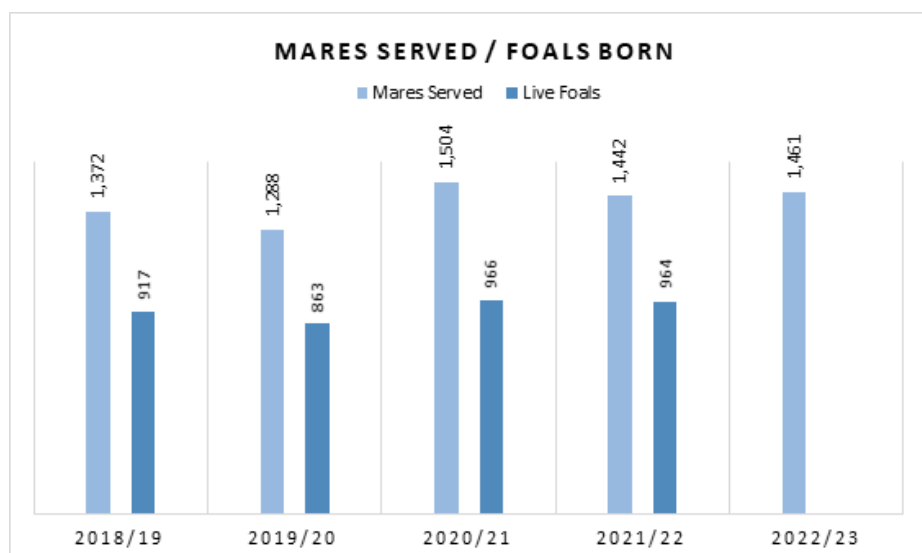
The following table shows the number of foals born in NSW over the past five (5) Breeding Seasons and where the foals were born:

Foals born	Region								Total
	Hunter	Far West	Goulburn/Menangle	North West	South Coast	Riverina	Metro	Western Districts	
2018/19	109	1	138	46	16	404	43	291	1,048
2019/20	101	0	166	15	10	325	37	263	917
2020/21	112	0	176	39	17	283	22	214	863
2021/22	113	0	178	60	22	324	29	240	966
2022/23	103	0	187	58	21	346	27	222	964
Total	538	1	845	218	86	1,682	158	1,230	4,758
% of Total	11.3%	0.02%	17.8%	4.6%	1.8%	35.4%	3.3%	25.9%	100%
Variance %	(8.8%)	0.0%	5.1%	(3.3%)	(4.5%)	6.8%	(6.8%)	(7.5%)	(0.2%)

Variance is foals born in 2022/23 against foals born in 2021/22

The following table shows the percentage of foals born against mares served:

Season of Service	Total Services	Mares Served	Mares served by more than one Stallion	Foals Born Next Season	Foals Born/ Mares Served %
2018/19	1,436	1,372	64	917	66.8%
2019/20	1,380	1,288	86	863	67.0%
2020/21	1,577	1,504	72	966	64.2%
2021/22	1,519	1,442	77	964	66.8%
2022/23	1,524	1,461	61		
AVERAGE	1,487	1,413	72	927	66.2%



REVIEW OF OPERATIONS - BREEDING (CONT.)

Foals Born In Australia & New Zealand

2022/23 Foals Notified in Australia as at 10 July 2023

	All Foals	Alive Foals	Deceased Foals	Alive Foal %	Alive Foal Population %
NSW	964	944	20	98%	32%
VIC	1,167	1,149	18	98%	39%
WA	332	326	6	98%	11%
QLD	360	354	6	98%	12%
SA	100	99	1	99%	3%
TAS	115	110	5	96%	4%
TOTAL	3,038	2,982	56	98%	100%

Alive Foals Notified (5 year comparison)

	2018/19	2019/20	2020/21	2021/22	2022/23	Var (Total)	Var (%)
NSW	1,025	920	842	933	944	11	1.2%
VIC	1,447	1,232	1,237	1,326	1,149	(177)	(13.4%)
WA	406	329	337	354	326	(28)	(7.9%)
QLD	227	250	292	315	354	39	12.4%
SA	64	128	70	73	99	26	35.6%
TAS	78	127	82	124	110	(14)	(11.3%)
AUS	3,247	2,986	2,860	3,125	2,982	(143)	(4.6%)
NZ	1,554	1,669	1,559	1,398	1,476	78	5.6%

*Variances based on the past two seasons

Stallions

The following table shows the number of stallions registered in NSW, the number of stallions standing in NSW and the number of Stud's that stood stallions in NSW over the past five (5) seasons.

Season	Stallions Registered in NSW	Stallions Physically Standing in NSW	Studs
2018/19	49	40	32
2019/20	51	42	31
2020/21	47	37	26
2021/22	53	36	21
2022/23	54	31	19

The following table shows the services by NSW registered stallions over the past five (5) seasons.

Season	Services by NSW Stallions		Foals by NSW Stallions	
	Standing in NSW	Frozen Registered by HRNSW	Standing in NSW	Frozen Registered
2018/19	535	85	360	52
2019/20	898	97	519	71
2020/21	1,132	96	682	49
2021/22	1,241	148	716	91
2022/23	1,182	316	-	-

REVIEW OF OPERATIONS - BREEDING (CONT.)

Breeders Challenge Nominations

The following table provides the number of eligible horses for the NSW Breeders Challenge and the number and percentage sustained for each Series.

Series	Foaled	Live Foals notified to NSW	Foal Nominations	Eligible Horses	2YOs Sustained	% Sustained	3YOs Sustained	% Sustained
1	2005/06	1,713	N/A	1,713	771	45%	771	45%
2	2006/07	1,617	N/A	1,617	842	52%	842	52%
3	2007/08	1,220	N/A	1,220	709	58%	709	58%
4	2008/09	1,174	N/A	1,174	858	73%	598	51%
5	2009/10	1,226	94	1,320	784	59%	584	44%
6	2010/11	1,405	90	1,495	811	54%	580	39%
7 ^	2011/12	1,402	97	1,499	818	55%	759	51%
8	2012/13	1,312	115	1,427	898	63%	721	51%
9	2013/14	1,238	143	1,381	760	55%	809	59%
10 #	2014/15	1,148	118	1,266	801	63%	743	59%
11	2015/16	1,123	174	1,297	945	73%	903	70%
12	2016/17	1,029	79	1,108	882	80%	849	77%
13	2017/18	1,112	25	1,137	828	73%	818	72%
14	2018/19	1,025	54	1,079	814	75%	765	71%
15	2019/20	924	50	974	765	78%	752	77%
16	2020/21	838	107	945	756	80%		
17	2021/22	957	122	1,079				
18*	2022/23	960	171	1,131				

There was an Equine Influenza outbreak in 2007, the effects were felt for three (3) seasons.

^ Nominators Bonus (\$3,000 cash) announced to commence for foals born in 2011/12 and NSW Breeders Challenge Owners Bonus Certificates increase from \$2,000 to \$2,500

NSW Breeders Challenge Owners Bonus Certificates increase from \$2,500 to \$3,000

The effects of the NSW drought impacted the foal crops for three (3) seasons.

**Foal nominations are due 1 September (still potentially 150 foals that can nominate if they wish)*

REVIEW OF OPERATIONS - BREEDING (CONT.)

Breeders Challenge Certificates

The table below shows the number of certificates issued each racing season and how they have been redeemed or in some cases have not been used and expired.

Racing Season	Issued	Redeemed				Expired / Outstanding
		Service & Breeding fees	%	Sale Purchases	%	
2014/15	473	324	68%	114	24%	35 (exp)
2015/16	398	262	66%	97	24%	39 (exp)
2016/17	450	288	64%	118	26%	45 (exp)
2017/18	426	287	67%	125	29%	14 (exp)
2018/19	485	332	68%	115	21%	38 (exp)
2019/20	505	337	67%	148	29%	20 (exp)
2020/21 [^]	659	386	59%	198	24%	28 (exp) 47
2022 - \$3,000	463	228	49%	67	14%	168
2022 - \$6,000	85	34	40%	21	25%	30
2023* - \$3,000	263	33	13%	17	6%	213
2023* - \$6,000	51	5	10%	4	8%	42
Total	4,258	2,516	59%	1,024	24%	219 / 500

* As at 01/08/2023.

[^]The Racing Season Changed to a calendar year therefore the 2020/21 Season was ran for an additional four months (1/09/2020 to 31/12/2021).

2022 - Announced \$6,000 Bonus Certificate for 2YO horses if won in a 2YO aged race, or nominated in a 2YO aged race that didn't stand up so competed in a different race at the same meeting.

Note: Sale Purchases redemptions above also include Sustaining Fees (minimal).

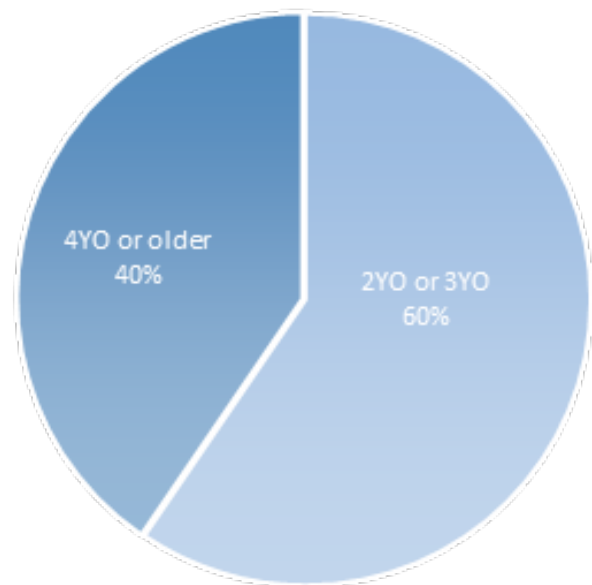
REVIEW OF OPERATIONS - BREEDING (CONT.)

Owners Bonus Certificate Winners

The table below shows the number and percentage of winners of NSW Breeders Challenge Owners Bonus Certificates for the period 01/09/2014 to 01/08/2023.

Age of Winner	Number	Percentage
2YO Only	330	9.1%
3YO Only	1,225	33.6%
2YO & 3YO	614	16.9%
4YO	870	23.9%
5YO	374	10.3%
6YO	142	3.9%
7YO	57	1.6%
8YO	22	0.6%
9YO	7	0.2%
10YO	1	0.03%
TOTAL	3,643	100.0%

Winners	Number	Percentage
2YO or 3YO	2,169	59.5%
4YO or older	1,474	40.5%



REVIEW OF OPERATIONS - BREEDING (CONT.)

NSW Live Foal & Starters Summary

The table below shows the current live foal totals and the percentage of 2YO and 3YO starters.

Foaling Season	Live Foals Notified	2YO	%	3YO	%
2009/10	1,226	454	37.0%	688	56.1%
2010/11	1,405	442	31.5%	707	50.3%
2011/12	1,402	418	29.8%	654	46.6%
2012/13	1,312	356	27.1%	574	43.8%
2013/14	1,238	361	29.2%	609	49.2%
2014/15	1,148	327	28.4%	572	49.8%
2015/16	1,123	362	32.2%	620	55.2%
2016/17	1,029	346	33.6%	594	57.7%
2017/18	1,112	450	40.5%	600	53.9%
2018/19	1,025	430	41.9%	642	62.6%
2019/20 (3YO)	974	456	46.8%	408*	41.9%
2020/21 (2YO)	945	221*	23.4%	N/A	N/A
2021/22	1,079	N/A	N/A	N/A	N/A
2022/23	1,131*	N/A	N/A	N/A	N/A

* As at 1 August 2023

N.B. 2yo and 3yo starters include all Australian bred starters. NZ and USA bred starters have been excluded, therefore the percentage is only a guide.

Comment

The numbers of 2YO and 3YO horses starting has been positive since the lows of the mid 2010's. The change of alignment has, no doubt, played a major part in this trend, but it is no small part due to the proactive application of prize money and bonuses.

REVIEW OF OPERATIONS - BREEDING (CONT.)

NSW Live Foal & Starters Summary (Continued)

Foaling Season	Starters							
	2YO Total Starters	2YO Total Races	2YO Total Starts	2YO Starts/ Starter	3YO Total Starters	3YO Total Races	3YO Total Starts	3YO Starts/ Starter
2009/10	491	263	2,144	4.37	809	1,023*	6,094	7.53
2010/11	467	287	2,308	4.94	800	998*	6,513	8.14
2011/12	445	253	2,052	4.35	738	1,160*	5,393	7.31
2012/13	377	199	1,633	4.33	660	949*	4,868	7.38
2013/14	377	204	1,654	4.39	692	887*	5,007	7.24
2014/15	348	195	1,586	4.56	658	796+	4,769	7.25
2015/16	382	227	1,778	4.65	675	819+	5,110	7.57
2016/17	361	225	1,777	4.92	659	375 [®]	6,687	10.15*
2017/18	468	303	2,597	5.55*	661	271 [®]	5,692	8.61*
2018/19	445	239	2,585	5.81*	717	270 [®]	5,691	8.38
2019/20 (3YO)	479	201	2,243	5.44	453 [^]	113 [®]	2,113	4.93
2020/21 (2YO)	227 [^]	81	682	3.00	N/A	N/A	N/A	N/A

N.B. Starters include all starters regardless of state/country of birth

* Breeding season and racing season no longer aligned

[^] As at 30 June 2023

+ Includes 3YO+ races

[®] Introduction of Ratings Based Handicapping. Less 3YO+ races run

REVIEW OF OPERATIONS - INTEGRITY

In addition to the provision of Stewards at race meetings, HRNSW Stewards and Integrity staff have performed the following functions during the FY 2023 financial year:

- Equine Welfare
- Investigations & Inquiries
- Intelligence collection, analysis & utilisation
- Surveillance -Covert & Overt
- Stable Inspections
- Raceday operations
- Accreditation of Club Officials & Swabbing Staff
- Retention Facility
- Human Drug Testing – Alcohol & Drugs of Abuse
- Betting analysis and investigation
- Liaison with NSW Police (MoU)
- Liaison with Australian and NSW Crime Commission
- Liaison with other racing and government agencies

HRNSW continued to dedicate considerable resources, including personnel and finances, towards integrity to ensure a level playing field.

EQUINE WELFARE

Equine Welfare remains an absolute priority of HRNSW Stewards and Integrity staff. The focus of visiting every stable to ensure the welfare of horses and to address non-compliance with the Australian Harness Racing Rules remained a goal of HRNSW Integrity staff.

During inspections of stables and other properties utilised for the stabling of registered standardbreds, Stewards and Integrity Staff have continued to focus on the general health and well-being of horses, appropriate welfare standards for the stabling/training of horses and conducted thorough searches for unregistered/illegal products and items not considered appropriate for training purposes or of concern from an equine welfare perspective.

HRNSW Stewards, Regulatory Veterinarian Dr Martin Wainscott, together with Assistant Regulatory Veterinarian Dr Annie Knox and raceday veterinarians, conducted inspections and examinations of horses at race meetings, prior to and after races. In circumstances where injuries were identified, a detailed report was provided by the veterinarian and entered into a database by HRNSW staff.

Records of all stable inspections and veterinary examinations were maintained during the year by HRNSW Stewards and Integrity staff.

Equine injuries during FY 2023:	101
Horses euthanised during FY 2023:	1
Horses Deceased Shortly After Racing FY 2023:	6

EQUINE DRUG CONTROL

Raceday and out-of-competition testing of horses continued to receive attention throughout the State from HRNSW Stewards, investigators, Regulatory Veterinarian Dr Martin Wainscott, Assistant Regulatory Veterinarian Dr Annie Knox and raceday veterinarians.

REVIEW OF OPERATIONS - INTEGRITY (CONT.)

HRNSW continued its liaison with the Australian Racing Forensic Laboratory (ARFL) and other approved laboratories throughout the world during this year with regards to the HRNSW equine testing regime and research of emerging products and substances.

HRNSW testing strategies during this financial year have resulted in 26.74% of all starters being tested.

MONTH	URINE	PRBT	BLOOD	I-STAT	OTHERS	TOTAL	STARTERS	% TO STARTERS
Jul-22	270	231	60	182	0	743	2,883	25.8%
Aug-22	307	214	52	312	0	885	3,137	28.2%
Sep-22	303	221	58	271	0	853	3,224	26.5%
Oct-22	313	242	60	316	12	943	3,300	28.6%
Nov-22	294	222	50	276	0	842	2,991	28.2%
Dec-22	303	280	50	181	0	814	3,285	24.8%
Jan-23	295	340	45	90	27	797	3,043	26.2%
Feb-23	305	348	44	138	91	926	2,969	31.2%
Mar-23	333	395	83	159	41	1,011	3,511	28.8%
Apr-23	306	393	53	38	0	790	3,017	26.2%
May-23	320	430	69	0	0	819	3,404	24.1%
Jun-23	337	431	53	0	0	821	3,545	23.2%
Total	3,646	3,747	677	1,963	171	10,244	38,309	26.7%

During the past year, 14 positive samples were detected which is 0.04% of the total number of starters. This is a decrease from 24 the previous year. The number of positive swabs also represents 0.14% of the total number of samples obtained.

LICENSING

In FY 2023, HRNSW licensed a total of 1,412 participants across all of the various licensing categories which represented a decline from the previous season. HRNSW has maintained its robust licensing process with all licence applications and renewals being reviewed by the HRNSW Licensing Committee.

LICENCE TYPE			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
TRAINER	DRIVER	S/HAND										
A			294	285	258	253	262	253	250	243	229	251
A	A		436	401	383	253	210	188	183	171	155	149
A	B		208	176	152	234	238	198	183	180	178	142
A	C		20	52	73	52	47	70	90	89	78	55
B			36	36	44	45	50	59	60	61	56	67
B	A		15	16	22	15	19	19	25	25	31	31
B	B		43	47	43	60	75	69	69	64	68	53
B	C		12	19	21	22	25	24	26	24	28	21
C			2	3	1	1	2	3	3	4	4	4
C	A		0	0	0	0	0	2	2	1	0	1
C	B		1	2	0	1	1	2	2	1	3	1
C	C		1	3	5	3	2	1	2	2	3	4
	A		43	45	39	39	43	47	43	42	44	49
	B		62	67	73	84	77	82	76	66	59	54
	C		31	39	33	41	28	28	31	27	26	22
	S		396	506	513	528	539	499	580	600	589	508
Training Partnerships			0	0	1	2	2	2	1	2	2	2
TOTALS			1,600	1,697	1,661	1,633	1,618	1,546	1,625	1,602	1,551	1,412

REVIEW OF OPERATIONS - INTEGRITY (CONT.)

APPEALS

On 14 December 2022, Part 5A of the Harness Racing Act was proclaimed and in doing so the Government introduced the Harness Racing New South Wales Appeal Panel. The introduction of this first step appeal panel was petitioned by HRNSW on the request of industry to the Government.

The Harness Racing Appeal Panel Members are;

Acting Judge Hon Wayne Haylen KC
 Brian Skinner - Barrister;
 Ernest Schmatt AM PSM - Barrister;
 Darren Kane - Solicitor;
 Bill Picken OAM;
 Darrell Loewenthal PSM;
 Jim Murphy JP MBA;
 Gordon Watson BA;
 Graeme Campbell OAM MAICD;
 Rex Horne;
 Graham Kelly - Solicitor;
 Chris Edwards;
 Rod Smith.
 Ross Higgins - Solicitor.

The appeal process still provides for appellants to proceed to the NSW Racing Appeals Tribunal as a second step.

The Racing Appeals Tribunal was comprised of Mr David Armati and Mr Anthony Lo Surdo SC. It must be reaffirmed that the NSW Racing Appeals Tribunal is completely separate from HRNSW. HRNSW are obligated to provide secretarial services to the Tribunal only, and the Tribunal members are appointed by Government, independent of HRNSW.

Below is a table which breaks down the appeals in FY22/23.

Appeals Results- NSW Racing Appeals Tribunal	#
Appeals lodged:	20
Appeals heard:	18 (7 from 21/22)(1 cross appeal)
Appeals to be heard:	2 (1 from 2019 & 1 from 2020)
Upheld:	7
Varied:	7
Dismissed:	4
Withdrawn:	9
No Jurisdiction:	1
Appeals from Appeal Panel Decisions	5

Appeals Results- Harness Racing NSW Appeal Panel	#
Appeals lodged:	23
Appeals heard:	17
Appeals to be heard:	3
Upheld:	4
Varied:	4
Dismissed:	8
Withdrawn:	3
Out of Time (Refused)	1

REVIEW OF OPERATIONS - MEDIA & MARKETING

HRNSW's media and marketing requirements evolved significantly in FY 2023. Several new initiatives and products were introduced and we applied significant resources into regional communities from both a growth, engagement and philanthropic perspective. Amanda Rando re-joined the organisation in a full-time capacity in December 2022 and took on the role of Media Liaison Manager, with Paul Cochrane's role re-titled as Marketing and Communications Manager.

Media Partnerships

HRNSW continued to invest in partnerships with Sydney's The Daily Telegraph and Sydney Morning Herald newspapers. These agreements saw HRNSW maintain our commitment to the supply of written content to support the race guide publication on both print and digital platforms. We also worked closely with our partners at Sky and TAB to further amplify our racing product on a broader scale. One notable project included the development of a stand-alone weekly TV show to promote the Breeders Challenge Series. This elevated a basic in-house concept from the previous year to the next level as a national broadcast product.

Production

HRNSW continued to provide live coverage of all race meetings across New South Wales, with vision provided by our broadcast partners Power Productions, Graham Palm and Wayne Millgate. After a long working relationship with Wayne Millgate he announced his retirement and his production schedule was moved onto Graham Palm.

Once again, a selection of prominent race meetings were given amplified coverage on the Sky Racing Active platform. HRNSW media team members continued to be utilised as on-air talent for the broadcast.

Events

HRNSW continued to lead the way nationally with the hosting, production and publicity of major events. Once again, we provided high-level media and marketing support, assets and funding for major race meetings across the racing calendar. Most notably:

- Newcastle Mile
- Miracle Mile
- Bathurst Gold Crown
- TAB Regional Championships
- Riverina Championships
- NSW Breeders Challenge Series
- Trots NSW Series

HRNSW also led the way in assisting towns in regional NSW badly affected by the floods in late 2022. This culminated in the creation of the Flood Relief '23 campaign, hosted by the Eugowra club on 25 April, 2023 – in conjunction with the Forbes and Cowra clubs. HRNSW initiated a Drivers Invitational Series and selected 10 leading drivers from across the state to take part. They wore specially commissioned colours which each featured a corporate sponsors logo to raise money for the flood relief cause. Numerous corporate sponsors were also sourced and engaged to help stage the event.

Extensive work was put into the build-up for the hosting of the inaugural running of The TAB Eureka in September 2023.

REVIEW OF OPERATIONS - MEDIA & MARKETING (CONT.)

Owned Channels

HRNSW once again enjoyed continual growth and engagement across our owned channels and social media accounts. This remains a primary information vehicle and publicity tool for the organisation.

We introduced a weekly podcast – The Sprint Lane - for the discussion of racing and industry issues. It was hosted by Paul Cochrane live from Club Menangle on Tuesdays and featured race caller Fred Hastings and Club Menangle's Jessica Watkins. More than 50 industry participants were given an opportunity to be part of the podcast in its inaugural season. This has become a well-recognised brand for the industry and a leader in in-house commissioned content nationally. It has been used for industry profiles, to spotlight breeding, equine sales and to promote The Eureka. It will continue to evolve in the future.

Challenges arose with the redevelopment of the HRNSW website through our industry provider. This project remains in the future plans for the organisation.

Fantasy Harness Racing



HRNSW made a bold decision to invest in a fan engagement product – Fantasy Harness Racing – a first of its kind, purpose-built game tailored to our New South Wales racing product. This was a significant success with more than 2,500 people registering for Season 1. HRNSW has made a three-year commitment to the concept and it will grow and evolve significantly in Season 2. HRNSW won the Harness Racing Australia national award for best innovation for Fantasy Harness Racing in early 2023.

Future Plans

HRNSW has made a commitment to overhauling the Carnival of Cups program to better engage with local communities, raise the profile of our racing product and bring greater economic stability for our clubs. This includes the development of sustainable partnerships with local government and tourism providers. This shapes as one of the most significant and exciting developments for harness racing in Australia in a long time.

The Eureka continues to evolve into a landmark event on the national calendar and HRNSW has a significant role in not only executing excellence but creating the legacy for its future longevity.

We will continue to use our platforms to better engage with existing and potential supporters of harness racing to best position ourselves for ongoing growth.

Paul Cochrane
Manager – Media & Marketing



TROT NSW
LONDON TO A BRICK



2023 MIRACLE MILE
BETTER BE THE BEST



TAB REGIONAL CHAMPIONSHIPS
WESTERN FINAL
IAM THE CAPTAIN



2023 BREEDERS CHALLENGE BLUE
SIR KNIGHT



BRAEVIEW KELLY NZ



NEWCASTLE MILE

REVIEW OF OPERATIONS - YOUTH DEVELOPMENT & INDUSTRY WELFARE

Education & Welfare Manager Key Responsibilities

- Manage driving skills panel
- Liaise with injured drivers
- Liaise with treating Doctor
- Liaise with injured driver's next of kin
- Establish educations and learning pathways
- Develop learning pathways for new and existing participants
- Manage education programs for the Harness Racing Industry
- Liaise with the Education Department & Stakeholders to secure funding
- Manage re-skilling programs for drivers and assist in finding alternate employment

Welfare Officer – Role

In the event of a race accident, Maurice Logue is immediately advised of any injuries by the relevant Stewards. Maurice liaises with the family of any affected driver(s) to provide any necessary support.

HRNSW Education & Welfare Advisory Committee

As part of HRNSW's continuing commitment to improving participant welfare, the Committee was established to develop education pathways for existing workers and new entrant and support participants in need or preparing for a new career due to lack of opportunity, change of mind or injury.

Maurice Logue (Harness Racing Education & Welfare Manager) acts as Executive Officer for the HRNSW Education & Welfare Steering Committee. The Committee is overseen by a distinguished Committee Members who devote their time on a voluntary basis.

The following Committee Members attended meeting throughout the year:

- Mr Peter Nugent, Current Chairman
- Mr Maurice Logue, Current Executive Officer
- Mr Michael Prentice, Current Committee Member
- Lex Crosby, Current Committee Member
- Peter Collier, Current Committee Member
- Seryn Adams, Current Committee Member
- Danny White, Current Committee Member
- Mr Clint Bentley, Current Committee Member

HRNSW partnered with registered training organisation The Racing Education Centre to deliver online education programs to participants.

Education & Welfare sessions are delivered in a classroom environment once a quarter at Menangle Park, Wagga Wagga, Bathurst, Tamworth and Newcastle with remote students attending via ZOOM video conferencing. Subjects delivered were:

- Public Speaking
- Equine Nutrition
- Horse Anatomy
- Equine Dentistry
- Determine hoof care and hoof protection plans for equines
- Comply with racing industry ethics and integrity
- Participate in racing protest and inquiries
- Manage personal health and fitness including distractions, temptations, drugs, alcohol, gambling and lifestyle choices

Harness Racing Simulator

HRNSW has received a grant from the NSW Government to purchase a Harness Racing Simulator. The simulator is expected to be operational early in 2024 and will be placed on a purpose built trailer to be used as a multi-purpose device. The simulator will enable HRNSW to promote feature race meetings, highlight career opportunities in harness racing at career expos and mentor existing participants to improve their skills.

REVIEW OF OPERATIONS - YOUTH DEVELOPMENT & INDUSTRY WELFARE (CONT.)

Mates 4 Harness



Mates 4 Harness is a peer support initiative established in March 2020 by HRNSW, empowering mates to look out for mates. Research has found that effective support offered from peers and colleagues can aid significantly in coping with stress and difficult situations.

Mates 4 Harness is managed by Maurice Logue, Ambassadors devote their time on a voluntary basis. The following Ambassadors were appointed to promote the program and provide support to participants in their area.

- Mr Maurice Logue, State-wide
- Mr Colin Watts, State-wide
- Mr Darren Binskin, Metropolitan
- Ms Seryn Adams, Riverina
- Ms Amy Rees, Western
- Mrs Leeanne Flower, Northwest
- Ms Stevie Robinson, Far West

The Mates 4 Harness welfare programs has continued to provide support to participants and their families seeking assistance.

Drivers Skills Panel

Under the HRNSW Rules of Racing, HRNSW may form a Driver Mentoring Panel to review and mentor drivers who may be referred by Stewards for issues with their driving, which may include issues of safety.

HRNSW Mentoring panel members are Chairman Maurice Logue and Darren Binskin. Hearings are convened throughout NSW with the attendance of referring Steward and in accordance with HRNSW Rule of Racing NSWLR153.

Hearings are convened throughout NSW in accordance with the HRNSW Rule of Racing NSWLR153.

The Panel may make recommendations to the HRNSW Licensing Committee for a remedial training program or restricted return to driving schedule.

REVIEW OF OPERATIONS - EXTERNAL RELATIONS



HARNESS RACING AUSTRALIA

Harness Racing Australia Inc. (HRA) is the peak organisation for the sport of harness racing in Australia. The HRA Membership consist of the six State Controlling Bodies, in addition to the Principal Clubs in five States. The seven-member Executive of HRA consists of the Chair, or nominated representative, from each of the State Controlling Bodies, with an Independent Chairman elected by the Members.

The object of HRA is to promote the Harness Racing Industry, advocate for, and assist Members to effectively carry out their powers and obligations under their respective constitutions and Incorporating Statutes.

HRA is the national co-ordination point between the State Controlling Bodies for national projects; the uniformity of rules and regulations; feature race calendar; naming and registration of horses; and, operation of the Australian Trotting Stud Book.

HRA acts as the national body in international harness racing affairs and is a member of the International Trotting Association. It contributes to the international trotting agenda with participation in the World Trotting Conference and activities within the associated Committee structure including as Chair of the Equine Health & Welfare and Integrity and Racing & Wagering Committees.

HRA supervises various events including the TAB Eureka, Inter Dominion Championships, Grand Circuit, Trotting Masters and various Driving Championship events.

HRA is committed to continuous improvement of integrity and welfare functions, including improved traceability to track horses along their life span. Transparent health, welfare and drug control statistics are available via the HRA - There is No Finish Line program (including a website of the same name), which plays a significant role in maintaining the industry's social license, and its responsibilities to the Standardbred, both on and off the track.

Gear, equipment and safety are also play a very important role for HRA. All new sulkies, wheels, protective vests and helmets are all rigorously tested by Human Impact Engineering with dynamic, static, efficacy and performance tests being combined prior to listing for approved use.

Data and trends from incidents and injuries, both human and horse are also regularly analysed in an effort to improve safety across all facets of the industry.

INDUSTRY ASSOCIATIONS

HRNSW continued to enjoy good working relations with the five active industry Associations:

- (i) Harness Racing Clubs Committee (HRCC);
- (ii) United Harness Racing Association (UHRA) including the NSW Square Trotters Association;
- (iii) Harness Breeders NSW (HBNSW);
- (iv) NSW Standardbred Owners Association (NSWSOA); and
- (v) NSW Mini-Trotting Association (NSWMTA).

The Associations continued to provide substantial feedback to Harness Racing NSW on current and emerging industry concerns, and have been instrumental in assisting with the development of policies aimed at addressing issues.

HRNSW's commitment towards the establishment of strong, representative industry Associations will continue in future years with a renewed focus on promoting the creation of new Associations to represent segments of the industry that at this time lack a mechanism to more actively participate in industry administration.

RACINGCORP

Racingcorp is a company founded by the three racing codes to act as an agent in dealings with government and Tabcorp on matters relating to the Racing Distribution Agreement and Intercode Deed.

HRNSW representation on the Racingcorp Board was provided by Mr Ken Brown (HRNSW Member) and Mr John Dumesny (former HRNSW CEO).

REVIEW OF OPERATIONS - EXTERNAL RELATIONS (CONT.)



HRICG

Welcome to the Harness Racing Industry Consultation Group (HRICG) report for 2023 and what a year it has been!

With an industry who relies on over 3,800 volunteers it is commendable to say that the Members of HRICG are also volunteers representing their respective Bodies.

This year HRICG has placed forward several *Recommendations* to Harness Racing NSW which we feel are for the betterment of the industry.

SULKY RECOVERY SCHEME (SRS)

The Sulky Recovery Scheme formed part of HRICG recommendations and in particular with an amount of over \$440,000 being held in an account by HRNSW of participants money the *Recommendation* was placed forward and adopted by HRNSW for a reduction from \$3 to \$2 for sulky insurance which commenced from 1 July, 2023.

Also, in agreement with HRNSW the Sulky Recovery Scheme Policy saw the adoption of AHRI Rules 271; 271A and 273 into the Policy to cover fit for purpose.

NSW HARNESS RACING INDUSTRY STANDARD BRED REHOMING COMPANY LTD

HRICG also made a substantial and important Recommendation in regards to the NSW Harness Racing Industry Standardbred Rehoming Company Ltd to HRNSW.

This *Recommendation* was formed after no replacements were found to fill the positions of four serving Directors of the Company who had resigned in April 2022 along with the amendment to the Harness Racing Act (2009) at Section 9 Functions of HRNSW-(2) (f) which states *HRNSW is to initiate, develop and implement policies relating to the welfare of racing horses.*

A Recommendation was placed to HRNSW for the closure of the Company, which was adopted by the Board of HRNSW at the May 2023 Board meeting confirming the appropriateness of the recommendation to close the NSW Harness Racing Industry Standardbred Rehoming Company.

NATIONAL RATING SYSTEM

The matter of the National Rating System and lack of forethought given to race programming also formed part of discussions with HRNSW and in particular to the impact on both the Breeding and Ownership in NSW. This matter was also in addition to the matter of devaluing/downgrading of Stakes levels in Group Racing for mares attributed to the new Group Stakes money Policy – these downgrading levels for mares impacts on the residual value as a potential broodmare when retired from racing.

REVIEW OF OPERATIONS - EXTERNAL RELATIONS (CONT.)

STRATEGIC PLAN FOR YR2024-2026

HRNSW presented an invitation to all industry Bodies for comments to go towards the formation of the 2024-2026 Strategic Plan, and although not a conference each Body within the industry, inclusive of HRICG were invited to a meeting/discussion with HRNSW to place forward their comments.

HRICG will now await a formalised Strategic Plan 2024-2026 from HRNSW for review. Upon completion of the consultation process, HRNSW present the Plan to the Minister for Gaming & Racing.

The past year has been one of many changes but the focus of HRICG has remained the same – the industry.

We have seen a change of Government along with a change of CEO to our Industry.

HRICG placed forward a formal parting message to Mr John Dumesny with thanks for his services to the Harness Racing Industry.

It is a heartfelt welcome to former HRNSW Board member and incoming CEO HRNSW Mr Peter Buckman who HRICG has enjoyed meeting with on two occasions thus far.

The HRNSW Gazette is one topic that HRICG will continue to work on for the industry to present a unified source of communication.

A *Recommendation* was placed to HRNSW in May 2023 for the recommencement of this valuable tool for communication in the form of a Gazette but it is still on the table for discussion.

Once again, I say thank you to my fellow HRICG members who volunteer their time freely to attend meetings and formulate valuable *Recommendations* for the betterment of the harness racing industry. They serve their respective Bodies and this Industry well.

The Harness Racing Industry Group (HRICG) is a committee formed under the Harness Racing Act where all members serve as volunteers with the responsibility of consulting with and making recommendations to Harness Racing NSW in relation to harness racing in the State of NSW.

Your HRICG members currently serving on a voluntary basis and representing the different sectors of the industry are as follows and I convey a heartfelt thank you for their commitment and support:

Mrs Julie Maughan

Chairperson

Clubs who conduct less than 6 meetings

Mr Danny Dwyer

Deputy Chair

Clubs who conduct more than 6 meetings

Mrs Flora Robson

Harness Breeders NSW

Mr Peter Dewsbury

NSW Standardbred Owners Association

Mr Wally Mann

United Harness Racing Association

Mr Robert Marshall

NSW Harness Racing Club

Yours in Harness Racing,

JULIE MAUGHAN

CHAIR

Harness Racing Industry Consultation Group (HRICG)

REVIEW OF OPERATIONS - EXTERNAL RELATIONS (CONT.)



Re-Homing Company

Harness Racing NSW has continued to build on the restructuring brought about by changes to the Harness Racing Act at the end of 2022. The previous Board of Directors of the Rehoming Company had established a solid foundation which allowed the Company structure to be transferred to the control of HRNSW.

The appointment of Ms. Maria Furina as the Rehoming Manager was the first step in restructure, that was followed by the appointment of HRNSW compliance officers and Inspectors to ensure that the correct processes for the welfare of our Standardbreds was conducted in accordance with the policies and procedures set out by the Controlling Body.

The process used by the Rehoming Manager is simple and places much responsibility on the owner/trainer to provide honest assessments of the horse they wish to rehome. The Manager then puts them in contact with the potential new owner. The cost of retaining is the responsibility of the new owner and can be done personally or using one of the 25 registered retainers HRNSW has at their disposal across all regions of NSW. This process has been widely accepted by participants and allowed many Standardbreds to enjoy a wonderful life after racing.

Many Standardbreds are easily transformed into pleasure horses, companion horses, event campaigners, trail riding, carriage horses or saddle horses. Some provide essential services with the blood bank and anti-venom laboratories. During the past 12 months we have successfully rehomed 210 horses. Our manager has continued to establish and maintain relationships with:

- APG Australian Pacing Gold
- Nutrien Equine
- Sequiris
- SPUR Australia
- Serum Australis
- Pony Club Australia

- Animal Welfare Australia
- Endurance riders Assoc
- Club Menangle
- NSW Mounted Police
- SPPHA (Standard Pleasure and Performance Horse Assoc NSW)
- Riding for the Disabled Royal Agricultural Society of Sydney and Canberra
- Campbells Comment
- Jojubi Saddlery
- Garrards Horse and Hound
- Horse Deals Magazine

As our Rehoming continues to be significant and essential part of our responsibility within HRNSW operations we envisage expanding operations into regional areas using existing land and developing small infrastructure to support our rehoming and breeding programs.

HRNSW Rehoming continues to support many off the track activities such as Sydney and Canberra Royal Shows and many regional Standardbred events that allow new owners to showcase the temperament and abilities of our breed. It is also timely to thank our many sponsors who also support our activities via donations of horse products and equipment.

FY 2023 has been a successful year in firmly establishing our policies and procedures that is understood by our owners and trainers in finding a suitable home for our retired horses.

In FY 2024, the decision was made to bring the operations of the Re-homing company into the remit of HRNSW. The NSW Harness Racing Industry Standardbred Re-Homing Company Limited was subsequently voluntarily deregistered on 21 September 2023.

Peter Nugent
Member of HRNSW Board

RACING HIGHLIGHTS

SKY RACING CARNIVAL OF MIRACLES



\$100,000 AVE NEWCASTLE MILE

<i>HORSE NAME</i>	MACH DAN (MR: 1.51.1)
<i>TRAINER</i>	EMMA STEWART
<i>DRIVER</i>	NATHAN JACK
<i>OWNERS</i>	DANNY ZAVITSANOS, JOANNA ZAVITSANOS & WARREN VINEY

\$250,000 CORDINA CHICKEN FARMS CHARIOTS OF FIRE

<i>HORSE NAME</i>	CATCH A WAVE (MR: 1.49.1)
<i>TRAINER</i>	ANDY GATH
<i>DRIVER</i>	KATE GATH
<i>OWNER</i>	PAULINE MATTHEWS

\$100,000 ALLIED EXPRESS SPRINT

<i>HORSE NAME</i>	HONOLUA BAY (MR: 1.49.3)
<i>TRAINER</i>	EMMA STEWART
<i>DRIVER</i>	DAVID MORAN
<i>OWNERS</i>	LAURISTON BLOODSTOCK PTY LTD

SCHWEPPE SPRINT

<i>HORSE NAME</i>	SPIRIT OF ST LOUIS NZ (MR: 1.52.4)
<i>TRAINER</i>	BELINDA MCCARTHY
<i>DRIVER</i>	JACK CALLAGHAN
<i>OWNERS</i>	SUMMIT BLOODSTOCK SYNDICATE, BELINDA MCCARTHY, JOHN JARVIS, AARON BAIN RACING PTY LTD, ROBERT CURNOW, WEAR THE FOX HAT SYNDICATE, BILL EADE, PAMELA HASTIE, TREVOR CASEY, KIERAN CORBY, EDWARD CORBY, ANTHONY GOW, STEPHEN PULLEY, GRAEME ANDERSON, RAYMOND CHALKLIN, ADAM WALSH, IAN STUBBINS, BRETT REYNOLDS, ROB PLUNKETT

QUEEN ELIZABETH II MILE

<i>HORSE NAME</i>	BRAEVIEW KELLY NZ (1.49.5)
<i>TRAINER</i>	JACK TRAINOR
<i>DRIVER</i>	CAMERON HART
<i>OWNER</i>	BRAEVIEW LTD

RACING HIGHLIGHTS

SKY RACING CARNIVAL OF MIRACLES

\$1,000,000 GARRARDS MIRACLE MILE

PLACE	HORSE NAME
WINNER	CATCH A WAVE
2nd	SPIRIT OF ST LOUIS NZ
3rd	HONOLUA BAY
4th	HURRICANE HARLEY
5th	BRAEVIEW KELLY
6th	EXPENSIVE EGO
7th	CAPTAIN RAVISHING
8th	MACH DAN



CATCH A WAVE

<i>MILE RATE & SECTIONALS</i>	MR: 1.48.8 - 1st Q: 25.5, 2nd Q: 29.2, 3rd Q: 27.9, 4th Q: 26.2.
<i>MARGINS</i>	3.1m x HD
<i>WINNING OWNERS</i>	PAULINE MATTHEWS
<i>BREEDER</i>	BENSTUD STANDARDBREDS, PM O'SHEA, ZD O'SHEA
<i>BREEDING</i>	Sire: CAPTAINREACHEROUS (US) Dam: COPPAGOODONE NZ

RACING HIGHLIGHTS

BREEDERS CHALLENGE BLUE SERIES

TABCORP PARK MENANGLE

\$100,000 GROUP 3 THREE YEAR OLD COLT & GELDINGS FINAL

<i>HORSE NAME</i>	MAHOMES
<i>TRAINER</i>	PETER RUSSO
<i>DRIVER</i>	JACK TRAINOR
<i>OWNER</i>	NM STANTON, S KHOUISS, F KHOUISS, C MESSINA, S BARGASHOUN, KL TIMMINS
<i>BREEDER</i>	JAKE STOCKTON
<i>BREEDING</i>	Sire: TINTIN IN AMERICA (NZ) Dam: ESTHERS LIGHT
<i>MILE RATE</i>	1.51.7

\$100,000 GROUP 2 THREE YEAR OLD FILLIES FINAL

<i>HORSE NAME</i>	MADRID
<i>TRAINER</i>	JARROD ALCHIN
<i>DRIVER</i>	CAMERON HART
<i>OWNER</i>	TRAVIS O'GRADY
<i>BREEDER</i>	FG O'SULLIVAN, S O'SULLIVAN
<i>BREEDING</i>	Sire: BLING IT ON Dam: LILLYLANE
<i>MILE RATE</i>	1.52.4

\$100,000 GROUP 2 THREE YEAR OLD COLT & GELDINGS FINAL

<i>HORSE NAME</i>	BETTER BE THE BEST
<i>TRAINER</i>	NATHAN TURNBULL
<i>DRIVER</i>	NATHAN TURNBULL
<i>OWNER</i>	CHRISTOPHE BUTTIGEIG
<i>BREEDER</i>	PAUL CARMODY
<i>BREEDING</i>	Sire: SHOOBEE'S PLACE (USA) Dam: PATCH MAGUIRE NZ
<i>MILE RATE</i>	1.52.3

\$100,000 GROUP 2 TWO YEAR OLD FILLIES FINAL

<i>HORSE NAME</i>	SAVEEON
<i>TRAINER</i>	ASHLEE GRIEVES
<i>DRIVER</i>	ASHLEE GRIEVES
<i>OWNER</i>	TRACEY GRIVES
<i>BREEDER</i>	TRACEY GRIVES
<i>BREEDING</i>	Sire: WARRAWEE NEEDY (CA) Dam: ZIBIBBO
<i>MILE RATE</i>	1.54.2

RACING HIGHLIGHTS

BREEDERS CHALLENGE REGIONAL

RIVERINA PACEWAY

THREE YEAR OLD FILLIES FINAL

<i>HORSE NAME</i>	PAS DE CHEVAL
<i>TRAINER</i>	STEVE TURNBULL
<i>DRIVER</i>	AMANDA TURNBULL
<i>OWNER</i>	DD JOHNSTON, JD POLSON
<i>BREEDERS</i>	DD JOHNSTON, JD POLSON & THE ESTATE OF DALLAS POLSON
<i>BREEDING</i>	Sire: A ROCKNROLL DANCE (USA)
	Dam: THEN WE DANCE
<i>MILE RATE</i>	1.54.3

THREE YEAR OLD COLTS & GELDINGS FINAL

<i>HORSE NAME</i>	SAINT VERAN
<i>TRAINER</i>	STEVE TURNBULL
<i>DRIVER</i>	DAVID MORAN
<i>OWNER</i>	GA TARGETT, MJ TARGETT
<i>BREEDERS</i>	GA TARGETT, MJ TARGETT
<i>BREEDING</i>	Sire: BETTING LINE (USA)
	Dam: SHEEZALLATTITUDE
<i>MILE RATE</i>	1.53.2

TWO YEAR OLD FILLIES FINAL

<i>HORSE NAME</i>	OLIVEIRA
<i>TRAINER</i>	STEVE TURNBULL
<i>DRIVER</i>	NATHAN TURNBULL
<i>OWNERS</i>	T SLOAN, G SLOANE, K SLOANE
<i>BREEDERS</i>	DJ HOWE, JM HOWE
<i>BREEDING</i>	Sire: TINTIN IN AMERICA NZ
	Dam: NOTHIN BETTOR
<i>MILE RATE</i>	1.56.4

TWO YEAR OLD COLTS & GELDINGS FINAL

<i>HORSE NAME</i>	CHISELED
<i>TRAINER</i>	JASON HEWITT
<i>DRIVER</i>	JASON HEWITT
<i>OWNERS</i>	JR RYAN & G TIERNAN
<i>BREEDERS</i>	JOHN RYAN
<i>BREEDING</i>	Sire: HUNTSVILLE (USA)
	Dam: BEYOND RARE
<i>MILE RATE</i>	1.54.7

RACING HIGHLIGHTS

BREEDERS CHALLENGE REGIONAL

NEWCASTLE INTERNATIONAL PACEWAY

THREE YEAR OLD FILLIES FINAL

<i>HORSE NAME</i>	PAINT ME A REASON
<i>TRAINER</i>	JOHN WHEELER
<i>DRIVER</i>	HANNAH RIXON
<i>OWNERS</i>	R WHEELER, T MADSON, K AINSLEY, J PHILLIPS, T BRACEWELL, A EASTON, BJ PIGGOTT
<i>BREEDERS</i>	R WHEELER, T MADSON, K AINSLEY, J PHILLIPS, T BRACEWELL, A EASTON, BJ PIGGOTT
<i>BREEDING</i>	Sire: FOR A REASON Dam: PAINTMEACANVAS
<i>MILE RATE</i>	1.54.2

THREE YEAR OLD COLTS & GELDINGS FINAL

<i>HORSE NAME</i>	JALANEEL
<i>TRAINER</i>	BLAKE FITZPATRICK
<i>DRIVER</i>	JOSH GALLAGHER
<i>OWNERS</i>	ETHAN HILL
<i>BREEDER</i>	LYN FITZPATRICK
<i>BREEDING</i>	Sire: HESTON BLUE CHIP (USA) Dam: OUR AWESOME GIRL
<i>MILE RATE</i>	1.53.7

TWO YEAR OLD FILLIES FINAL

<i>HORSE NAME</i>	VINETTE
<i>TRAINER</i>	KERRYANN MORRIS
<i>DRIVER</i>	JOSH GALLAGHER
<i>OWNER</i>	AS SMITH, RO WOODS, MA MORRIS
<i>BREEDER</i>	STARDIME PTY LTD
<i>BREEDING</i>	Sire: VINCENT Dam: LETTUCE GO PIPPA
<i>MILE RATE</i>	1.55.0

TWO YEAR OLD COLTS & GELDINGS FINAL

<i>HORSE NAME</i>	IM BLINGIN IT
<i>TRAINER</i>	ALEX ALCHIN
<i>DRIVER</i>	JOSH GALLAGHER
<i>OWNERS</i>	AD ALCHIN, RJ HARPLEY
<i>BREEDER</i>	AD ALCHIN, RJ HARPLEY
<i>BREEDING</i>	Sire: BLING IT ON Dam: JOYCES DESIRE
<i>MILE RATE</i>	1.53.2

RACING HIGHLIGHTS

BREEDERS CHALLENGE FINALS

TABCORP PARK MENANGLE

THREE YEAR OLD FILLIES FINAL

HORSE NAME	CAPTN ME
TRAINER	JACK TRAINOR
DRIVER	JACK TRAINOR
OWNERS	MICH HARVEY
BREEDER	MATTHEW DAY
BREEDING	Sire: CAPTAINREACHEROUS (US)
	Dam: GLENFERRIE ELECT NZ
MILE RATE	1.52.2

THREE YEAR OLD COLTS & GELDINGS FINAL

HORSE NAME	LEAP TO FAME
TRAINER	GRANT DIXON
DRIVER	GRANT DIXON
OWNER	SOLID EARTH PTY LTD
BREEDER	REDBANK LODGE STANDARDBREDS
BREEDING	Sire: BETTORS DELIGHT USA
	Dam: LETTUCEREASON
MILE RATE	1.49.0

TWO YEAR OLD FILLIES FINAL

HORSE NAME	MAJOR DELIGHT
TRAINER	EMMA STEWART
DRIVER	MARK PITT
OWNER	PETER LEWIS
BREEDERS	PETER LEWIS
BREEDING	Sire: BETTORS DELIGHT USA
	Dam: LADY EUTHENIA
MILE RATE	1.50.3

TWO YEAR OLD COLTS & GELDINGS FINAL

HORSE NAME	CAPTAINS KNOCK
TRAINER	BRAD HEWITT
DRIVER	BRAD HEWITT
OWNER	TRIPLE PLAY SYNDICATE
BREEDER	JOHN RUTTER
BREEDING	Sire: CAPTAINREACHEROUS (US)
	Dam: SCARLETT FINN NZ
MILE RATE	1.52.9

RACING HIGHLIGHTS

NSW TROT FINALS



LETTUCE TROT



LONDON TO A BRICK



MAXIMUS MERIDIUS

TABCORP PARK MENANGLE

TWO YEAR OLD TROT FINAL

HORSE NAME	DREAMBIGAIMHIGH
TRAINER	KERRYANN MORRIS
DRIVER	ROBERT MORRIS
OWNERS	LUCKY LODGE PTY LTD
BREEDER	JOHN GIBSON FAMILY TRUST
BREEDING	Sire: WHAT THE HILL (CA) Dam: CHEVRONS SWEETHEART (NZ)
MILE RATE	1.58.9

THREE YEAR OLD TROT FINAL

HORSE NAME	EGRET
TRAINER	ANTON GOLINO
DRIVER	BLAKE FITZPATRICK
OWNER	YABBY DAMS FARM PTY LTD, AM MORRIS
BREEDER	ANGELA MORRIS
BREEDING	Sire: FATHER PATRICK (US) Dam: MOYABAMBA
MILE RATE	1.56.3

FOUR AND FIVE YEAR OLD TROT FINAL

HORSE NAME	WATTS UP MAJESTIC
TRAINER	RICKIE ALCHIN
DRIVER	RICKIE ALCHIN
OWNER	BRADLEY WATTS
BREEDER	BRADLEY WATTS
BREEDING	Sire: MAJESTIC SON (CA) Dam: RAINBOW MAORI
MILE RATE	1.56.0

RACING HIGHLIGHTS

TAB REGIONAL CHAMPIONSHIPS

WESTERN REGION CHAMPIONSHIP GOLD CROWN PACEWAY

RACE	HORSE NAME	TRAINER NAME	DRIVER NAME	MILE RATE
HEAT 1	MODERN POWER	NATHAN TURNBULL	NATHAN TURNBULL	1.58.7
HEAT 2	HE AINT FAKIN	CHRIS FRISBY	ANTHONY FRISBY	2.00.7
HEAT 3	ALTA BILLY	AMANDA TURNBULL	AMANDA TURNBULL	2.00.4
HEAT 4	UNCLE MIKI	CHRIS FRISBY	ANTHONY FRISBY	1.57.4

\$100,000 GROUP ONE FINAL

<i>HORSE NAME</i>	IAM THE CAPTAIN
<i>TRAINER</i>	AMANDA TURNBULL
<i>DRIVER</i>	ISOBEL ROSS
<i>OWNERS</i>	JENNY TURNBULL
<i>BREEDER</i>	RICHARD CAMELLERI
<i>BREEDING</i>	Sire: CAPTAINREACHEROUS (US)
	Dam: HEAVENLY BEAUTY (USA)
<i>MILE RATE</i>	1.57.8

METROPOLITAN REGION CHAMPIONSHIP TABCORP PARK MENANGLE

RACE	HORSE NAME	TRAINER NAME	DRIVER NAME	MILE RATE
HEAT 1	PARKED IN HEAVEN	ASHLEIGH DELOSA	CHRIS GEARY	1.57.8
HEAT 2	MUSCLE BART	BELINDA MCCARTHY	LUKE MCCARTHY	1.56.0
HEAT 3	GORDONS BAY	JAMES RATTRAY	JAMES RATTRAY	1.56.9
HEAT 4	TIMELY SOVEREIGN	LEON JURD	STEPHANIE MORRIS	1.55.7

\$100,000 METROPOLITAN FINAL

<i>HORSE NAME</i>	GORDONS BAY
<i>TRAINER</i>	JAMES RATTRAY
<i>DRIVER</i>	JAMES RATTRAY
<i>OWNER</i>	GG PAGE, MA PIGGOTT, BR HINDMARSH
<i>BREEDER</i>	BROOKLYN LODGE ABERDEEN PTY LTD
<i>BREEDING</i>	Sire: CAPTAINREACHEROUS (US)
	Dam: CORZAN EFFECT NZ
<i>MILE RATE</i>	1.57.2

\$100,000 STATE FINAL

<i>HORSE NAME</i>	GORDONS BAY
<i>TRAINER</i>	JAMES RATTRAY
<i>DRIVER</i>	JAMES RATTRAY
<i>OWNER</i>	GG PAGE, MA PIGGOTT, BR HINDMARSH
<i>BREEDER</i>	BROOKLYN LODGE ABERDEEN PTY LTD
<i>BREEDING</i>	Sire: CAPTAINREACHEROUS (US)
	Dam: CORZAN EFFECT NZ
<i>MILE RATE</i>	1.56.6

RACING HIGHLIGHTS

TAB REGIONAL CHAMPIONSHIPS

HUNTER REGION CHAMPIONSHIP NEWCASTLE INTERNATIONAL PACEWAY

RACE	HORSE NAME	TRAINER NAME	DRIVER NAME	MILE RATE
HEAT 1	MAN FROM BRAAVOS	MELANIE ELDER	JOE TAAFFE	1.56.3
HEAT 2	MY ULTIMATE SKEETA	CLAYTON HARMEY	CAMERON HART	1.56.3
HEAT 3	SAINT CRUSADER	CLAYTON HARMEY	GRACE PANELLA	1.55.6
HEAT 4	UNCLE MIKI	CHRIS FRISBY	ANTHONY FRISBY	1.57.4

\$100,000 HUNTER FINAL

<i>HORSE NAME</i>	METALLICA MAN
<i>TRAINER</i>	TOM ISON
<i>DRIVER</i>	TOM ISON
<i>OWNER</i>	BR HUNT, EC SAUNDERS, MR JOHNSTON
<i>BREEDER</i>	BA HARPLEY, NA HARPLEY
<i>BREEDING</i>	Sire: TINTIN IN AMERICA (NZ)
	Dam: SOKYOU GO GIRL
<i>MILE RATE</i>	1.57.5



IAM THE CAPTAIN



GORDONS BAY

RIVERINA REGION CHAMPIONSHIP RIVERINA PACEWAY WAGGA

RACE	HORSE NAME	TRAINER NAME	DRIVER NAME	MILE RATE
HEAT 1	CRIME DON'T PAY	MICHAEL HAWKE	BLAKE JONES	1.55.9
HEAT 2	BROOKLYN BRIDGE	ELLEN JONES	BLAKE JONES	1.56.4
HEAT 3	ORATORIA	DAVID DRUITT	DAVID DRUITT	1.55.7

\$100,000 RIVERINA FINAL

<i>HORSE NAME</i>	BROOKLYN BRIDGE
<i>TRAINER</i>	ELLEN JONES
<i>DRIVER</i>	BLAKE JONES
<i>OWNER</i>	RAY MOORE
<i>BREEDERS</i>	BOTSKY PTY LTD, TRUSTEE FOR BBB TRUST
<i>BREEDING</i>	Sire: SWEET LOU (USA)
	Dam: LOVING YOU
<i>MILE RATE</i>	1.55.5

RACING HIGHLIGHTS

TAB REGIONAL CHAMPIONSHIPS



METALLICA MAN



BROOKLYN BRIDGE

RIVERINA PACEWAY WAGGA

ENTIRES & GELDINGS	HORSE NAME	TRAINER NAME	DRIVER NAME	MILE RATE
HEAT 1	BETTOR ISOLATE	MATTHEW CRAVEN	MATTHEW CRAVEN	1.57.0
HEAT 2	MY ULTIMATE RONNIE	JARROD ALCHIN	CAMERON HART	1.55.2

MARES	HORSE NAME	TRAINER NAME	DRIVER NAME	MILE RATE
HEAT 1	SOHO HISTORIA	EMMA STEWART	MARK PITT	1.58.9
HEAT 2	MADRID	JARROD ALCHIN	JACK CALLAGHAN	1.57.1

\$100,000 ENTIRES & GELDINGS FINAL

<i>HORSE NAME</i>	MY ULTIMATE RONNIE
<i>TRAINER</i>	JARROD ALCHIN
<i>DRIVER</i>	CAMERON HART
<i>OWNER</i>	TUMBY PARL PTY LTD
<i>BREEDER</i>	RF LITTLER, KL LITTLER
<i>BREEDING</i>	Sire: BETTORS DELIGHT USA
	Dam: GIFTED BLISS
<i>MILE RATE</i>	1.54.8

\$100,000 MARES FINAL

<i>HORSE NAME</i>	SOHO HISTORIA
<i>TRAINER</i>	EMMA STEWART
<i>DRIVER</i>	MARK PITT
<i>OWNERS</i>	AARON BAIN RACING PTY LTD, SUMMIT BLOODSTOCK PTY LTD, AARON BAIN
<i>BREEDER</i>	ROBERT WATSON
<i>BREEDING</i>	Sire: COURAGE UNDER FIRE NZ
	Dam: SOHO TOKYO
<i>MILE RATE</i>	1.55.3



FINANCIAL STATEMENTS

Harness Racing New South Wales	71
Members' Report	72
Members' Declaration	77
Lead Auditor's Independence Declaration	78
Auditor's Report	79
Statement of Profit or Loss and Other Comprehensive Income	82
Statement of Financial Position	84
Statement of Cash Flows	85
Statement of Changes in Equity	85
Notes to the Financial Statements	86

Industry Funds	113
Members' Declaration	114
Lead Auditor's Independence Declaration	115
Auditor's Report	116
Statement of Profit or Loss and Other Comprehensive Income	119
Statement of Financial Position	120
Statement of Cash Flows	121
Statement of Changes in Equity	121
Notes to the Financial Statements	122

Racecourse Development Fund	131
Members' Declaration	132
Lead Auditor's Independence Declaration	133
Auditor's Report	134
Statement of Profit or Loss and Other Comprehensive Income	137
Statement of Financial Position	138
Statement of Cash Flows	139
Statement of Changes in Equity	140
Notes to the Financial Statements	141

FINANCIAL STATEMENTS

Harness Racing New South Wales	71
Members' Report	72
Members' Declaration	77
Lead Auditor's Independence Declaration	78
Auditor's Report	79
Statement of Profit or Loss and Other Comprehensive Income	82
Statement of Financial Position	84
Statement of Cash Flows	85
Statement of Changes in Equity	85
Notes to the Financial Statements	86

MEMBERS' REPORT

The Members of Harness Racing New South Wales (HRNSW) present their report together with the financial statements for the financial year ended 30 June 2023.

HRNSW is a statutory corporation (entity) constituted under the Harness Racing Act 2009 (as amended).

MEMBERS

The following persons were members of HRNSW during the whole of the financial year and up to the date of this report:

Mr Ken Brown (Chairman)
Mr Adam Fairley
Mr Peter Nugent

The following persons were Members of HRNSW from the date of their appointment until the date of this report:

Date of Appointment

Mr Doug Freeman	3 February 2023
Mrs Yvonne O'Keefe	21 July 2023
Mr Peter Buckman (CEO)	10 July 2023

The following persons were Members of HRNSW from the beginning of the financial year or the date of their appointment until the date of their retirement or resignation:

Date of Retirement/Resignation

Mr Ross Higgins	2 February 2023
Mr Peter Buckman	30 March 2023
Mr John Dumesny	7 July 2023

MEMBERS MEETINGS

During the year Members met 11 times. Attendance at meetings was as follows:

Name	Attended	Number Eligible to Attend	Apology	Leave of Absence
Mr Ken Brown AM	11	11	-	-
Mr Adam Fairley	11	11	-	-
Mr Doug Freeman	5	5	-	-
Mr Ross Higgins	6	6	-	-
Mr Peter Nugent	10	11	-	1
Mr John Dumesny	11	11	-	-
Mr Peter Buckman	8	8	-	-

Member emoluments are shown in Note 5 (h) in the attached financial statements.

MEMBERS' REPORT (CONTINUED)

Member's attendance at Committee meetings was as follows:

Name	Investment Committee		Finance & Audit Committee	
	Attended	Number Eligible to Attend	Attended	Number Eligible to Attend
Mr Ken Brown AM	2	2	2	2
Mr Peter Buckman	-	-	2	2
Mr Adam Fairley*	-	-	1	-
Mr Doug Freeman*	1	1	1	-
Mr Ross Higgins	-	1	-	-
Mr Peter Nugent	2	2	2	2

* All Board members attended the Finance & Audit Committee meeting held on 27 March 2023.

PRINCIPAL ACTIVITIES

The principal activities of HRNSW during the period included the following functions:

- Registration of harness racing clubs, participants and harness racing associations;
- Initiation, development and implementation of policies considered conducive to the promotion, strategic development and welfare of the harness racing industry in the State;
- Distribution of money received as a result of commercial arrangements required by the *Totalizator Act 1997*;
- Distribution of monies received from other sources including Corporate Wagering Operators;
- Allocation to harness racing clubs and harness racing associations of the dates on which they may conduct harness racing meetings and harness races; and
- Development and review of policy in relation to the breeding and handicapping of harness racing horses.

RESULT

The comprehensive result for the financial year amounted to a surplus of \$453,490 (2022: Surplus of \$10,941,244).

Operating Deficit before Investment Income	(\$1,241,437)
Investment Income on Future Fund	<u>\$1,694,927</u>
Comprehensive Surplus for the Year	<u>\$453,490</u>

Total revenue increased year on year by \$3.939m (2022: declined by \$2.398m).

Wagering revenue continues to be unpredictable, with overall wagering revenue increasing by \$3.522m, a 4.9% increase on FY2022:

- Total TAB revenue rose by \$0.579m (2022: declined by \$6.293m) and was largely in line with expectations.
- Race fields revenue saw a 5.8% decline amounting to \$1.121m (2022 increased by \$2.523m),
- Tax Parity revenue remained consistent year on year.
- Point of Consumption Tax grant increased by \$4.089m (2022: increased by \$1.517m) due to a change in the rate from 10% to 15% from 1 July 2022.

MEMBERS' REPORT (CONTINUED)

Despite ongoing uncertainty in investment markets as a result of global supply chain disruptions, increasing inflationary pressures and ongoing geopolitical tensions, the investment return on the Future Fund was positive at \$1.695m (2022: loss of \$1.393m).

Expenditure increased by \$9.095m (2022: increase of \$7.710m) with the main drivers being:

- An increase in distributions of club funding and prizemoney of \$5.670m.
- A Future Fund contribution to the Racecourse Development Fund of \$1.350m for capital works at Bathurst and Tamworth.
- An increase in salaries and associated expenses for HRNSW staff of \$1.311m due to additional employees primarily in Integrity plus an increase in Racing Integrity expenses of \$0.379m in the areas of swab testing and stewards inquiries/appeals and related legal expenses.

HRNSW continued its support of participants within the industry with the extension of the Flood Assistance scheme - \$0.343m (2022: \$0.385m). Clubs were also the beneficiary of increased subsidies including ambulance, mobile starters, photo finish, stewards' fees and electricity subsidies of \$3.106m.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the entity during the year.

STAFF

The entity employed fifty (50) full time employees as at 30 June 2023 (2022: 45).

EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect:

- i) the operation of the entity;
- ii) the results of these operations;
- iii) the state of affairs of the entity, in future years

except that on 7 July 2023, Mr John Dumesny retired from his position as HRNSW's Chief Executive Officer after almost nine years in the role. On 31 March 2023, HRNSW announced the appointment of Mr Peter Buckman as the replacement Chief Executive Officer. Mr Buckman, on stepping down from the HRNSW Board on 30 March 2023, commenced as CEO Designate from 3 April 2023 and, after a three month transition period, assumed the role as CEO on 10 July 2023.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, Members support and have adhered to the principles of good corporate governance including the adherence to an agreed Code of Conduct and the disclosure of interests by Members.

MEMBERS' REPORT (CONTINUED)

LIKELY FUTURE DEVELOPMENTS

There are no likely developments which will affect the operations of the entity in subsequent years other than it is likely that HRNSW will:

- (i) Build training centres and related infrastructure;
- (ii) Continue with improvements and upgrades to the Tamworth site;
- (iii) Provide funding for track improvements and infrastructure at current tracks;
- (iv) Provide funding to maintain current tracks;
- (v) Provide funding to assist both the Racing and Breeding activities of the industry;
- (vi) Provide funding for the upgrade of the national operating system – Harvey;
- (vii) Provide funds for asset replacements;

in its own right or through the Racecourse Development Fund.

MEMBERS BENEFITS

Neither since the beginning of the financial year, nor during the financial year, has a Member whilst being a Member, received or become entitled to receive a benefit by reason of a contract made by the entity or a related body corporate which the Member or with a firm of which the Member is a member, or a company in which the Member is a member, or a company in which the Member has a substantial interest.

MEMBERS' REPORT (CONTINUED)

AUDITOR INDEPENDENCE

The lead auditor's independence declaration has been received and accepted.

Signed in accordance with a resolution of the Members at Bankstown.

.....
Ken Brown AM - Chairman

.....
Peter Nugent – Member

Dated: 31 August 2023

MEMBERS' DECLARATION

The Members of Harness Racing New South Wales (HRNSW) present their declaration for the financial year ended 30 June 2023.

In the opinion of the Members of the entity: –

- (a) the accompanying financial statements and notes:
 - (i) comply with Accounting Standards and other mandatory professional reporting requirements, and
 - (ii) give a true and fair view of the entity's financial position as at 30 June 2023 and its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due, and
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Signed in accordance with a resolution of the Members at Bankstown.

Ken Brown AM - Chairman

Peter Nugent- Member

Dated: 31 August 2023

LEAD AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF HARNESS RACING NEW SOUTH WALES.

I declare that, to the best of my knowledge and belief during the year ended 30 June 2023 there has been:

- i) no contraventions of the audit independence requirements as set out in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

K S Black & Co
Chartered Accountants

Phillip Jones
Partner
Dated: 31 August 2023

INDEPENDENT AUDITOR'S REPORT

To The Members of Harness Racing New South Wales (Continued)

Opinion

We have audited the accompanying financial reports of Harness Racing New South Wales (the 'Entity') which comprises the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration by those charged with governance.

In our opinion, the accompanying financial report of the Entity is prepared, in all material respects, in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 3 Accounting Interpretations.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our Responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

Those charged with the governance are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report therein.

Our opinion on the financial report does not cover the other information and accordingly we do not express any other form of assurance conclusion therein.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in that regard.

Responsibilities of Management and those charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report in accordance with *Accounting Standard AASB 101* and for such Internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

To The Members of Harness Racing New South Wales (Continued)

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for the overseeing the Entity's financial reporting process.

Auditors' responsibility for the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Paragraph 41 (b) of ASA 700 explains that the italicised material below can be located in an Appendix to the auditor's report.

Paragraph 41 (c) of ASA 700 explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below. When the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is the Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx>

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Entity.
- Conclude on the appropriateness of the Entity's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

To The Members of Harness Racing New South Wales (Continued)

Other Matters

Our work as auditors required us to examine whether systems of internal controls were robust, especially to meet cyber risks arising from remote working by many HRNSW employees and industry participants.

Through appropriate planning and continuing review of revenue projections, systems, processes and liaison with Government, the Board, Management and employees have been able to maintain the entity's operations and financial stability, ensuring that racing continued, prizemoney increased and have successfully responded to another very challenging year.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

K S Black & Co
Chartered Accountants

Phillip Jones
Partner

Dated: 31 August 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
REVENUE from continuing operations			
TAB Revenues	4(a)	32,348,068	31,768,991
Race Fields Revenue	4(b)	18,186,371	19,307,371
Tax Parity Revenue	4(c)	10,895,739	10,920,974
Point of Consumption Tax Grant	4(d)	13,804,130	9,715,272
TAB Regional Championships Sponsorship		728,099	730,322
Other TAB Revenue		-	572,714
Investment Income - Future Fund	4(e)	1,694,927	(1,392,561)
Finance Income – Interest Revenue		119,047	20,157
Grants Received - Industry Funds	4(f)	212,300	206,117
Gazette Income	4(g)	101,733	113,108
Registration & Licensing Income		543,241	547,191
Stewarding and Other Fees Charged to Clubs	4(h)	192,633	150,081
Lease and Other Income - Maitland Training Centre		4,791	-
Lease and Other Income - Menangle Park Training Centre		452,063	420,036
Lease and Other Income - Paceway Tamworth		430,226	302,856
Lease and Other Income - Paceway Riverina		121,120	220,993
Profit on Sale of Assets		211,516	99,904
Government Grant	4(i)	245,324	2,900,000
Other Income	4(j)	431,148	179,551
Total Revenue		80,722,476	76,783,076

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT.)

For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
EXPENSES from continuing operations			
HRNSW TAB Distribution:			
to Clubs	5(a)	15,640,375	15,391,847
to Industry Fund	5(b)	1,940,884	1,906,139
to Racecourse Development Fund	5(c)	646,961	635,380
Prizemoney Paid from TAB revenues		8,348,669	8,220,619
Payments from TAB Regional Championship Sponsorship		544,337	507,903
Payments from Race Fields Receipts incl Prizemoney	5(d)	15,375,387	16,399,675
Payments from Tax Parity Receipts incl Prizemoney	5(e)	7,844,549	6,387,163
Payments from Point of Consumption Tax incl Prizemoney	5(f)	11,338,011	4,796,200
Future Fund Contribution to Racecourse Development Fund		1,350,485	-
Harness Racing Australia Membership Levy		131,877	126,010
Employee Salaries and Related Expenses	5(g)	7,121,810	5,810,469
Members Fees	5(h)	208,024	204,223
Media Centre		48,671	37,711
Postage, Printing & Stationery		94,176	76,865
Travel Expenses	5(i)	788,960	514,136
Consultancy & Contractors		48,300	59,909
Occupancy Expenses		832,997	781,668
Equipment Expenses		18,372	19,740
IT and Communication Expenses	5(j)	741,998	449,668
Depreciation Expense	11	897,438	554,868
Insurance		485,113	318,523
Racing Integrity Expenses	5(k)	2,279,738	1,900,705
Sky Video/Photo Finish Expenses	5(l)	2,052,685	1,916,030
Bad Debt Expense	5(m)	23,425	2,243
Driver Maternity Leave Assistance		5,255	11,146
Flood Assistance		343,260	385,310
Electricity Subsidy for Night Meetings		310,000	304,000
NSW Government Grant - Asset Purchase		245,324	-
NSW Government Grant Monies to RDF	5(n)	-	2,900,000
Transfer Fine Income to Industry Fund		87,775	73,725
Other Expenses	5(o)	474,131	482,258
Total Expenses		80,268,986	71,174,133
Surplus for the Year		453,490	5,608,943
Comprehensive Income			
Other Comprehensive Income for the Year			
Gain on Revaluation of Properties		-	5,332,301
Other Comprehensive Income for the Year		-	5,332,301
Total Comprehensive Income for the Year		453,490	10,941,244

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	2,300,332	5,068,838
Investments	7	5,151,568	10,281,659
Trade and Other Receivables	8	20,023,035	17,670,708
Other	9	284,964	158,206
Total Current Assets		27,759,898	33,179,411
NON-CURRENT ASSETS			
Investments	7	34,381,825	23,984,667
Land	10	1,400,000	1,400,000
Property, Plant and Equipment	11	11,127,475	10,508,924
Right of use Assets	12	23,044	1,645
Total Non-Current Assets		46,932,345	35,895,236
TOTAL ASSETS		74,692,243	69,074,647
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	13	16,574,054	11,676,047
Provision for Employee Benefits	14	1,508,937	1,264,237
Non-Interest Bearing Liabilities	15	19,752	1,645
Total Current Liabilities		18,102,743	12,941,929
NON-CURRENT LIABILITIES			
Non-Interest Bearing Liabilities	15	3,292	-
Total Non-Current Liabilities		3,292	-
TOTAL LIABILITIES		18,106,035	12,941,929
NET ASSETS		56,586,208	56,132,718
EQUITY			
Accumulated Surplus		51,253,907	50,800,417
Asset Revaluation Reserve	22	5,332,301	5,332,301
TOTAL EQUITY		56,586,208	56,132,718

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		83,801,421	87,425,169
Interest Received		1,937,133	(1,372,404)
Payments to Suppliers, Employees and Participants		(82,058,668)	(80,553,833)
Net Cash Provided by Operating Activities	21	3,679,886	5,498,932
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant & Equipment		(1,589,974)	(953,211)
Payments for Investments		(5,267,067)	(12,713,862)
Proceeds from the sale of Property, Plant & Equipment		408,648	234,859
Net Cash (Used in) Investing Activities		(6,448,392)	(13,432,214)
Net (Decrease) in Cash and Cash Equivalents Held		(2,768,506)	(7,933,282)
Cash and Cash Equivalents at the Beginning of the Year		5,068,838	13,002,121
Cash and Cash Equivalents at the End of the Year	6	2,300,332	5,068,838

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
Total Equity at the Beginning of Financial Year		56,132,718	45,191,475
Surplus for the Year		453,490	5,608,943
Accumulated Surplus at end of Financial Year		56,586,208	50,800,417
Other Comprehensive Income for the Year	22	-	5,332,301
Total Equity at the End of the Financial Year		56,586,208	56,132,718

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

1. THE REPORTING ENTITY

a) Harness Racing New South Wales (HRNSW)

HRNSW is an independent body incorporated as a statutory body under the *Harness Racing Act 2009* to fund and control the harness racing industry in New South Wales.

b) Benevolent Fund

The Benevolent Fund Charity was set up to assist persons associated with the harness racing industry in New South Wales who are in indigent circumstances and require financial assistance. The assets, liabilities and transactions of the Fund are incorporated into these financial statements and summarised in Note 16.

c) Separate Funds

The following funds administered by HRNSW are not incorporated in these financial statements:

- i. Harness Racing Industry Fund.
- ii. Harness Racing Racecourse Development Fund.

HRNSW prepares and furnishes separate financial statements for these funds in its Annual Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied by the entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

This financial report is a general purpose financial report that has been prepared in accordance with International Financial Reporting Standards as applicable to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

a) Income Tax

HRNSW is registered as a not-for-profit organisation with the Australian Taxation Office. Income is not subject to income tax.

b) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable, net of goods and services tax (GST) payable to the taxation authority and net of any allowances. Revenue is recognised in the period to which the revenue relates.

TAB Distributions, Tax Parity, Point of Consumption and Corporate Wagering Operators' Revenues

Distributions from Tab Limited ("TAB"), Race Fields revenues from Corporate Wagering Operators, Tax Parity and Point of Consumption revenues are recognised as they accrue to the benefit of the entity based on distribution advices received from TAB, various Corporate Wagering Operators and the NSW Government.

Interest Earned / Financial Income

Interest and other investment revenue is recognised as it accrues taking into account the effective yield on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

Available-For-Sale financial assets including fixed interest and listed securities included in the JBWere Investment Future Fund Portfolio are measured at fair value. Gains and Losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Other Income

Revenue earned from all other activities is recognised when the product or service in respect of which the fees have been charged is receivable.

c) **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

d) **Financial Instruments**

Categories

Financial assets are classified into the following specified categories: Financial assets 'at fair value through the profit or loss', 'held to maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Initial Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit and loss. Transaction costs related to instruments classified at fair value through profit or loss are expensed to profit or loss immediately.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity Investments

These investments have fixed maturities. Held to maturity investments held by HRNSW are stated at amortised cost using the effective interest rate method.

Available-for-Sale Financial Assets.

Available-For-Sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed nor determinable payments. They are held at fair value with changes in fair value taken through the profit or loss statement.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayment and amortisation.

NOTES TO THE FINANCIAL STATEMENTS

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.

Impairment of Financial Assets

At each reporting date HRNSW assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

e) Property, Plant and Equipment

Each class of Buildings, Property, Plant and Equipment is measured at cost (except for land as described in Notes 10 and 11) less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the accepted net cash flows which will be received from the asset's employment and subsequent disposal.

Buildings, property, plant and equipment are depreciated on a straight line basis over their useful lives, as follows:

Buildings and fitouts	4% - 10%
Plant and equipment	10% - 40%
Telecommunications, computer hardware	25% - 40%
Motor Vehicles	25% - 40%

The asset's residual values are reviewed and adjusted if appropriate at each balance date.

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.

f) Revaluation of Non-Current Assets

Non-current assets are revalued every five years or sooner if a revaluation is deemed to be material and may be performed for all the non-current assets or a class of non-current assets. Nonetheless, as stated above, non-current assets are not carried at an amount exceeding the recoverable amount.

The carrying amount of non-current assets is reviewed annually by the Board to ensure that they are not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amount. AASB 136 allows a not-for-profit entity to determine value in use of an asset using the depreciated replacement cost of the asset if the future economic benefits of the asset are not primarily dependent on net cash inflows and the asset would be replaced if the entity were deprived of it.

NOTES TO THE FINANCIAL STATEMENTS

g) Loans and Borrowings

All loans are measured at principal amount. Interest is charged as it occurs.

h) Employee Salaries and Related Expenses

Provision is made for employee entitlement benefits accumulated as a result of an employee's service up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts, plus related on-costs. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred.

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included where possible.

The net amount of GST recoverable for, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash Flows are included in the statement of cash flows as a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks and other financial institutions.

k) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

l) Revision of Accounting Estimates

Revisions of accounting estimates are recognised prospectively in current and future periods only.

m) New Accounting standards and interpretations

HRNSW has applied all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the its operations and effective for the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS

n) Leases

HRNSW assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

HRNSW applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. HRNSW recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

HRNSW recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) Lease liabilities

At the commencement date of the lease, HRNSW recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by HRNSW and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, HRNSW uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

HRNSW applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

o) Software

Significant costs associated with software development are deferred and amortised on a straight line basis over the period of their expected benefit, being 5 years.

p) Finance Income and Expenses

Finance costs are expensed in the period in which they are incurred.

Finance income consists of interest from banks and other financial institutions. Interest is recognised as it accrues.

NOTES TO THE FINANCIAL STATEMENTS

q) **GHRRA Assets and Liabilities transferred**

By order of the Minister for Gaming and Racing, all harness related assets and liabilities of the Greyhound and Harness and Harness Racing Regulatory Authority ("GHRRA") were transferred to Harness Racing New South Wales on 1 July 2009 under the Harness Racing Act 2008.

r) **Accounts Payable and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

3. **BASIS OF PREPARATION**

a) **Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the *Harness Racing Act 2009 (as amended)*. The financial report of the entity also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the Summary of Significant Accounting Policies above.

c) **Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the entity's functional currency.

d) **Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no major estimates that impact these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE

	2023 \$	2022 \$
(a) TAB revenues		
Product Fee	12,876,759	13,874,739
Wagering Incentive Fee	19,471,309	17,894,252
	32,348,068	31,768,991

HRNSW's share of the TAB Distribution is paid by NSW Racing Pty Ltd. HRNSW's share is determined by the Intercode Deed. Product fees (Daily, and quarterly) are based on wagering turnover (all codes) and Wagering Incentive Fees (WIF), paid half yearly, are based on wagering profitability (All Codes).

(b) Race Fields Revenue		
From various Corporate Wagering Operators	18,186,371	19,307,371
	18,186,371	19,307,371

(c) Tax Parity Revenue		
Revenue from reduction in NSW betting tax	10,895,739	10,920,974
	10,895,739	10,920,974

Following the enactment of the Betting Tax Legislation Amendment Act 2015, the NSW Harness Racing Industry continues to receive the benefits of parity with the Victorian Racing Industry in respect of the sharing of TAB gross wagering revenue between the Government and the NSW racing Industry. The legislation provided for a staged introduction of the concessions over 5 years commencing from July 2015.

(d) Point of Consumption Tax Grant		
Proceeds from Point of Consumption Tax Grant	13,804,130	9,715,272
	13,804,130	9,715,272

A Point of Consumption Tax is levied on all Wagering Operators accepting bets from NSW residents and applies to all online, telephone and face-to-face betting. Effective from 1 July 2022, the rate of Point of Consumption Tax was increased from 10% to 15% with the NSW Racing Industry (all racing codes) now receiving 33% of the Point of Consumption Tax collected.

(e) Investment Income - Future Fund		
Investment Income - JBWere Portfolio	1,694,927	(1,392,561)
	1,694,927	(1,392,561)

Investment Income recognised on Future Fund monies held for the industry and remaining after distribution of race fields receipts received from September 2008 to March 2012 and released following the High Court win in March 2012. The Fund was topped up between FY2017 to FY2023 with surpluses arising from operations.

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE (Continued)

	2023 \$	2022 \$
(f) Grants Received - Industry Fund		
Management of Centralised Stakes Payment System	185,618	180,212
Management of Breeders Challenge Series	26,682	25,905
	212,300	206,117
(g) Gazette Income		
Subscriptions	101,733	113,108
	101,733	113,108
(h) Other Fees Charged to Clubs		
Club Affiliation Fee	159,000	119,947
Swab Recovery and Other	33,633	30,134
	192,633	150,081
(i) NSW Government Grant		
Grant for Racing Simulator	245,324	-
Grant for Bathurst Training Centre	-	2,900,000
	245,324	2,900,000
(j) Other Income		
Benevolent Fund Fundraising	123,160	-
Trainee & Apprentice Subsidy	276,498	167,107
Other	31,490	12,444
	431,148	179,551

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING EXPENSES

	2023 \$	2022 \$
(a) HRNSW TAB Distribution - To Clubs		
NSWHRC - Principal Club	9,965,260	10,133,447
NSWHRC - Menangle	264,000	252,000
Bathurst	792,000	774,900
Dubbo	254,100	192,150
Goulburn	136,950	113,400
Leeton	130,350	105,525
Newcastle	1,001,550	971,775
Parkes	255,750	275,625
Penrith	673,200	633,150
Tamworth	498,300	453,600
Wagga Wagga	719,400	688,275
Young	240,900	206,325
All Other Clubs	708,615	591,675
	15,640,375	15,391,847

All clubs except the NSWHRC received administration funding only. HRNSW paid prizemoney direct to participants on behalf of the clubs. The \$9.965m paid to the NSWHRC includes prizemoney and administration funding.

(b) HRNSW Distribution - to Industry Fund

Under the Intra Code Agreement HRNSW is required to distribute a percentage of its share of the TAB Distribution to the Industry Fund for the development and furtherance of the industry in NSW.

The amount distributed to the Industry Fund is equal to 6% (2022: 6%) of the HRNSW share of the TAB Distribution.	1,940,884	1,906,139
	1,940,884	1,906,139

(c) HRNSW TAB Distribution - to Racecourse Development Fund.

The amount distributed to the Racecourse Development Fund is equal to 2% (2022: 2%) of the HRNSW share of the TAB Distribution.

	646,961	635,380
	646,961	635,380

(d) Payments from Race Fields Receipts incl Prizemoney

Payments for club administration funding and prizemoney	12,058,655	14,186,823
Carnival of Cups Levy	216,732	212,852
Payments to Industry Fund for Breeding related activities	3,100,000	2,000,000
	15,375,387	16,399,675

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING EXPENSES (Continued)

	2023	2022
	\$	\$
(e) Payments from Tax Parity Receipts incl Prizemoney		
Ambulance services	754,987	789,734
Breeding Assistance	621,626	297,118
Prizemoney	4,133,449	3,334,456
Driver Superannuation on behalf of Owners	353,235	254,656
Youth Development & Welfare	71,863	49,273
Equine Welfare	114,799	162,222
RDF for Infrastructure	1,050,000	1,050,000
Media, Marketing & Promotions	744,590	449,704
	7,844,549	6,387,163
<p>Other amounts have been paid from Tax Parity revenues and are included in other expense categories such as Salaries, Prizemoney, Integrity expenses etc.</p>		
(f) Payments from Point of Consumption Tax incl Prizemoney		
Prizemoney	11,238,011	4,486,929
Marketing & Promotions	100,000	309,271
	11,338,011	4,796,200
(g) Employee Salaries and Related Expenses		
Salaries	5,889,672	4,831,749
Superannuation	566,642	451,597
Payroll Tax	252,565	192,607
Annual & Long Service Leave	244,699	246,681
Workers Compensation Insurance	39,714	30,162
Temporary Staff and Other	128,517	57,674
	7,121,810	5,810,469
(h) Members Fees		
Ken Brown AM	92,606	87,524
Peter Buckman	22,811	29,175
Adam Fairley	30,869	12,401
Doug Freeman	13,429	-
Ross Higgins	17,440	29,175
Craig Meagher	-	16,774
Peter Nugent	30,869	29,175
	208,024	204,223

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING EXPENSES (Continued)

	2023 \$	2022 \$
(i) Travel Expenses		
Employees	748,807	486,718
Members	39,284	27,418
Other	869	-
	<hr/> 788,960	<hr/> 514,136
(j) IT and Communication Expenses		
IT Support & Software	582,211	317,441
Phone, fax and related expenditure	159,787	132,226
	<hr/> 741,998	<hr/> 449,668
(k) Racing Integrity Expenses		
Swab Testing and Reporting	1,445,652	1,313,570
Stewards Inquiries/Appeals & Related Legal Expenses	642,284	355,075
Registration Processing	57,691	57,593
Integrity Auditor	39,086	24,434
Freeze Branding Expenses	197	7,181
Other Integrity	94,827	142,853
	<hr/> 2,279,738	<hr/> 1,900,705
The figures above do not include employee and contractor costs which are reported in note 5(g).		
(l) Sky Video/Photo Finish Expenses		
Sky Video	1,985,726	1,909,261
Photo Finish	66,959	6,769
	<hr/> 2,052,685	<hr/> 1,916,030
(m) Bad Debts		
Movement in Provision	23,425	2,243
	<hr/> 23,425	<hr/> 2,243

Current provisions provide adequate cover for any risk in bad debts. Participants who fail to pay outstanding amounts can be placed on the industry's Unpaid Forfeits List. Once placed on the List the participant cannot partake in any way and is deemed a 'disqualified person'

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING EXPENSES (Continued)

	2023	2022
	\$	\$
(n) NSW Government Grant monies to RDF		
Grant for Bathurst Training Centre	-	2,900,000
	<hr/>	<hr/>
	-	2,900,000
(o) Other Expenses		
Bank and Investment Portfolio Charges	113,820	92,619
Benevolent Fund Expenses	127,529	3,830
Legal, Audit and Other Professional Services	159,754	141,062
Sundry Expenses	73,027	244,747
	<hr/>	<hr/>
	474,131	482,258

6. CASH AND CASH EQUIVALENTS

Cash at Bank and on hand	2,300,332	5,068,838
	<hr/>	<hr/>
	2,300,332	5,068,838

The entity has an overdraft limit of \$250,000 at the bank (2022: \$250,000) - unused at year end.

7. INVESTMENTS

JBWere - Future Fund	39,050,488	33,803,070
Other Deposits	482,905	463,257
	<hr/>	<hr/>
	39,533,393	34,266,327
Current	5,151,568	10,281,659
Non-Current	34,381,825	23,984,667
	<hr/>	<hr/>
	39,533,393	34,266,327

8. TRADE AND OTHER RECEIVABLES

Trade Debtors	2,174,124	1,775,361
Less provision for Doubtful Debts	(101,633)	(78,208)
TAB	14,423,098	13,940,668
NSW Treasury	2,983,536	2,000,000
Related Parties	543,910	32,887
	<hr/>	<hr/>
	20,023,035	17,670,708

Trade debtors are non-interest bearing and generally are on thirty day terms. All other current receivables are non-interest bearing and are receivable between seven and ninety days.

NOTES TO THE FINANCIAL STATEMENTS

9. OTHER CURRENT ASSETS

	2023 \$	2022 \$
Prepayments	283,524	156,766
Benevolent Fund Funeral Certificates	1,440	1,440
	284,964	158,206

10. LAND

Black Hill (Beresfield)	1,400,000	1,400,000
	1,400,000	1,400,000

In the year ended 30 June 2008 HRNSW acquired ownership of a parcel of land at 167 Lenaghans Drive, Black Hill (Beresfield) at no significant reciprocal cost to HRNSW. The asset was brought to account at the value determined by an independent valuer of \$950,000.

In June 2022, the property was revalued up by an independent valuer to \$1,400,000, with the revaluation increment of \$449,602 transferred to the Asset Revaluation Reserve.

The asset is subject to a Memorandum of Understanding to ensure that any commercial benefit arising from any possible future sale will be restricted to use in the Hunter Region.

Expenses incurred by HRNSW or the Racecourse Development Fund relating to relevant activities within the Region will be offset against the net proceeds when a sale occurs.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT & EQUIPMENT

	Freehold Land \$	Freehold Buildings \$	Computer Equipment \$	Furniture & Fittings \$	Other Equipment \$	Motor Vehicles \$	Total \$
Year ended 30 June 2022							
Opening Net Book value	3,143,744	707,432	378,486	5,235	24,788	999,567	5,259,251
Additions	-	-	666,267	-	4,785	282,159	953,211
Depreciation charge	-	(63,874)	(199,911)	(1,291)	(9,188)	(280,604)	(554,868)
Disposals	-	-	-	-	-	(234,859)	(234,859)
Depreciation on disposals	-	-	-	-	-	203,490	203,490
Revaluation of Properties	4,082,900	799,799	-	-	-	-	4,882,699
Closing net book amount	7,226,644	1,443,356	844,842	3,944	20,385	969,753	10,508,924
At 30 June 2022							
Cost or fair value	7,226,644	1,443,356	2,014,425	176,651	372,277	1,792,390	13,025,744
Accumulated depreciation	-	-	(1,169,583)	(172,708)	(351,892)	(822,638)	(2,516,820)
Net Book Value	7,226,644	1,443,356	844,842	3,944	20,385	969,753	10,508,924
Year ended 30 June 2023							
Opening Net Book value	7,226,644	1,443,356	844,842	3,944	20,385	969,753	10,508,924
Additions	-	-	488,943	-	310,983	790,048	1,589,974
Depreciation charge	-	(65,530)	(425,088)	(1,291)	(74,359)	(331,170)	(897,438)
Disposals	-	-	-	-	-	(408,648)	(408,648)
Depreciation on disposals	-	-	-	-	-	334,664	334,664
Revaluation of Properties	-	-	-	-	-	-	-
Closing net book amount	7,226,644	1,377,826	908,698	2,653	257,008	1,354,646	11,127,475
At 30 June 2023							
Cost or fair value	7,226,644	1,443,356	2,503,368	176,651	683,260	2,173,790	14,207,070
Accumulated depreciation	-	(65,530)	(1,594,671)	(173,999)	(426,251)	(819,144)	(3,079,595)
Net Book Value	7,226,644	1,377,826	908,698	2,653	257,008	1,354,646	11,127,475

On 1 July 2009 HRNSW acquired the net harness assets of the former Greyhound and Harness Racing Regulatory Authority ("GHRA").

As part of the transition net Property, Plant and Equipment assets of \$1,614,908 were transferred to HRNSW for \$nil consideration.

12. RIGHT OF USE ASSETS

	2023 \$	2022 \$
Gross carrying amount		
Opening Balance as at 1 July	1,645	21,385
Additions	39,504	-
Depreciation Charge	(18,105)	(19,740)
Balance as at 30 June	23,044	1,645

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER PAYABLES

	2023 \$	2022 \$
Australian Taxation Office	414,345	671,132
HRNSW Distribution Due to Clubs	5,646,369	4,654,254
Other Creditors	5,404,356	4,668,534
Related Parties - Rehoming, Industry and Racecourse Dev't Funds	5,108,985	1,682,126
	16,574,054	11,676,047

14. PROVISION FOR EMPLOYEE BENEFITS

Annual Leave	821,482	691,155
Long Service Leave	687,454	573,082
	1,508,937	1,264,237

The current provision for employee benefits includes accrued annual leave and long service leave. Long service leave covers all unconditional entitlements where employees have completed their required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current as HRNSW does not have an unconditional right to defer settlement of any of these obligations.

The measurement and recognition criteria relating to employee benefits has been included in Note 2 to these financial statements.

15. NON-INTEREST BEARING LIABILITIES

Right of use Liabilities

Current		
Not longer than one year	19,752	1,645
Non-Current		
Longer than one year and not longer than five years	3,292	-
	23,044	1,645

NOTES TO THE FINANCIAL STATEMENTS

16. BENEVOLENT FUND

	2023	2022
	\$	\$
Interest earned	5,337	367
Other Revenue	123,160	-
Less Administration expenses	(66)	(65)
Less Disbursements	(127,463)	(3,765)
Operating Surplus / (Deficit)	968	(3,463)
Accumulated Surplus - Brought Forward	218,718	222,181
Accumulated Surplus - Carried Forward	219,686	218,718
Represented by:		
Cash	47,933	16,811
Investments	214,313	200,467
Transferable Funeral Certificates	1,440	1,440
Payables	(44,000)	-
Net Assets	219,686	218,718

An independent valuation of the six Transferable Funeral Service Certificates issued by the Pine Grove Memorial Park Limited, based on a fair market valuation was \$24,780 (net of GST) as at 30 June 2006.

NOTES TO THE FINANCIAL STATEMENTS

17. SUPERANNUATION COMMITMENTS

Appendix 1

Basis – AASB119

	SASS 30-Jun-23	SANCS 30-Jun-23	SSS 30-Jun-23	TOTAL 30-Jun-23
Member Numbers				
Contributors	1	1	-	
Deferred benefits	-	-	-	
Pensioners	-	-	-	
Pensions fully commuted	-	-	-	
Superannuation Position for AASB 119 purposes	A\$	A\$	A\$	A\$
Accrued liability (Note 1)	820,668	106, 175	0	926,842
Estimated reserve account balance	(1,007,719)	(170,965)	0	(1,178,684)
1. Deficit/(surplus)	(187,052)	(64,790)	0	(251,842)
2. Future Service Liability (Note 2)	0	24,319	0	24,319
3. Surplus in excess of recovery available from schemes	168,989	58,534	0	227,523
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	(18,062)	(6,256)	0	(24,319)

Note 1:

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/(surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Note 2:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the “surplus in excess of recovery” is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).

Appendix 2

AASB 119 Disclosure items 30 June 2023

Nature of the benefits provided by the Fund – Paragraph 139 (a)(i)

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

"These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

NOTES TO THE FINANCIAL STATEMENTS

All the Schemes are closed to new members.

Description of the regulatory framework - Para 139(a)(ii)

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2021. The next actuarial investigation will be performed as at 30 June 2024.

Description of other entities' responsibilities for the governance of the fund - Para 139(a)(iii)

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Description of risks - Para 139(b)

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- (i) Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- (ii) Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions.
- (iii) Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions
- (iv) Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- (v) Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit Fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events - Para 139(c)

There were no fund amendments, curtailments or settlements during the year.

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of the Net Defined Benefit Liability/(Asset) - Para 140(a)

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Net Defined Benefit Liability/(Asset) at start of year	(19,222)	(7,476)	0	(26,698)
Current service cost	0	3,977	0	3,977
Net Interest on the net defined benefit liability/(asset)	(709)	(276)	0	(985)
Past service cost	0	0	0	0
(Gains)/losses arising from settlements	0	0	0	0
Actual return on Fund assets less Interest income	(51,464)	(8,882)	0	(60,346)
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	(7,160)	(1,622)	0	(8,782)
Actuarial (gains)/losses arising from liability experience	23,109	673	0	23,783
Adjustment for effect of asset ceiling	37,384	7,349	0	44,733
Employer contributions	0	0	0	0
Effects of transfers in/out due to business contributions and disposals	0	0	0	0
Net Defined Benefit Liability/(Asset) at end of year	(18,062)	(6,256)	0	(24,319)

Reconciliation of the Fair Value of Fund Assets – Para 140(a)(i)

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Fair value of Fund assets at beginning of the year	915,304	156,480	0	1,071,784
Interest income	33,614	5,735	0	39,349
Actual return on Fund assets less Interest income	51,464	8,882	0	60,346
Employer contributions	0	0	0	0
Contributions by participants	8,561	0	0	8,561
Benefits paid	(1,380)	(0)	0	(1,380)
Taxes, premiums & expenses paid	157	(132)	0	25
Transfers in/out due to business combinations and disposals	0	0	0	0
Contributions to accumulation section	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the year	1,007,719	170,965	0	1,178,684

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Present value of defined benefit obligations at beginning of the year	769,160	99,641	0	868,800
Current service cost	0	3,977	0	3,977
Interest cost	28,221	3,638	0	31,859
Contributions by participants	8,561	0	0	8,561
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	(7,160)	(1,622)	0	(8,782)
Actuarial (gains)/losses arising from liability experience	23,109	673	0	23,783
Benefits paid	(1,380)	(0)	0	(1,380)
Taxes, premiums & expenses paid	157	(132)	0	25
Transfers in/out due to the business combinations and disposals	0	0	0	0
Contributions to accumulation section	0	0	0	0
Past service cost	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of defined benefit obligations at end of the year	820,668	106,175	0	926,842

Reconciliation of the effect of the Asset Ceiling - Para 140(a)(iii)

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Adjustment for effect of asset ceiling at beginning of the year	126,922	49,363	0	176,285
Interest on the effect of asset ceiling	4,683	1,821	0	6,505
Change in the effect of asset ceiling	37,384	7,349	0	44,733
Adjustment for effect of asset ceiling at end of the year	168,989	58,534	0	227,523

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contributions.

NOTES TO THE FINANCIAL STATEMENTS

Fair value of Fund assets - Para 142

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

As at 30 June 2023

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short Term Securities	5,330,816	2,896,493	2,434,323	0
Australian Fixed Interest	100,350	0	100,350	0
International Fixed Interest	1,301,037	0	1,288,564	12,473
Australian Equities	9,678,103	4,352,503	796,671	4,528,929
International Equities	14,138,038	13,942,743	155,394	39,901
Property	769,724	0	0	769,724
Alternatives	6,059,199	179	1,206,068	4,852,952
Total	37,377,268	21,191,918	5,981,372	10,203,979

The percentage invested in each asset class at the reporting date is:

As at	30-Jun-23
Short Term Securities	14.3%
Australian Fixed Interest	0.3%
International Fixed Interest	3.5%
Australian Equities	25.9%
International Equities	37.8%
Property	2.1%
Alternatives	16.2%
Total	100.0%

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cash flow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

NOTES TO THE FINANCIAL STATEMENTS

Fair value of entity's own financial instruments - Para 143

The fair value of the Pooled Fund assets as at 30 June 2023 includes zero in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$338 million (30 June 2022: \$362 million).

Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$570 million (30 June 2022: \$540 million).

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30-Jun-23
Discount rate	4.07%
Salary increase rate (excluding promotional increases)	4.45% pa 23/24, 2.95% for 24/25, 2.74% to 25/26; 3.2% pa thereafter
Rate of CPI increase	6.65% for 22/23; 3.50% for 23/24, 3.00% for 24/25, 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are those to be used for the 2021 Actuarial Investigation of the Pooled Fund. These assumptions will be disclosed in the actuarial investigation report when available from the trustee's website. The report will show the pension mortality rates for each age.

Sensitivity Analysis - Para 145

The entity's total defined benefit obligation as at 30 June 2023 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2023.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -0.5% discount rate	Scenario B +0.5% discount rate
Discount rate	As above	As above -0.5% pa	As above +0.5% pa
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	926,842	945,450	909,028

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above plus	above rates less
Rate of CPI increase	as above	.05%	.05%
Salary inflation rate	above rates	as above	as above
Defined benefit obligation (A\$)	926,842	926,842	926,842

NOTES TO THE FINANCIAL STATEMENTS

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	above rates plus	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$)	926,842	945,133	909,164

	Base Case	Scenario G Lower mortality*	Scenario H Higher mortality**
Defined benefit obligation (A\$)	926,842	933,386	933,630

* Assumes the short term pensioner mortality improvement factors for years 2023-2026 also apply for years after 2026.

** Assumes the Long term pensioner mortality improvement factors for year's post 2026 also apply for years 2023 to 2026.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies - Para 146

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Funding arrangements - Para 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review.

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2023 financial position of the Fund calculated in accordance with AASB 1056 Accounting Standard "Superannuation Entities"

	SASS 30-Jun-23 A\$	SANCS 30-Jun-23 A\$	SSS 30-Jun-23 A\$	Total 30-Jun-23 A\$
Accrued benefits*	759,831	93,020	0	852,851
Net market value of Fund assets	(1,007,719)	(170,965)	0	(1,178,684)
Net (surplus)/deficit	(247,888)	(77,945)	0	(325,833)

*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AASB 1056. Allowance for contributions tax is contributions tax is made when setting the contribution rates.

NOTES TO THE FINANCIAL STATEMENTS

Contribution recommendations

Recommended contribution rates for the entity are:

	SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
	N/A	N/A	N/A

Economic assumptions

The economic assumptions adopted for 30 June 2023 AASB 1056 Accounting Standard "Superannuation Entities":

Weighted-Average Assumptions

Expected rate of return on Fund assets backing current pension liabilities		7.0% pa
Expected rate of return on Fund assets backing other liabilities		6.2% pa
Expected salary increase rate (excluding promotional salary increases)	4.415% pa 23/24; 2.95% for 25/26; 3.2% pa thereafter	
Expected rate of CPI increase	6.65% for 22/23; 3.50% for 23/24; 3.00% for 24/25; 2.50% thereafter	

Sensitivity Analysis - AASB 1056

Scenarios A and B relate to the sensitivity of the Accrued Benefits under AASB 1056 to changes in the expected return on Fund assets.

	Base Case	Scenario A -0.5% return	Scenario B +0.5% return
Expected rates of return on Fund assets	7.0%/6.2%	6.5%/5.7%	7.5%/6.7%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Accrued Benefits (A\$)	852,851	868,002	838,310

Expected contributions - Para 147(b)

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Expected employer contributions	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

Maturity profile of defined benefit obligation - Para 147(c)

The weighted average duration of the defined benefit obligation is 6.5 years.

Appendix 3

Additional Information 30 June 2023

Profit or Loss Impact

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Current service cost	0	3,977	0	3,977
Net interest	(709)	(276)	0	(985)
Past service cost	0	0	0	0
(Gains)/Loss on settlement	0	0	0	0
Profit or loss component of the Defined Benefit Cost	(709)	3,701	0	2,992

Other Comprehensive Income

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Actuarial (gains) losses on liabilities	15,949	(948)	0	15,001
Actual return on Fund assets less	(51,464)	(8,882)	0	(60,346)
Interest income				
Change in the effect of asset ceiling	37,384	7,349	0	44,733
Total remeasurement in Other Comprehensive Income	1,869	(2,482)	0	(612)

18. CONTINGENT ASSETS AND LIABILITIES

(i) Contingent Assets

There are no known contingent assets.

(ii) Contingent Liabilities

The Entity has a contractual obligation to pay Mr Milton Morris and Phoenix Bells Pty Ltd the sum of \$200,000 within 28 days of the date of rezoning of the Black Hill/Beresfield Land (refer Note 10). Rezoning is defined in the settlement agreement as follows:

“Rezoning” means the rezoning of the land by the Newcastle City Council in, or substantially in, the manner sought by HRNSW, or as otherwise accepted by HRNSW and on conditions acceptable to HRNSW in its absolute discretion.

At the date of this report the Land has not been rezoned in a manner acceptable to HRNSW.

Any payment made to Mr Morris and Phoenix Bells Pty Ltd will be deducted from the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

(iii) Legal Challenges

There are no known legal challenges pending against the entity other than participants challenging fines, suspensions or disqualifications.

19. COMMITMENTS

HRNSW leases office equipment under non-cancellable operating leases.

	2023	2022
	\$	\$
Commitments for minimum leasee payments in relation to Non-cancellable operating leases are payable as follows:		
Due within one year	19,752	1,645
Later than one year but not later than two years	3,292	-
	23,044	1,645

20. FINANCIAL RISK MANAGEMENT

Overview

The entity has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Interest rate risk;
- Liquidity risk; and
- Market risk

The Members have overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS

21. NOTE TO THE STATEMENT OF CASH FLOWS

	Note	2023 \$	2022 \$
Reconciliation of Net Cash from Operating Activities to Surplus for the Year			
Surplus for the year		453,490	5,608,943
Depreciation and Amortisation	11	897,438	554,868
Depreciation on Assets sold	11	(334,664)	(203,490)
Surplus before changes in Working Capital Provisions		1,016,264	5,960,321
Changes in Assets and Liabilities			
Change in Trade and Other Receivables		(2,352,327)	1,527,367
Change in Prepayments and Other Assets		(126,758)	(101,834)
Change in Trade and Other Payables		4,898,008	(2,138,569)
Change in Employment Benefits		244,699	251,648
Net Cash Provided By Operating Activities		3,679,886	5,498,932

22. ASSET REVALUATION RESERVE

	2023 \$	2022 \$
Balance at the beginning of the financial year	5,332,301	-
Revaluation increment on Land and Buildings	-	5,332,301
Balance at end of financial year	5,332,301	5,332,301

23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect:

- i) the operation of the entity;
- ii) the results of these operations;
- ii) the state of affairs of the entity, in future years.

except that on 7 July 2023, Mr John Dumesny retired from his position as HRNSW's Chief Executive Officer after almost nine years in the role. On 31 March 2023, HRNSW announced the appointment of Mr Peter Buckman as the replacement Chief Executive Officer. Mr Buckman, on stepping down from the HRNSW Board on 30 March 2023, commenced as CEO Designate from 3 April 2023 and, after a three month transition period, assumed the role as CEO on 10 July 2023.

FINANCIAL STATEMENTS

Industry Funds	113
Members' Declaration	114
Lead Auditor's Independence Declaration	115
Auditor's Report	116
Statement of Profit or Loss and Other Comprehensive Income	119
Statement of Financial Position	120
Statement of Cash Flows	121
Statement of Changes in Equity	121
Notes to the Financial Statements	122

MEMBERS' DECLARATION

The Members of Harness Racing New South Wales (HRNSW) present their declaration for the Harness Racing Industry Fund for the financial year ended 30 June 2023.

In the opinion of the Members of the entity: –

- (a) the accompanying financial statements and notes:
 - (i) comply with Accounting Standards and other mandatory professional reporting requirements, and
 - (ii) give a true and fair view of the entity's financial position as at 30 June 2023 and its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due, and
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2 (a).

Signed in accordance with a resolution of the Members at Bankstown.

Ken Brown AM- Chairman

Peter Nugent - Member

Dated: 31st August 2023

LEAD AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF HARNESS RACING NEW SOUTH WALES.

I declare that, to the best of my knowledge and belief during the year ended 30 June 2023 there has been:

- i) no contraventions of the audit independence requirements as set out in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

K S Black & Co
Chartered Accountants

Phillip Jones
Partner
Dated: 31 August 2023

INDEPENDENT AUDITOR'S REPORT

To The Members of Harnesss Racing New South Wales (Continued)

Opinion

We have audited the financial reports of Harness Racing Industry Fund (the 'Entity') which comprises the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration by those charged with governance.

In our opinion, the accompanying financial report of the Entity is prepared, in all material respects, in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2023 and of its performance for the year then ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 2 and Accounting Interpretations.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our Responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

Those charged with the governance are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report therein.

Our opinion on the financial report does not cover the other information and accordingly we do not express any other form of assurance conclusion therein.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in the regard.

Responsibilities of Management and those charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report in accordance with *Accounting Standard AASB 101* and for such Internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

To The Members of Harnesss Racing New South Wales (Continued)

Responsibilities of Management and those charged with Governance for the Financial Report (CONT.)

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for the overseeing the Entity's financial reporting process.

Auditors' responsibility for the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Paragraph 41 (b) of ASA 700 explains that the italicised material below can be located in an Appendix to the auditor's report.

Paragraph 41 (c) of ASA 700 explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below. When the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is the Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx>

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Entity.

INDEPENDENT AUDITOR'S REPORT

To The Members of Harnesss Racing New South Wales (Continued)

- Conclude on the appropriateness of the Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

K S Black & Co
Chartered Accountants

.....
Phillip Jones
Partner
Dated: 31st August 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from continuing operations			
HRNSW TAB Distribution	3 (a)	1,940,884	1,906,139
HRNSW Race Fields Contribution to Carnival of Cups	3 (b)	216,732	212,852
HRNSW Race Fields Contribution to Breeding Schemes	3 (c)	3,100,000	2,000,000
Foal and Sire Registration Fee	3 (d)	513,616	524,911
Interest Earned		107,528	8,633
Fee Revenue	3 (e)	87,775	73,725
Sponsorship Revenue		705,847	744,256
Training Course Revenue		3,000	5,790
Other Income	3 (f)	841,284	914,981
Total Revenue		7,516,666	6,391,288
Expenses from Continuing Operations			
Prizemoney Subsidies	4 (a)	1,460,810	858,074
Breeders' Bonus Incentive Certificates	4 (b)	3,740,829	3,444,958
Grants and Other Subsidies	4 (c)	366,470	225,710
Harness Racing Australia and RISE Expenses		694,452	561,558
Sponsorship Distribution to Clubs		350,000	350,000
Carnival of Cups	4 (d)	326,100	262,001
Management Fee and Other Expenses	4 (e)	221,418	311,541
Total Expenses		7,160,079	6,013,842
Surplus for the Year		356,586	377,446
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		356,586	377,446

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	-	165,956
Investments	6	2,945,788	4,179,176
Receivables	7	3,442,040	1,440,673
Total Current Assets		6,387,828	5,785,805
TOTAL ASSETS		6,387,828	5,785,805
LIABILITIES			
CURRENT LIABILITIES			
Payables	8	236,988	175,615
Borrowings	9	20,386	-
Income Received in Advance	10	354,247	369,174
Provision for Unredeemed Breeders Bonus	11	1,665,740	1,490,674
Total Current Liabilities		2,277,362	2,035,463
NON-CURRENT LIABILITIES			
Income Received in Advance	10	888,307	884,768
Total Non-Current Liabilities		888,307	884,768
TOTAL LIABILITIES		3,165,668	2,920,231
NET ASSETS		3,222,160	2,865,574
EQUITY			
Accumulated Surplus		3,222,160	2,865,574
Total Equity		3,222,160	2,865,574

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from HRNSW, Participants and Others		5,948,549	7,503,316
Interest from Investments and Bank Accounts		107,528	8,633
Payments to Suppliers and Participants		(7,475,805)	(6,741,468)
Net Cash (Used in) / Provided by Operating Activities	12	(1,419,729)	770,481
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Investments		1,233,387	(616,754)
Net Cash Provided by / (Used in) Investing activities		1,233,387	(616,754)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Bank Overdraft		20,386	-
Net Cash Provided by Financing activities		20,386	-
Net (Decrease) / Increase in Cash and Cash Equivalents Held		(165,956)	153,727
Cash and Cash Equivalents at the Beginning of the Year		165,956	12,229
Cash and Cash Equivalents at the End of the Year	5	(0)	165,956

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

	2023 \$	2022 \$
Total Equity at the beginning of the financial year	2,865,574	2,488,128
Total Comprehensive Income	356,586	377,446
Total Equity at the end of the financial year	3,222,160	2,865,574

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied by the entity, and, except where there is a change in accounting policy, are consistent with those of the previous year.

a) Reporting Identity

Harness Racing Industry Fund (HRIF) derives income from arrangements put in place by Harness Racing New South Wales (HRNSW) and harness racing clubs for the management and distribution of funds available to the harness racing industry. The relevant Agreements are the *NSW Harness Racing TAB Clubs Arrangements* dated 26 February 1998 and as amended dated 27 May 1999 and 28 July 2000, and the *Intracode Agreement* dated July 2004.

The arrangements require separate Funds to be maintained under the management of HRNSW in consultation with the NSW Harness Racing Clubs Committee. Consequently these Funds do not form part of the HRNSW accounts and therefore are not included in the HRNSW financial statements.

b) Revision of Accounting Estimates

Revisions of accounting estimates are recognised prospectively in current and future periods only.

c) Cash and Cash Equivalents

Cash and Cash equivalents consist of cash at bank and other short-term highly liquid investments with maturities of three months or less which are readily convertible to cash and which are subject to an insignificant risk of change in value.

d) Breeders' Owners Bonus Incentive Certificates

A provision is made for the estimated number of certificates to be redeemed, which appears in the statement of financial position as a current liability.

e) Breeders Challenge Registration

HRIF holds funds received from foal and sire registration fees of a particular year. Funds are retained to make available monies to fund the Breeders' Challenge Series when those foals reach series' competition age. The fees received are treated as Income received in advance and transferred to income in the years of competition.

f) Income Tax

The Harness Racing Industry Fund has been recognised by the Australian Taxation Office as exempt and is not subject to income tax.

g) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable, net of goods and services tax (GST) payable to the taxation authority and net of any allowances. Revenue is recognised in the period to which the revenue relates.

HRNSW Distributions

Distributions from Harness Racing New South Wales HRNSW are recognised as they accrue to the benefit of the Fund based on distribution advices received from HRNSW.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Revenue Recognition (Continued)

Interest Earned / Financial Income

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Other Income

Revenue earned from all other activities is recognised when the product or service in respect of which the fees have been charged is receivable.

Foal and Breeders Challenge Registration Fees

Revenue earned from Foal and Breeders Challenge Registration fees is recognised when the series or event in respect of which the fees have been charged has been conducted.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included where possible.

The net amount of GST recoverable for, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash Flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

i) New Standards and Interpretations not yet adopted

There are no new standards or interpretations which have a material effect on the financial statements.

j) Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Cash and cash equivalents comprise cash balances and call deposits.

k) Finance Income and Expenses

There are no finance expenses.

Finance income consists of interest from banks and other financial institutions. Interest is recognised as it accrues.

l) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Financial assets (Continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

m) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

n) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Harness Racing Act 2009* (as amended). The financial report of the Fund also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of HRNSW on 31st August 2023.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Fund's functional currency.

d) Statement Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. OPERATING INCOME

	Note	2023 \$	2022 \$
(a) HRNSW TAB Distribution			
Funds totalling 6% (FY 2022: 6%) of the TAB Distribution were provided by HRNSW		1,940,884	1,906,139
		1,940,884	1,906,139
(b) HRNSW Race Fields Contribution to Carnival of Cups			
Carnival of Cups funding		216,732	212,852
		216,732	212,852
(c) HRNSW Race Fields Contribution to Breeding Schemes			
Race Fields contribution from HRNSW		3,100,000	2,000,000
		3,100,000	2,000,000
(d) Foal and Sire Registration Fee			
Breeders Challenge Income		424,446	436,851
Foal Registration Fee		89,170	88,060
		513,616	524,911
(e) Fee Revenue			
Fine Income from HRNSW		87,775	73,725
		87,775	73,725
(f) Other income			
Sky Channel Agreement Income		792,284	870,581
All Other		49,000	44,400
		841,284	914,981

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. OPERATING EXPENSES

	2023 \$	2022 \$
(a) Prize Money Subsidies		
Trotters Foundation & Trots NSW	252,554	45,100
Breeders Challenge	1,208,256	812,974
	1,460,810	858,074
(b) Breeders' Bonus Incentive Certificates		
Breeders Challenge - Owners Bonus Certificates	1,795,633	1,613,435
Breeders Challenge - Nominator Bonus	1,623,000	1,614,000
Breeders Challenge - Group 1 Nominator Bonus	88,067	43,623
Breeders Challenge - Colonial Stallion Incentive	183,700	155,000
Other	50,429	18,900
	3,740,829	3,444,958
(c) Grants & Other Subsidies		
Awards	41,405	6,613
Breeders Challenge - Rugs & Trophies	59,531	49,805
Breeding Support	5,605	-
iForm	98,545	91,207
Industry Associations	20,000	210
Industry Training & Development	25,291	6,732
Marketing & Media	69,976	58,418
NSW Mini Trotting Association	17,876	7,091
Young Drivers Championship	2,935	-
Youth Development - NSW Rising Stars	9,174	5,239
Miscellaneous	16,132	396
	366,470	225,710
Certain expenses such as Youth Development are also paid by HRNSW through Tax Parity funding.		
(d) Carnival of Cups		
Prize Money	326,100	262,001
	326,100	262,001

Marketing and Promotions for Carnival of Cups are paid by HRNSW through Tax Parity funding.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. OPERATING EXPENSES (Continued)

	2023 \$	2022 \$
(e) Management Fee and Other Expenses		
Management Fees Paid to HRNSW	212,300	206,117
Bank and Audit Fees	9,118	8,858
Covid related costs	-	95,565
Other	-	1,000
	221,418	311,541

A Management Fee is paid to HRNSW for the administration of the Breeders Challenge series and other services relating to the Industry Fund. Management Fees are re-charged to the Industry Fund on a specific identification basis by HRNSW. Other expenses include IT related costs.

5. CASH AND CASH EQUIVALENTS

Cash at Bank - CBA	-	165,956
	-	165,956

6. INVESTMENTS

Deposits with Bank	2,945,788	4,179,176
	2,945,788	4,179,176

7. RECEIVABLES

Due from Related Parties - HRNSW	3,371,726	1,401,955
Due from Other	70,314	38,718
	3,442,040	1,440,673

8. PAYABLES

Due to Related Party - HRRDF	-	2,500
Payable to Clubs	24,750	5,500
Payable to Other Creditors	212,238	167,615
	236,988	175,615

9. BORROWINGS

Bank -Overdraft	20,386	-
	20,386	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

10. INCOME RECEIVED IN ADVANCE

	2023	2022
	\$	\$
Current Liabilities	354,247	369,174
Non Current Liabilities	888,307	884,768
	1,242,554	1,253,942

Income is collected progressively over several years for horses starting with Foal Notification, followed by 2 lots of sustaining fees and a Stallion Nominator Fee. The fees are for a 2YO, 3YO and 4YO Series that the horse is eligible to compete in as long as sustaining fees are met. This income is then held in advance and will be recognised as income over the 3 years that the races will be conducted for which the horse is eligible.

11. PROVISION FOR UNREDEEMED BREEDERS' BONUS INCENTIVE CERTIFICATES

The NSW Breeders Challenge Owner's Bonus Scheme is restricted to horses that have been nominated for the NSW Breeders Challenge and whose owners have paid the applicable nomination and sustaining payments (series fee or annual fee).

The NSW Breeders Challenge Owners Bonus Certificates have been issued by the Industry Fund for many years. In 2010 they were worth \$2,500 each and before this State Bred Bonus Certificates were issued for \$2,000 each if won at TAB club meetings or \$500 if won at Non-TAB club meetings.

During the year to 30 June 2011, the value of the Certificate was increased to \$3,000 provided the win was in a Career or Metropolitan penalty bearing race.

From 1 September 2013, a 5YO or older horse that had not won a bonus certificate and provided the win was in a Career or Metropolitan penalty bearing race the owners of a Breeders Challenge eligible 5YO or older horse could also win a bonus certificate for their horses' first NSW win of the season.

From 1 July 2019, the bonus will be automatically applied to races with prizemoney equal to or greater than \$5,000. This amendment was made with the introduction of the National Rating Handicapping System on 1 July, 2019.

Commencing from 1 January 2022 Owners of 2YO horses may be eligible to receive a \$6,000 Bonus Certificate if their horses' first win is in a 2YO race or if nominated for a 2YO race at the same meeting that did not stand up.

The main criteria for receiving a Bonus in FY2023 are:

- (i) Owners of NSW Breeders Challenge eligible 2YOs will receive a bonus Certificate to the value of \$6,000 for the first win of the season NSW, provided the win is in a 2YO race or nominated for a 2YO race at the same meeting that did not stand up. If the 2YOs first win of the season in NSW is in an open NR/Maiden race the Bonus Certificate will be of \$3,000 value. Note, only one bonus is applicable per season.
- (ii) Owners of NSW Breeders Challenge eligible 3YOs will receive a bonus certificate to the value of \$3,000 for their horse's first win of the season in NSW, provided the win is in a race valued \geq \$5,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

- (iii) Owners of NSW Breeders Challenge eligible 4YOs will receive a bonus certificate to the value of \$3,000 for their horse's first win in NSW in a race valued \geq \$5,000, provided the horse has not won a bonus as a 2YO or 3YO and was sustained as either a 2YO or 3YO.
- (iv) Owners of NSW Breeders Challenge eligible 5YO and older horses will receive a bonus certificate to the value of \$3,000 for their horse's first win in NSW in a race valued \geq \$5,000, provided the horse has not won a bonus as a 2YO, 3YO or 4YO and the annual or series sustaining fee was paid to HRNSW before 31 August 2020.

All certificates can be redeemed for their full face value up to two years after the date of issue but are not redeemable for cash. Certificates are redeemable against the below:

- i. The service fee of a stallion nominated for the NSW Breeding Schemes to a NSW based mare upon confirmation of a positive 42-day pregnancy test.
- ii. The service fee of a NSW stallion to a mare based in Australia upon confirmation of a positive 42-day pregnancy test.
- iii. The cost of semen transport, insemination, foaling down and agistment for up to 42 days upon proof of invoice for broodmares conforming to conditions i. and ii. The maximum redemption for each segment is as follows:

Semen Transport:	\$250.00
Insemination (Breeding Fee):	\$1650.00
Foaling Down:	\$550.00
Agistment:	\$22.00 (Per Day)

- iv. The purchase price of a NSW Breeders Challenge/Trot NSW eligible weanling or yearling at a registered Australian sale or the purchase price of a NSW Breeders Challenge/Trot NSW eligible horse at a registered trialing sale conducted in Australia.
- v. The purchase price of a broodmare no older than 15YO at a registered Australian Sale, provided the mare is based in NSW or permanently relocates to NSW.
- vi. Sustaining Fees for the NSW Breeders Challenge/Trot NSW and Bathurst Gold Crown.

Provision for Unredeemed Breeders Bonus Certificates

	2023	2022
	\$	\$
Unredeemed Bonus Certificates	1,665,740	1,490,674
	1,665,740	1,490,674

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

12. NOTES TO THE STATEMENT OF CASH FLOWS

	2023	2022
	\$	\$
Surplus for the year	356,586	377,446
Surplus before changes in Working Capital Provisions	356,586	377,446
Change in Trade and Other Receivables	(2,001,367)	438,541
Change in Trade and Other Payables	61,373	(255,720)
Change in Unredeemed Bonus Incentive Certificates	175,066	237,652
Change in Income in Advance	(11,388)	(27,439)
Net Cash (Used in) / Provided by Operating Activities	(1,419,729)	770,481

13. FINANCIAL RISK MANAGEMENT

Overview

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Interest rate risk;
- Liquidity risk; and
- Market risk

The Members have overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities. The Fund through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

FINANCIAL STATEMENTS

Racecourse Development Fund	131
Members' Declaration	132
Lead Auditor's Independence Declaration	133
Auditor's Report	134
Statement of Profit or Loss and Other Comprehensive Income	137
Statement of Financial Position	138
Statement of Cash Flows	139
Statement of Changes in Equity	140
Notes to the Financial Statements	141

MEMBERS' DECLARATION

The Members of Harness Racing New South Wales (HRNSW) present their declaration for the Harness Racing Racecourse Development Fund for the financial year ended 30 June 2023.

In the opinion of the Members of the entity: –

- (a) the accompanying financial statements and notes:
 - (i) comply with Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the entity's financial position as at 30 June 2023 and its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due; and
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2 (a).

Signed in accordance with a resolution of the Members at Bankstown.

Ken Brown AM - Chairman

Peter Nugent- Member

Dated: 31 August 2023

LEAD AUDITOR'S INDEPENDENCE DECLARATION

TO THE MEMBERS OF HARNESS RACING RACECOURSE DEVELOPMENT FUND

I declare that, to the best of my knowledge and belief during the year ended 30 June 2023 there has been:

- i) no contraventions of the audit independence requirements as set out in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

K S Black & Co
Chartered Accountants

Phillip Jones
Partner
Dated: 31 August 2023

INDEPENDENT AUDITOR'S REPORT

To The Members of Harnesss Racing Racecourse Development Fund (Continued)

Opinion

We have audited the financial report of Harness Racing Racecourse Development Fund (the 'entity') which comprises the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration by those charged with governance.

In our opinion, the accompanying financial report of the Entity is prepared, in all material respects, in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 3 Accounting Interpretations.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our Responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

Those charged with the governance are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report therein.

Our opinion on the financial report does not cover the other information and accordingly we do not express any other form of assurance conclusion therein.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in the regard.

Responsibilities of Management and those charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report in accordance with *Accounting Standard AASB 101* and for such Internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

To The Members of Harnesss Racing Racecourse Development Fund (Continued)

Responsibilities of Management and those charged with Governance for the Financial Report (CONT.)

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for the overseeing the Entity's financial reporting process.

Auditors' responsibility for the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Paragraph 41 (b) of ASA 700 explains that the italicised material below can be located in an Appendix to the auditor's report.

Paragraph 41 (c) of ASA 700 explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below. When the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is the Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx>

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Entity.

INDEPENDENT AUDITOR'S REPORT

To The Members of Harnesss Racing Racecourse Development Fund (Continued)

- Conclude on the appropriateness of the Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

K S Black & Co
Chartered Accountants

Phillip Jones
Partner
Dated: 31 August 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from Continuing Operations			
HRNSW Distribution	3 (a)	646,961	635,380
Investment Income	3 (b)	46,317	3,772
HRNSW Contribution for Infrastructure Upgrades	3 (c)	1,650,485	300,000
HRNSW Contribution for replacement of Equipment	3 (d)	750,000	750,000
HRNSW Redirection of NSW Government Grant Monies	3 (e)	-	2,900,000
Other Income		14,667	12,670
Total Revenue		3,108,430	4,601,821
Expenses from Continuing Operations			
Administration Expenses		19,236	33,473
Owned Property and Training Centre Expenses	4 (a)	43,185	65,116
Club Track & Infrastructure Funding	4 (b)	355,578	379,966
Depreciation Expense	9	1,073,250	765,471
Total Expenses		1,491,249	1,244,027
Surplus for the Year		1,617,181	3,357,795
Comprehensive Income			
Other Comprehensive income			
Gain on Revaluation of Properties	15	-	19,328,255
Total Other Comprehensive Income		-	19,328,255
Total Comprehensive Income for the Year		1,617,181	22,686,049

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	7,170	3,003,267
Other Receivables	6	1,746,947	291,055
Other Assets	7	-	14,153
Total Current Assets		1,754,117	3,308,475
NON-CURRENT ASSETS			
Loans Receivable	8	332,963	328,143
Property, Plant & Equipment	9	44,783,533	40,793,601
Total Non Current Assets		45,116,496	41,121,744
TOTAL ASSETS		46,870,614	44,430,219
LIABILITIES			
CURRENT LIABILITIES			
Payables	10	1,603,901	780,687
Total Current Liabilities		1,603,901	780,687
TOTAL LIABILITIES		1,603,901	780,687
NET ASSETS		45,266,713	43,649,532
EQUITY			
Accumulated Surplus		25,938,459	24,321,277
Asset Revaluation Reserve	15	19,328,255	19,328,255
Total Equity		45,266,713	43,649,532

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS**For the financial year ended 30 June 2023**

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from HRNSW, Participants and Others		1,782,411	6,257,007
Interest from Investments and Bank Accounts		46,317	3,772
Payments to Suppliers and Participants		243,177	(772,444)
Net Cash Provided by Operating Activities	14	2,071,905	5,488,335
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans (Provided to) Clubs and Other		(4,820)	(10,831)
Net Cash (Used In) Financing Activities		(4,820)	(10,831)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant & Equipment		(5,063,182)	(2,793,543)
Net Cash (Used in) Investing Activities		(5,063,182)	(2,793,543)
Net (Decrease) / Increase in Cash and Cash Equivalents Held		(2,996,097)	2,683,960
Cash and Cash Equivalents at the Beginning of the Year		3,003,267	319,307
Cash and Cash Equivalent at End of the Year	5	7,170	3,003,267

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
Total Equity at the beginning of the financial year		43,649,532	20,963,482
Surplus for the Year		1,617,181	3,357,795
Accumulated Surplus at end of Financial Year		45,266,713	24,321,277
Other Comprehensive Income for the Year	15	-	19,328,255
Total Equity at the end of the financial year		45,266,713	43,649,532

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied by the entity, and, except where there is a change in accounting policy, are consistent with those of the previous year.

a) Reporting Identity

On 1 July 1998 the NSW Government wound up the predecessor of this Fund, the Racecourse Development Committee (RDC) and transferred the assets, agreements and rights of the Committee to the relevant controlling body of the three codes within the racing industry. The Harness Racing Racecourse Development Fund (RDF) was established to take over responsibility for determining and managing the harness racing industry capital development.

Arrangements were put into place by Harness Racing New South Wales (the previous HRNSW) and harness racing clubs for the management and funding of the RDF. The relevant agreements are the *NSW Harness Racing TAB Clubs Arrangements dated 26 February 1998* and as amended dated 27 May 1999 and 28 July 2000, and the *Intracode Agreement dated July 2004*.

The arrangements require separate Funds to be maintained under the management of HRNSW in consultation with the NSW Harness Racing Clubs Committee. Consequently, these Funds do not form part of HRNSW and therefore are not included in the HRNSW financial statements.

b) Revision of Accounting Estimates

Revisions of accounting estimates are recognised prospectively in current and future periods only.

c) Cash and Cash Equivalents

Cash and Cash equivalents consist of cash at bank and other short-term highly liquid investments with maturities of three months or less which are readily convertible to cash and which are subject to an insignificant risk of change in value.

d) Grants

The RDF has provided financial assistance by means of 'Interest Free Interminable Loans'. These advances are, in effect, a conditional grant. The loans are interest free and interminable and will not be subject to repayment unless:

- (a) The club/association carries out its activities in such a manner as to jeopardise its financial position or;
- (b) The club/association disposes of freehold property on which the improvements (the subject of the financial assistance) are located.

The RDF has also provided financial assistance by means of repayable loans and grants.

e) Income Tax

The Harness Racing Racecourse Development Fund has been recognised by the Australian Taxation Office as exempt and is not subject to income tax.

NOTES TO THE FINANCIAL STATEMENTS

f) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable, net of goods and services tax (GST) payable to the taxation authority and net of any allowances. Revenue is recognised in the period to which the revenue relates.

HRNSW Distributions

Distributions from Harness Racing New South Wales (HRNSW) are recognised as they accrue to the benefit of the Fund based on distribution advices received from HRNSW.

Interest Earned / Financial Income

Interest and other investment revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Available-For-Sale financial assets including fixed interest and listed securities included in the JBWere Investment Portfolio are measured at fair value. Gains and Losses are recognised in the Statement of Profit & Loss.

Other Income

Revenue earned from all other activities is recognised when the product or service in respect of which the fees have been charged is receivable.

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included where possible.

The net amount of GST recoverable for, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash Flows are included in the statement of cash flows as a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

h) New Standards and Interpretations not yet adopted

There are no new Standards or Interpretations that have any material effect.

i) Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Cash and cash equivalents comprise cash balances and call deposits.

Deposits

Deposits consist of held-to-maturity investments placed with various banks.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

f) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

g) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

l) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Harness Racing Act 2009* (as amended). The financial report of the Fund also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of HRNSW on 31st August 2023.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS

c) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Fund's functional currency.

d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

3. OPERATING INCOME

	Note	2023 \$	2022 \$
(a) HRNSW Distribution			
Funds totalling 2% (FY 2022: 2%) of the TAB Distribution were provided by HRNSW		646,961	635,380
		646,961	635,380
(b) Investment Income			
Interest Income - Banks		46,258	3,769
Interest Income - JBWere		60	3
		46,317	3,772
(c) HRNSW Contribution for Infrastructure Upgrades			
Future Fund and Tax Parity contribution		1,650,485	300,000
		1,650,485	300,000
(d) HRNSW Contribution for replacement of Equipment			
HRNSW Contribution to Asset Replacement Scheme		750,000	750,000
		750,000	750,000
(e) HRNSW Redirection of NSW Government Grant Monies			
NSW Government Grant		-	2,900,000
		-	2,900,000

Funding provided by the NSW Government towards the construction of a new harness racing training centre at the Gold Crown Paceway Bathurst. The funding was received by HRNSW and redirected to the Racecourse Development Fund.

NOTES TO THE FINANCIAL STATEMENTS

4. OPERATING EXPENSES

	Note	2023 \$	2022 \$
(a) Owned Property and Training Centre Expenses			
Burgmanns Lane Tamworth		13,114	12,697
Menangle Park Training Centre		-	6,304
Bathurst		9,717	-
Riverina Paceway		20,354	46,115
		43,185	65,116

All expenditure on non-owned new tracks and the training centre is expensed in the year in which it is incurred rather than capitalised and written off over the expected life of the asset or the lease. Where tracks and land are owned and, where relevant, the expenditure is capitalised.

(b) Club Track & Infrastructure Funding

Expenditure on various tracks throughout the state		355,578	379,966
		355,578	379,966

5. CASH AND CASH EQUIVALENTS

Cash at Bank		4,922	3,001,079
Investments - JBWere Cash Account		2,248	2,188
		7,170	3,003,267

6. OTHER RECEIVABLES

Due from Related Parties - HRNSW & HRIF		1,736,819	260,671
Due from Clubs		10,128	30,384
		1,746,947	291,055

7. OTHER CURRENT ASSETS

Prepayments		-	14,153
		-	14,153

NOTES TO THE FINANCIAL STATEMENTS

8. LOANS RECEIVABLE

	Note	2023 \$	2022 \$
Balance at the Beginning of the year		328,143	317,312
Loans made during the year		4,820	10,831
Balance at the End of the Year		332,963	328,143
Balance due within one year		-	-
Balance due longer than one year		332,963	328,143
		332,963	328,143

One of the long term loans amounting to \$328,143 is at Director's valuation. It relates to the property at Beresfield which is held by HRNSW. The total value held in both entities amounts to \$1,732,963 which is above the 2022 valuation of \$1,400,000.

Directors believe that the combined value is reasonable considering that only \$340,094 has been paid to date with a contingent liability of \$200,000 to be paid when the property is rezoned.

9. PROPERTY, PLANT AND EQUIPMENT

	Land \$	Buildings and related Track infrastructure \$	Other Equipment \$	Tractor and Other Vehicles \$	Construction in progress \$	Total \$
Year ended 30 June 2022						
Opening Net Book value	5,383,411	13,556,855	192,425	304,582	-	19,437,274
Additions	938,214	589,000	38,505	519,821	708,003	2,793,543
Depreciation charge	-	(596,986)	(53,744)	(114,741)	-	(765,471)
Disposals	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-
Revaluation of Properties	17,363,466	1,964,789	-	-	-	19,328,255
Closing net book amount	23,685,091	15,513,658	177,186	709,662	708,003	40,793,601
At 30 June 2022						
Cost or fair value	23,685,091	15,513,658	418,743	1,099,413	708,003	41,424,908
Accumulated depreciation	-	-	(241,557)	(389,750)	-	(631,307)
Net Book Value	23,685,091	15,513,658	177,186	709,662	708,003	40,793,601
Year ended 30 June 2023						
Opening Net Book value	23,685,091	15,513,658	177,186	709,662	708,003	40,793,601
Additions	-	1,124,293	732,911	121,327	3,084,650	5,063,182
Depreciation charge	-	(620,546)	(253,140)	(199,564)	-	(1,073,250)
Disposals	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-
Revaluation of Properties	-	-	-	-	-	-
Closing net book amount	23,685,091	16,017,406	656,957	631,426	3,792,653	44,783,533
At 30 June 2023						
Cost or fair value	23,685,091	16,637,952	1,151,654	1,220,740	3,792,653	46,488,090
Accumulated depreciation	-	(620,546)	(494,697)	(589,314)	-	(1,704,557)
Net Book Value	23,685,091	16,017,406	656,957	631,426	3,792,653	44,783,533

NOTES TO THE FINANCIAL STATEMENTS

10. PAYABLES

	Note	2023 \$	2022 \$
Due to Related Party - HRNSW		543,910	-
Payable to Clubs		-	30,000
Other		1,059,991	750,687
		1,603,901	780,687

11. CONTINGENT LIABILITIES & COMMITMENTS FOR EXPENDITURE

a) Training Centre Funding

HRNSW resolved that all tracks throughout NSW may receive operational funding grants to maintain existing facilities.

The original fund was established in FY2013 and ran for three years to June 2015. A second fund providing up to \$0.750m pa was established in FY2016 and ran for a three year period to June 2018.

From 1 July 2019 clubs have been required to make individual applications for grants.

b) Capital Expenditure.

In addition to 11(a) above, the Board resolved to allocate amounts for expenditure on certain infrastructure in FY2023 including funds for the completion of a new Training Facility at Gold Crown Paceway Bathurst.

The construction of this new harness racing training centre at Bathurst was not completed in FY2023 due to adverse weather and is now expected to be completed by the end of December 2023.

The Board of HRNSW has also allocated substantial funds towards the refurbishment of the grandstand and permanent stables at Paceway Tamworth. Similar to Bathurst both these projects have not been completed due to adverse weather conditions prevailing during FY2023.

c) Asset Replacement Scheme

The Board of HRNSW has also provided an allocation of \$0.750m for the purchase of track equipment for the year ended 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS

12. CONTINGENT ASSETS

a) Interest Free Interminable Loans

The RDF and its predecessor have made Interest Free Interminable Loans (IFIL). These loans are not repayable except in the exceptional circumstances which are described in Note 1(d). The loans subject to this condition as at 30 June 2023 amount to:

	2023 \$	2022 \$
Interest Free Interminable Loans		
Carried Forward from Previous Years	14,977,908	22,676,258
Funding Approved during the year	-	-
Less Interest Free Interminable Loans to Clubs not recoverable	-	-
Write off of IFIL following acquisition of Bathurst Land	-	(7,698,350)
Balance at the end of the Financial Year	14,977,908	14,977,908

The balance carried forward included contingent assets of \$39,512,799 transferred from the TAB Racecourse Development Fund in respect to IFILs made from 1 November 1971 to 30 June 1998.

13. FINANCIAL ASSISTANCE PAYMENTS & COMMITMENTS OUTSTANDING

Club	Project	Commitment B/Forward from 30-Jun-22	Funding Withdrawn Not Used	Funding Approved 2022/23	Payments Made 2022/23	Commitment Outstanding 2022/23
Beresfield	Property Related Costs	-	-	4,820	4,820	-
		-	-	4,820	4,820	-
Assistance for projects \$50,000 and over						
Projects	Interest Free Interminable Loans	-	-	-	-	-
	Loans	-	-	-	-	-
	Grants	-	-	-	-	-
		-	-	-	-	-
Assistance for projects under \$50,000						
Projects	Interest Free Interminable Loans	-	-	-	-	-
	Loans	-	-	4,280	4,280	-
	Grants	-	-	-	-	-
		-	-	4,280	4,280	-
Total All assistance		-	-	4,280	4,280	-

NOTES TO THE FINANCIAL STATEMENTS

14. NOTES TO THE STATEMENT OF CASH FLOWS

	Note	2023 \$	2022 \$
Surplus for the Year		1,617,181	3,357,795
Depreciation and Amortisation	9	1,073,250	765,471
Surplus before changes in Working Capital Provisions		2,690,431	4,123,266
Change in Trade and Other Receivables		(1,441,740)	1,090,139
Change in Trade and Other Payables		823,214	274,931
Net Cash Provided by Operating Activities		2,071,905	5,488,335

15. ASSET REVALUATION RESERVE

Balance at beginning of financial year	19,328,255	-
Revaluation increment	-	19,328,255
Balance at end of financial year	19,328,255	19,328,255

The asset revaluation reserve arises on the revaluation of land.

16. FINANCIAL RISK MANAGEMENT

Overview

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Interest rate risk;
- Liquidity risk; and
- Market risk

The Members have overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities. The Fund through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

