



**ANNUAL  
REPORT  
2013**



# MISSION & OBJECTIVES

## MISSION

- **Maintain an effective regulatory and governance framework**
- **Maximise the opportunity for reinvestment**
- **Provide a platform for increased participation**

## OBJECTIVES

- **Increase prizemoney**
- **Develop a more sophisticated funding model**
- **Maximise the income earned from wagering**
- **Invoke consumer confidence and lift the industry's profile**
- **Expand animal welfare strategies**
- **Implement the optimal racing schedule**
- **Showcase country racing**
- **Introduce regional concepts**
- **Stimulate the breeding sector**
- **Improve efficiencies and maximise cost savings**



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# GRAEME CAMPBELL





# CHAIRMAN'S MESSAGE

The new fiscal year and subsequent racing season brought with it an air of optimism following the integrity challenges we confronted during the previous 12 months.

With the fullness of time Harness Racing NSW (HRNSW) can be well satisfied with the way these unfortunate actions were managed as we set out to not only fully investigate them, but to ensure the correct protocols and procedures were put in place so that such fraudulence is never repeated.

In addition to the comprehensive HRNSW investigation, NSW Police initiated Strike Force Tairora which resulted in numerous arrests, convictions and, in some instances, custodial sentences.

The importance of the relationship between HRNSW and NSW Police cannot be overstated. This, when combined with a doubling of our integrity budget to \$1.4 million, provides the platform for the strongest and most far reaching regulatory outcomes.

The additional funding was used for various integrity strategies including the appointment of a dedicated form analyst, surveillance, external investigations, additional staff, out of competition testing, frozen sample storage and, most importantly, an increased number of race day swabs.

On a more inspiring note, the 2013 Inter Dominion was a superb event.

The revamped series was 18 months in the making and the result of a tripartite commercial accord between Destination NSW, the NSW Harness Racing Club (NSWHRC) and HRNSW.

The new format provided two significant television broadcasts – the Sky 2 coverage of the Qualifying Heats and the Channel 9, Wide World of Sports, national telecast of the Grand Final. It was the first time an Inter Dominion Grand Final had been seen live on free-to-air television for 25 years.

While the structure of the 2013 series didn't please everybody, there was no disagreement about the astonishing winning performance by the West Australian champion Im Themightyquinn in the "decider". To see a horse romp home to victory from

last in a field of 14 was, indeed, incredibly special. Of course the Inter Dominion was just one of seven Group 1 events decided on the day. In all, a record breaking \$2 million in prizemoney was distributed.

The Inter Dominion meeting also provided us with a fascinating insight into shifting betting trends and the evolution of customer preferences.

In all, just over \$9 million was invested with Australian wagering operators across the program's 10 races. Naturally this was a very pleasing result, but it is the breakdown of these figures that created the most interest.

Turnover on the NSW TAB equated to 25% of the total turnover; fixed odds turnover was 30% of the total turnover through the NSW TAB; total turnover from all wagering operators was a massive 44% higher than the corresponding Inter Dominion Grand Final meeting in 2010.

Of course the NSW TAB remains HRNSW's predominate funding source. In FY13, total turnover on our product through the NSW TAB increased by \$5.56 million or 3%. This was achieved by an increase in fixed odds betting of \$22.61 million which more than offset the decline in pari-mutuel turnover of \$17.05 million.

Meantime our female participants continued to be more than just competitive against their male counterparts.

Amanda Turnbull surged to a comprehensive win in the state-wide Drivers Premiership, while Lauren Panella had an amazing run of success in the second half of the season to finish runner-up. Ms Panella also honed her talents with a polished riding display to win the International Monte race on Breeders Challenge day.

In the metropolitan area the husband and wife team of Luke and Belinda McCarthy dominated the driving and training ranks with easy victories in the respective premierships at Tabcorp Park Menangle. Steve Turnbull claimed a runaway win the state-wide Trainers title.

The Breeders Challenge continued to grow as a

brand and its worth can be measured, in part, by the increased success of locally bred horses on the national stage.

For the first time the Alabar Breeders Challenge Finals carried \$100,000 divisions for both 4yo entires/ geldings and 4yo mares. We look forward to the introduction of the Breeders Challenge Nominator's Bonus next season which, once fully rolled out, will return \$1 million per year to breeders.

In the 2012/13 season HRNSW developed a partnership with the well known Australian rock artist Shannon Noll. It proved to be a great success and provided strong awareness for the meetings he performed at and was matched by increased attendances. We look forward to announcing a similar venture in 2013/14.

Additionally, Shannon starred alongside Ashlee Siejka in a television commercial which was well received locally and won an award at the World Trotting Conference in Paris.

It has been well documented that HRNSW received \$25 million from the sale of Harold Park. That money has been set aside for an infrastructure program which includes new facilities at Bathurst, Wagga, Tamworth and Menangle Park (training centre) and upgrades at Goulburn (completed), Penrith, Newcastle and potentially Hawkesbury (as a training centre).

The first "sod" of soil has been turned at Bathurst with the project likely to be completed in June 2014. It is a very exciting outcome for the western districts region which represents a significant percentage of the overall industry.

The Menangle Park Training Centre will complement the World class racing precinct developed "next door" by the NSWHRRC.

Most positively, total prizemoney paid in FY13 was \$31.34 million. This compared extremely favourably with the total prizemoney paid in FY12 of \$27.21 million or an increase of 15.2%. Unsurprisingly it was the first time total prizemoney in NSW climbed above \$30 million.

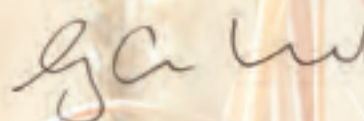
This major boost became possible as a result of the new income stream achieved by the NSWHRRC from the sale of Harold Park and the availability of Race Fields income following the High Court victory in 2012.

HRNSW finished the year with an interim surplus of \$205,000 despite the fall in interest rates which are important to supplement our income through investments.

In summary, FY13 was a pleasing period, however many challenges remain. HRNSW will release its Strategic Plan during FY14 outlining our future objectives and identifying the strategies designed to achieve them.

In closing, I would like to acknowledge the Hon George Souris, the Minister for Racing, for his efforts and support of the harness racing industry.

I would also like to thank my fellow Board Members, Mr Chris Edwards, Mr Graham Kelly, Mr Alex Smith and Mr Rod Smith as well as the management team and staff at HRNSW under the leadership of Chief Executive Sam Nati.



**GRAEME CAMPBELL  
CHAIRMAN**







# SAM NATI





# CHIEF EXECUTIVE'S REPORT

The positive resolution of the Race Fields litigation in March 2012 provided the platform for greater fiscal certainty and allowed Harness Racing NSW to prepare a meaningful FY13 budget which ultimately delivered a \$205,000 surplus.

This was indeed a major step forward for the industry on the back of declining real terms income from our traditional funding source since FY06.

Notwithstanding that, the wagering landscape remains in a state of flux with significant, but unique, year on year events.

The TVN blackout, equine influenza, the growth of corporate bookmakers, Sky 2 and the introduction and expansion of fixed odds have all significantly impacted turnover trends and outcomes over the past eight years.

And fresh challenges are ever present with offshore operators posing a genuine threat to our future revenue streams although Tabcorp's PGI international pooling arrangement in the Isle of Man has the potential to deliver HRNSW \$1 million in revenue in FY14.

How much of this is new money and how much is a leakage from the core business remains to be seen and requires monitoring; however there is little doubt that it will achieve a net increase in the short term.

To illustrate the fluidity, in FY10, 82% of our total budget came from pari-mutuel betting through the NSW TAB. In FY13 the number was just 56% and likely to fall even lower in FY14.

While our Race Fields model is unchanged at 1.5% of turnover, there was a legislation amendment in FY13 which now allows HRNSW to charge a premium fee of 2% of turnover for all feature meetings.

As a result, in part at least, Race Fields income nudged \$7 million for the first time.

Consequently there was strong prizemoney growth in both the metropolitan and regional areas when compared to the previous 12 months.

Prizemoney in the Hunter increased by more than \$400,000, in the metropolitan/provincial area by more than \$3 million (predominantly as a result of the Principal Club's investment income from the sale of Harold Park), in the North West by more than \$60,000, in the South West/Riverina by more than \$200,000 and in the Western Districts by more than \$200,000.

The average prizemoney return per starter was \$7,724 in FY13 up from \$6,882 in FY12 while the number of horses that earned \$10,000 and above increased from 19.4% to 21.2%.

The viability of the racehorse population is an important measurement and imperative to future handicapping and programming strategies.

Working on the Inter Dominion with Destination NSW and the NSW Harness Racing Club was extremely rewarding as was the development of the two broadcast events associated with the revamped Championship.

To see the great race live on Channel 9's Wide World of Sport created a terrific buzz across the entire industry and proved just how wonderful and marketable our product can be.

But while the Inter Dominion took centre stage, the Carnival of Cups experienced another wonderful year; buoyed by the involvement of Australian music star Shannon Noll.

HRNSW recognises the importance of country racing in the fabric of the sport and we were particularly impressed by those clubs that embraced and promoted the concept.

In keeping with same, the Griffith Harness Racing Club joined both the Carnival of Cups and TAB roster in FY13 which followed on from their first non-TAB reappearance for six years in FY12.

Equally exciting is the planned return of the Armidale Harness Racing Club in FY14.

Meanwhile the first phase of the HRNSW Infrastructure



Plan took shape with the turning of dirt at the site of the new Bathurst track.

In conjunction with other major projects such as a facility in the Riverina and a training centre at Menangle Park this investment ensures the industry is well positioned for the future and adequately services participants, owners and the general public.

The planned capital works at Newcastle, Tamworth, Penrith and potentially Hawkesbury were also progressed.

On a further positive note the introduction of a user-pays licence system stemmed the recent decline of total licensee numbers.

While the overall turnaround wasn't huge it did reverse a long term trend and justified the decision to provide financial relief for hobby trainers.

Social media continued to be a major focus and the comprehensive form service iForm was launched.

Complete with detailed comments for each horse, ratings, gate speed indicators and settling maps, it was designed so that even the novice punter can feel like they are betting like a professional.

The \$700,000 augmentation of the integrity budget allowed for the expansion of race day and non-race day strategies.

It remains a fundamental focus to establish a level playing field and build confidence. This is vital for engagement and investment.

Frozen samples, advanced drug testing, surveillance, investment in human capital and a close working relationship with the NSW police are all fundamental to the approach.

There should be no doubt about our commitment to prevail in this area despite the financial implications

of doing so and the apparent unwillingness of trainers to conform to the higher standards that society now demands of us.

Preparatory work for the next HRNSW Strategic Plan was undertaken during FY13. The key items include handicapping and programming, infrastructure, training and education, digital media, mini and maxi trotting, ownership and breeding, the Race Fields surplus funds and animal welfare.

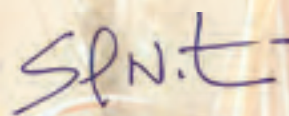
These issues are recognised as being fundamental to the growth and sustainability of the industry in the years ahead and require tangible outcomes and, in some cases, significant investment.

HRNSW anticipates releasing the Strategic Plan in late 2013 or early 2014, but the substance of the document won't be compromised by timing.

We are consulting with our key stakeholders so that the industry can work together to better achieve our strategic objectives. Such a process takes time and patience, but the possibilities are exciting.

I'd like to take the opportunity to thank the Board of HRNSW for their support and guidance over the past 12 months especially the Chairman Mr Graeme Campbell. His advice and insight is invaluable.

The contribution by management and staff is also appreciated. It is particularly important to recognise the steadfast approach to regulatory and integrity enhancements undertaken by Mr Reid Sanders.



**SAM NATI**  
**CHIEF EXECUTIVE OFFICER**



# RACING HIGHLIGHTS



## FRITH

Australian and NSW 3YO Filly of the Year

NSW Horse of the Year

Highest earning Australian 3YO Filly in a single season

Highest earning Australian juvenile Filly



## BABY BLING NZ

Highest earning Australian Aged Mare in a single season

Australasian Mile Record Holder – Mares (1:50.5)

Australian and NSW Aged Mare of the Year





### **LETTUCEROCKTHEM**

Australasian Mile Record Holder – 2YO Colts & Geldings (1:52.1)



### **GAIUS CAESAR NZ**

Three Group 1 victories  
NSW Aged Horse of the Year





## IM THEMIGHTYQUINN

TAB.COM.AU 2013 Inter Dominion Winner



## BLING IT ON

Australian and NSW 2YO Colt & Gelding of the Year



# REVIEW OF OPERATIONS - FINANCE

The FY13 Financial Year was the first full year of revenues received from both the TAB and wagering operators being used to fund the industry.

Revenues from the TAB were distributed in accordance with the *Intracode Agreement 2004* whereas revenues from wagering operators were distributed in accordance with the formula determined by the Board.

Total revenue from the TAB and Wagering Operators amounted to \$41,141,283. Gross revenues from the TAB were \$34,145,540 and a further \$6,995,743 was derived from wagering operators.

## HARNESS RACING NSW RESULT

Harness Racing NSW produced a surplus of \$205,127 for the year to 30 June 2013.

The final TAB Distribution for FY13 of \$34,145,540 was up by \$579,382 or 1.73% on that received during the FY2011/12 financial year.

However, it should be noted that the distribution contained a 'one off' amount of \$727,606 of GST free income from the TAB's international operations. When this figure is backed out total revenue was actually \$148,224 below that achieved in FY13.

The result for the year also includes a number of distributions including:

- (i) \$1,388,950 to the NSWHRRC representing their agreed share of the race fields revenue from prior years;
- (ii) \$255,000 was used to assist with the funding of prize money for the 2013 Inter Dominion race;
- (iii) \$273,518 was distributed to the Industry Fund assist with marketing expenses associated with the 2013 Inter Dominion.
- (iv) \$511,660 was distributed to the Industry Fund for breeding schemes;

Payments for (i) and (ii) were deducted from the surplus race field's fund.

## TOTAL REVENUE

Although Total Revenue is shown as having decreased

from \$63.110m to \$44.480m the FY13 result includes the 'one off' recognition of race fields revenue following the successful High Court decision in favour of Harness Racing New South Wales in March 2012.

TAB distributions continue to remain fairly steady and continue past trends of failing to match inflation.

TAB Distributions rose by 1.7% against an annual inflation rate of 2.4%. The most noticeable shift in TAB revenues has been the sizeable movement from pari-mutual to fixed odds wagering which has affected the timing of receipts from the TAB.

Race fields revenue for the year was \$6,995,743 compared to \$8,069,444 in FY13. However both years contain "catch ups" from certain wagering operators.

Race Fields income will be allocated as follows:

- (i) Sky Racing Video Costs – approximately \$1.5 million;
- (ii) Additional Integrity Expenses \$700,000

Once the above allocations have been made the residual will be allocated as follows:

- (ii) Prize money increases – 68% of residual
  - (a) 25% to NSWHRRC
  - (b) 75% to all other clubs
- (iii) Breeding initiatives – 22% of residual
- (iv) Marketing initiatives – 10% of residual.

The above parameters were determined by the Board and included in the 2010 to 2013 Strategic Plan. Some changes were made to the original allocations for the current and future financial years including the allocation of \$700,000 towards additional integrity expenses.

The majority of all other income items were in line with those received in the prior financial year.

## TOTAL EXPENDITURE

Total Harness Racing NSW expenses decreased from \$47.641M to \$44.275M mainly due to the 'one off' race fields payments made during FY2012.

For the first time HRNSW retained prize money previously



distributed to clubs and paid participants direct. This new arrangement was introduced for all clubs except the NSWHRC.

Salaries and related expenses increased slightly during the year mainly as a result of increased salaries and a significant movement in the annual and long service leave provisions. Reductions of the provisions are being addressed by management.

Travel expenses increased over the year mainly due higher fleet numbers and additional steward and integrity travel throughout the year.

IT and Communications expenses were higher as a result of increased software licence fees, internet data connection fees and backup site costs.

Integrity expenses increased significantly in line with HRNSW's resolution to test more animals pre and post competition. Appeal costs, including legal expenses also increased throughout the year.

During FY13 the Board resolved to allocate \$1.0m from interest earned on the Racecourse Development Fund towards the emergency integrity fund. During FY12 \$412,490 was spent and a further \$93,823 was expensed during FY13. Furthermore, additional integrity assets were purchased or built during the year including swabbing stalls at various venues.

## INDUSTRY FUND

In accordance with the *Intracode Agreement* the Industry Fund receives a set allocation from the TAB Distribution that is used by Harness Racing NSW to finance general activities such as the Breeders Challenge Series, Breeders Challenge Owners Bonus Scheme, the Carnival of Cups series, Trotters Foundation Series, promotion of the industry's Rising Stars, development of both Mini and Maxi Trots and assistance to Industry Associations through promotions and marketing activities.

In FY13 \$2.372 million was paid into the Industry Fund from the TAB Distribution against expenditure for the year of \$3.784 million.

The Fund received \$511,660 from race fields monies derived during FY13 for breeding initiatives in accordance with the strategic plan.

The Fund also received a further \$273,518 being the reimbursement of Inter Dominion marketing expenses that the Fund incurred during the year.

The majority of Industry Fund expenditure was dedicated to the Breeders Challenge Series as well as the State Bred Bonus Scheme and Breeders Challenge Owners Bonus Scheme which are essential to the development of the breeding industry and hence long-term sustainability of racing.

A substantial amount was also directed to the promotion of the Carnival of Cups, Rising Stars, Young Drivers and Trots TV.

Financial support of \$21,506 to the Mini-Trotting Association, for both mini and maxi trots, was in line with previous initiatives designed to develop younger drivers and participants into the industry.

## RACECOURSE DEVELOPMENT FUND

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

In FY13 \$677,731 was provided to the RDF from the TAB Distribution as annual funding.

The Fund earned a significant amount of interest during the year on the \$25,499,783 Interest Free Interminable Loan ("IFIL") which the NSWHRC repaid during FY12. These funds have been invested pending allocation to new tracks and upgraded infrastructure.

During the year the following capital expenditure was incurred on new tracks, training centres or facility upgrades:

Tamworth	13,550
Menangle Park Training Centre	147,695
Bathurst	644,521
Newcastle	17,250
Penrith	12,923
Wagga Wagga	7,650
	<b>843,589</b>



The fund also received the final allocation of \$520,000 from the NSW Government under the 2011 country election promise grant. In total HRNSW RDF received \$650,000.

The \$650,000 is to be used at HRNSW's Country based venues. In addition to the grant HRNSW proposed to use some of the monies received from the sale of Harold Park on infrastructure and equipment.

The Board of HRNSW determined that it would supplement the NSW Government's grant of \$650,000 with further grants of approximately \$1.2m.

The total amount to be spent on plant and equipment is therefore in excess of \$1,900,000.

To date expenditure of \$1,508,530 has been incurred purchasing a number of trucks and tractors which have already been delivered to clubs.

During FY13 a grant of \$300,000 was received from the NSW State Government to pay for professional, engineering and local government expenses associated with the development of the new track at Tamworth. To date \$192,678 has been spent on the project.

In addition to expenditure on infrastructure outlined above, the Board of HRNSW also resolved that all tracks throughout NSW should receive operational funding grants to maintain existing facilities. The amount of each grant is based on the horse population near each racecourse.

In determining the amount to be allocated to each track, a list of horses at each venue was created from information that HRNSW had when the budgets were being drawn up.

The information was drawn from the official address where each horse was located. That was then linked to a local council and from there the closest track was determined. Also considered were the supply chain of horses from each track and the running of official trials.

An allocation of \$680,000 is to be spent on tracks every year and will run for a three year period. Clubs can draw down as required or may hold off and request a higher amount in a future year.

HRNSW recognises that there has been a deficiency in funding for training centres in the past and wants to ensure that adequate facilities are provided for these precincts in the future. During the year clubs requested and were provided \$293,296 from this allocation.





Finally, during the year the Board determined that \$1.0m would be used from the Racecourse Development Fund to fund the special investigation expenses incurred by HRNSW pertaining to the "green Light" matter.

For the period to 30 June 2013 expenditure of \$561,091 has been incurred by HRNSW.

## BENEVOLENT FUND

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 Harness Racing NSW 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 past years, portions of fines levied on participants for transgressions of the Rules of Racing were directed to the Benevolent Fund to grow its reserves.

Harness Racing NSW reintroduced the practice of redirecting fine income to the Benevolent Fund which continued during FY2011/12 until the Fund had reached an acceptable level. These funds will supplement funds secured through the establishment of the Benevolent Fund as a Charitable Fundraising organisation which allows the Fund to conduct fundraising activities under licence as a means of growing its resources and providing assistance to participants.

In keeping with confidentiality provisions, Harness Racing NSW 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*.

## GHRRA FINANCIAL LIABILITIES

The total amount of GHRRA liabilities and staff transition costs as at 30 June 2013 was \$1.7 M which was met by Harness Racing NSW securing a ten year \$2 million interest-bearing repayable loan from the NSW Government in 2009. During the year Harness Racing NSW repaid a further \$259,000 off this loan.

A loan of \$1.314M remains outstanding at year end.

## INDUSTRY FUNDING AND TURNOVER

NSW Harness Racing turnover on NSW harness racing for the year was \$192.7 million, up \$5.5 million against the \$188.9 million recorded in FY2011/12.

When interstate and international turnover is included, total turnover increased from \$580.0 million to \$590.1 million (up 1.7%).

When comparing turnover by region, country/provincial racing increased by 6.6% despite having conducted three fewer meetings.

When comparing like for like, turnover per meeting was up 7.5%, predominately due to the conduct of 58 additional races.

Turnover on the metropolitan meetings (NSWHRC and Menangle HRC) decreased by 3.9% which was affected by 5 fewer race meetings. When comparing like for like, turnover was on par with FY2011/12.

## BERESFIELD AND GOULBURN

The realisation of a commercial benefit from the Beresfield Land in the Hunter region remains on Harness Racing NSW's agenda and continues to be pursued with the assistance of the Newcastle Harness Racing Club and other members of the Beresfield Trust established by Harness Racing NSW to manage the project. During the year no major progress was made in respect of the land.

During the previous financial year Harness Racing NSW settled on two parcels of land adjacent to the Goulburn Harness Racing Club Track. The purpose of the acquisition is to provide facilities for the development of the industry in that region.

No further updates occurred in respect of these two parcels of land during the year.

## CLUB AND ADMINISTRATIVE FUNDING

Harness Racing NSW is responsible for the disbursement of funds received under the *Totalizator Act 1997* to the industry including payments to clubs for prizemoney and administration, funding of general industry activities (Industry Fund) and capital works (Racecourse Development Fund), and funding of the controlling body's (Harness Racing NSW) operating costs.



Funds received from the TAB, commonly referred to as the TAB Distribution, are allocated annually by Harness Racing NSW according to the provisions of the *Intracode Agreement 2004* negotiated between Harness Racing NSW and clubs, and operating budgets prepared by HRNSW.

The TAB Distribution for FY13 amounted to \$34.1 million, an increase of \$579,382 on funding received in FY12.

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 determination of allocations to clubs.

Before any allocations were made \$259,082 was deducted from the distribution to repay the NSW Treasury loan.

A total of \$3.050 million was then allocated from the TAB Distribution to the Industry Fund (\$2.372 million) and Racecourse Development Fund (\$0.677 million) at the prescribed rates of 7% (including the 1% Carnival of Cups allocation) and 2% respectively. Administration Funding of \$4.058 million was provided to Harness Racing NSW as endorsed by the Harness Racing Clubs Committee.

The balance of \$26.8 million remaining after these 'off-the-top' funding provisions was allocated to clubs to fund racing prize money and club operating costs.

Additional funding of \$3.819m was also distributed to the industry to fund racing prize money and club operating costs from Race Fields income.

## INSURANCE

All trainers and registered harness racing clubs are covered by relevant insurance policies. All trainers, drivers, stablehands, attendants, voluntary workers and mini trot participants are covered by a Personal Accident policy.

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.

Harness Racing NSW did not participate in the national insurance scheme conducted by Harness Racing Australia during FY13 nor will it participate in the scheme during 2013/14. This is because the cover and pricing obtained by our insurance brokers, OAMPS, was superior to that provided by Harness Racing Australia. However the situation is reviewed each year.

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





## STAKES PAYMENT SYSTEM

During the year the Stakes Payment System underwent one major enhancement.

The enhancement involved the upgrade of the software to the latest release of the general ledger package.

## RACING INTEGRITY

In accordance with Section 24 of the *Harness Racing Act 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.

## STRATEGIC PLAN

In accordance with Section 12 of the *Harness Racing Act 2009*, Harness Racing New South Wales is to include in the Annual Report a progress report on the implementation of the strategic plan over the period to which the Annual Report relates.

The 2010 to 2013 Strategic Plan dealt with a number of strategic issues including:

- (i) Venues;
- (ii) Racing;
- (iii) Breeding;
- (iv) Revenue and Income;
- (v) Media and Technology; and
- (vi) Investment

A number of objectives were achieved during the current financial year however many were delayed due to the Race Fields litigation which was only resolved in the later part of FY 2012.

Nevertheless certain objectives were achieved including:

- (i) Venues

A number of projects were considered and approved by the Board during the year. A new track at Bathurst was approved late in the year, contracts were exchanged and

work commenced in July 2013.

HRNSW has entered into an agreement with the NSWHRRC to lease grounds and construct and manage a training centre for up to \$10.0M at the Menangle complex. This project has been underway throughout the year with a DA lodged in September 2013.

The Election Promise Grant of \$650,000 was supplemented by HRNSW with \$1.2M of additional funding from the Racecourse Development Fund. To date a significant portion of the \$1.9M has been spent on much needed equipment and infrastructure.

In addition to the above an amount of \$680,000 was set aside in the Racecourse Development Fund to maintain existing facilities. The amount of each club grant is based on the horse population near each racecourse.

The grants will be available for a three year period.

- (ii) Racing

A number of racing related initiatives were implemented during the year.

Where possible race programming and handicapping have been streamlined. The number of race meetings has been held steady, however additional races have been added to meetings when nominations exceed requirements. This has been funded from the Prizemoney Contingency Fund.

Prize money tiers were also increased during the year.

The Carnival of Cups series was enhanced with the appearance of Shannon Noll at a number of meetings which improved attendances broadly.

The Flying K series introduced standard driver colours for each runner depending on barrier draw and new saddlecloth numbers were introduced state wide during the year.

HRNSW also managed to have more meetings shown on Sky 1, an integral issue for the industry.

Finally, significant advances were made throughout the year on integrity related issues which are designed to ensure a level playing field. In the year to June 2013 integrity expenses doubled.

- (iii) Breeding

The Breeders Challenge series was enhanced during the year with the initial running of events for 4 year old Colts/



Gelding and 4 year old mares.

Additionally an allocation of race fields income from FY2013 was directed to the Industry Fund for future breeding initiatives.

Much work continues to be done in the background on breeding related matters.

(iv) Revenue and Income

Given the relative reduction of TAB income over many years the race fields High Court victory in March 2012 was a watershed decision for the industry.

However, unlike the TAB distribution which effectively has fixed distribution percentages with the other two codes, HRNSW's income from wagering operators is entirely dependent on punters wagering on NSW harness events.

Therefore the product needs to attract punters to wager on our events.

To date race fields income has been relatively consistent and to grow it the industry will need to offer a product that meets punter's expectations.

During the year clubs (except NSWHRRC) agreed to a change to the Intra Code Agreement in relation to prize money funding. As a consequence clubs now only receive their portion of the administration funding; HRNSW retaining the remainder to pay participants.

(v) Media and Technology

One of the most significant advances was the telecasting of the 2013 Inter Dominion championship on Channel 9; the first time in 25 years that a harness event has been shown on free to air television.

Trots TV experienced a surge in users as did the HRNSW facebook page. HRNSW's twitter account continues to grow and HRNSW also introduced the new iForm platform for use by staff and punters.

Work is also well underway on a "new look" web site.

(vi) Investment

Investment in marketing has been achieved through the Shannon Noll experiment throughout the year.

Linking the artist to a local harness event has helped make new people aware of our industry. Traditionally harness events have only attracted harness followers. The Shannon Noll experiment has delivered good results across most tracks where he performed. A new artist will be used in FY2014.

The 2013 Inter Dominion also involved a significant marketing effort and the results speak for themselves.

Although not as high profile as some of the thoroughbred race meetings, the 2013 Inter Dominion championship attracted a great deal of media attention.

HRNSW also continued its investment in Mini Trots which also branched out into Maxi Trots during the year. A new chapter was established at Broken Hill. These participants are the future of the industry and the investment will continue.

Animal welfare issues were also addressed throughout the year.

The next Strategic Plan is due later this year. The current plan is currently under review and many of the objectives from it will be included in the 2014-2016 Strategic Plan due to delays in implementing many of them due to the Race Fields litigation from 2009 to 2012.

A draft of the new Strategic Plan has been prepared and this will form the basis of discussions with industry groups.

The final plan will be released following board approval later this year.









# REVIEW OF OPERATIONS - RACING

## KS BLACK & CO 2012/13 CARNIVAL OF CUPS

The introduction of the Carnival of Cups Series in 2007 was acclaimed by the industry as one of the most progressive and positive initiatives in the decade.

Launched with seed funding obtained from internal efficiencies as well as the contribution of 1% of the annual TAB distribution, race dates and funding by the Principal Club, the Carnival of Cups Series provides clubs with the opportunity to receive funding from HRNSW which is distributed on a dollar-for-dollar basis according to sponsorship raised.

The rationale behind the introduction of the Carnival of Cups was the need perceived by HRNSW to build a linked series of races that would incentivise clubs while also providing a fair and equitable means of redistributing funds from the city to the country.

The provision of additional funding and dedicated promotional support by HRNSW has enabled clubs to obtain new sponsors as well as create a race event that brings harness racing closer to local communities.

The Carnival of Cups has grown significantly since its inception. In 2007 14 events were conducted which produced a total financial benefit to the industry of \$916,000, the majority of which was paid as prizemoney. In FY13 30 events were conducted with Newcastle, Penrith and Griffith included in the series for the first time. A substantial \$2,192,237 was distributed as prizemoney, proving that the vision of former HRNSW Board Member Rex Horne has been achieved.

Attendances were high especially in the country and were boosted by the live acoustic performances of Australian Idol runner-up Shannon Noll at many meetings. Noll was offered to Clubs as part of a contract negotiated between the performer and HRNSW.

## FEATURE RACE WINNERS

Date	Club	Prizemoney	Race	Winner	Trainer	Driver
03/10/12	Eugowra	\$20,000	Canola Cup	Beetson	Peter Trevor-Jones	Trent Rue
26/10/12	Wagga Wagga	\$20,000	Wagga Pacers Cup	Our El Nino	Ashlee Siekja	Ashlee Siekja
15/11/12	Penrith	(G3) \$30,000	Presidents Cup	Washakie	John McCarthy	John McCarthy
18/11/12	Griffith	\$8,000	Griffith Cup	Deemajor Hangover	Paul Khalefeldt	Shane Hallcroft
23/11/12	Newcastle	(G3) \$30,000	Newcastle Cup	Feels Like Magic	Kevin Pizzuto	Kevin Pizzuto
01/12/12	Bankstown	(G1) \$100,000	Treuer Memorial	Washakie	John McCarthy	John McCarthy
26/12/12	Bathurst	(G3) \$40,000	Shirley Turnbull Memorial	Feels Like Magic	Karen Crouch	Lauren Panella
01/01/13	Leeton	(LR) \$25,000	Breeders Plate	Business In Motion	Colin Thomas	Blake Jones
04/01/13	Parkes	\$20,000	Parkes Gold Cup	My Dusky Sound	Steve Turnbull	Amanda Turnbull
05/01/13	Maitland	(G2) \$50,000	50th Inter City Pace	Scandalman	Ian Wilson	Jimmy Douglass
11/01/13	Temora	\$12,000	Temora Pacers Cup	Reneging	Mathew Harris	Mathew Harris
24/01/13	Tamworth	\$20,000	Golden Guitar	Mach Beauty	Shane Tritton	Guy Chapple
25/01/13	Junee	\$14,000	Junee Pacers Cup	Scandalman	Ian Wilson	Jimmy Douglass
17/02/13	Orange	\$12,000	Banjo Patterson Cup	Courage Tells	Ashlee Siekja	Ashlee Siekja
02/03/13	Albury	\$12,000	Albury Pacers Cup	Baltic Ice	Glenn Freeman	Brian Gath



## FEATURE RACE WINNERS CONTINUED...

Date	Club	Prizemoney	Race	Winner	Trainer	Driver
10/03/13	Blayney	\$6,000	Blayney Cup	Make Some Magic	Nathan Hurst	Angela Hedges
15/03/13	Broken Hill	\$10,000	Carnival of Cups	Matticiello	Tony Camlleri	Ray Townsend
16/03/13	Young	(G3) \$45,000	Cordina Farms Young Cup	Our Sixpence	Belinda McCarthy	Luke McCarthy
17/03/13	Narrabri	\$6,000	Narrabri Cup	Tosca Jack	Ian Mabbott	Nathan Carroll
31/03/13	Goulburn	(G3) \$30,000	Goulburn Cup	Baby Bling	Belinda McCarthy	John McCarthy
07/04/13	Dubbo	(LR) \$25,000	Red Ochre Mares Classic	Hirising	Steven Harris	Steven Harris
14/04/13	West Wyalong	\$5,000	West Wyalong Pacers Cup	Make Some Magic	Nathan Hurst	Nathan Hurst
21/04/13	Muswellbrook	\$7,000	Muswellbrook Cup	Woodlyn Girl	Ian Mabbott	Anthony Varga
25/04/13	Coolamon	(G3) \$25,000	La Coocaracha	Jingling Silver	Paul Davies	Daryl Douglas
25/04/13	Forbes	\$6,000	Forbes Services Memorial Club Final	Oh So Sweet	Lester Hewitt	John O'Shea
05/05/13	Inverell	\$7,000	Inverell Cup	B G Three	Dayl March	Dayl March
26/05/13	Cootamundra	\$14,999	Wattle Time Cup	Western Badger	Gregory Williams	Garrett Newton
09/06/13	Cowra	\$5,000	Cowra Cup	Cousin Dupreez	Kim Hillier	Blake Jones
10/06/13	Fairfield	\$14,990	J D Watts Memorial	Machtavish	John McCarthy	John McCarthy
16/06/13	Peak Hill	\$7,000	Jack Honan Championship Final	Skewbridge Road	Steve Turnbull	Steve Turnbull

## K S BLACK & CO CARNIVAL OF CUPS POINT SCORE – TOP 6

Horse	Total
MAKE SOME MAGIC NZ	14
COUSIN DUPREEZ NZ	13
BEE MINE	12
ARMBRO CHIMES	11
BEETSON	11
SCANDALMAN NZ	11

Trainer	Total
Steve Turnbull	121
Nathan Hurst	67
Ashlee Siejka	49
Shaun Snudden	43
Ian Wilson	37
Kim Hillier	33

Driver	Total
Amanda Turnbull	87
Blake Jones	50
Ashlee Siejka	46
Nathan Hurst	45
Jim Douglass	44
Paul Diebert	40

## TROTTERS TABLE

Trotting Trainer	Total
B P (Blake) Fitzpatrick	19
B A (Brent) Lilley	10
D J (David) Butt	6
R D (Russell) Commens	5
B D (Bruce) Fox	4
D (David) Aiken	4



## NSW BREEDERS CHALLENGE MAJOR RACE SERIES

The Alabar NSW Breeders Challenge series again attracted star juveniles to the 29 heats conducted around the state with 12 semis and 6 finals run at the country's premier track in late June.

The 2013 series was worth \$1.4M and incorporated the introduction of a 4YO series for the first time, which added another dimension to Breeders Challenge and provided further money earning opportunities for owners of NSW Breeders Challenge eligible horses.

### TWO YEAR OLD COLTS & GELDINGS

11 races in total and \$295,000 in prizemoney paid.

Races	P/M per race	Total P/M
8 Heats	\$15,000	\$120,000
2 Semis	\$25,000	\$50,000
1 Final	\$125,000	\$125,000

The Final held at Tabcorp Park Menangle on 30 June 2013 was won by **LETTUCEROCKTHEM**, Bred by Redbank Lodge Standardbreds, Owned by Redbank Lodge Standardbreds, C A Cross, Trained by Belinda McCarthy and Driven by Luke McCarthy.

### TWO YEAR OLD FILLIES

10 races in total and \$280,000 in total prizemoney paid.

Races	P/M per race	Total P/M
7 Heats	\$15,000	\$105,000
2 Semis	\$25,000	\$50,000
1 Final	\$125,000	\$125,000

The Final held at Tabcorp Park Menangle on 30 June 2013 was won by **SPICY STRIDE**, Bred and Owned by E & M Stride, Trained by Belinda McCarthy and Driven by Luke McCarthy.

### THREE YEAR OLD COLTS & GELDINGS

10 races in total and \$280,000 in total prizemoney paid.

Races	P/M per race	Total P/M
7 Heats	\$15,000	\$105,000

2 Semis	\$25,000	\$50,000
1 Final	\$125,000	\$125,000

The Final held at Tabcorp Park Menangle on 30 June 2013 was won by **HOME OF THE BRAVE**, Owned and Bred by C P McDowell, C A McDowell, Trained by Dean McDowell and driven by Colin McDowell.

### THREE YEAR OLD FILLIES

10 races in total and \$280,000 in total prizemoney paid.

Races	P/M per race	Total P/M
7 Heats	\$15,000	\$105,000
2 Semis	\$25,000	\$50,000
1 Final	\$125,000	\$125,000

The Final held at Tabcorp Park Menangle on 30 June 2013 was won by **FRITH**, Bred and Owned by Dianne Kelly, Trained and Driven by Bruce Harpley.

### FOUR YEAR OLD ENTIRES & GELDINGS

3 races in total and \$135,000 in total prizemoney paid.

Races	P/M per race	Total P/M
2 Semis	\$17,500	\$35,000
1 Final	\$100,000	\$100,000

The Final held at Tabcorp Park Menangle on 30 June 2013 was won by **MACH BEAUTY**, Owned by Z M Cornell, B A Dohnt, A M Bau and Bred by E L Basham, R Basham, Trained by Shane Tritton and Driven by Guy Chapple.

### FOUR YEAR OLD MARES

3 races in total and \$135,000 in total prizemoney paid.

Races	P/M per race	Total P/M
2 Semis	\$17,500	\$35,000
1 Final	\$100,000	\$100,000

The Final held at Tabcorp Park Menangle on 30 June 2013 was won by **OBAHMA JOY**, Bred BY R A (Roger) Bazley and Owned by F N Fitzpatrick, S M Wilson, J J Starr, R G Smith , Trained by Paul Fitzpatrick and Driven by Blake Fitzpatrick.



# REVIEW OF OPERATIONS - RACING

## STALLION PERFORMANCE

Below is a table outlining the total number of wins for sires during the Alabar Breeders Challenge Major Race Series in 2013:

SIRE	WINS
ART MAJOR USA	11
MODERN ART USA	4
PRESIDENTIAL BALL USA	4
AMERICAN IDEAL USA	2
BETTORS DELIGHT USA	2
COURAGE UNDER FIRE NZ	2
FOUR STARZZZ SHARK USA	2
GRINFROMEARTOEAR USA	2
IFIHADYOURLUCK USA	2
LIFE SIGN USA	2

\*Minimum 2 wins



## ALABAR NSW BREEDERS CHALLENGE MAJOR RACE SERIES 2.00.0 PERFORMERS

DATE	TRACK	AGE	SEX	HORSE	SIRE	TIME
7/06/13	Newcastle	2YO	C&G	LETTUCEROCKTHEM	ART MAJOR USA	1:54.5
15/06/13	Menangle	2YO	C&G	LETTUCEROCKTHEM	ART MAJOR USA	1:54.9
30/06/13	Menangle	4YO	E&G	MACH BEAUTY	MACH THREE USA	1:55.1
22/06/13	Menangle	4YO	E&G	CONDAGEN	IFIHADYOURLUCK USA	1:55.2
15/06/13	Menangle	2YO	C&G	UBIQUITOUS	GRINFROMEARTOEAR USA	1:56.0
30/06/13	Menangle	2YO	FILLIES	SPICY STRIDE	ART MAJOR USA	1:56.1
22/06/13	Menangle	4YO	E&G	GRAND STRIDE	ARTISCAPE USA	1:56.2
30/06/13	Menangle	2YO	C&G	LETTUCEROCKTHEM	ART MAJOR USA	1:56.5
15/06/13	Menangle	2YO	FILLIES	OCEAN DIVA	LIVE OR DIE USA	1:56.7
15/06/13	Menangle	4YO	MARES	OBAHMA JOY	AMERICAN IDEAL USA	1:56.9
22/06/13	Menangle	3YO	C&G	BE BRAVE	PRESIDENTIAL BALL USA	1:56.9
22/06/13	Menangle	3YO	C&G	HOME OF THE BRAVE	PRESIDENTIAL BALL USA	1:57.0
30/06/13	Menangle	3YO	C&G	HOME OF THE BRAVE	PRESIDENTIAL BALL USA	1:57.0
15/06/13	Menangle	2YO	FILLIES	SPICY STRIDE	ART MAJOR USA	1:57.1
7/06/13	Newcastle	2YO	C&G	UBIQUITOUS	GRINFROMEARTOEAR USA	1:57.4
22/06/13	Menangle	3YO	FILLIES	FRITH	FOUR STRAZZZ SHARK USA	1:57.8
30/06/13	Menangle	3YO	FILLIES	FRITH	FOUR STARZZZ SHARK USA	1:58.1
15/06/13	Menangle	4YO	MARES	LOUVRE	ART MAJOR USA	1:58.6
22/06/13	Menangle	3YO	FILLIES	LAAGANOOSH	JET LAAG USA	1:58.9
7/06/13	Newcastle	2YO	FILLIES	DARK DIVA	SEELED N DELIVERED USA	1:59.0
14/06/13	Newcastle	3YO	C&G	NO AH SAINT	RIVERBOAT KING USA	1:59.0
6/06/13	Penrith	3YO	C&G	MAGIC FRANCO	MODERN ART USA	1:59.3
31/05/13	Bankstown	2YO	C&G	HANDSOME MAJOR	ART MAJOR USA	1:59.4
7/06/13	Wagga	2YO	C&G	BUSINESS IN MOTION	COURAGE UNDER FIRE NZ	1:59.4
30/06/13	Menangle	4YO	MARES	OBAHMA JOY	AMERICAN IDEAL USA	1:59.6
6/06/13	Penrith	3YO	FILLIES	TARELLE	MODERN ART USA	1:59.9



## BREEDERS CHALLENGE REGIONAL FINALS

The third series of the Mr Feelgood @ Yirribee Stud NSW Breeders Challenge Regional Finals were conducted at Newcastle on 28 July. There were six \$20,000 finals conducted for females and males of ages 2, 3 and 4YO.

### Winners:

2YO C & G – **DREAM CARTIER**, Bred by **C A (Craig) Cross**, Owned by **C E (Cindy) Rixon**, Trained **Peter Rixon** and Driven by **Cindy Rixon**.

2YO FILLIES – **SHEZLIKA**, Bred and Owned by **D J Elder, E N Elder, J P Sarquis, S L Simpson, N R Elder**, Trained and Driven by **Darren Elder**.

3YO C & G – **MAGIC BLISS**, Bred by **M B (Mal) Moody**, Owned by **R Treuer, M Treuer**, Trained and Driven by **Neil Day**.

3YO FILLIES – **OH EYE SEE**, Bred by **M E Gibson, J L Gibson**, Owned by **J J (Jackie) Gibson**, Trained by **Paul Fitzpatrick** and Driven by **Gavin Fitzpatrick**.

4YO E & G – **AMBUSH PRINCE**, Bred by **C P McDowell, C A McDowell**, Owned by **D A McDowell, K L McDowell, M Sherwood, M Semenech, D Ferrier, J Moss, C Moss**, Trained by **Dean McDowell** and Driven by **David Morris**.

4YO MARES – **ROLLON GIDGET**, Bred and Owned by **J M Sellers, P E Sellers**, Trained and Driven by **Peter Sellers**.

## RISING STARS SERIES

The Rising Stars Series was conducted in late June with nine NSW junior drivers joined by WA Rising Star Dylan Egerton-Green. Training and development activities included attending the NSW Breeders Challenge Barrier Draw, a visit to Agnes Banks Vet Clinic, media training at SKY Racing including on set participation on *In The Gig*, Paintball at Heartbreak Ridge and also attendance at the Penrith vs. St George NRL game. Activities were organised around the heats conducted at Menangle, Bathurst, Penrith and Young.

The series was again coordinated by Harness Racing NSW staff and chaperones Rachael and David Micallef, who ensured that the participants were provided with an enjoyable yet educational experience.

Bathurst based Max Hughes representing the Western Districts prevailed in the series following two victories and a range of consistent performances. Reigning Champion Sam Hewitt finished second, while Kylie

Barnes representing the North East finished third.

The full point score table was as follows:

Position	Driver	District	Points
1st	Max Hughes	Western Districts	78
2nd	Sam Hewitt	Western Districts	76
3rd	Kylie Barnes	Metropolitan	73
4th	Sam Ison	North West	72
5th	Dylan Egerton-Green	South West WA	69
6th	Andrew Pitt	South West Riverina	55
7th	Scott Hewitt	Metro	52
8th	Paul Diebert	South West Riverina	47
9th	Alex Alchin	Metro	42
10th	Ashleigh Camilleri	Western NSW	25

## BREEDERS SCHEMES

In FY13 there were 259 NSW Breeders Challenge Owners Bonus Certificates issued at a value of \$647,500.

The Bonus Certificates are redeemable against:

- The purchase price of a NSW Breeders Challenge eligible yearling at a registered Australian Sale;
- The service fee of a stallion nominated for the NSW Breeding Schemes to a NSW based mare upon confirmation of a positive 35 day pregnancy test.

Studmasters worldwide continued to be given the option of nominating their stallions for the NSW Breeding Schemes, while their progeny would be eligible if a mare was served in NSW and the resultant foal was born in NSW. Non acceptance would mean that Breeders Challenge Owners Bonus Scheme Certificates and any future stallion nominator share of all Breeders Challenge Race Series prizemoney would be foregone.

Proving the popularity of the NSW Breeding Schemes 96 stallions were nominated. They hailed from the most prominent studs in the world with the breakup of stallion location as follows:

Stallion Location	Nominees
NSW	33
VIC	23
NZ	21
USA/Canada	9
QLD	6
WA	3
TAS	1



# REVIEW OF OPERATIONS - RACING

## FOAL NUMBERS

The total number of foals registered in Financial Year 2013 was 1,253.

The break-up as to where the stallion was domiciled is as below:

NSW	VIC	QLD	WA/TAS	FROZEN	TOTAL
671	355	10	4	213	1,253
53.6%	46.4%				

As a comparison the break up for the previous four breeding seasons was as follows:

Foaling Year	NSW	NSW %	Non-NSW	Non-NSW %	Total Foals
2011/12	657	49.4%	672	50.6%	1,329
2010/11	602	44.3%	756	55.7%	1,358
2009/10	484	41.5%	683	58.5%	1,167
2008/09 (EI)	494	45.7%	588	54.3%	1,082

## STALLION INCENTIVE SCHEME

The Stallion Incentive Scheme has existed for four breeding seasons.

The scheme provides money for the advertising of first season stallions standing in NSW and second season stallions on a dollar for dollar basis.

The success of the Scheme can be seen by the results below:

Stallion	Stud	2012/13 Services
Roll With Joe	Pepper Tree Farm	127
Mr Feelgood	Yirribee Pacing Stud	101
For A Reason	Yirribee Pacing Stud	45
J R Mint	Lonsvale Stud	26
Righteous Hanover	Rossvale Stud	13
<b>Total</b>		<b>312</b>

### Second Season Stallions

Stallion	Stud	2012/13 Services
Rock N Roll Heaven	Pepper Tree Farm	186
Mister Swinger	Rossvale Stud	10
Parsons Den	Lonsvale Stud	8
<b>Total</b>		<b>204</b>

There were 1,850 total services in the 2012/13 breeding season, meaning that 27.9% of all services to NSW based mares were to stallions eligible under the Stallion Incentive Scheme.

## RACING REVIEW

### Prizemoney Levels

HRNSW hosted a series of Road Shows leading into FY13. The main issue raised at the Road Shows by stakeholders was the level of base prizemoney at race meetings. There was a significant comment from the floor stating that the industry had recently received a windfall in funding due to the Race Fields Legislation case but prizemoney was stagnating.

HRNSW explained that \$4 million of reserved funds were used to sustain prizemoney levels in FY11 during the Race Fields Legislation Court Case and that \$3.6 million of race fields money was attributed to prizemoney in FY13 (a decrease of \$400,000).

However the HRNSW Board took into account the feedback received and amended the Funding Structure for FY13.

### Tiers and Funding

Base prizemoney per race for FY13 was the same for each race at each meeting. The thresholds were as per the table below:

Type of Meeting	Races per meeting	Base Prizemoney per Race
Tier 1	8	\$6,000 (Career Penalty)
Tier 2	8	\$5,000 (Career Penalty)
Tier 3	8	\$3,000 (Graduation Penalty)
Tier 3 (6)	6	\$3,000 (Graduation Penalty)
Tier 4	6	\$1,500 (Penalty Free)

All Carnival of Cups meetings broadcast on Sky Racing (except for Broken Hill) were funded, as a minimum, at the Tier 3 level, which allowed the host Clubs to conduct eight races per meeting, an increase of two races.



## PRIZEMONEY CONTINGENCY FUND

To ensure that the horse population was catered for at any given time of the year funds were set aside in the prizemoney budget into what was termed the Prizemoney Contingency Fund.

The Fund allowed Clubs that received nominations over and above their allocated races at TAB covered meetings to conduct additional races upon application.

For example: Parkes was due to conduct a Tier 3 (6) meeting in a Saturday Twilight timeslot and received enough nominations to conduct eight races. As a consequence two races were funded from the Prizemoney Contingency Fund following an application to Harness Racing NSW by the club.

The Prizemoney Contingency Fund commenced the season with \$311,000, made up of \$158,000 allocated to the Club Funding Allocation Table from projected race fields revenue and \$153,000 from Unused Unplaced Prizemoney from FY10 and FY11.

An additional \$269,000 was carried forward from FY12 for races not conducted. This was added to the fund.

The total Prizemoney Contingency Fund for FY13 was therefore \$580,000.

Over the course of the financial year \$753,500 was allocated to Clubs for additional races. This figure was netted off by \$254,500 of races allocated but not conducted and \$171,271 in Unused Unplaced Prizemoney.

Therefore the net spend in FY13 from the Prizemoney Contingency Fund was \$327,729.

As expected, the major Regional Centres were the Clubs that benefited most from the introduction of the Prizemoney Contingency Fund.

Bathurst conducted \$193,000 worth of additional races (25% of funding), Newcastle \$111,000 (14.7%), Penrith \$80,000 (10.6%) and Wagga/Young combined \$122,000 (16.2%).

While there were 4 fewer meetings conducted in FY13 against FY12, there were 14 additional races conducted year on year. The additional races were able to be conducted due to the introduction of the Prizemoney Contingency Fund.

The amount to be carried forward to FY14 is \$252,271 with a further \$250,000 being allocated to the Club Funding

Allocation Table from projected race fields revenue, giving an available balance of \$502,271.

## RACE DATE ALLOCATION

Based on the underlying principles which were:

- a) To program race meetings based on the horse population within a region at any given time of the year.
- b) To increase the probability of full and competitive race fields.
- c) To ensure trainers are given options to compete weekly within a region at a level where their horse(s) will have some chance of earning money.

Meetings were allocated within regions with the Tier of each meeting suiting the status of the meeting and ensuring that there were options for trainers to compete at a competitive level.

For example:

If there are two meetings programmed in the Western Districts during a week and there was a Tier 1 Meeting at Bathurst, A Tier 3 meeting would be programmed at Parkes or Dubbo.

## METRO

Due to construction works at Tabcorp Park Menangle, the traditional feature race schedule was altered for FY13. The SEW Eurodrive Miracle Mile moved to April as did the Coca Cola Amatil Sprint and the Cordina Sprint. Other changes to the traditional feature race program stemmed from the programming changes.

Due to the decrease in horse population in the Metropolitan Area during September and October, meetings were not programmed in the Monday Day timeslot. This led to a decrease in total meetings for Bankstown and Bulli which had conducted the majority of their meetings in this slot in recent years.

The Bulli Club hosted a new series during July 2012 at Tabcorp Park Menangle called The Flying K. Races were run over 1000m, with a maximum of eight starters in each race. Furthermore the saddlecloths replicated the colours of greyhound rugs and the drivers wore colours which corresponded with the saddlecloths.



# REVIEW OF OPERATIONS - RACING

Sky Racing condensed the program to ensure premium focus and coverage. The program for the series was based on conditioned racing which catered for horses that were of similar ability and provided a competitive spectacle.

## HUNTER

The Newcastle Mile moved with the Miracle Mile to April.

The Maitland Inter City Pace heats returned home to Maitland. This decision was a reward for the efforts of the Maitland Harness Racing Club committee in the presentation and delivery of their annual Carnival of Cups meeting.

## NORTH WEST

There was minimal change to the structure of the North West program. However, due to Australia Day falling on a Saturday in 2013, the Tamworth Carnival of Cups meeting was conducted on Thursday night, 24 January. This shift will only occur for one year.

## WESTERN DISTRICTS

There was a reduction of three meetings in the Western Districts for FY13. This was predominately due to less meetings being programmed in the early months of the season. The Clubs affected were Parkes (one meeting) and Orange (two meetings).

## SOUTH WEST & RIVERINA

There was a slight shift in meetings in the South West & Riverina. Again, it was due to less meetings being programmed early in the season and, as a consequence Wagga and Young conducted less race meetings.

Griffith was allocated a Carnival of Cups meeting for the first time and all other Clubs maintained their allocations.

## RACING REVIEW

The feature race season for Financial Year 2013 commenced at Newcastle with the running of the Mr

Feelgood @ Yirribee Stud NSW Breeders Challenge Regional Finals. The Series is run to compliment the major series and provides an opportunity for those horses that were unable to win heats or place in Finals to compete against one another for a purse of \$20,000.

The 2YO Fillies division was won by Shezlika at only her second race start for Maitland based Darren Elder, while the Peter Rixon trained, Cindy Rixon driven Dream Cartier won in a head by head finish in the 2YO Colts and Geldings event.

Oh Eye See took out the 3YO Fillies race for Paul Fitzpatrick and Neil Day's consistent juvenile Magic Bliss won the 3YO Colts and Geldings.

The 4YO Mares winner Rollon Gidget provided Hunter trainer Peter Sellers with one of the biggest wins in his career while the Dean McDowell trained Ambush Price was successful in the 4YO Entires and Geldings final.

The Group 3 TAB.COM.AU Cup was the first of a string of listed feature wins for warhorse Washakie for trainer John McCarthy. He went on to win The Group 3 Brian Hancock Cup, Group 3 Presidents Cup (Penrith) and the Group 2 Renshaw Cup, though the jewel in his crown would be his fourth consecutive Group 1 Treuer Memorial at Bankstown.

Queensland owned Pub Blitz rose to the fore during the season and won the Kevin Robinson Cup for his Sydney trainer Paul Fitzpatrick.

John McCarthy took the reins of Team McCarthy early in the season and produced feature race winners Miysis (Group 3 New Season Championship Final), King of Strathfield (Group 3 Franco/Australian Trotter Series Final) and Im On Target (Group 3 Christmas Gift Final).

The K S Black & Co Carnival of Cups season kicked off at the now traditional Canola Cup meeting at Eugowra. The Peter Trevor-Jones trained Beetson prevailed in a tight and competitive event.

Wagga hosted the next Carnival of Cups meeting and Ashlee Siejka stole the show with a feature race double through Our El Nino in the Wagga Pacers Cup and Mega Alexander in the Million Dollar Can Classic. Amanda Miss for Lyn Hancock won the Ian Walsh Memorial, named after the former hard working Wagga President.

Our El Nino also claimed victory in the Cherry Festival Cup at Young for Inter Dominion 2013 Ambassador Ashlee Siejka.





The Star Trek Final at Bathurst was won by up and comer Uncle Lile for Chris Frisby, while the P J Hall Memorial at Penrith kick started the training career of Londonderry based Michael Muscat through the deeds of Dee Devito.

The Group 3 Newcastle Pacing Cup was the first of two features for the Kevin Pizzuto trained Feels Like Magic. He went on to win the Group 3 Shirley Turnbull Memorial at Bathurst in what was a four week purple patch of form; the latter victory providing Laruen Panella with her first feature race win of the season.

The Soliders Saddle Final at Bathurst was taken out by the Mark Butler trained Maverick, while the Western Districts features moved to Parkes where My Dusky Sound won the Parkes Leagues Club Gold Cup for Steve Turnbull and Benazir Bhutto the Langlands Hanlon Sprint for Michael Hardy. The following week Tulhurst Courage won the Thank You Very Much Elvis Series Final for Nathan Hurst.

Top echelon juvenile Scandalman proved too tough in the 50th running of the Group 3 Inter City Pace at Maitland and also the Junee Pacers Cup for Ian Wilson, while consistent mare Reneging won the Temora Pacers Cup for Mathew Harris and My Dusky Sound won another feature taking out the Oberon Cup at Bathurst for Steve Turnbull.

The Tamworth Carnival of Cups meeting launched the

career of Mach Beauty when he took out the Golden Guitar for Shane Tritton, while Atom of Courage for Ashlee Siejka won the Tamworth City Cup.

During the month of January at Tabcorp Park Menangle Caesar Augustus won the Group 3 Simpson Memorial for Graham Seymour and Karloo Mick the Australia Day Cup for Barry Lew.

The Banjo Patterson at Orange was won by Courage Tells in another Country feature race win for Ashlee Siejka while Musical Delight for Gary Quinlan won the Raith Memorial at Headquarters.

The qualifying races for the Ladyship Mile were won by Baby Bling (Group 3 Teeny Teeny Stakes) for Belinda McCarthy, Blucollar Tigerpie (Group 3 Ranji Bill Stakes) for Michael Stanley and Forever Gold (Group 2 Robin Dundee Stakes) for Kylie Rasmussen.

The Group 2 Chariots of Fire Qualifiers, the Hondo Grattan Stakes and Paleface Adios Stakes were won by Christen Me and Keayang Steamer respectively.

In a change to the Inter Dominion structure a Heat and Supplementary Heat were conducted at Tabcorp Park Menangle with the other heats being conducted at Tabcorp Park Melton (VIC), Gloucester Park (WA) and Alexandra Park (NZ).



# REVIEW OF OPERATIONS - RACING

The NSW Heat was won by Excel Stride for Belinda McCarthy, the NSW Supplementary Heat by Mah Sish for Tim Butt, while Caribbean Blaster was victorious at Melton, Im Themightyquinn at Gloucester Park and Sir Lincoln at Alexandra Park.

The Pink Bonnet went to Denises Legacy for Dennis Wilson, the Rod Fitzpatrick Memorial to Allblack Stride for Belinda McCarthy and Glengowan won the Media Cup on the same night for Darren Binskin.

Inter Dominion Grand Final Day was a world class meeting, the likes of which had never been seen in Australasia before. Consisting of seven Group 1 races featured and three Group 2 events - the best talent from Australasia was on show for all to see.

The coverage of the meeting was at a new standard with Channel 9's Wide World of Sports covering the Chariots of Fire and the Inter Dominion Final live on the Sunday afternoon timeslot.

The Group 1 Inter Dominion Grand Final, the sports holy grail, was won for the third time in succession by WA legend Im Themightyquinn for Gary Hall Snr, Cran Dalgety's Christen Me baptized himself a superstar by winning the Group 1 Chariots of Fire, the Group 1 NSW Derby was won by Lennytheshark for John Justice, while Itz Nosuprisesthere claimed victory in the Group 1 NSW Oaks for Dean Braun. Tough mare Our Sixpence won the Group 1 Ladyship Mile for Belinda McCarthy, Gaius Caesar prevailed in the Group 1 Bohemia Crystal Free For All and rounding out the Group 1's Keystone Del took out the Glenferrie Farms Challenge for the squaregaiter's.

The Group 2 support events were won by Scarymacleary (Australasian Young Drivers Heat), Poacher (International Lady Drivers Invitational) and Grand Stride (Carnival Pace).

The day was a phenomenal success and no doubt will continue to grow with the completion of the renovation works at Tabcorp Park Menangle.

The Davidson Cameron & Co Graduate Pace Finals were both won by Steve Turnbull trained horses in Lagoon Stride (Colts & Geldings) and Goodtime Stride (Fillies).

Bling It On took out the NSW Sapling Stakes and Our Sixpence the Young Cup for Belinda McCarthy, while Frith won the Young Oaks.

Excel Stride ran the fastest time of the year in winning the Golden Mile for Belinda McCarthy in 1:50.3.

The focus then turned to the Bathurst Gold Crown Carnival. The Honouree Stakes was won by Yaholyterror for Steve Turnbull and the stable also prepared Mayors Cup winner My Dandy.

The Bathurst Gold Crown was won by Allblack Stride for Belinda McCarthy, the Gold Tiara by Distant Memory for Bill Trembath, while the Gold Chalice and Gold Bracelet were taken out by the previous year's Crown and Tiara winners in Ultimate Art for Michael Formosa and Frith for Bruce Harpley.

The Goulburn Carnival of Cups meeting was a triumph for dam Alldatglittersisgold, who produced Baby Bling and Bling It On. Baby Bling won the Group 3 Goulburn Cup and Bling It On the Goulburn Sapling Stakes, both horses are trained by Belinda McCarthy. Fire At Will for Paul Fitzpatrick won the Goulburn Rose.

The Red Ochre at Dubbo was won by Hirising for Steven Harris, while Grand Stride took out the Chippys Cup at Penrith.

The Newcastle Mile was again run in conjunction with the Carnival of Miracles and shifted to April in 2013. The Group 2 feature was for the first time an official qualifier for the Miracle Mile and was taken out by Excel Stride for Belinda McCarthy. The other qualifiers were the Coca-Cola Amatil Sprint and the Cordina Sprint and they were won by Mach Alert for Belinda McCarthy and Gaius Caesar for Darren Binskin respectively.

The La Coocaracha at Coolamon was won by former NSW based trainer Paul Davies with Jinglyng Silver and the Cootamundra Cup was taken out by Western Badger for Gregory Williams.

Miracle Mile Day was another gem in the NSW Harness Racing Club's Crown, the meeting consisted of two Group 1 events and five Group 2 features.

The SEW Eurodrive sponsored Miracle Mile was taken out by a mare for only the third time since the race's inception in 1967. Baby Bling prevailed in the run to the line in an Australasian Mares Record 1:50.5 for Belinda McCarthy who had qualified three runners for the Grand Circuit feature. The other Group 1 on the card was the 2YO Colts & Geldings Australian Pacing Gold Final and McCarthy would prepare the trifecta, with Lettucerockthem leading throughout. Driver Mat Rue had a day to remember steering both Baby Bling and Lettucerockthem to victory in what were his first ever Group 1 victories.



# REVIEW OF OPERATIONS - RACING

The Group 2 Carousel Final was won by Monifieth for John McCarthy, Sir Eric for Darren Binskin won the Group 2 Chokin 3YO Championship Final, while the Group 2 Mount Eden 4YO Championship Final was won by Grand Stride for Belinda McCarthy. Mach Beauty for Shane Tritton saluted in the Group 2 Smoken Up Championship Final, while Mister Presley for Peter Walsh was successful in the Iraklis Championship Final.

The day did not escape controversy with the Darren Binskin trained Gaius Caesar being scratched by order of the stewards after it was determined that the trainer administered a medication on race day.

The Triple Treat races at Newcastle were taken out by Armbr Chimes (Newcastle Derby) for Lester Hewitt, Im Tondelayo (Newcastle Oaks) for John Tapp and Ultimate Art (Newcastle Guineas) for Michael Formosa.

The NSW Trotters Oaks and NSW Trotters Derby were dominated by brilliant New Zealand filly Habibt who won both races in fine style at Tabcorp Park Menangle for Davey Butt.

Miracle Mile placegetter Pure Power took out the Joe Ilsley Cup for Nicole Molander, while the Glenferrie Farms Trotters Championship was won by Waikare Aristocrat for Victorian Dean Braun.

Bankstown's Schweppes Cup was won by Freyberg for Karen Crouch, while Machtavish took out the J D Watts Memorial for John McCarthy. For McCarthy it would round out a great provincial circuit season having earlier taken

out the Treuer Memorial, Renshaw Cup and Carousel Final.

The financial year season was rounded out by Industry Day at Tabcorp Park Menangle. The program consisted of six Group 1 NSW Breeders Challenge Finals, the Group 1 Len Smith Mile, the Group 3 NSW Rising Stars Series Final and the International Trotters Monte.

The 2YO Colts & Geldings Final was won by Lettucerockthem for Belinda McCarthy and 2YO Filly Spicy Stride would provide McCarthy with a juvenile double.

The 3YO Finals were taken out by Home Of The Brave for Dean McDowell (Colts & Geldings) and Frith for Bruce Harpley (Fillies).

While in the inaugural 4YO Finals Mach Beauty was victorious for Shane Tritton in the Entirees and Geldings and Obahma Joy flashed down the outside for Paul Fitzpatrick to win the mares event.

Courage To Rule won the Group 3 NSW Rising Star Series Final for Belinda McCarthy, while emerging star Lauren Panella showed her extreme versatility in winning the International Trotters Monte for Peter Carson aboard Topnotch Dream and then combining with Gaius Caesar to win the Len Smith Mile for Darren Binskin.





# REVIEW OF OPERATIONS - INTEGRITY

The Integrity division of Harness Racing NSW had another busy year, culminating in the Inter Dominion 2013 and the introduction of the new Cheating by Gambling Legislation. The HRNSW Investigation also continued through this period; however the results and completion of this investigation is drawing to an end.

HRNSW also leads the way again with its Equine Drug Testing regime and will continue to do so into the future.

This year saw the injection of \$700,000 extra into the Integrity budget following the Race Field Legislation win in the High Court. This extra financial impact has enabled HRNSW to maintain a high level of samples, extra analytical testing and an increased impact across many facets of the industry.

## HRNSW INVESTIGATION

In August 2011, HRNSW commenced the investigation into corruption and improper actions by members of its Stewards Panel with licensed Trainers and industry participants. This led to the dismissal of Stewards Mr Matthew Bentley and Mr Paul O'Toole on 8 August 2011. The Stewards were receiving a financial reward to ensure certain horses were excluded from the drug testing regime.

HRNSW also took steps to involve other government agencies in the investigation, through contact with the NSW Police Department and the Independent Commission Against Corruption.

The Investigation commenced with HRNSW writing to a number of persons involved within the NSW harness industry, directing them to provide copies of their telephone records. The evidence sought grew as the investigation developed and additional information was requested from both participants and external parties including:

- Telephone Records;
- Bank and Financial Institution records;
- Betting Activity Reports pertaining to particular races from betting agencies throughout Australia;
- Betting Account Activity Reports for persons of interest from betting agencies throughout Australia;
- Electronic evidence obtained via forensic imaging;
- Information sourced via interviews and intelligence.

Since the investigation began HRNSW has taken the following actions in addition to those taken in the previous 12 months:

Mr Ben Sarina - Was warned off indefinitely by the Special Stewards Panel for giving false evidence to the investigation regarding contacts between himself and former HRNSW employee Mr Paul O'Toole. Mr Sarina appealed this decision to the Racing Appeals Tribunal, who found the penalty imposed by the Special Stewards Panel was appropriate.

Mr Cameron Fitzpatrick – Was disqualified for 15 years by the Special Stewards Panel for corruption on 2 counts in that he paid a financial reward to ensure his horses were not drug tested.

Mr Glen Hayward – Was disqualified for 1 year for presenting a horse not free of a prohibited substance. This charge stemmed from the charges against Mr Michael Russo, whereby he had admitted in a criminal court to paying for the horse trained by Mr Hayward not to be drug tested.

Mr John Beynon - Was disqualified for 1 year for presenting a horse not free of a prohibited substance. This charge stemmed from the charges against Mr Michael Russo, whereby he had admitted in a criminal court to paying for the horse trained by Mr Beynon not to be drug tested.

Mr Dwayne Sarina – Disqualified for 1 year for presenting a horse not free of a prohibited substance. This charge stemmed from the charges against Mr Paul O'Toole, whereby he admitted in a criminal court to receiving a financial reward from Mr Greg Sarina to ensure that the horse trained by Mr Dwayne Sarina was not drug tested.

Mr Alistair Copps - Disqualified for 10 months for presenting a horse not free of a prohibited substance. This charge stemmed from the charges against Mr Paul O'Toole, whereby he admitted in a criminal court to receiving a financial reward from Mr Greg Sarina to ensure that the horse trained by Mr Dwayne Sarina was not drug tested.

Charges have also been issued against Mr Greg Sarina, Mr Michael Russo, Mr Peter Russo, Mr Paul Russo. Mr Jim Bennett was also stood down pending the outcome of the investigation in relation to horses trained by him being named in criminal proceedings.



NSW Police commenced their own separate investigation in August 2011 and established Task Force Tairora to investigate the allegations of corruption in harness racing.

Five (5) persons were arrested and charged by task force Tairora those being, Mr Paul O'Toole, Mr Cameron Fitzpatrick, Mr Michael Russo, Mr Greg Bennett and Mr Dean Atkinson. The following matters have been concluded.

Mr Dean Atkinson pleaded guilty in the Downing Centre Local Court on 27 February 2012 after pleading guilty to 3 charges and was sentenced to 100 hours of community service on each charge to be served concurrently.

Mr Cameron Fitzpatrick pleaded guilty to in the Downing Centre Local Court and was sentenced to 150 hours community service.

Mr Michael Russo was sentenced on 1 March 2013 to 30 months with a non-parole period of 15 months after pleading guilty to 9 criminal charges of corruptly giving a benefit to an agent (Stewards).

Mr Paul O'Toole was sentenced to 3 years with a non-parole period of 18 months after pleading guilty to 11 charges of corruptly receiving a financial benefit.

Mr Greg Bennett's case is set down for trial in November 2013. Mr Bennett has pleaded not guilty to the charges levelled against him.

## EQUINE DRUG CONTROL

With the newly implemented drug control strategies comes increased costs to the industry and the achievements of the past 12 months in this field would not have been possible without the additional funds being directed into the integrity unit from Race Fields monies..

The objective of HRNSW is to ensure that every horse that competes does so on a level playing field and therefore free of any prohibited substance. Any person that breaches the Prohibited Substance Rule shall be dealt with accordingly. In June 2012 HRNSW increased the penalty guidelines for offences committed under the Prohibited Substance Rules.

The table below demonstrates the number of samples taken in each category during the financial year 2012/2013. As mandated by HRNSW, the aim of the integrity department is to swab greater than 20% of all starters. During the last financial year that percentage was exceeded:

Month	Urine	PRBT	Post Blood	i-Stat	Others	TOTAL	STARTERS	% to starters
Jul-12	208	406	23	-	1	638	2,748	23.22%
Aug-12	216	307	30	188	0	741	3,021	24.53%
Sep-12	140	231	11	120	0	502	2,104	23.86%
Oct-12	226	203	22	257	0	708	2,455	28.84%
Nov-12	166	259	25	100	6	556	2,949	18.85%
Dec-12	231	231	25	205	26	718	3,280	21.89%
Jan-13	196	234	31	145	3	609	3,012	20.22%
Feb-13	222	212	20	205	33	692	3,343	20.70%
Mar-13	250	350	31	180	104	915	3,656	25.03%
Apr-13	262	279	24	180	-	745	3,250	22.92%
May-13	229	254	10	136	3	632	3,200	19.75%
Jun-13	229	203	16	218	59	725	3,036	23.88%

HRNSW collected 8,181 samples in the financial year 2012/2013. There were 36,054 starters during that period, so overall HRNSW achieved a swabbing ratio of 22.7% of starters. This is a considerable achievement. Unfortunately during the same period HRNSW recorded 19 positive samples. That is 0.2% of swabs collected, which unfortunately remains higher than the international average.

TCO2 or pre race Blood sampling accounts for the largest number of samples collected for equine drug control by HRNSW. The reason for this is, historically, there has been a culture in the harness industry to administer bi-carb or "milkshakes" to assist with performance. This substance assists the horse by way of buffering the lactic acid produced during exercise and thus delays the onset of fatigue.

Since the increase in TCO2 testing undertaken in NSW, we have seen a decline in the average levels being recorded both by the Australian Racing Forensic Laboratory (ARFL) and on the newly acquired i-STAT device.

Dr Wainscott prepared a number of slides which were presented at a recent Stewards Conference.

The statistics that we have available today have only been compiled since July 2011, however this has given us a snapshot by which we have been able to measure the outcomes of our strategies. A review of the TCO2 levels recorded on HRNSW samples collected during June 2011 – September 2011, shows that a massive 11% of the samples taken from horses recorded a TCO2 level greater than 34mmol/L.

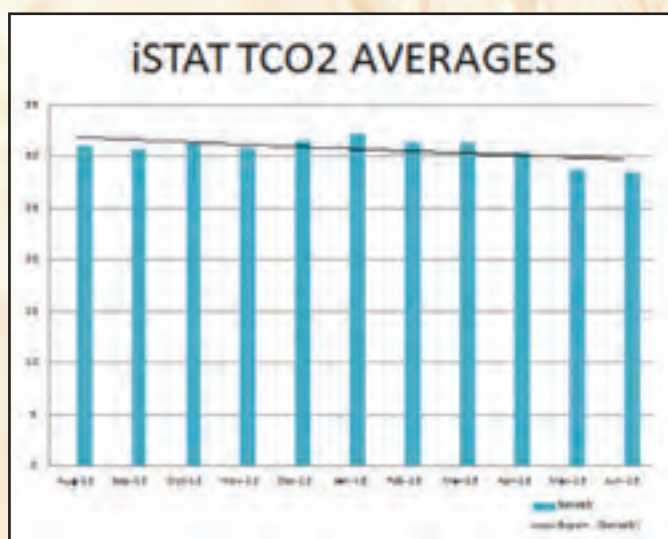
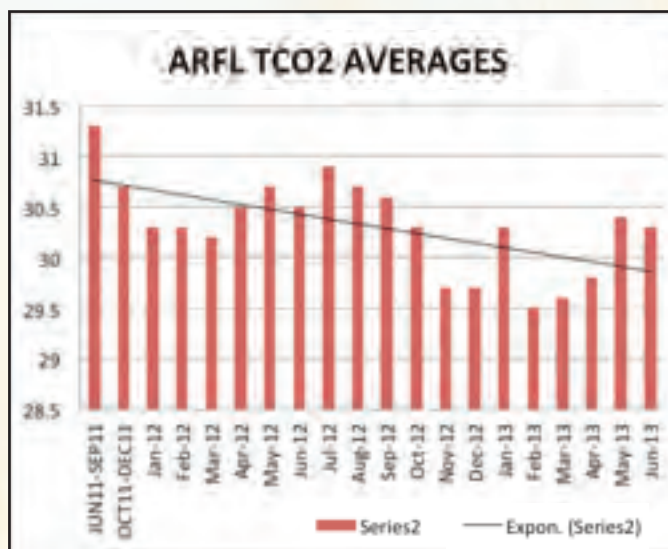


# REVIEW OF OPERATIONS - INTEGRITY

This is an indication that the horse has had an administration of an alkalinising agent on the day of the race. Due to developments within HRNSW in August 2011, new strategies were introduced in relation to equine drug control. This led to an immediate decrease in the number of TCO2 samples returning levels in excess of 34mmol/L - down to 5.4% for the period October to December 2011.

This figure has been further reduced to around 3%, which is indicative of a normal population (ie no significant level of illegal administration). This decrease in the number of high TCO2s readings has reduced the average reading from 31.3mmol/L in 2011 to 29.9mmol/L in 2013.

The following graph demonstrates TCO2 averages:



## LICENSING:

This season saw the introduction of a user pays insurance scheme to help reduce the costs to participants. Obviously

it is difficult to attribute any increase to just one factor, however we managed to achieve a slight increase in the number of licensed person during the 2012/2013 season.

		2012/13		
CATEGORY	CATEGORY	Trainer	Driver	Stablehand
TRA	DRA	436	436	
	DRB	213	213	
	DRC	18	18	
	Only	292		
<b>TRA Total</b>		<b>959</b>	<b>667</b>	
TRB	DRA	12	12	
	DRB	36	36	
	DRC	10	10	
	Only	23		
<b>TRB Total</b>		<b>81</b>	<b>58</b>	
TRC	DRC	5	5	
	Only	2		
<b>TRC Total</b>		<b>7</b>	<b>5</b>	
Driver Only	DRA		41	
	DRB		42	
	DRC		32	
<b>Driver Only Total</b>			<b>115</b>	
<b>Stablehand Only</b>				<b>339</b>
<b>Grand Total</b>		<b>1,047</b>	<b>845</b>	<b>339</b>

<b>TOTAL LICENCEES</b>	<b>1,501</b>
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## APPEALS:

The Racing Appeals Tribunal comprises of Mr D Armati and Magistrate Mr I McRae.

There were 39 appeals lodged against decisions of either HRNSW or its Stewards. Of those 39 appeals only 2 were upheld and 1 is still pending to be heard.

Below is a table which breaks down the appeals in the 2012/2013 financial year:

Appeals Lodged	39
Upheld	2
Dismissed	14
Varied	11
Withdrawn by Appellant	8
Withdrawn by HRNSW	1
No Jurisdiction	2
Appeals pending	1



# REVIEW OF OPERATIONS - MARKETING, MEDIA AND PUBLIC RELATIONS.

The FY13 marketing strategy again focused on the image and profile of harness racing throughout New South Wales and to re-invigorate the Carnival of Cups series.

This objective was achieved through social media networks, Facebook and Twitter along with a higher volume of Media Releases submitted on both the state (hrnsw.com.au) and national (harness.org.au) websites. In addition, an audience of over 81,247 individuals viewed the highly successful website, Trots TV. This is an increase of 16,247 on the previous year.

Another priority was to further build relationships with mainstream media including The Daily Telegraph, Radio 2GB, Radio 2UE, Sky Sports Radio, the ABC and WSFM.

Having consistent editorial in The Daily Telegraph has now been achieved after developing a relationship with Editor Ray Thomas. We are pleased with the regular Thursday

morning segment on the Andrew Bensley Sky Sports Radio program which is also used to promote harness racing in NSW along with trainer-driver Darren Binskin having a regular spot on a Wednesday morning. During the 2013 TAB.COM.AU Inter Dominion series reports on Sky Sports Radio were provided on a daily basis during a three week period leading into the Inter Dominion Grand Final.

## THE GAZETTE

The monthly publication provided regular industry features. The Magazine has a distinct promotion of harness racing in NSW and its many participants.

Contributors provided a variety of copy including human interest stories such as Nine To Five (the hobbyist), What's In A Name, Meet The Sponsors, Hero Horse and Behind The Clubs.





## TROTS TV

In June 2011 HRNSW introduced Trots TV, a widely sought after enhanced information tool for participants and supporters.

Trots TV proves that harness racing fans have been starved of quality viewing for some time. The website provides full race replays, trial replays and regular one on one trainer, driver and industry related interviews.

In 2012/2013 the response has been most overwhelming with over 81,000 unique visitors entering the site on 332,959 occasions. There were over 809,599 pages viewed with average time spent 5mins and 18 seconds.

Of the 332,959 site entries, 106,000 of those were either via phone or tablet.

## HRNSW WEBSITE, FACEBOOK PAGE AND TWITTER ACCOUNT

The Harness Racing NSW website provides daily updates across various categories including Racing, Integrity, Media

Releases, Owning and Breeding along with Change of Tactics.

Facebook has increased in popularity with over 5,850 "likes" for the HRNSW page.

It has been most popular with Carnival of Cups and Awards Night photos along with competitions enabling fan interaction.

The Harness Racing NSW Twitter account had a significant boost to its output in 2012/2013. Regular iForm for individual meetings is distributed on a daily basis along with race fields and up to date news on NSW harness racing and its participants.

## 2013 TAB.COM.AU INTER DOMINION

HRNSW, in conjunction with Destination NSW and the NSWHRC completed its first year of three in conducting the Inter Dominion series under a new format.

Im Themightyquinn was undoubtedly the big winner but exposure for harness racing finished a very close second on TAB.COM.AU Inter Dominion Grand Final day.





Over 12,000 people attended Tabcorp Park Menangle to witness Im Themightyquinn become only the third horse in 77 years to win three Inter Dominion pacing championships, joining Blacks A Fake (4) and Our Sir Vancelot, while a huge audience watched "The Race To Sydney" unfold on Channel 9 and Sky Racing throughout Australia and New Zealand.

Racing Minister, The Hon. George Souris, M.P pledged the government's support to an Inter Dominion at Menangle until at least 2015 as the big crowd was treated to seven Group One races featuring the very best horses and drivers in Australasia competing for a record \$2 million in prizemoney.

Although criticised in some circles for abandoning the traditional two-week, three-heats-and-final format in favour of a series with five heats at Menangle (2), Melton, Gloucester Park and Alexandra Park -15 days before the final, Harness Racing NSW and the NSW Harness Racing Club were vindicated by a hugely successful day that promises only to get better over the next two years.

Advertising was at a premium with advertising on taxi backs throughout Sydney, radio advertising on 2DayFM, WSFM, 2GB, 2UE and NOVA 969 along with promotion around Australasia.

## **FY13 HRNSW KS BLACK & CO CARNIVAL OF CUPS**

The Carnival of Cups was re-invigorated with the services of Aussie music star Shannon Noll.

Noll was not only featured in a commercial that targeted families but he also performed at 12 venues throughout the season. The Broken Hill HRC reported that more than 3,500 people attended their Shannon Noll race night and Wagga reported close to 2,000 in attendance.

This was a successful project and HRNSW will continue along the same lines in the future.

In addition, with dollar for dollar funding provided by HRNSW, the Carnival of Cups concept allows individual race clubs to attract quality horses which in turn attracts sponsors to their feature racedays.

The continuous increase in raceday crowds at Carnival of Cups venues has re invigorated many race clubs who used the opportunity to promote their feature meeting with HRNSW's promotion involving a chance for race

goers to win a brand new Toyota Yaris which will be drawn at the 2013 Harness Racing Awards Night.

## **ALABAR NSW BREEDERS CHALLENGE**

Alabar Breeders Challenge day 2013 was hampered with continual rain in the week leading up to the event.

It was the first time that the four-year-old division entered the series providing seven group one events with the added running of the NSWHR Group One the Len Smith Mile.

As a means of enhancing the finals series HRNSW promoted the day by introducing a Family Fun Day which was designed to attract newcomers to Tabcorp Park Menangle. The finals series was promoted locally and through WSFM and 2UE which ensured a healthy crowd despite the weather concerns. This included many local families who had never attended a harness race meeting before.

## **2012 AWARDS NIGHT**

The 2012 Awards Night was another resounding success. Themed, Red White and Blue, an International Rendezvous and held at Sheraton On The Park Sydney, the evening attracted 350 participants who provided positive feedback.

The major award for the evening, the Harness Racing NSW 2011/2012 Harness Horse of the Year was fittingly won by Australasia's fastest pacer Smoken Up. The versatile champion took out honours against some of the finest horses on display at NSW tracks last season.

Race clubs in NSW continued to rely on volunteers to ensure that meetings were conducted to the professional standard required by the sport. Harness Racing NSW was pleased to announce seven well deserving volunteers who performed exceptionally for their respective clubs. These were Graeme Lanarch (Bathurst), Laurie Feehely (Bankstown), Peter Davis (Blayney), Doug Lee (Cowra), Julie Maughan (Inverell), Mark Croatto (Goulburn), and Jim Lewis (Coolamon).

The NSW Champion Junior Driver went to Amanda Turnbull whilst the Country Junior Driver Encouragement Award went to Aaron Garaty with the Metropolitan category taken out by Amy Day.

The 2YO honours went to Frith, 3YO to Scandalman,



# REVIEW OF OPERATIONS - MARKETING, MEDIA AND PUBLIC RELATIONS

Aged Trotter of the Year went to Savona whilst La Saint was named Broodmare of the Year. Aces N Sevens took the Sire of the Year honour for the second year in a row.

Oamps Insurance Brokers were the major sponsor of the evening and provided a sum of \$20,000.

## HARNESS RACING NSW SPONSORS

Harness Racing NSW was privileged to have many new and current sponsors support its activities throughout the 2012/13 season.

For the second year running Harness Racing NSW entered into a \$200,000 sponsorship with Tabcorp with funds distributed amongst participating race clubs.

A total of eleven clubs including Newcastle HRC, Bathurst HRC, Penrith HRC, Wagga HRC, Bankstown HRC, Young HRC, Dubbo HRC, Parkes HRC, Goulburn HRC, Albury HRC and Leeton HRC participated. These clubs met the criteria set by Harness Racing NSW in conjunction with Tabcorp which included race course signage, free entry and hospitality to race meetings for TAB No1 Club members and the naming rights to individual races.

Alan Galloway and Alabar Bloodstock continued their strong sponsorship of the Alabar Breeders Challenge.

Peppertree Farm, Yirribee Stud and Lonsdale Stud were some of many sponsors who sought advertising through the highly popular website, Trots TV.

Accounting firm KS Black Co secured the naming rights for the Carnival of Cups.

Oamps Insurance Brokers played a significant part in the 2012 Harness Racing NSW Awards Night as the Major Sponsor.

The night was also supported by:

- Daily Form Service
- Alabar Bloodstock
- Lexus Of Parramatta
- Taylor Made Travel
- Bankstown Harness Racing Club
- Harness Breeders NSW
- Sky Racing
- Harness Racing Travel World
- NSW Standardbred Owners Association
- Penrith Harness Racing Club
- National Trotguide
- Pepper Tree Farm
- Tabcorp
- NSWHRC
- House Of Brook
- Cordina Farms
- Wagga HRC





## CHARITIES/PROMOTIONS

Harness Racing NSW was involved in a number of marketing initiatives and charity promotions during the 2012/2013 financial year.

### ONLY ONE SLIM

HRNSW offered the public a one in sixty chance to own a ten percent share in two time Menangle winner Only One Slim for just \$100.

HRNSW introduced the Ready to Race Raffle to encourage new owners into the sport of harness racing.

Six hundred raffle tickets were sold at \$100 each with 10 lucky punters winning a share in the promising three-year-old. Each share is valued at \$3,500 each.

The 10 raffle winners own the horse outright, with all the costs covered by HRNSW in the first 12-months.

Only One Slim is trained by Blake Fitzpatrick and has had injury setbacks but will be back on the track in late 2014.

### SHAVE FOR A CURE

Harness Racing NSW supported the Leukaemia Foundations Shave For A Cure fundraiser with a number of owners/trainers and drivers participating.

Shannon Noll played the role of 'hairstylist' at Bathurst Paceway on March 27 where more than a dozen individuals had their heads shaved in support of the charity.

### SHANNON NOLL COMMERCIAL

Harness Racing NSW was rewarded with the highest honour for their production of the Shannon Noll commercial at the World Trotting Conference in France.

Up against quality nominations from around the globe, the commercial was voted best industry promotion web/TV by a specially formed committee.

The commercial was developed by HRNSW with the idea of attracting families and a new race day crowd.

Noll featured in the commercial as a punter taking a fancy to driver Ashlee Siejka and her horse Lucky Me. Noll placed a bet on Lucky Me with the TAB's Jaimee Rogers and Glenn





# REVIEW OF OPERATIONS - MARKETING, MEDIA AND PUBLIC RELATIONS



“everything’s better in harness”. Noll reciprocates with a tag line of his own from his first album, “That’s What I’m Talkin’ About.”

HRNSW would like to thank everyone that contributed to the success of the commercial including Robbie Morris, Kerry Ann Turner, Seryn Adams, Aaron Garaty and the team from Hyperbole Productions led by Wayne Rowley.

## STEPHANIE RICE

Harness Racing NSW was pleased to announce that three-time Olympic Gold Medallist Stephanie Rice became a standardbred owner.

Ms Rice purchased a ten percent share in the Kerry Ann Turner-trained pacer Steffi Rice with all prizemoney earned going to the charity her choice, the Melanoma Institute of Australia.

The winner of Channel Nine’s top rating Celebrity Apprentice program, Rice attended Tabcorp Park Menangle and the stables of Kerry Ann Turner for a promotional photo shoot.

Rice was driven around the Menangle Paceway in a dual sulky and was thrilled with the experience. Rice has 130,000 followers on her twitter account and she provides regular updates on her journey into harness racing.

Munsie and, as per the script, the horse salutes.

Noll is seen celebrating his win with friends before Ashlee approaches him and uses the HRNSW tag line





# EXTERNAL RELATIONS

## TABCORP

Harness Racing NSW continued its long association with Tabcorp to further the interests of the harness racing industry.

Primary efforts in this respect involved obtaining better understandings between the parties on industry turnover performance and general business strategies to stimulate the growth of funding to the racing industry.

Along with Racing NSW and Greyhound Racing NSW, Harness Racing NSW attends regular Business and Strategy Committee meetings with key Tabcorp personnel, the aim of which is to drive the wagering business forward through increased collaboration and understanding between the industry and Tabcorp.

Tabcorp provided a substantial sponsorship to the industry and to various clubs around the state which was matched by clubs providing signage and other benefits to TAB and its clients. In addition, Tabcorp gave promotional airtime and live hosting for certain events.

## 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*.

Harness Racing NSW representation on the Racingcorp Board is provided by Mr Graham Kelly (Harness Racing NSW Member) and Mr Sam Nati (Harness Racing NSW CEO).

## HARNESS RACING AUSTRALIA

During FY2012/13 Harness Racing NSW was a member of Harness Racing Australia, the industry's peak consultative body on harness racing throughout Australia.

Harness Racing NSW provides input and representation at both the Executive and Board levels to various HRA committees including the Wagering Committee, Breeding Committee, National Marketing Committee and the Integrity and Handicapping Committee.

## HARNESS RACING INDUSTRY CONSULTATION GROUP

The Harness Racing Industry Consultation Group was formed in accordance with the terms of the *Harness Racing Act 2009*. It is a consultative body consisting of industry representatives that assists Harness Racing NSW with the development and implementation of industry initiatives and has defined meeting requirements and frequencies.

The body has the function of consulting with and making recommendations to Harness Racing NSW on matters concerning harness racing in the state.

The HRICG replaced the former Harness Racing Industry Participants Advisory Committee.

The Committee met 6 times during the year:

## INDUSTRY ASSOCIATIONS

Harness Racing NSW continued to enjoy good working relations with the four active industry associations – the United Harness Racing Association (UHRA), Harness Breeders NSW (Harness Breeders NSW), the newly formed NSW Standardbred Owners Association (NSWSOA), and the NSW Mini-Trotting Association (NSWMTA).

Each of the Associations continued to benefit from the promotion of websites created and managed by Harness Racing NSW that have proven their worth in enabling the Associations to better communicate with their members.

The United Harness Racing Association and Harness Breeders NSW, in particular, 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 these concerns.

Further assistance was provided to the recently formed NSW Standardbred Owners Association by Harness Racing NSW during FY12/13 to assist with its growth and acquisition of new members.

Harness Racing NSW provided further assistance to the Mini-Trotting Association in a number of ways. Administrative support was provided and Harness Racing NSW assisted with the purchase of trophies



and provided representatives at the annual NSW Mini Trotting Championships held at Gunning over the Easter weekend.

HRNSW contributed to the production of an episode of Horse Talk which was filmed at the Mini Trot Championships at Gunning.

More importantly however Harness Racing NSW assisted with the establishment and ongoing support of Maxi Trots which enables children between 14 and 15 to maintain their interest in the sport.

Analysis over a ten year period highlighted that there was a large drop off rate in participation in the 14 to 15 year-old age bracket which affected the progression of Mini Trots drivers obtaining a B Grade Drivers Licence.

Following a series of concept meetings, a new racing brand labelled Maxi Trots was established which allows drivers that have competed in Mini Trots during the preceding three years to drive full sized Standardbreds in exhibition races.

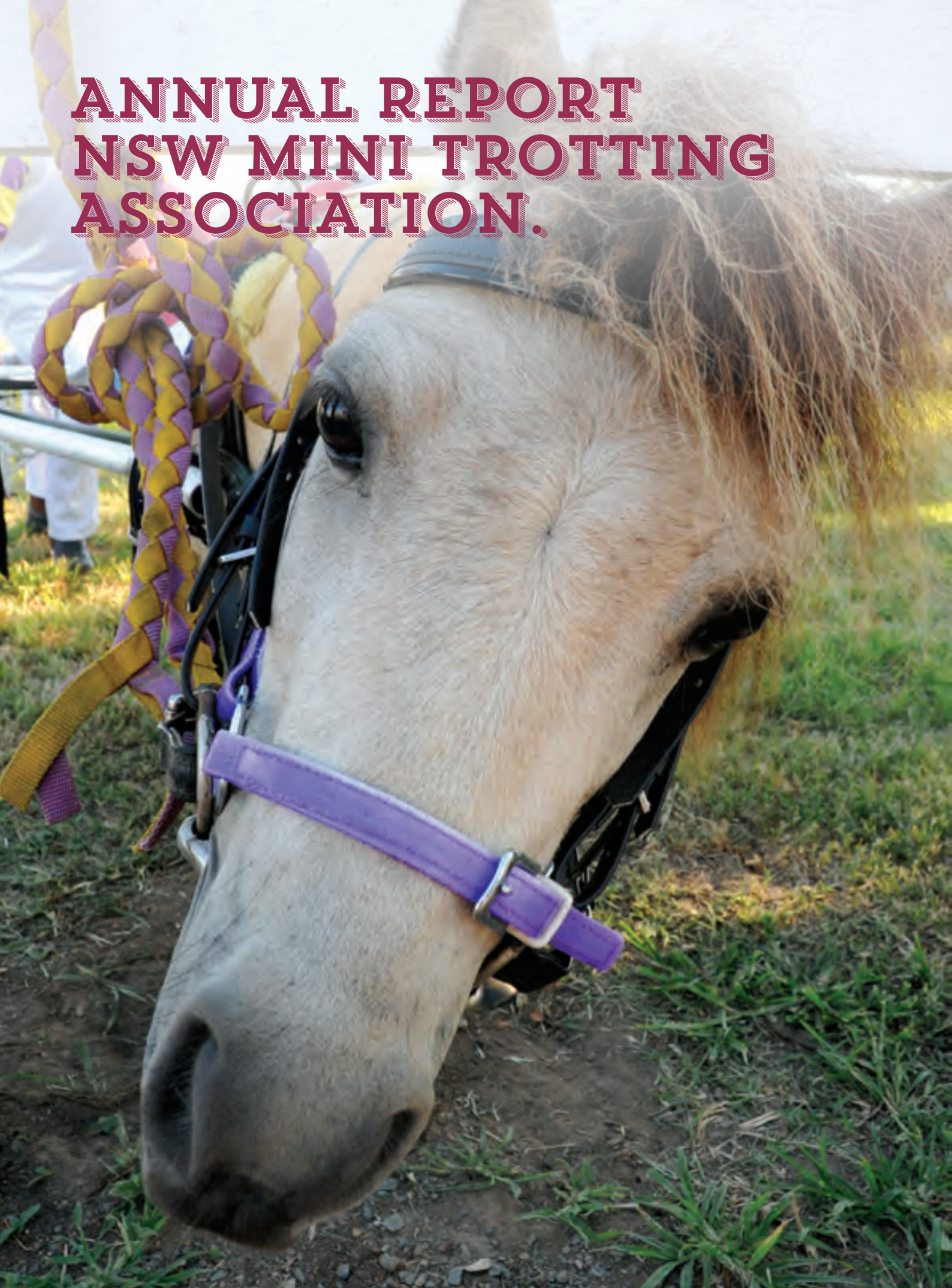
Its introduction aims to provide stimulation, progression, a greater challenge and to encourage a larger participation in the sport of harness racing.

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





# ANNUAL REPORT NSW MINI TROTting ASSOCIATION.







Mini Trotting continued to foster and expand our sport over the past season. Clubs continued to promote their regions with many new participants joining the association. We welcome on board Broken Hill and Tracey Robinson and the crew are very keen to establish in the region, Dubbo region with assistance from Bathurst are looking to soon go out on their own and Shoalhaven have attended Canberra with an open day creating interest in forming a club in the region.

Carnival of Cup events were all again well received and promoted. It's a great opportunity for us to showcase mini trots at regional venues

Congratulations to some of our feature event winners Midnight Express (Cassandra Abbott) Paleface Katie (Ethan Manzelmann) and Lumberjack Willie (Brad Moss) at the Mini Trot Inter Dominion.

Our 29th NSW Championship winners held at Gunning were Little Cheeky (Steve Farrugia) Nightmare (Cody Carroll) and Whispering Gypsy for Chris Judd.

This year also saw a new concept for the Miracle Mile with the horses starting behind the mobile gate at Menangle Paceway. Fastest qualifiers from the NSW Championships were invited and well done to all. Our first winners were Sarah Marsh (Aussie Down Under) Angus Garrard on Twebby Twotter and Chris Judd driving Whispering Gypsy NSW Harness Racing Club recognized mini trots by appointing Chris Geary and Brooke Harpley as ambassadors for 2013 Inter Dominion series.

Maxi Trots had a mixed year with a number of drivers choosing to progress to senior harness which after all is the aim the concept and those progressing have shown





the benefit of Maxi Trots. Congratulations to Grant Ellul winning the first Maxi Inter Dominion event. Consideration is now being made how we may attract more participants promotion reached new heights with association members receiving a HRNSW promotion pack including T Shirt, cap and bag; Carnival of Cups well supported a number of club promotion days which included among other events a mini fancy dress.

The two big ones Narelle Drury and Shoalhaven Club filming Dr Harry to be shown on Better Homes and Gardens and the coverage of the championships by Horse Talk TV in putting together the story of mini trots due to generous financial support from HRNSW.

We continued our relationship with New Zealand Kids Karts with Taitlyn Hanara attending our Inter Dominion series which resulted in an Invitation being extended to the association to send a representative to participate in their Lizzies of Rossland series congratulation to Madelene Bond being chosen.

Valuable assistance from HRNSW, hard work in fostering and promoting the sport by all certainly over recent times has raised our level of recognition with an unprecedented

interest from all over the state in hosting next season championships.

Mini Trotting certainly has raised its profile but still have a way to go and need to keep working to attract more participants to the sport in particular those without current family connection in the sport making it easier to be a part of mini trotting. To this part a number of issues are being considered and the HRNSW Strategic Plan may have some benefits for possible new members to the association.

A huge thank you to all club officials and helpers for their many volunteered hour and HRNSW for their continued fantastic sport.

Looking forward we would like to see a school or training programme developed so we can attract members by having horse and equipment available to encourage participation and education .

Future of potential participants to senior harness is bright with a number of former members already stamping their mark on the sport and despite just over a season old already Maxi Trot graduates Nathan Xuereb and Dan Morgan showing the benefit of the concept.







**ANNUAL REPORT  
NEW SOUTH WALES  
STANDARD BRED  
OWNERS ASSOCIATION**



The Association continued to grow in stature and reputation over the course of the year and continues to represent the view of owners on all matters relevant to Harness Racing.

The Annual Awards Night function conducted at Tabcorp Park at Menangle was attended by 135 members and guests and everyone had a great time and enjoyed a memorable night.

The annual awards were presented to delighted owners with trophies provided courtesy of Bohemia Crystal.

The awards were:-

**2 year old colt/gelding** – NO AH SAINT – J R & M Evans, S M Hinkley, L A Timmins, D L Hardie, L A Philpott

**2 year old filly** – FRITH – Dianne Kelly

**3 year old colt/gelding** – GRAND STRIDE – E & M Rosati

**3 year old filly** – MARQUESS DE POSH – J J Starr

**4 year old colt/gelding** – LETTUCEROCKU – Paul Kahlefeldt

**4 year old mare** – RUPEENO CULLEN – KerryAnn Turner

**Aged mare** – OUR SIXPENNY – H R Kaplan, JJ Gibson

**Aged gelding** – ATOM OF COURAGE – J L Brien

**Trotting colt/gelding** – COMMANDER RAMA – E G Bidder

**Trotting mare** – WILD ISIS – KA Commens, DR Cordina, C Kahlefeldt, MW Armstrong

**Owner of the Year** – Emilio Rosati

The Association has continued to grow its membership – at the time of writing this report the Members' Register stood at 255, although some of the members had still to pay their renewals.

Following the Annual General Meeting the Committee and Office Bearers were elected at the next Committee Meeting of the Association.

The Office Bearers and Committee elected were:

**President:** Peter Neil  
**Vice-President:** Daniel Cordina  
**Treasurer/Secretary:** Peter Green  
**Minutes Secretary:** Fran Fitzpatrick

**Committee:** Peter Dewsbury  
Peter Plummer  
Neil Parnaby  
Marie Neil  
Cheryl McDowell  
Brian Ingram

The Committee thanks Mr. Greg Targett for his contribution to the Association but unfortunately Greg resigned his position due to work commitments.

The Committee also thanks Mr. John Murphy for his valuable contributions to the Association and in particular the manner in which he discharged his duties as Treasurer and Public Officer.

The Association, as an accredited body, is represented on the Harness Racing Industry Consultative Group (HRICG), a forum used to make recommendations to HRNSW and receive information from HRNSW to disseminate to its members and to provide industry feedback on proposals and recommendations proposed by HRNSW.

Over the past twelve months the Association has responded to and made recommendations in relation to a number of matters including:-

- Strategic Plan
- A NSWSOA sponsored Country Free for all Race Series
- Integrity matters
- Official race trials proposal
- Gig insurance
- NSWSOA sponsored claiming race series
- Prize money distribution
- Centralised race programming.

The Association continued with the Owners of the Month Awards but a change in the methodology to measure the number of owners acknowledged. This system commenced in September 2012 and will run to and include August 2013 winners.

Three members are nominated each month and each receives a letter of acknowledgment plus a distinctive Association key ring in recognition of their horse's achievements.



One of the monthly nominees will be named Owner for each Month and receive a trophy acknowledging this achievement at the Annual Awards Night.

All of the monthly nominees will be eligible to enter the draw for a return trip for two to Las Vegas for one week with \$1,000 in spending money. The draw was made at the Annual Awards Night on the 21st September, 2013.

Monthly nominees for Owners of the Month to date are:-

<b>September 2012</b>	Peter and Marie Neil Peter Green Peter Trevor-Jones
<b>October 2012</b>	Paul Kahlefeldt Kevin Hipkins Rachelle Corefield
<b>November 2012</b>	Adam Sofoulis Brett Davis Rod and Julie Smith
<b>December 2012</b>	Lester and Lynda Hewitt Shaun Snudden Colin Watts
<b>January 2013</b>	Colin and Cheryl McDowell Joe Cordina Ron Yeo
<b>February 2013</b>	Emilio and Maria Rosati David Hewitt Bernie Hewitt
<b>March 2013</b>	Dianne Kelly Jackie Gibson Allan Colwell
<b>April 2013</b>	Kevin Hurst Cathy Hewitt Pat Driscoll
<b>May 2013</b>	Nathan Hurst Fran Fitzpatrick Rob Davis
<b>June 2013</b>	John Starr John Brannelly Zac Cornell
<b>July 2013</b>	David Johnston Michael Teuma Daniel Cordina

Race Series with ongoing support from relevant Race Clubs and Harness Racing New South Wales which provides lists of all eligible horses/owners and all successful owners in addition to contributing to the Bonus when a winning horse is New South Wales Breeders Challenge eligible.

The popularity of these Bonus Series Races increases each year.

Bonus winners for the 2012/2013 Race Series were:-

<b>Dubbo</b>	MCARMBRO NZ – NP & PP Hurst, W Plunkett, LS Jon, DC Antees, MB & TP Hawkett, PW Webb. MIGHTY GIFT – DD Johnston, KA Johnston I AM MISTER RED – RED Harness Racing Pty Ltd
<b>Young</b>	MAGIC FRANCO – J Cordina MAJORLICIOUS – SJ Harris, FAJ Harris POSTER GIRL – MJ Clayton
<b>Bankstown</b>	MISTER ROCKNROLL – RE Cahill
<b>Menangle</b>	OHYOULUCKYTHING NZ – JJ Starr
<b>Parkes</b>	SIGN ON SALLY – MT Hewitt, GW Halls, TJ Toole DASHING DEANO – Campbell Advisory Racing
<b>Newcastle</b>	WE SULUTE THE STARS NZ – AD Sofoulis WINGELLO LASS – JF Yard, KJ Wells, Estate of CM Breen YAYAS HOT SPOT – AD Sofoulis
<b>Wagga Wagga</b>	SOHO CRUISE – SJ Snudden, PJ Diebert MACCA KELLY – Dianne Kelly
<b>Penrith</b>	CRUISIN CARL – DC Brien, JA Smith MISSING LETTERS – ME Gibson ICY RIVER – JE & B Andersen, Yabby Dam Farms Pty Ltd, LJ Jones, JA & NP Costello LETTUCERIPRITA – Redbank Lodge Standardbreds
<b>Bathurst</b>	SATIN SEA – DM & MA Hewitt CHLOES VENTURE – MT Hewitt, GW Halls, TJ Toole

The Association also continued with its Owners Bonus



**Goulburn**

GLIDING ROSE NZ – AD Sofoulis, AR Flack  
CLOCKON DOC LOMBO – Kriden Investments Pty Ltd

The Association would like to thank Parkes, Young, Bankstown, NSWHRRC, Dubbo, Newcastle, Wagga Wagga, Penrith, Bathurst and Goulburn Race Clubs for their participation and support of the Race Series.

The Association gratefully acknowledges and thanks its generous sponsors for their continued support –

- Harness Racing New South Wales
- The New South Wales Harness Racing Club
- Harness Racing International
- Bohemia Crystal
- Gow Gates Insurance
- Lexus of Parramatta
- Global Food Equipment

- The Tekform Group
- Alabar Bloodstock
- Yirribee Pacing Stud
- Woodlands Stud
- Cordina Chickens
- Rayngold Standardbreds
- Ingram Shearing Contractors
- Kriden Park
- Darrel Lea Confectionery
- Success Stud

I would like to thank the Committee for their selfless and tireless hard work and dedication to the Association and harness racing in general and look forward to the continued growth of the Association as a significant voice for all owners.





# ANNUAL REPORT HARNES BREEDERS NSW





The past year has offered many changes in the Harness Racing world and there has also been a few changes in the breeding world, in particular at Harness Breeders NSW. At our AGM held in June this year, a new President was elected, Joanne Andersen has now taken over from Les Camarda, who has performed the role so admirably for many years. Les is now the Vice President, with Pat Driscoll remaining as the Treasurer and Dyanna Thommeny also remains as Secretary. We welcome two new committee members in Kirsty Stevenson & Darryll Kell. Our other committee members who were re-elected include Dr Andrew Daniels, Kevin Hipkins & Jackie Gibson. Everyone is looking forward to the year ahead and keen to be involved in shaping the breeding industry in NSW. Thanks again goes to all the committee, for the hard work they have put in over the last 12 months in ensuring the strength of the breeding industry in NSW.

FY13 saw some new initiatives introduced by the Association which included sponsorship of a brand new race for 3yo fillies called the Pink Diamond. The event held at Penrith Paceway as part of their Carnival of Cups meeting included a superb replica Pink Diamond trophy. The inaugural event was won by the John Tapp trained and Jim Douglass driven Im Tondelayo, which is part owned by Anne Tapp and Mary Cassar.

The 2nd running of the Go Girlfriend series was again a success with the final winner being Uweehumma, trained by Michael Muscat and owned by Charlie Montebello of Jetstarr Properties Pty Ltd in a sizzling time of 1.54.2. The heats were conducted at Bathurst (Uweehumma) Newcastle (Far Too Rusty) Young (Poster Girl) & Penrith (Whispering Lass). The final this year was of \$20,000 a fantastic increase on last year and we would like to sincerely thank NSWHRC Tabcorp Park Menangle for the much appreciated support in ensuring this series continues to thrive over coming seasons. HRNSW also donated a \$2500 Breeders Challenge bonus certificate which was randomly drawn from a heat starter. The winner of this was Stephanie Major (Penrith heat) owned by the Vella family.

In line with our current strategies of assisting members, HBNSW purchased 6 foaling alarms in 2012 which were hired out to members at a reduced rate to encourage breeders to ensure their mares are monitored through the foaling process. The alarms were well patronised and we already have a few bookings in place for this year. See our website for more details [www.harnessbreedersnsw.org.au](http://www.harnessbreedersnsw.org.au).

We held our first major fund raising raffle year, with the prize being a Service to the Fully Booked Alabar Stallion, Mach Three. The raffle was well supported and won by Noel Cameron of Gol Gol in South West NSW. The ticket

was purchased for Noel by his wife Midge as a surprise and what a great surprise it was. Can't wait to see photos of the resultant foal. Lets hope it is a star.

Another new feature on our website is Pedigree Guru, this impressive matching and pedigree software can be used free of charge to members and is certainly a valuable tool in stallion matching and production of pedigree pages. We are currently in negotiation with HRA in relation to providing data updates to ensure the package can provide up to date and accurate information. For more information drop us an email requesting a login.

HBNSW together with HRNSW have undertaken a sponsorship of MF Hollywood, the magnificent standardbred gelding owned and ridden by Kat Mullan of VIC in his upcoming Garryowen campaign. The Garryowen is undoubtedly one of the most highly regarded and elite horse shows in Australia and to have a standardbred accepted to compete is a fantastic effort to say the least. This will certainly raise the awareness of the versatility of the standardbred and it's uses post racing.

It has also been a very difficult year for our long standing committee person, Kevin Hipkins. Kev had part of his leg amputated earlier in the year and is thankfully now well and truly on the way to a full recovery. He is getting around well and he recently attended his first committee meeting for some time. Welcome back Kev, we have missed having you being around, and wish you well in the last part of your recovery.

Our Awards night and AGM is being held on Saturday 16th November at Tabcorp Park Menangle. We have again secured the services of Gareth Hall as our MC and of course there are some quality awards to be received. This night is always a very popular night and this year should be no different. Watch the newsletter and website for full details, and we hope to see you all there.

We look forward to a fabulous season ahead, with the welcome addition of the \$3000 Breeders Challenge Nominators bonus about to hit bank accounts across the state. We are sure this will prove to be a great incentive for breeders across the state, and can guarantee it will have a positive impact on breeding numbers.

Lastly, we would again like to thank our very loyal sponsors – the studs who provide our members with some fantastic stallion discounts – these include Alabar Bloodstock, Peppertree Farm, Calderwood Farm, Rosswood Stud, Loddon Valley Farm and Yiribee Pacing Stud. The fabulous support from these studs is one of the main reasons the association has grown considerably over the past few years and we again want to say "Thanks" on behalf of all our members.



# ANNUAL REPORT UNITED HARNESS RACING





The 2012/13 Season commenced with the Police Investigation still lingering however the Industry has countered with positives such as a very successful Breeders Challenge Series, in terms of horses and turnover, new infrastructure underway at Menangle, Bathurst and Goulburn and the announcement of prizemoney increases.

The UHRA elected and active Office Bearers for 2012/13 were Neil Day, President, Gavin Fitzpatrick, Vice President, Wally Mann, Secretary, Leon Jurd, Darren McCall, Jamie Bond and Jamie Hogan. The Association's Office Bearers and Representatives covered all Regional Centres and worked effectively communicating and reporting back on pertinent Industry issues.

The UHRA is accredited to look after Trainers and Drivers interests however most are involved in other facets including Owning and Breeding therefore any issue results in diversified range of views. The Association thus operates on two basic principles ie 'co-operation in the best interests of the Industry as a whole' and 'to present a clear majority view'.

During 2012/13 UHRA has worked closely with HRNSW and has forwarded it views, as requested, on such major issues as Handicapping, Licensing and Insurance, Junior Driver Programmes, Breeders Challenge Reviews, Rule Reviews, etc.

During the past season UHRA has instigated regular Meetings with HRNSW and topics which have been discussed at length include Rule Anomalies, Change of

Tactics Rule, Insurance, Sulky Scheme, review of Penalty Guidelines, consistency in the Application of Rules, Penalties and Race Judgements, reduction in Participants costs including Licensing.

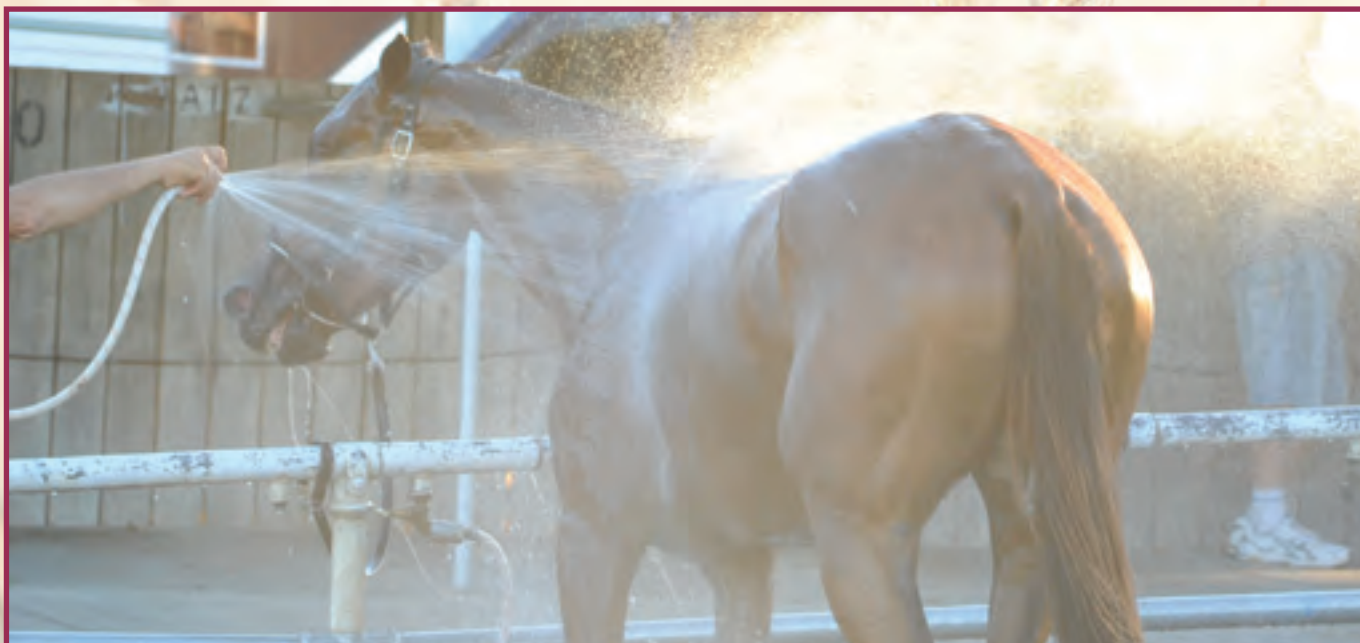
Issues that are 'carried on the docket' to the 2013/4 season include Handicapping and Programming, Permanent on course Stabling, Rule changes including Change of Tactics, Penalty Guidelines and (some form of) Superannuation.

Regrettably we leave the 2012/13 Season with the outcome of the Police Investigation still unfinished and a disappointing number of participants contravening Regulatory Rules. On a positive note future infrastructure projects can be seen to be happening, Prizemoney increases have taken place and the Breeders Challenge has seen NSW horses once again become competitive on the national stage.

The UHRA will continue to represent the overwhelming majority of honest, hard working Participants in the Industry in NSW whose integrity and ethical standards bring credit to the Industry.

N.A.Day  
President

W.Mann  
Secretary









## OVERVIEW

There is a separation of commercial and regulatory functions within Harness Racing NSW to protect against conflicts of interests and to ensure that the interests of the industry and racing integrity remain paramount.

The basis of the structure during FY13 was that Harness Racing NSW was split into four major operating divisions (Commercial Services, Regulatory Services, Racing Operations and Marketing) with a separate secretariat unit to provide support to the CEO and Board.

The structure during FY 2012/13 was as follows:

## CEO & BOARD UNIT

The CEO and Board Unit is headed by Chief Executive Officer Mr Sam Nati.

As well providing administrative support for the CEO and Board, other functions provided by the unit include general administration for the organisation including building maintenance, stores and stationery management, travel and accommodation and records management.

## COMMERCIAL SERVICES

The Commercial Services Division is headed by Manager – Commercial Services Mr Peter Carney.

The Division is responsible for the administration of funding arrangements with Tabcorp and wagering operators, payment of funds to clubs and the management of the Industry and Racecourse Development Funds which are administered on behalf of the industry by Harness Racing NSW.

In addition, the Division manages the Centralised Stakes Payment System through which prizemoney and other payments are made to participants on behalf of all clubs.

Administration of other finance-related functions such as the collection of fines, licensing and registrations revenue, and management of the Unpaid Forfeits List is also undertaken by the Commercial Services Division.

Information technology services, which are outsourced, and administration of industry leases, insurance and commercial agreements/operations are other responsibilities falling into the remit of the Division.

## INTEGRITY SERVICES

The Integrity Division is headed by the Manager – Integrity & Chairman of Stewards, Mr Reid Sanders.

The Division is responsible for the provision and co-ordination of all regulatory and integrity services including rules development, stewarding, inquiries and appeals, handicapping, veterinarian, registration and other related services.

Mr Sanders also has the responsibility to drive strategy and reforms within the Integrity Division so as to develop the most effective and dynamic Stewards panel.

Day-to-day control of the stewards and provision of stewarding services is provided by the Deputy Chairman of Stewards Mr Chris Paul who reports to Mr Sanders. The stewards panel consists of seven senior stewards and three cadet stewards.

Integrity Division also includes:

- (i) A separate integrity unit that includes investigators and a form analyst;
- (ii) A veterinarian who advises HRNSW on all animal related matters;
- (iii) Registration department that administers all registrations across the state including those for participants and animals.
- (iv) A handicapping department that is directly responsible for checking and loading race programs as submitted by Clubs, loading of nominations for both races and trials, the handicapping of race fields and the distribution of racing information to the media and TAB;

## RACING OPERATIONS

The Commercial Racing Operations Division is headed by Manager – Racing & Product Development Mr Adam Fairley.

The role of this division is to prepare policy on issues such as handicapping, race programming and scheduling and race date allocation

In addition to these responsibilities the Racing Operations Division is also charged with the preparation of statistical and performance reports for the Board, Executive



and clubs on racing-related matters such as turnover performance, horse movements and population, and club performance.

## MARKETING

The Marketing Division is headed by Manager - Marketing Mr Dale Walker.

The Division is responsible for providing industry marketing and organisation of industry events, sponsorship and production of The Gazette and development of media and social media platforms.



# CORPORATE GOVERNANCE

## BOARD RESPONSIBILITIES

The Harness Racing NSW 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* 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.

## BOARD STRUCTURE

The current Board, which took office in February 2012, 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 a new direction and impetus to Harness Racing NSW'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.

## **CHAIRMAN**

### **CAMPBELL, GRAEME JOHN**

(Elected Chairman)

Chairman, Graeme Campbell, has first-hand knowledge of the industry as an owner of Standardbreds. With more than 30 years high level business experience in accounting and finance, Mr Campbell was formally a Director of Ferrier Hodgson.

Mr Campbell is currently a Director of Central Coast Stadium and Ainsworth Gaming Technology as well as being the principal of a specialist consulting company which he founded to provide advice to the hotel and registered club industries.

Mr Campbell served two terms on the previous Board and was appointed for a further term of two years.

Mr Campbell's term will expire in February 2014.

## **MEMBERS**

Chris Edwards, Graham Kelly, Alex Smith and Rod Smith – are well known in racing circles and have long associations with the industry.

### **EDWARDS, CHRISTOPHER JOHN**

Mr Edwards has been involved with harness racing as a hobby owner, trainer, driver and local steward for over 25 years.

A Director of the Dubbo Harness Racing Club since the 1980s, Mr Edwards was Club President from 1992 – 1995, Secretary/Manager from 2000 – 2004 and was elected for two terms as President.

Mr Edwards has been a past President of the Western Districts Harness Racing Clubs Association and Country Clubs Association, and is currently a Vice President of the Dubbo Show Society.

Mr Edwards is a farmer with a property north of Dubbo.

Mr Edwards served one term on the previous Board and was appointed for a further term of 3 years.

### **KELLY, GRAHAM JOHN**

Mr Kelly is the former Chairman of TAB Limited, Sky Channel Limited and Centrebet International Ltd. He is also a former Chairman or Director of several financial services companies, including the State Bank of NSW.

Mr Kelly was also the Inaugural Inspector of the Independent Commission Against Corruption and a former Chairman, Managing Partner and Partner of Freehills, Solicitors.

Mr Kelly was appointed for a term of 4 years.

### **SMITH, ALEXANDER STEWART AM**

Mr Smith has significant high level public sector experience, including being the former Deputy Director General of the NSW Department of Premier and Cabinet and the NSW Premier's Department.

Mr Smith was made a member of the Order of Australia in 2002 in recognition of his contribution to public administration in NSW

Mr Smith was appointed for a term of 4 years.

### **SMITH, RODNEY GRAHAM**

Mr Smith has more than 21 years of experience in the corporate finance sector and business ownership in the motor retail sector.

His interest include breeding, racing and administrative involvement in the harness racing industry, including roles as the former Treasurer of Bathurst Harness Racing Club and Vice President of the NSW Owners Association.

Mr Smith was appointed for a term of 4 years.

## **MEETINGS**

Harness Racing NSW conducts Board Meetings on a monthly basis usually on the last Tuesday or Wednesday. In



special circumstances where matters must be considered outside this timeframe, the Board holds special Board Meetings either in person or by teleconference.

During the year the Members met 12 times. Attendance at meetings was as follows:

<b>Board Member</b>	<b>Meetings Held</b>	<b>Total Attended</b>
G Campbell	12	12
C Edwards	12	12
G Kelly	12	11
A Smith	12	12
R Smith	12	12



*Alex Smith*

*Graham Kelly*

*Graeme Campbell*

*Rod Smith*

*Chris Edwards*



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

### HARNES RACING NEW SOUTH WALES

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# 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 2013.

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

## MEMBERS

The Members of HRNSW in office at the date of this report are:

Mr Graeme Campbell - Chairman

Mr Chris Edwards

Mr Graham Kelly

Mr Alex Smith

Mr Rod Smith

## MEMBERS MEETINGS

During the year members met 12 times. Attendance at meetings was as follows:

Name	Attended	Number eligible to attend
Mr Graeme Campbell	12	12
Mr Chris Edwards	12	12
Mr Graham Kelly	11	12
Mr Alex Smith	12	12
Mr Rod Smith	12	12

Member emoluments are shown in the attached financial statements.

## PRINCIPAL ACTIVITIES

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

- registration of harness racing clubs 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,

- 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 surplus for the year amounted to \$205,127 (2012: Surplus \$15,468,163).

The result includes the first full year of Race Fields monies received during the year which have been distributed in accordance with the model determined by the Board including funding of video and integrity expenses and additional prize money and club administration expenses.

In addition, certain payments were made from the surplus race fields fund to:

- (i) assist with the marketing and funding of the 2013 Inter Dominion race; and
- (ii) to pay the NSWHRC amounts due to it under the board approved distribution of race fields monies which related to prior years.

These later transactions have been reflected in the Statement of Profit or Loss and Other Comprehensive Income.

The surplus race fields fund comprises race fields monies collected from 1 September 2008 to 30 March 2012 less disbursements and repayments to other Funds which supported operations during that period.

## 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 thirty five (35) employees as at 30 June 2013 (2012: 35).

As at the date of this report the entity had thirty five (35) employees.



### 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;
- ii) the state of affairs of the entity, in future years.

except that

- (i) In the period subsequent to Balance Date both Sportsbet and Betfair have reached an agreement with Racing NSW and Harness Racing New South Wales in respect of legal fees incurred in relation to the Federal Court race fields matter.

HRNSW received its portion of the agreed amount in late August 2013.

HRNSW received its portion of the High Court costs during the year.

- (ii) HRNSW entered into a building contract for the construction of a new track and associated infrastructure at Bathurst. HRNSW's contribution will be \$5.750M.
- (iii) HRNSW has entered into an agreement with the NSWHRRC to lease grounds and construct and manage a training centre for up to \$10.0m at the Menangle complex.

### 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 by the adherence to an agreed Code of Conduct and the disclosure of interests by Members..

### LIKELY FUTURE DEVELOPMENTS

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

- (i) Purchase land;

- (ii) Build race tracks and related infrastructure;
- (iii) Provide significant funding for track improvements at current tracks

within New South Wales in its own right or through the Racecourse Development Fund.

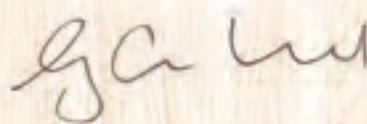
### MEMBERS BENEFITS

Neither since the financial year, nor during the financial year, has 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 other than the interests of Mr Rod Smith through a contract for the supply of vehicles on commercial terms to HRNSW through Terry Shields Toyota.

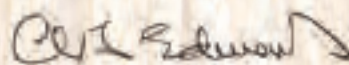
### AUDITOR INDEPENDENCE

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

Signed in accordance with a resolution of the Members at Bankstown, 26th day of August 2013.



**Graeme Campbell - Chairman**



**Chris Edwards - Member**



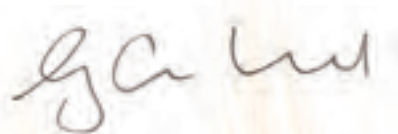
# MEMBERS DECLARATION

The Members of Harness Racing New South Wales (HRNSW) present their declaration for the financial year ended 30 June 2013.

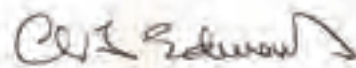
In the opinion of the Members of the entity:

- (a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 30 June 2013 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 (a).

Signed in accordance with a resolution of the Members at Bankstown, dated 26th August 2013:



**Graeme Campbell - Chairman**



**Chris Edwards - Member**

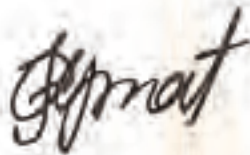


# LEAD AUDITOR'S INDEPENDENCE DECLARATION

To the Members of Harness Racing New South Wales:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

- no contraventions of the auditor independence requirements as set out in APES 110 "Code of Ethics for Professional Accountants" in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



**K S Black & Co**  
*Chartered Accountants*

**Faizal Ajmat**  
*Partner*

**Sydney**

**Dated:** 26 August 2013



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Accountants**



# **INDEPENDENT AUDITORS' REPORT**

## **TO THE MEMBERS OF HARNESS RACING NEW SOUTH WALES**

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of Harness Racing New South Wales (the 'entity') which comprises the statement of financial position as at 30 June 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the members' declaration.

### **MEMBERS' RESPONSIBILITY FOR THE FINANCIAL REPORT**

The members of the entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 3(a), the members also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### **AUDITORS' RESPONSIBILITY**

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

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

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

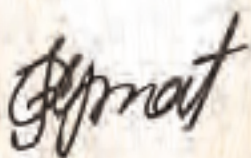


## INDEPENDENT AUDITORS' REPORT CONTINUED

### AUDITORS' OPINION ON THE FINANCIAL REPORT

In our opinion:

- a. the financial report of Harness Racing New South Wales:
  - i. gives a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
  - ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations).
  - iii. complies with the Harness Racing Act (NSW) 2009.
- b. the financial report of the entity also complies with International Financial Reporting Standards as disclosed in note 3(a).



**K S Black & Co**

*Chartered Accountants*

**Faizal Ajmat**

*Partner*

**Sydney**

**Dated:** 26 August 2013



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# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>REVENUE from continuing operations</b>			
Product Fee	4(a)	22,902,813	24,468,845
Wagering Incentive Fee	4(a)	11,242,727	9,097,313
Race Fields Income	4(b)	6,995,743	22,748,365
Interest on Race Fields monies	4(c)	876,954	2,137,761
Finance Income – Interest Revenue		58,174	81,235
Grants Received - Racecourse Development Fund	4(d)	125,519	1,804,241
Grants Received - RDF - Special Investigation	4(e)	93,823	412,490
Grants Received - Industry Funds	4(f)	174,000	170,000
NSW Harness Racing Gazette	4(g)	186,601	191,749
Sponsorship		-	30,000
Registration & Licensing Income		759,141	959,381
Stewarding and Other Fees Charged to Clubs		1,048,720	983,828
Other Income	4(h)	16,348	24,673
<b>Total Revenue</b>		<b>44,480,561</b>	<b>63,109,879</b>
<b>EXPENSES from continuing operations</b>			
HRNSW TAB Distribution:			
to Clubs	5(a)	16,404,109	26,618,557
to Industry Fund	5(b)	2,372,058	2,344,448
to Racecourse Development Fund	5(c)	677,731	666,141
Prizemoney Paid		10,420,491	-
Payments from Race Fields Fund	5(d)	5,993,400	8,177,233
HRA Membership Levy		118,242	110,013
Employee Salaries and Related Expenses	5(e)	3,585,770	3,123,881
Members Fees	5(f)	100,693	101,514
NSW Harness Racing Gazette		185,343	194,371
Postage, Printing & Stationery		143,517	145,198
Travel	5(g)	331,979	303,277
Consultancy & Contractors		6,347	-
Occupancy Expenses		100,599	114,842
Equipment Expenses		34,779	37,105
IT and Communication Expenses	5(h)	329,288	258,208
Special Projects - iForm and Others		36,508	-
Depreciation Expense		189,645	252,089
Insurance		60,368	34,005
Racing Integrity Expenses	5(i)	1,348,347	818,349
Racing Integrity Expenses - Special Investigation	5(j)	93,823	412,490
Sky Video expenses		1,411,881	486,514
Bad debt Expense	5(k)	(44)	2,163
Other Expenses	5(l)	182,652	143,183
Race Fields Reimbursement to RDF - Video Fees	5(m)	-	3,135,425
Amalgamation Expenses	5(n)	75,003	83,988
Transfer Fine Income to Benevolent Fund		-	3,125
Transfer Fine Income to Industry Fund		72,908	75,598
<b>Total Expenses</b>		<b>44,275,435</b>	<b>47,641,717</b>
<b>SURPLUS FOR THE YEAR</b>		<b>205,127</b>	<b>15,468,163</b>



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

for the financial year ended 30 June 2013

	Note	2012 \$	2011 \$
<b>Comprehensive income</b>			
Other Comprehensive income		-	-
Other Comprehensive Income for the Year		-	-
<b>Total Comprehensive Income for the Year</b>		<b>205,127</b>	<b>15,468,163</b>

The accompanying notes form part of these financial statements

# STATEMENT OF FINANCIAL POSITION

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	6	117,616	2,099,156
Deposits		12,700,602	14,694,025
Trade and Other Receivables	7	10,509,697	12,618,977
Other	8	1,440	33,793
<b>Total Current Assets</b>		<b>23,329,355</b>	<b>29,445,951</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	10	3,215,191	3,279,318
Land	9	950,398	950,398
<b>Total Non-Current Assets</b>		<b>4,165,590</b>	<b>4,229,716</b>
<b>TOTAL ASSETS</b>		<b>27,494,945</b>	<b>33,675,667</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11	10,236,460	16,483,387
Provision for Employee Benefits	12	555,895	501,481
<b>Total Current Liabilities</b>		<b>10,792,355</b>	<b>16,984,868</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and Other Payables	14	1,121,575	1,314,911
<b>Total Non-Current Liabilities</b>		<b>1,121,575</b>	<b>1,314,911</b>
<b>TOTAL LIABILITIES</b>		<b>11,913,930</b>	<b>18,299,779</b>
<b>NET ASSETS</b>		<b>15,581,014</b>	<b>15,375,887</b>
<b>EQUITY</b>			
Accumulated Surplus		15,581,014	15,375,887
<b>TOTAL EQUITY</b>		<b>15,581,014</b>	<b>15,375,887</b>

The accompanying notes form part of these financial statements



# STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Participants and Government Grants		47,062,083	45,858,844
Interest Received		935,127	81,235
Payments to Suppliers, Employees and Participants		(51,578,315)	(27,340,145)
Amalgamation Costs		(75,003)	(83,988)
<b>Net Cash (Used in) / Provided by Operating Activities</b>	<b>19</b>	<b>(3,656,107)</b>	<b>18,515,945</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Property, Plant & Equipment		(125,519)	(1,889,750)
Payments for Investments		-	(14,499,025)
Proceeds From Investments		1,993,424	-
<b>Net Cash Provided by / (Used in) Investing Activities</b>		<b>1,867,904</b>	<b>(16,388,775)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan repayment		(193,337)	(184,130)
<b>Net Cash Used in Financing Activities</b>		<b>(193,337)</b>	<b>(184,130)</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents Held</b>		<b>(1,981,539)</b>	<b>1,943,041</b>
Cash and Cash Equivalents at the Beginning of the Year		2,099,155	156,116
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>6</b>	<b>117,616</b>	<b>2,099,155</b>

The accompanying notes form part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
Total Equity at the Beginning of Financial Year		15,375,887	(102,163)
Total Comprehensive Income		205,127	15,478,050
<b>Total recognised income and expense for the year</b>		<b>205,127</b>	<b>15,478,050</b>
<b>Total Equity at the End of the Financial Year</b>		<b>15,581,014</b>	<b>15,375,887</b>

The accompanying notes form part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

## 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.

### b) Benevolent Fund

The Benevolent Fund 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 13.

### c) Separate Funds

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

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

Distributions from Tab Limited ("TAB") are recognised as they accrue to the benefit of the entity based on distribution advices received from TAB.

#### *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.

### c) Receivables

The recoverability of receivables is reviewed annually. Bad debts are written off and a provision is established for doubtful debts.

### d) Property, Plant and Equipment

Each class of Buildings, Property, plant and equipment is measured at cost (except for land as described in Note 9) 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	4%
-----------	----



Plant and equipment 10 - 40%

Telecommunications, computer hardware  
25 - 40%

Fixed asset purchases of items below \$1,000 are written off to expense in the year of acquisition.

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.

## e) 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. None the less, 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 Members 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.

## f) Loans and Borrowings

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

## g) 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.

## 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 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.

## i) Cash and Cash Equivalents

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

## j) Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

## 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**

There are no new standards or interpretations which have a material effect on the financial statements.

**n) Operating Leases**

Where HRNSW is a lessee, payments on operating lease agreements are recognised as an expense on a straight line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

**o) 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.

**p) GHRRRA Assets and Liabilities transferred**

By order of the Minister of Gaming and Racing, all harness related assets and liabilities of the Greyhound and Harness and Harness Racing Regulatory Authority were transferred to Harness Racing New South Wales on 1 July 2009.

**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. 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.

**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 CONTINUED

<b>4 REVENUE</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Product Fee</b>	22,902,813	24,468,845
Wagering Incentive Fee	11,242,727	9,097,313
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>34,145,540</b>	<b>33,566,158</b>
<b>(b) Race Fields Income</b>		
Race Fields Income recognised following the High Court decision including fees received in FY2012.	-	22,748,365
Received during current Financial Year	6,995,743	-
	<b>6,995,743</b>	<b>22,748,365</b>
<b>(c) Race Fields Interest Income</b>		
Interest Income recognised on Race Fields monies held in trust and remaining after FY2012 disbursements	876,954	2,137,761
	<b>876,954</b>	<b>2,137,761</b>
<b>(d) Grants Received - Racecourse Development Fund</b>		
Funding for purchase of 22 Meredith Street	-	1,269,602
Funding for purchase of land at Goulburn	-	425,106
Funding for purchase of Other Equipment	125,519	109,533
	<b>125,519</b>	<b>1,804,242</b>
<b>(e) Grants received for Special Investigation</b>		
Grant Received - Racecourse Development Fund for special investigation expenses	93,823	412,490
	<b>93,823</b>	<b>412,490</b>
<b>(f) Grants Received - Industry Fund</b>		
Management of Centralised Stakes Payment System	153,000	149,000
Breeders Challenge Stakes Management Fee	21,000	21,000
	<b>174,000</b>	<b>170,000</b>
<b>(g) Harness Racing Gazette Income</b>		
Subscriptions	121,801	126,019
Advertising Income	64,800	65,730
	<b>186,601</b>	<b>191,749</b>
<b>(h) Other Income</b>		
Benevolent Fund	-	3,125
Other	16,348	21,548
	<b>16,348</b>	<b>24,673</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 OPERATING EXPENSES	2013 \$	2012 \$
<b>(a) HRNSW TAB Distribution to Clubs</b>		
NSWHRC - Principal Club	11,832,110	11,579,155
NSWHRC - Menangle	228,000	826,535
Bankstown	180,000	780,128
Bathurst	615,000	1,998,991
Bulli	171,000	760,082
Dubbo	192,600	609,975
Goulburn	120,000	308,621
Newcastle	885,600	2,856,229
Parkes	153,000	575,984
Penrith	600,000	1,993,776
Tamworth	288,000	787,959
Wagga Wagga	372,000	1,397,746
Young	219,000	758,542
All Other Clubs	547,799	1,384,835
	<b>16,404,109</b>	<b>26,618,557</b>
<p>During FY2013 all clubs except the NSWHRC only received administration funding. HRNSW paid prize money direct to participants. The \$11.832m paid to the NSWHRC includes prize money and administration funding.</p>		
<b>(b) HRNSW Distribution to Industry Fund</b>		
<p>HRNSW is required under the Intra Code Agreement 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.</p> <p>The amount distributed to the Industry Fund is equal to 6% (2012: 6%) of the HRNSW share of the TAB Distribution.</p>		
	2,033,193	1,998,419
Additional Carnival of Cups Levy - 1% (2012: 1%).	338,866	346,028
	<b>2,372,058</b>	<b>2,344,447</b>
<b>(c) HRNSW TAB Distribution to Racecourse Development Fund.</b>		
<p>The amount distributed to the Industry Fund is equal to 2% (2012: 2%) of the HRNSW share of the TAB Distribution.</p>		
	677,731	666,141
	<b>677,731</b>	<b>666,141</b>
<b>(d) Funding of races from Race Fields monies</b>		
Agreed disbursement of race fields receipts from race fields fund during FY2012.	-	8,177,233
FY2013 payments for administration and prizemoney	3,819,272	-
FY2013 payments to Industry Fund for Breeding	511,660	-
FY2013 payments to Industry Fund for Marketing	273,518	-
Payments to NSWHRC for race fields receipts from prior years out of race fields fund.	1,388,950	-
	<b>5,993,400</b>	<b>8,177,233</b>
<b>(e) Employee Salaries and Related Expenses</b>		
Salaries	2,981,741	2,713,630
Superannuation	264,877	244,140
Payroll Tax	142,689	131,608
Annual & Long Service Leave	145,585	(12,386)
Workers Compensation Insurance	10,964	18,315
Temporary Staff and Other	39,914	28,574
	<b>3,585,770</b>	<b>3,123,881</b>



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 OPERATING EXPENSES continued...	2013 \$	2012 \$
<b>(f) Members Fees</b>		
Graeme Campbell	35,582	35,290
Chris Edwards	22,103	20,183
Graham Kelly	13,952	4,976
Alex Smith	14,518	4,964
Rod Smith	14,538	5,318
Les Bentley	-	11,085
Rex Horne	-	9,849
Robert Nalder	-	9,849
	<b>100,693</b>	<b>101,514</b>
<b>(g) Travel expenses</b>		
Employees	314,401	293,595
Members	17,578	9,682
	<b>331,979</b>	<b>303,277</b>
<b>(h) IT and Communication Expenses</b>		
IT Support & Software	196,117	191,854
Phone, fax and related expenditure	133,171	66,354
	<b>329,288</b>	<b>258,208</b>
<b>(i) Racing Integrity</b>		
Swab Testing and reporting	649,115	599,539
Stewards inquiries	266,489	61,849
Registration Processing	78,091	123,466
Integrity Auditor	18,182	27,897
Freeze Branding	15,641	5,598
Other Integrity	320,831	0
	<b>1,348,347</b>	<b>818,349</b>
The figures do not include employee costs which are reported in note 5(e).		
<b>(j) Racing Integrity Expenses</b>		
Special Investigation Expenses	93,823	412,490
	<b>93,823</b>	<b>412,490</b>
<b>(k) Bad Debts</b>		
Bad Debts Written Off	( 44)	2,163
Movement in Provision	-	-
	<b>( 44)</b>	<b>2,163</b>
<b>(l) Other expenses</b>		
Bank Charges	13,684	17,803
Legal and audit fees	69,110	53,523
Couriers	9,695	6,551
Subscriptions	4,459	4,956
Sponsorship Expenses	-	11
Benevolent Fund expenses	3,340	15,450
Sundry Expenses	82,362	44,887
	<b>182,652</b>	<b>143,181</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 OPERATING EXPENSES continued...	2013 \$	2012 \$
(m) <b>Reimbursement to RDF - Sky Video expenses</b>		
Reimbursement of Sky Video production expenses to RDF	-	3,135,425
	<b>-</b>	<b>3,135,425</b>

As previously agreed at a HRCC meeting, Sky Video production fees were to be paid by the Racecourse Development Fund until a decision had been determined in the Race Fields matter. Following the successful decision in favour of Harness Racing NSW the Fund was reimbursed the expenses it had incurred for the period to 30 March 2012 out of Race

(n) <b>Amalgamation Expenses</b>		
Interest on NSW Government Loan	75,003	83,988
	<b>75,003</b>	<b>83,988</b>

Refer Note 11.

6 Cash	2013 \$	2012 \$
Cash at Bank	117,336	2,098,876
Cash on Hand	280	280
	<b>117,616</b>	<b>2,099,156</b>

The entity has an overdraft limit of \$250,000 at the bank (2012: \$250,000) - unused at year end

7 Receivables	2013 \$	2012 \$
Trade Debtors	1,547,291	1,825,584
Less provision for Doubtful Debts	( 39,082)	( 39,107)
NSW Racing Pty Ltd	8,774,492	9,268,915
Related Party	224,691	1,082,439
Other Debtors	2,306	481,147
	<b>10,509,697</b>	<b>12,618,977</b>

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.

8 Other Current Assets	2013 \$	2012 \$
Prepayments	-	32,353
Funeral Certificates	1,440	1,440
	<b>1,440</b>	<b>33,793</b>

9 Land	2013 \$	2012 \$
Black Hill (Beresfield)	950,398	950,398
	<b>950,398</b>	<b>950,398</b>

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



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 10. PROPERTY, PLANT & EQUIPMENT

	Freehold Land \$	Freehold Buildings \$	Computer Equipment \$	Furniture & Fittings \$	Other Equipment \$	Motor Vehicles \$	Total \$
<b>As at 1 July 2011</b>							
Cost or fair value	599,012	792,113	620,679	30,825	322,888	-	2,365,517
Accumulated depreciation	( 1,652)	( 113,170)	( 436,803)	( 12,464)	( 159,373)	-	( 723,462)
<b>Net Book Value</b>	<b>597,360</b>	<b>678,943</b>	<b>183,877</b>	<b>18,361</b>	<b>163,515</b>	<b>-</b>	<b>1,642,055</b>
<b>Year ended 30 June 2012</b>							
<b>Opening Net Book value</b>	<b>597,360</b>	<b>678,943</b>	<b>183,877</b>	<b>18,361</b>	<b>163,515</b>	<b>-</b>	<b>1,642,055</b>
Additions	1,126,055	651,243	57,806	-	54,248	-	1,889,352
Depreciation charge	1,652	( 42,155)	( 163,354)	( 8,225)	( 40,006)	-	( 252,089)
Disposals	-	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-	-
<b>Closing net book amount</b>	<b>1,725,067</b>	<b>1,288,031</b>	<b>78,328</b>	<b>10,136</b>	<b>177,756</b>	<b>-</b>	<b>3,279,318</b>
<b>At 30 June 2012</b>							
Cost or fair value	1,725,067	1,443,356	678,485	30,825	377,136	-	4,254,868
Accumulated depreciation	( 0)	( 155,325)	( 600,157)	( 20,689)	( 199,380)	-	( 975,551)
<b>Net Book Value</b>	<b>1,725,067</b>	<b>1,288,031</b>	<b>78,328</b>	<b>10,136</b>	<b>177,756</b>	<b>-</b>	<b>3,279,318</b>
<b>Year ended 30 June 2013</b>							
<b>Opening Net Book value</b>	<b>1,725,067</b>	<b>1,288,031</b>	<b>78,328</b>	<b>10,136</b>	<b>177,756</b>	<b>-</b>	<b>3,279,318</b>
Additions	-	-	83,242	-	42,277	-	125,519
Acquisition of a business	-	-	-	-	-	-	-
Depreciation charge	-	( 65,531)	( 62,440)	( 5,068)	( 56,606)	-	( 189,645)
Disposals	-	( 81,053)	( 140,818)	-	( 25,175)	-	( 247,046)
Depreciation on disposals	-	81,053	140,817	-	25,175	-	247,045
<b>Closing net book amount</b>	<b>1,725,067</b>	<b>1,222,500</b>	<b>99,130</b>	<b>5,068</b>	<b>163,427</b>	<b>-</b>	<b>3,215,191</b>
<b>At 30 June 2013</b>							
Cost or fair value	1,725,067	1,362,303	620,909	30,825	394,238	-	4,133,342
Accumulated depreciation	( 0)	( 139,803)	( 521,780)	( 25,757)	( 230,811)	-	( 918,151)
<b>Net Book Value</b>	<b>1,725,067</b>	<b>1,222,500</b>	<b>99,130</b>	<b>5,068</b>	<b>163,427</b>	<b>-</b>	<b>3,215,191</b>

## 11 PAYABLES

	2013 \$	2012 \$
Australian Taxation Office	173,068	115,988
Prize Money Payments	498,528	966,959
HRNSW Distribution	4,007,693	9,063,289
Other creditors	2,900,294	4,113,243
Related parties	2,463,541	2,039,778
Loan - NSW Government	193,336	184,130
	<b>10,236,460</b>	<b>16,483,387</b>

The Loan from the NSW Government was taken out to assist with meeting the costs associated with the dissolution of the Greyhound and Harness Racing Regulatory Authority (GHRRA) in 2009 and the amalgamation with Harness Racing New South Wales. The costs included unfunded Defined Benefit Scheme Superannuation contributions, unfunded recreational and long service leave, transfer costs for GHRRA staff who migrated to HRNSW and redundancy costs.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 Provision for Employee benefits	2013 \$	2012 \$
Annual Leave	325,431	284,855
Long service Leave	230,465	216,626
	<b>555,895</b>	<b>501,481</b>

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it 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.

13 Benevolent Fund	2013 \$	2012 \$
Interest earned	8,619	11,546
Other Revenue	-	3,125
Less Administration expenses	(151)	(67)
Less Disbursements	(3,188)	(15,382)
Operating Surplus (Deficiency)	5,279	(778)
Accumulated Surplus - Brought Forward	200,000	200,778
<b>Accumulated Surplus - Carried Forward</b>	<b>205,279</b>	<b>200,000</b>
Represented by:		
Cash	7,533	2,441
Investments	194,000	191,061
Loans Receivable	2,306	7,643
Trade Receivables	-	3,415
Transferable Funeral Certificates	1,440	1,440
Payables	-	(6,000)
<b>Net Assets</b>	<b>205,279</b>	<b>200,000</b>

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.

14 Non Current payables	2013 \$	2012 \$
Loan - NSW Government	1,121,575	1,314,911
	<b>1,121,575</b>	<b>1,314,911</b>
Refer Note 11 above		

## 15. SUPERANNUATION COMMITMENTS

	SASS 30 June 2013	SANCS 30 June 2013	SSS 30 June 2013	Total 30 June 2013
<b>Member Numbers</b>				
- Contributors	2	2	0	
- Deferred benefits	0	0	0	
- Pensioners	0	0	0	
Pensions fully commuted	0	0	0	
Superannuation position for AASB 119 purposes	\$A	\$A	\$A	\$A
Accrued liability	658,427	90,424	0	748,851
Estimated reserve account balance	(756,769)	(121,233)	0	(878,002)
	<b>(98,342)</b>	<b>(30,809)</b>	<b>0</b>	<b>(129,151)</b>
Future service liability (note 1)	(80,196)	(31,381)	0	(111,577)



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Surplus in excess of recovery available from schemes	13.381	4.192	0	17.574
<b>Net (asset) / liability to be recognised in statement of financial position</b>	<b>(84,961)</b>	<b>(26,616)</b>	<b>0</b>	<b>(111,577)</b>

Note 1:

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 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions from the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

## AASB 119 Disclosure items

### Accounting Policy AASB 119 – Paragraph 120 A (a)

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which they occur.

### Fund Information AASB 119 – Paragraph 120 A (b)

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.

All the schemes are closed to new members.

### Reconciliation of the present value of the defined benefit obligation (AASB 119 paragraph 120 A (c))

	SASS Financial Year to 30 June 2013	SASS Financial Year to 30 June 2013	SASS Financial Year to 30 June 2013
	\$A	\$A	\$A
Present value of partly funded defined benefit obligation at beginning of the year	626,734	94,282	0
Current service cost	22,778	3,732	0
Interest cost	18,012	2,707	0
Contributions by Fund participants	11,113	0	0
Actuarial (gains) / losses	14,791	(17,110)	
Benefits paid	(35,002)	6,812	
Past service cost	0	0	0
Curtailments	0	0	0
Settlements	0	0	0
Business combinations	0	0	0
Exchange rate changes	0	0	0
<b>Present value of partly funded defined benefit obligation at the end of the year</b>	<b>658,427</b>	<b>90,424</b>	<b>0</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## Reconciliation of the fair value of Fund assets (AASB 119 – paragraph 120 A (e))

	SASS Financial Year to 30 June 2013	SASS Financial Year to 30 June 2013	SASS Financial Year to 30 June 2013
	\$A	\$A	\$A
Fair value of Fund assets at the beginning of the year	623,771	93,788	0
Expected return on Fund assets	51,370	7,744	0
Actuarial (gains) / losses	82,200	8,772	0
Employer contributions	23,317	4,116	0
Contributions by Fund participants	11,113	0	0
Benefits paid	(35,002)	6,812	0
Settlements	0	0	0
Business combinations	0	0	0
Exchange rate changes	0	0	0
<b>Fair value of Fund assets at the end of the year</b>	<b>756,769</b>	<b>121,233</b>	<b>0</b>

## Reconciliation of the assets and liabilities recognised in the statement of financial position AASB 119 – paragraphs 120 A (d) and (f)

	SASS Financial Year to 30 June 2013	SASS Financial Year to 30 June 2013	SASS Financial Year to 30 June 2013
	\$A	\$A	\$A
Present value of partly funded defined benefit obligation at end of the year	658,427	90,424	0
Fair value of Fund assets at end of year	(756,769)	(121,233)	0
Sub Total	(98,342)	(30,809)	0
Unrecognised past service cost	0	0	0
Unrecognised gain / (loss)	0	0	0
Adjustment for limitation on net asset	13,381	4,192	0
<b>Net liability/(asset) recognised in statement of financial position at end of year</b>	<b>(84,961)</b>	<b>(26,616)</b>	<b>0</b>

## Expense recognised in income statement AASB 119 – paragraph 46 & 120 A (g)

	SASS Financial Year to 30 June 2013	SASS Financial Year to 30 June 2013	SASS Financial Year to 30 June 2013
	\$A	\$A	\$A
Components recognised in Income statement			
Current service cost	22,778	3,732	0
Interest cost	18,012	2,707	0
Expected return on Fund assets (net of expenses)	(51,370)	(7,744)	0
Actuarial losses/(gains) recognised in year	0	0	0
Past service cost	0	0	0
Movement in adjustment for limitation on net asset	0	0	0



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Curtailment or settlement (gain) / Loss	0	0	0
<b>Expense / (Income) recognised</b>	<b>(10,580)</b>	<b>(1,304)</b>	<b>0</b>

## Amounts recognised in other comprehensive income AASB 119 – paragraph 120 A (h)

	SASS Financial Year to 30 June 2013 \$A	SASS Financial Year to 30 June 2013 \$A	SASS Financial Year to 30 June 2013 \$A
Actuarial (gains) / Losses	(67,409)	(25,882)	0
<b>Adjustment for limit on net asset</b>	<b>13,381</b>	<b>4,192</b>	<b>0</b>

## Cumulative amount recognised in other comprehensive income AASB 119 – paragraph 120 A (i)

Note. This information will need to be manually calculated by agencies by adding the actuarial gains and losses and adjustment for limit on net assets (if any) above, to previous amounts advised.

## Fund Assets AASB 119 – paragraph 120 A (j)

The percentage invested in each asset class at the balance sheet date:

	30 June 2013
Australian equities	30.4%
Overseas equities	26.1%
Australian Fixed interest securities	6.9%
Overseas fixed interest securities	2.2%
Property	8.3%
Cash	13.1%
Other	13.0%

## Fair value of fund assets AASB 119 – paragraph 120 A (k)

All Fund assets are invested by STC at arm's length through independent fund managers.

## Expected rate of return on assets AASB 119 – paragraph 120 A (l)

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

**Actual return on Fund Assets AASB 119 – paragraph 120A (m)**

	SASS Financial Year to 30 June 2013 \$A	SASS Financial Year to 30 June 2013 \$A	SASS Financial Year to 30 June 2013 \$A
<b>Actuarial return on Fund assets</b>	<b>105,419</b>	<b>16,516</b>	<b>0</b>

**Valuation method and principal actuarial assumptions at balance sheet date AASB 119 – paragraph 120A (n)**

**(a) Valuation method**

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

**(b) Economic assumptions**

**30-Jun-13**

Salary increase rate (excluding promotional increases)	
2013/2014 (SASS, SSS and SANCS)	2.25% (PSS 2.95%)
2014/2015	2.25%
2015/2016 to 2019/2020	2.0% pa
2020 onwards	2.5% pa
Rate of CPI Increase	2.5% pa
Expected rate of return on assets	8.60%
Discount rate	3.80% pa

**(c) Demographic assumptions**

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

**Historical Information AASB 119 – paragraph 120A (p)**

	SASS Financial Year to 30 June 2013 \$A	SASS Financial Year to 30 June 2013 \$A	SASS Financial Year to 30 June 2013 \$A
Present value of defined benefit obligation	658,427	90,424	0
Fair value of Fund assets	(756,769)	(121,233)	0
(Surplus) / Deficit in Fund	(98,342)	(30,809)	0
Experience adjustments – Fund liabilities	14,791	(17,110)	0
Experience adjustments – Fund assets	(82,200)	(8,772)	0



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	SASS Financial Year to 30 June 2012 \$A	SASS Financial Year to 30 June 2012 \$A	SASS Financial Year to 30 June 2012 \$A
Present value of defined benefit obligation	626,734	94,282	0
Fair value of Fund assets	(623,771)	(93,788)	0
(Surplus) / Deficit in Fund	2,963	494	0
Experience adjustments – Fund liabilities	28,139	9,062	0
Experience adjustments – Fund assets	28,174	7,650	0

	SASS Financial Year to 30 June 2011 \$A	SASS Financial Year to 30 June 2011 \$A	SASS Financial Year to 30 June 2011 \$A
Present value of defined benefit obligation	560,140	82,035	0
Fair value of Fund assets	(590,838)	(93,907)	0
(Surplus) / Deficit in Fund	(30,698)	(11,872)	0
Experience adjustments – Fund liabilities	17,136	(99)	0
Experience adjustments – Fund assets	(15,450)	(128)	0

	SASS Financial Year to 30 June 2010 \$A	SASS Financial Year to 30 June 2010 \$A	SASS Financial Year to 30 June 2010 \$A
Present value of defined benefit obligation	506,587	75,784	0
Fair value of Fund assets	(518,925)	(85,566)	0
(Surplus) / Deficit in Fund	(12,338)	(7,781)	0
Experience adjustments – Fund liabilities	195,544	512	0
Experience adjustments – Fund assets	(190,633)	(4,676)	0

Information for the year to 30 June 2009 is not available as the staff in question were transferred to HRNSW from another entity on 1 July 2009.

## Expected contributions AASB 119 – paragraph 120A (q)

	SASS Financial Year to 30 June 2013 \$A	SASS Financial Year to 30 June 2013 \$A	SASS Financial Year to 30 June 2013 \$A
Expected employer contributions to be paid in the next reporting period	21,115	3,833	0

**Funding Arrangements for Employer Contributions**

**(a) Surplus/deficit**

The following is a summary of the 30 June 2013 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting for Superannuation Plans".

	SASS Financial Year to 30 June 2013 \$A	SASS Financial Year to 30 June 2013 \$A	SASS Financial Year to 30 June 2013 \$A
Accrued benefits	595,580	75,685	0
Net market value of Fund assets	(756,769)	(121,233)	0
Net (surplus) / deficit	(161,188)	(45,548)	0

**(b) Contribution recommendations**

Recommended contribution rates for the entity are:

SASS	SASS	SASS
1.90	2.50	0

**(c) Funding method**

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

**(d) Economic assumptions**

The economic assumptions adopted for the 2009 actuarial review of the Fund are:

	30 June 2013
Expected rate of return on Fund assets backing current pension liabilities	8.30%
Expected rate of return on Fund assets backing current pension liabilities	7.30%
Expected salary increase rate	4.00%
Expected rate of CPI increase	2.50%

**Nature of Asset / Liability**

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

**16. CONTINGENT ASSETS AND LIABILITIES**

There are no known contingent assets other than the recovery of legal expenses associated with the Federal Court proceedings in the Betfair and Sportsbet matters.



## 17. COMMITMENTS

HRNSW leases various motor vehicles under non-cancellable operating leases expiring within two years. The leases vary in terms. In addition it leases certain other office equipment.

	2013 \$	2012 \$
Commitments for minimum lease payments in relation to Non-cancellable operating leases are payable as follows:		
Due within one year	49,414	116,380
Later than one year but not later than two years	8,363	39,777
	<b>57,777</b>	<b>156,157</b>

## 18. 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 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.

19 NOTE TO THE STATEMENT OF CASH FLOWS	2013 \$	2012 \$
Reconciliation of Net Cash from Operating Activities to Surplus / (Deficit) for the Year		
Surplus for the year	205,127	15,468,163
Depreciation and Amortisation	189,645	252,089
<b>Operating Profit before changes in Working Capital Provisions</b>	<b>394,771</b>	<b>15,720,252</b>
Changes in Assets and Liabilities		
Change in Trade and Other Receivables	2,109,280	843,814
Change in Prepayments and Other Assets	32,354	20,913,677
Change in Trade and Other Payables	(6,246,926)	3,098,984
Change in Employment Benefits	54,414	(12,386)
Change in Other Liabilities	-	(22,048,396)
<b>Net Cash (Used in) / Provided by Operating Activities</b>	<b>(3,656,107)</b>	<b>18,515,945</b>

## **20. 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;
- iii) the state of affairs of the entity, in future years.

except that

- (i) In the period subsequent to Balance Date both Sportsbet and Betfair have reached an agreement with Racing NSW and Harness Racing New South Wales in respect of legal fees incurred in relation to the Federal Court race fields matter.

HRNSW received its portion of the agreed amount in late August 2013.

HRNSW received its portion of the High Court costs during the year.

- (ii) HRNSW entered into a building contract for the construction of a new track and associated infrastructure at Bathurst. HRNSW's contribution will be \$5.750M.
- (iii) HRNSW has entered into an agreement with the NSWHRRC to lease grounds and construct and manage a training centre for up to \$10.0m at the Menangle complex.

**END OF AUDITED FINANCIAL STATEMENTS**



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## HARNESS RACING INDUSTRY FUND

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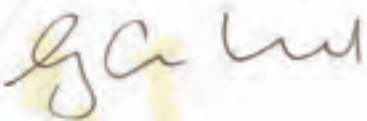
# MEMBERS DECLARATION

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 2013.

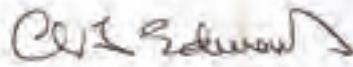
In the opinion of the Members of the entity:

- (d) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (iii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (iv) giving a true and fair view of the entity's financial position as at 30 June 2013 and its performance for the financial year ended on that date, and
- (e) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due, and
- (f) 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, dated 26 August 2013:



**Graeme Campbell - Chairman**



**Chris Edwards - Member**



# **INDEPENDENT AUDITORS' REPORT**

## **TO THE MEMBERS OF HARNESS RACING INDUSTRY FUND**

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of Harness Racing Industry Fund (the 'entity') which comprises the statement of financial position as at 30 June 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the members' declaration.

### **MEMBERS' RESPONSIBILITY FOR THE FINANCIAL REPORT**

The members of the entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the members also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### **AUDITORS' RESPONSIBILITY**

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

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

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

## INDEPENDENCE

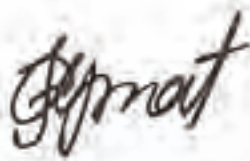
In conducting our audit, we have complied with the independence requirements of APES 110: Code of Ethics for Professional Accountants. We confirm that the independence declaration provided to the Members of Harness Racing New South Wales would be in the same terms if provided to the Members as at the date of this auditor's report.

## AUDITORS' OPINION ON THE FINANCIAL REPORT

In our opinion:

- a the financial report of Harness Racing Industry Funds:
  - i gives a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
  - ii complies with Australian Accounting Standards (including the Australian Accounting Interpretations).
- b the financial report of the entity also complies with International Financial Reporting Standards as disclosed in note 2(a)

**INDEPENDENT AUDITORS'  
REPORT CONTINUED**



**K S Black & Co**  
*Chartered Accountants*

**Faizal Ajmat**  
*Partner*

**Sydney**

**Dated:** 26 August 2013



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**Chartered  
Accountants**



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>REVENUE from continuing operations</b>			
HRNSW Distribution	3 (a)	2,372,058	2,344,452
Race Fields - Contribution to Breeding Schemes		511,660	-
Race Fields - Contribution to Marketing Expenses		273,518	-
Foal and Sire Registration Fee		764,146	645,297
Interest Earned		49,030	50,126
Reimbursement from Clubs - Photo Finish Expense		-	132,123
Fee Revenue	3 (b)	72,908	78,598
Sponsorship Revenue		280,532	273,250
Other Income	3 (c)	289,493	236,573
<b>Total Revenue</b>		<b>4,613,346</b>	<b>3,760,419</b>
<b>Expenses from Continuing Operations</b>			
Prizemoney Subsidies	4 (a)	920,905	961,182
Breeders' Bonus Incentive Certificates		652,726	604,000
Grants and Other Subsidies	4 (b)	757,163	627,622
Harness Racing Australia and RISE Expenses		461,879	347,331
Photo Finish Costs		-	129,260
Sponsorship Distribution		200,000	150,741
Carnival of Cups	4 (c)	604,566	462,359
Management Fee and Other Expenses	4 (d)	187,246	183,084
<b>Total Expenses</b>		<b>3,784,484</b>	<b>3,465,579</b>
<b>Surplus / (Deficit) for the Year</b>		<b>828,862</b>	<b>294,840</b>
<b>Comprehensive Income</b>			
Other Comprehensive income		-	-
<b>Other Comprehensive Income for the Year</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income / (Deficit) for the Year</b>		<b>828,862</b>	<b>294,840</b>

The accompanying notes form part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
Total Equity at the beginning of the financial year		238,633	(56,206)
Total Comprehensive Income		828,862	294,839
<b>Total Equity at the end of the financial year</b>		<b>1,067,495</b>	<b>238,633</b>

The accompanying notes form part of these financial statements

# STATEMENT OF FINANCIAL POSITION

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	27,914	35,417
Deposits	6	2,114,894	916,748
Other Receivables	7	1,713,925	2,194,781
Other Current Assets	8	20,332	48,298
<b>Total Current Assets</b>		<b>3,877,064</b>	<b>3,195,244</b>
<b>TOTAL ASSETS</b>		<b>3,877,064</b>	<b>3,195,244</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	9	942,609	1,142,201
Income Received in Advance	10	704,497	280,456
Provision for Unredeemed Breeders Bonus	11	568,500	479,000
Incentive Certificates			
<b>Total Current Liabilities</b>		<b>2,215,606</b>	<b>1,901,657</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>Income Received in Advance</b>	10	593,963	1,054,954
<b>Total Non-Current Liabilities</b>		<b>593,963</b>	<b>1,054,954</b>
<b>TOTAL LIABILITIES</b>		<b>2,809,569</b>	<b>2,956,611</b>
<b>SURPLUS / (DEFICIENCY IN) NET ASSETS</b>		<b>1,067,495</b>	<b>238,633</b>
<b>EQUITY</b>			
Accumulated Surplus / (Deficit)		1,067,495	238,633
<b>Total Equity</b>		<b>1,067,495</b>	<b>238,633</b>

The accompanying notes form part of these financial statements

# STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from HRNSW, Participants and Others		4,714,212	3,148,602
Interest from Investments and Bank Accounts		49,030	50,126
Payments to Suppliers and Participants		(3,973,571)	(3,348,359)
<b>Net Cash Provided By / (Used in) Operating Activities</b>	12	<b>789,672</b>	<b>(149,631)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from / (Payments for) Investments		(797,174)	(916,748)
<b>Net Cash Used in Investing activities</b>		<b>(797,174)</b>	<b>(916,748)</b>
Net Decrease in Cash and Cash Equivalents Held		(7,503)	(1,066,380)
Cash and Cash Equivalents at the Beginning of the Year		35,417	1,101,797
<b>Cash and Cash Equivalents at the End of the Year</b>	5	<b>27,914</b>	<b>35,417</b>

The accompanying notes form part of these financial statements



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

## 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 two months or less which are readily convertible to cash and which are subject to an insignificant risk of change in value.

### d) Breeders' 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) Sires' Stakes and 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

Industry Funds has been recognised by the Australian Taxation Office as a not-for-profit entity 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.

#### *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 Sire Registration Fees*

Revenue earned from Foal and Sire 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.

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.

## **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.

**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 CONTINUED

<b>3 OPERATING INCOME</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>(a) HRNSW Distribution</b>		
Funds totalling 6% (FY 2012: 6%) of the TAB Distribution were provided by HRNSW	2,033,192	1,998,424
Carnival of Cups Funding - 1% (2012: 1%)	338,866	346,028
<b>Total</b>	<b>2,372,058</b>	<b>2,344,452</b>
<b>(b) Fee Revenue</b>		
Fine Income from HRNSW	72,908	78,598
<b>Total</b>	<b>72,908</b>	<b>78,598</b>
<b>(c) Other income</b>		
Reimbursement of Expenses by HRNSW	118,242	118,659
Awards Night Income	102,080	68,663
Interdominion Marketing Refund from HRA	-	35,633
All Other	69,172	123,631
<b>Total</b>	<b>289,493</b>	<b>346,586</b>
<b>4 OPERATING EXPENSES</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Prize Money Subsidies</b>		
Trotters Foundation	46,000	42,000
Nursery Stakes	-	9,000
Breeders Challenge	797,905	761,544
Sires Stakes	-	79,000
Sprint Series	77,000	69,638
<b>Total</b>	<b>920,905</b>	<b>961,182</b>
<b>(b) Grants &amp; Other Subsidies</b>		
Marketing and Media	107,093	68,459
NSW Mini Trotting Association	21,506	24,063
Training Centre Funding	-	83,329
Breeders Challenge Rugs & Trophies	28,723	23,073
Breeders Challenge - Other Expenses	39,130	36,247
NSW Rising Stars Series	18,388	10,952
Young Drivers	10,022	-
Racing Support	58,300	76,561
Sky Media Enhancement	-	675
Interdominion Marketing Expenses	273,518	106,519
Industry Research	832	3,057
Industry Associations	6,477	28,311
Sponsorship Expenses	-	15,951
Awards Night	91,308	96,550
Trots TV	31,284	37,865
iForm	23,042	-
Integrity Related Expenditure	6,833	15,167
Miscellaneous	40,707	842
<b>Total</b>	<b>757,163</b>	<b>627,622</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

<b>(c) Carnival of Cups</b>		
Prize Money and related Expenditure	604,566	462,359
<b>Total</b>	<b>462,359</b>	<b>455,694</b>

<b>(d) Management Fee and Other Expenses</b>		
Managemnt Fees Paid to HRNSW	174,000	170,000
Bank and Audit Fees	13,246	13,086
<b>Total</b>	<b>187,246</b>	<b>183,086</b>

A management fee is paid to HRNSW for the provision of services. Services provided include the administration of the Breeders Challenge Series and the State Bred Bonus Scheme. Management Fees are re-charged to Industry Funds on a specific identification basis by HRNSW. Other expenses incurred were bank charges and audit fees \$13,246 (2012: \$13,086).

<b>5 Cash</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Cash at Bank - CBA	26,816	34,356
Cash at Bank - ING	1,098	1,061
<b>Total</b>	<b>27,914</b>	<b>35,417</b>

<b>6 Investments</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Deposits with Bank	2,114,894	916,748
<b>Total</b>	<b>2,114,894</b>	<b>916,748</b>

<b>7 Receivables</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Due from Related Party - HRNSW	1,266,772	2,063,186
Due from Clubs	10,088	13,257
Due from Other	437,065	118,339
<b>Total</b>	<b>1,713,925</b>	<b>2,194,782</b>

<b>8 Other Current assets</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Prepayments	20,332	22,728
Other	-	25,570
<b>Total</b>	<b>20,332</b>	<b>48,298</b>

<b>9 Payables</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Payable to Clubs	28,875	102,409
Payable to Related Party - HRNSW	1,576	248,145
Prize Money	817,129	500,000
Payable to Other Creditors	95,029	291,647
<b>Total</b>	<b>942,609</b>	<b>1,142,201</b>

<b>10 Income Received In Advance</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Current Liabilities	704,497	280,456
Non Current Liabilities	593,963	1,054,954
<b>Balance at the end of the Financial Year</b>	<b>1,298,460</b>	<b>1,335,410</b>



## 11. PROVISION FOR UNREDEEMED BREEDERS' BONUS INCENTIVE CERTIFICATES

The NSW Breeders Challenge Owners Bonus Certificates worth \$2,500 each have been issued since 1 July, 2010. Prior to this, State Bred Bonus certificates were issued, worth \$2,000 if won at TAB club meetings or \$500 if won at Non-TAB club meetings. All certificates can be redeemed for their full face value up to two years after the date of issue. The certificates can be used to subsidise the service fee of a stallion nominated for the NSW Breeding Schemes or alternatively, can be used to purchase a Breeders Challenge eligible yearling from any Australian Sale. Each certificate issued from 1 July, 2010, is recognised as a \$2,500 liability at the date of issue.

<b>12 Notes to the Statement of Cash Flows</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Surplus for the year	828,862	294,839
<b>Surplus before changes in Working Capital Provisions</b>	<b>828,862</b>	<b>294,839</b>
Change in Trade and Other Receivables	79,888	(847,928)
Change in Other Assets	27,965	27,481
Change in Trade and Other Payables/Other Liabilities	(199,592)	93,613
Change in Unredeemed Bonus Incentive Certificates	-	282,364
Change in Income in Advance	52,549	-
<b>Net Cash Provided By / (Used In) Operating Activities</b>	<b>789,672</b>	<b>(149,631)</b>

## 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 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.

**END OF AUDITED FINANCIAL STATEMENTS**



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## HARNESS RACING RACECOURSE DEVELOPMENT FUND

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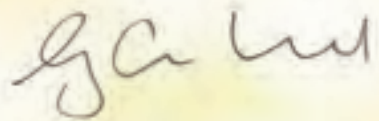
# MEMBERS DECLARATION

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 2013.

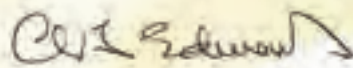
In the opinion of the Members of the entity: –

- (g) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (v) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (vi) giving a true and fair view of the entity's financial position as at 30 June 2013 and its performance for the financial year ended on that date; and
- (h) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due; and
- (i) 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, dated 26 August 2013:



**Graeme Campbell - Chairman**



**Chris Edwards - Member**

# INDEPENDENT AUDITORS' REPORT

## HARNESS RACING RACECOURSE DEVELOPMENT FUND

### REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Harness Racing Racecourse Development Fund (the 'entity') which comprises the statement of financial position as at 30 June 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the members' declaration.

### MEMBERS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The members of the entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the members also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### AUDITORS' RESPONSIBILITY

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

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

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



## INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of APES 110: Code of Ethics for Professional Accountants. We confirm that the independence declaration provided to the Members of Harness Racing New South Wales on 26 August 2013, would be in the same terms if provided to the Members as at the date of this Auditor's report.

Auditors' opinion on the financial report

In our opinion:

- a the financial report of Harness Racing Racecourse Development Fund:
  - i gives a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
  - ii complies with Australian Accounting Standards (including the Australian Accounting Interpretations).
- b the financial report of the entity also complies with International Financial Reporting Standards as disclosed in note 2(a)

## INDEPENDENT AUDITORS' REPORT CONTINUED



**K S Black & Co**

*Chartered Accountants*

**Sydney**

**Dated:** 26 August 2013

**Faizal Ajmat**

*Partner*



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**Chartered  
Accountants**

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>REVENUE from continuing operations</b>			
HRNSW Distribution	3 (a)	677,731	666,141
Interest earned		1,364,443	1,399,128
Interest on Loan		-	198,181
Other Income	3 (b)	549,506	130,000
Repayment of Sky Video expenses	3 (c)	-	3,135,425
Repayment of IFILs	3 (d)	-	25,499,783
<b>Total Revenue</b>		<b>2,591,680</b>	<b>31,028,658</b>
<b>Expenses from Continuing Operations</b>			
Administration Expenses		5,830	5,094
Grants Made	4 (a)	133,569	2,081,319
New Track Expenses	4 (b)	850,856	100,734
Country Election Promise Grants	4 (c)	1,062,211	446,319
Training Centre Funding	4(d)	293,296	-
Legal Expenses		-	59,679
Video Production Subsidy	4 (e)	-	541,907
Refund to State Government	4 (f)	(13,550)	(69,303)
Integrity Expenditure - Subsidy to HRNSW	4 (g)	148,601	412,490
<b>Total Expenses</b>		<b>2,480,812</b>	<b>3,578,239</b>
<b>Surplus / (Deficit) for the Year</b>		<b>110,868</b>	<b>27,450,419</b>
<b>Comprehensive Income</b>			
Other Comprehensive income		-	-
<b>Other Comprehensive Income for the Year</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income / (Deficit) for the Year</b>		<b>110,868</b>	<b>27,450,419</b>

The accompanying notes form part of these financial statements



# STATEMENT OF FINANCIAL POSITION

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	3,456	95,865
Deposits	6	28,698,605	29,552,709
Loans Receivables	7	5,000	5,000
Other Receivables	8	1,313,603	991,953
Other Current Assets		-	620
<b>Total Current Assets</b>		<b>30,020,663</b>	<b>30,646,147</b>
<b>NON-CURRENT ASSETS</b>			
Loans Receivable	7	239,390	232,765
<b>Total Non Current Receivables</b>		<b>239,390</b>	<b>232,765</b>
<b>TOTAL ASSETS</b>		<b>30,260,053</b>	<b>30,878,912</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	9	472,954	1,202,681
<b>Total Current Liabilities</b>		<b>472,954</b>	<b>1,202,681</b>
<b>TOTAL LIABILITIES</b>		<b>472,954</b>	<b>1,202,681</b>
<b>NET ASSETS</b>		<b>29,787,099</b>	<b>29,676,231</b>
<b>EQUITY</b>			
Accumulated Surplus		29,787,099	29,676,231
<b>Total Equity</b>		<b>29,787,099</b>	<b>29,676,231</b>

The accompanying notes form part of these financial statements

# STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from HRNSW, Participants and Others		996,827	31,656,443
Interest from Investments and Bank Accounts		1,364,443	1,597,309
Payments to Suppliers and Participants		(3,301,159)	(5,611,137)
<b>Net Cash (Used in) / Provided by Operating Activities</b>	<b>13</b>	<b>(939,889)</b>	<b>27,642,615</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans Repaid		(6,625)	835,259
<b>Net Cash (Used In) / Provided by Financing Activities</b>		<b>(6,625)</b>	<b>835,259</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from / (Payments for) Investments		854,104	(29,284,857)
Net Cash Provided by / (Used In) Investing Activities		854,104	(29,284,857)
Net (Decrease) / Increase in Cash and Cash Equivalents Held		(92,410)	(806,983)
Cash and Cash Equivalents at the Beginning of the Year		95,866	902,849
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>5</b>	<b>3,456</b>	<b>95,866</b>

The accompanying notes form part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
Total Equity at the beginning of the financial year		29,676,231	2,225,812
Total comprehensive Income		110,868	27,450,419
<b>Total Equity at the end of the financial year</b>		<b>29,787,099</b>	<b>29,676,231</b>

The accompanying notes form part of these financial statements



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

## 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 two 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 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 also provided financial assistance by means of repayable loans and grants.

### e) Income Tax

The Racecourse Development Fund has been recognised by the Australian Taxation Office as a not-for-profit entity and is not subject to income tax.

### 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 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.

### 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.

## **j) 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 profit or loss.

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 profit or loss.

## **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 26 August 2013.

### **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) 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 CONTINUED

<b>3 OPERATING INCOME</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>(a) HRNSW Distribution</b>		
Funds totalling 2% (FY 2012: 2%) of the TAB Distribution were provided by HRNSW	677,731	666,141
	<b>677,731</b>	<b>666,141</b>
<b>(b) Other income</b>		
Grant From NSW Government - Country Election promise	520,000	130,000
Other Income	29,506	-
	<b>549,506</b>	<b>130,000</b>

As part of the Coalition campaign at the 2011 NSW State Election a promise of a \$5M grant was made to country racing should the coalition win government. The \$5M was apportioned between the three racing codes and HRNSW was allocated \$650,000 for use at its country based venues. In addition to the government grant, HRNSW proposes to use \$1.2M of the monies received from the sale of Harold Park on track infrastructure and equipment.

<b>(d) Repayment of SKY Video Expenses</b>		
Repayment of Expenses from Race Fields Receipts	-	3,135,425
	<b>-</b>	<b>3,135,425</b>

As previously agreed at a HRCC meeting Sky Video production fees were to be paid by the Fund until the race fields matter had been decided by the courts. Following the successful decision in favour of Harness Racing NSW the Fund was reimbursed the video expenses it had incurred for the period to 30 March 2012 out of race fields receipts.

<b>(e) Repayment of IFIL</b>		
Repayment of IFILs following the sale of Harold Park	-	25,499,783
	<b>-</b>	<b>25,499,783</b>

<b>4 OPERATING EXPENSES</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Grants made</b>		
Grants - Clubs	8,050	277,078
Grants - HRNSW - Funding for purchase of 22 Meredith Street	-	1,269,602
Grants - HRNSW - Funding for purchase of Equipment	125,519	109,533
Grants - HRNSW - Funding for purchase of Goulburn Land	-	425,106
	<b>133,569</b>	<b>2,081,319</b>
<b>(b) Specific Track Expenses</b>		
Tamworth	13,550	69,303
Menangle Park Training Centre	147,695	10,165
Bathurst	644,521	21,266
Newcastle	17,250	-
Penrith	12,923	-
Wagga Wagga	7,650	-
Hawkesbury	7,267	-
	<b>850,856</b>	<b>100,734</b>
<b>(c) Country Election Promise Grants</b>		
Purchase of equipment and track upgrades	1,062,211	446,319
	<b>1,062,211</b>	<b>446,319</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2013 \$	2012 \$
<b>(d) Training Centre Funding</b>		
Expenditure on Tracks	293,296	-
	<b>293,296</b>	<b>-</b>

<b>(e) Sky Video Production Subsidy</b>		
Production costs for Sky Video	-	541,907
	<b>-</b>	<b>541,907</b>

The expenses in 2012 represented the third year of the subsidy by the Fund. Expenses incurred in 2010, 2011 and 2012 were repaid from Race Fields Income in April 2012.

Expenses for 2012 only represent expenses for part of the year the remainder of these expenses were paid by HRNSW from 1 April.

<b>(f) Potential Refund to State Government</b>		
	(13,550)	(69,303)
	<b>(13,550)</b>	<b>(69,303)</b>

Accrual of potential refund to NSW State Government if Tamworth showground is purchased rather than developing a harness track at the proposed new site. Amount represents grant of \$300,000 less expenses incurred to date.

<b>(g) Integrity Expenditure - Grant to HRNSW</b>		
Subsidy to HRNSW for corruption inquiry related expenses	93,823	412,490
Integrity Assets Purchases	54,778	-
	<b>148,601</b>	<b>412,490</b>

<b>5 Cash</b>	2013 \$	2012 \$
Cash at Bank	3,456	95,865
	<b>3,456</b>	<b>95,865</b>

<b>6 Deposits</b>	2013 \$	2012 \$
Investments - Bank Term Deposits	28,698,605	29,522,709
	<b>28,698,605</b>	<b>29,522,709</b>

<b>7 Loans Receivable</b>	2013 \$	2012 \$
Balance at the Beginning of the year	237,765	1,073,024
Loans made during the year	6,625	50,360
Loans repaid during the Year	-	(885,619)
<b>Balance at the End of the Year</b>	<b>244,390</b>	<b>237,765</b>
Balance due within one year	5,000	5,000
Balance Due Longer than one year	239,390	232,765
	<b>244,390</b>	<b>237,765</b>

<b>8 Other Receivables</b>	2013 \$	2012 \$
HRNSW	838,214	-
Accrued Interest on Bank Investments	395,994	594,209
Other	79,395	397,744
	<b>1,313,603</b>	<b>991,953</b>



<b>9 Payables</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
HRNSW - IT expenditure	-	123,259
HRNSW - Investigation Expenses	-	412,490
HRNSW - Goulburn Land Purchase	-	425,106
NSW Government	107,322	120,872
Clubs	15,273	17,450
Other	350,359	103,504
	<b>472,954</b>	<b>1,202,681</b>

**10. CONTINGENT LIABILITIES & COMMITMENTS FOR EXPENDITURE**

**(a) Emergency Integrity Fund.**

During the FY12 financial year the Board of HRNSW determined that \$1.0m would be set aside from the Racecourse Development Fund for an emergency integrity fund to investigate allegations of corruption.

For the period to 30 June 2012 expenditure of \$412,490 was incurred by HRNSW. During the year to 30 June 2013 expenditure of \$93,823 was incurred. A further \$54,778 was also spent purchasing assets including swab stalls at certain tracks. A contingent liability of up to \$438,909 therefore remains.

**(b) Country Racing Election Promise Grants**

As part of the Coalition campaign at the 2011 NSW State Election, a promise of a \$5M grant was made to country racing should the Coalition win government.

The \$5M was apportioned between the three racing codes and HRNSW was allocated \$650k for use at its country based venues. In addition to the grant HRNSW proposes to use some of the monies received from the sale of Harold Park on infrastructure and equipment.

HRNSW wrote to all clubs, excluding the Principal Club, requesting details of their requirements for plant, equipment, track and facility upgrades. The Board of HRNSW has determined that it will supplement the NSW Government's grant of \$650,000 with further grants of approximately \$1.2m.

The total amount to be spent on equipment is therefore around \$1,900,000.

To date a number of trucks and tractors have been purchased and delivered to clubs.

**(c) Training Centre Funding**

In addition to expenditure on infrastructure outlined in Note 10 (b) above, HRNSW has determined that all tracks throughout NSW will receive operational funding grants to maintain existing facilities. The amount of each grant is based on the horse population near each racecourse.

In determining the amount to be allocated to each track, a list of horses at each venue was created from information that HRNSW had when the budgets were being drawn up.

The information was drawn from the official address where each horse is located. That was then linked to a local council and from there the closest track was determined. Also considered were the supply chain of horses from each track and the running of official trials.

The fund has been allocated \$680,000 to be spent on tracks every year and will run for three years. Clubs can draw down as required or may hold off and request a higher amount in a future year.

HRNSW recognises that there has been a deficiency in funding for training centres in the past and wants to ensure that adequate facilities are provided for these precincts in the future.

**(d) Capital Expenditure.**

In addition to (c) above, the Fund's 2014 budget has allocated \$8.0m for expenditure on certain tracks including \$5.75m for a new track at Bathurst.

The Board of HRNSW has developed a two year infrastructure plan which covers a number of tracks across the state.

**11. 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 2012 amount to:

	2013 \$	2012 \$
Interest Free Interminable Loans		
Carried Forward from Previous Years	24,423,973	49,923,756
IFILs made during the year	-	-
Repayments made during the year	-	(25,499,783)
<b>Balance at the end of the Financial Year</b>	<b>24,423,973</b>	<b>24,423,973</b>

The balance carried forward included contingent assets of \$39,512,799 transferred from the TAB Racecourse Development Fund in respect to IFIL made 1 November 1971 to 30 June 1998.

**(b) Country Racing Election Promise Grants**

As part of the Coalition campaign at the 2011 NSW State Election, a promise of a \$5M grant was made to Country Racing should the Coalition win government.

The \$5M has been proportioned between the three racing codes and HRNSW has been allocated \$650k for use at its Country based venues.

The final instalment of \$520,000 was received from the Government during the year.

**(c) Recovery of Legal Fees**

Following the successful outcome of the Race Fields appeals to the High Court in favour of Harness Racing New South Wales, our legal advisors are in the process of recovering legal fees associated with both cases.

A total of \$464,287 was spent by the Fund from inception. Some funds were recovered during 2012/13 and the final amounts are due imminently.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 12. FINANCIAL ASSISTANCE PAYMENTS & COMMITMENTS OUTSTANDING

Club	Project	Commitment B/ Forward from 30/06/2012	Funding Withdrawn Not used	Funding Approved 2012/13	Payments Made 2012/13	Commitment Outstanding 2012/13
Goulburn	Semaphore Board	-	-	8,050	8,050	-
		-	-	<b>8,050</b>	<b>8,050</b>	-
<b>Assistance for projects \$50,000 and over</b>						
Projects	Interest Free					
	Interminable Loans	-	-	-	-	-
	Loans	-	-	-	-	-
	Grants	-	-	-	-	-
		-	-	-	-	-
<b>Assistance for projects under \$50,000</b>						
Projects	Interest Free					
	Interminable Loans	-	-	-	-	-
	Loans	-	-	-	-	-
	Grants	-	-	8,050	8,050	-
		-	-	<b>8,050</b>	<b>8,050</b>	-
<b>Total All assistance</b>		-	-	<b>8,050</b>	<b>8,050</b>	-

## 13 NOTES TO THE STATEMENT OF CASH FLOWS

	2013 \$	2012 \$
Surplus for the Year	110,868	27,450,419
<b>Operating Profit before changes in Working Capital Provisions</b>	<b>110,868</b>	<b>27,450,419</b>
Change in Trade and Other Receivables	(321,650)	(652,145)
Change in Other Assets	620	(620)
Change in Trade and Other Payables	(729,727)	844,961
<b>Net Cash (Used In) / Provided By Operating Activities</b>	<b>(939,889)</b>	<b>27,642,615</b>

## 14. 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 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.

**END OF AUDITED FINANCIAL STATEMENTS**

