

2015 Harness Racing NSW Annual Report



Front cover:

Champion pacer Beautide driven by trainer James Rattray pictured winning the 2015 TAB.COM.AU Inter Dominion Grand Final at Tabcorp Park Menangle. Beautide was crowned New South Wales Horse of the Year for the 2014/15 season and by the end of that term had amassed earnings of \$2,020,212.

Picture by Brett Atkins.

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Chairman's Report



Rex Horne - Chairman

FY2015 was a year of change and infrastructure development for the industry in New South Wales. Significant changes that occurred during the year included a new CEO from 1 September 2014, a revitalised handicapping system and more recent announcements from the NSW State Government relating to tax parity and changes to race fields fees.

The Board continued its efforts to increase payouts and returns to all industry participants. Total prizemoney paid in FY2015 amounted to \$32.2m and included a combined \$5.6m from Carnival of Cups funding, Breeders Challenge prizemoney funding, the Prizemoney Contingency Fund and Club contributions. This result was the highest ever achieved by harness racing in NSW and was an increase of \$0.860m on that paid during FY2014.

In addition to the above, the NSW 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.

The Breeders Challenge Owners Bonus scheme distributed a record \$1.3m in Certificates for use in offsetting the cost of breeding, purchasing yearlings at Sales and 2YO's at the Trialling Sale. The Breeders Challenge Nominators Bonus commenced in FY2014. With the extension of the scheme to 3YO's a further \$0.743m in cash bonuses were distributed to Foal Nominators in FY2015.

Therefore, in total, more than \$2.0m in bonuses were paid to participants.

The combined prizemoney and bonus certificates paid during FY2015 were a record for the industry.

Integrity continued to be at the forefront of deliberations within HRNSW. Management, backed by the Board, pursued a number of matters through the court system to ensure the integrity of the Act, the Rules of Racing and local Rules.

HRNSW finished the year with a published surplus of \$2.227m. The result was achieved following a substantial increase in TAB distributions, well above budget expectations. TAB receipts increased from \$33.458m in FY2014 to \$35.651m this year, an increase of \$2.193m. Income from the TAB reflected the shift from pari-mutual to fixed odds wagering, with the pari-mutual component decreasing by just over \$1.0m and the Wagering Incentive Fee (WIF) increasing from \$12.015m to \$15.266m. A substantial component of the WIF is fixed odds wagering. This part of the revenue stream is becoming more unpredictable as it is highly vulnerable to the yield achieved on fixed odds wagers.

The entire surplus has again been earmarked in the FY2016 budget for prizemoney, club funding and breeding.

Total Turnover during FY2015 amounted to \$645m and average turnover per race increased by 3.3% from \$169,278 to \$174,875 per race.

NSW TAB turnover represented 25.9% of all turnover, Other Totes 39.5% and Corporate Bookmakers 34.7%.

Year on year NSW TAB turnover decreased by 10.1%, Other Tote turnover decreased by 6.2%, while Corporate Bookmaker turnover increased by 15.1%.

The 2015 Inter Dominion was another outstanding event with a large crowd attending the final on Sunday 1st March. The revamped series was once again the result of a tripartite commercial accord between Destination NSW, the Principal Club (NSWHRC) and HRNSW. The carnival also coincided with the World Trotting Conference and Drivers Championships.

The win by Beautide, its second in two years was something very special. Congratulations again to trainer/driver James Rattray for his outstanding Inter Dominion win.

The Inter Dominion, carrying \$750,000 in prize money, was just one of seven Group 1 and three Group 2 events decided on the day delivering just under \$2m in prizemoney.

Youth dominated our driving ranks with Lauren Panella, Robert Morris, Todd McCarthy, David Morris, Amanda Turnbull & Corey Bell all driving 100 winners across Australia during the season.

While Steve Turnbull eclipsed 200 winners for the second year in a row, Shane Tritton was able to achieve it for the first time in his career. KerryAnn Turner and Shaun Snudden also trained in excess of 100 winners. It was the second time for KerryAnn Turner and the inaugural occasion for Shaun Snudden.

There has been a significant amount of track and training centre development occurring throughout FY2015.

The new track at Bathurst was completed and officially opened on 19th October 2014 by The Hon Troy Grant, Deputy Premier and Minister for Racing and included an eleven race program that kept race goers thoroughly entertained throughout the day.

Other significant projects commenced throughout the year included the training centre at Menangle Park, new lighting and stabling at Penrith and project work for the new development at Wagga. Each track, including training tracks, receives an annual allocation from the Racecourse Development Fund for track maintenance. In FY2015 a total of \$0.680m was allocated to clubs and training centres.

A new media centre, incorporating an upgraded web site, was launched in August 2014 and

the 2015-2017 Strategic Plan was released in May this year after much consultation with participants and industry groups. A Future Fund was established to manage the residual funds arising from race fields monies received during the period from September 2008 to March 2012. The funds have been invested for the benefit of the industry and some monies were used for race funding during FY2015.

Many in the industry were dismayed to learn that a number of trainers were severely affected by the storms and floods that struck most of the eastern seaboard in April this year. HRNSW provided much needed assistance to many trainers, especially those in the Hunter who bore the brunt of the storm and its effects.

In June 2015 the NSW Government announced that it would reduce the tax currently applied to wagering to bring it in line with that charged in Victoria. However, the reduction will be phased in over a five year period. In late July a further announcement was made in respect of race fields fees which will enable HRNSW to charge higher fees for its product.

I would also like to thank my fellow Board Members, Mr Graham Kelly, Mr Alex Smith, Mr Rod Smith and of course, former Board Member, Mr Chris Edwards who concluded his term in February, for their significant contribution to the industry.

In closing, I would like to acknowledge the Hon Troy Grant, Deputy Premier, Minister for Racing, for his efforts and support of the harness racing industry. Thanks are also extended to the management team and staff at HRNSW under the leadership of John Dumesny for their significant contribution over the past twelve months.

Rex Horne
Chairman



Chief Executive's Report



John Dumesny - CEO

Despite the competitive nature of securing wagering revenue, the key source of income for the industry, HRNSW recorded a \$0.370m comparative financial year surplus which was attained in a year that saw the distribution of record levels of prizemoney, bonuses and incentives.

The comparative financial year is best explained in that revenue of \$10.769m has been included in the accounts under Race fields Income although it should be noted that this amount is inflated by the inclusion of a 'fifth' quarter of revenue. An amount of \$1.857m equates to the 'fifth quarter' of the receipts from wagering operators other than PGI.

Since 2008 Race fields revenue gained in the fourth quarter (April to June) has been included in the following financial year. In prior years this revenue was accounted for on a 'cash' basis pending the outcome of the various court actions. The one-off alignment in this financial year to the reporting in the industry's accounts is in accordance with the accrual basis accountancy standard.

In FY2015 prizemoney, bonuses and incentives distributed to owners, trainers, drivers and breeders was a record \$34.4m components being \$32.2m in prizemoney, \$1.3m in certificates, \$0.8m in nominator's bonuses and \$67,000 in Group 1 incentives. International rights fees, which are paid direct to nominated Clubs, reached \$0.8m.

In FY2015 wagering revenue from the traditional source (Tabcorp) was a record \$35.65m although it should be noted that this amount was substantially influenced by non pari-mutuel turnover and non-racing wagering profits, calculated through the Wagering Incentive Fee (WIF). The WIF component increased by \$3.25m which was attributable to higher yields from TAB Fixed Odds, returns from Trackside but in particular profits from wagering on sport. The FIFA World Cup (soccer) was a significant contributor to wagering turnover however as this Championship is held every four years its influence on income will not be experienced again until 2018.

Two factors which will increase the income levels from wagering in the future are the Government's Wagering Tax Rebate Scheme and the change to the regulation which determines the fee level for Race fields.

After relentless petitioning of the NSW Government the taxation collected on wagers placed through Tabcorp will eventually be rebated to the NSW racing industry. The tax retained by Treasury is currently \$3.22 per every \$100 wagered. The Government has elected to phase in this benefit which will see taxation reduced to \$1.28 per every \$100 wagered in FY2020 although a substantial amount, estimated to be \$6.5m is expected to be delivered to the harness racing industry in FY2018.

The amendments to the Race Fields Legislation allows HRNSW to now charge wagering operators who offer totalisator derivatives 2.5% (up from 1.5%) on standard meetings and 3% (up from 2%) on premium meetings, which comprise 20% of meetings. Premium meetings are classified as a harness meeting where at least one race on the program offers \$30,000 or more in prizemoney.

HRNSW will rely on the recognised wagering revenue in preparation of future industry budgets additionally, however, returns on investments from the Future Fund will be utilised in the budgetary process. The Future Fund, which is the residue of Race fields fees accumulated during the numerous Court challenges to the legislation, has been established on the principle of insulating the industry against future unanticipated downturns and occurrences.

HRNSW continues to expressly petition Government to waive the remainder of the \$2.0m loan forced upon the industry when the GHRRA governance model was abandoned. Almost \$1.0m is still owed to Treasury by the industry on this original 10-year loan facility.

The new programming and handicapping system implemented at the start of the racing season, and modified in accordance with industry consultation, assisted with the key goal of delivering competitive opportunities. This in turn had a direct benefit in that a significantly increased number of owners and breeders were recipients of Breeders Challenge Bonuses through the creative of competitive racing. The year-on-year increase was 54.55%.

The importance of the breeding sector on the future wellbeing of the industry must be acknowledged and strategically enhanced.

Initiatives will continue to be investigated and implemented through consultation with industry however the introduction of the Colonial Stallion Scheme and the extension of the Breeders Challenge Series (Challenge Blue) have placed NSW in the position of arresting the decline in the breeding sector. It is extremely pleasing to note that for the first time in five (5) years, in the last breeding season the number of mares served in NSW increased.

HRNSW's focus on integrity remains of critical importance for the industry.

Participants who race within the Rules in this State can be assured that HRNSW will engage in all forms of preventative measures to allow those participants the opportunity to contest on a level playing field.

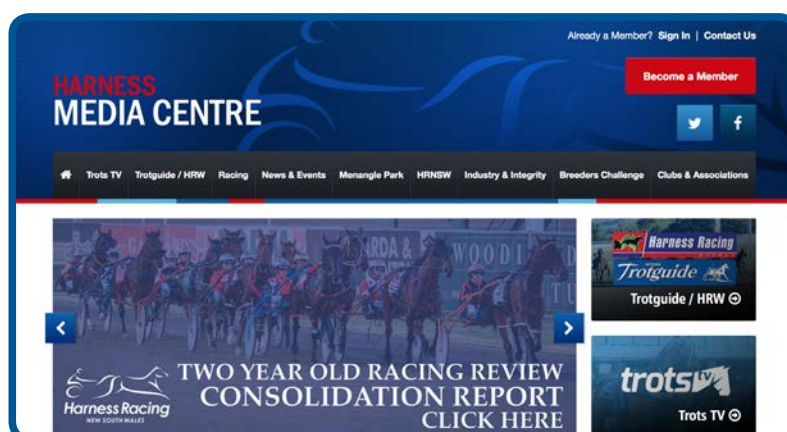
The Integrity Department will be proactive in all aspects from the recognised race meeting stewarding to out of competition and covert

operations. In taking such action however there is a significant cost involved. HRNSW has also been involved in litigation which some stakeholders purport is wasteful of the industry's financial reserves. The current litigations in the various NSW Courts have not been instigated by HRNSW but must be strenuously defended.

Whilst the proceedings have been extremely costly to the industry at large, HRNSW must protect the Rules which in turn protect all participants. This defense by HRNSW was resoundingly vindicated by the Supreme Court and the NSW Court of Appeal however the actual cost to the industry is yet unknown such being the complexities of the legal system. It will however be substantial.

A requirement of the Harness Racing Act is the preparation of a strategic plan. The most recent strategic plan was commenced in 2014 under the stewardship of former Chief Executive Sam Nati. After far reaching industry consultation it was sanctioned by the Board and provided to Government this year. The strategic plan sets out the delivery of key initiatives for the harness racing industry through the years 2015 to 2017 and was acknowledged as being in-line with Government focus of providing opportunities in regional centres, employment and education as well as a strong integrity stance and an awareness of aspects associated with animal welfare.

The strategic priorities are optimising the racing system, an emphasis on service, the development of a modern industry, promotion and marketing as well as ensuring integrity and compliance. These strategies have been commenced with an emphasis on service through the Harness Media Centre and corporate governance with Clubs. All strategic plan initiatives will be funded from monies received through wagering tax rebates.



One of the key elements of the previous strategic plan was the development of infrastructure around the State and it was extremely pleasing to see the Paceway Bathurst opened for racing, and proving to be successful in the key dual objectives of racing and public appeal. The Bathurst Club, under the leadership of Mark Collins and Danny Dwyer, deserves to be complimented on the end result achieved only through vision and diligence to the task. The other key developments at Newcastle, Penrith, Menangle Park, Wagga and Tamworth have all reached differing stages of advancement.

The devastating floods in the Hunter during April exemplified the propensity of participants in assisting each other in times of need. HRNSW management and staff with the valued assistance of Club officials and local company Kirkwood's Produce arranged and supplied emergency care packages. HRNSW also drew on the Racecourse Development Fund to assist with the restoration of tracks and for repairs to other essential utilities.

The Benevolent Fund is currently being drawn upon for assistance to James Webb and his family. James was crippled in a training incident at Bankstown Paceway which will have him indefinitely confined to a wheelchair.

The support extended to the Webb Family from the harness racing fraternity and the Bankstown Club is also an example of the generosity given by others to those in dire need of assistance.

The Carnival of Cups brand continues to strengthen with all Clubs participating. Whilst every Committee person from each of the Clubs contributed enormously, particular congratulations are extended to the Goulburn, Eugowra and Peak Hill Clubs for being awarded the best meetings in their respective level.

The Pepper Tree Farm Breeders Challenge Finals Day exceeded all expectations. The champions of the present and future were confirmed but in particular the unbeaten two-year-old colt Our Waikiki Beach. Of note Lettucerocthem was the first horse to win each age division. Of significance to the NSW breeding sector is that the both these sires stood at stud at Pepper Tree Farm.

HRNSW in association with the Principal Club (NSWHRC) and Destinations NSW showcased harness racing to a worldwide audience in staging the Tabcorp Inter Dominion Carnival. The Carnival was complimented by the World Trotting Conference and the World Drivers' Championship.

Proudly the utmost pinnacle of harness racing excellence was reached. The Carnival again demonstrated that the highest level of racing, promotion and marketing can be achieved when strong forces join together and work cohesively for an end goal.

The Inter Dominion Heroes Ball featured a performance by operatic tenor Rosario La Spina which captivated the audience and set the benchmark for Grand Final Day.

Beautide trained in NSW by James Rattray was crowned the Inter Dominion Champion for the second successive year however New Zealand mare Adore Me with her breath taking 1:47.7 mile on Grand Final Day proved the Tabcorp Park Menangle circuit to be the best in the Southern Hemisphere if not the World.

Whilst Geoff Want and Andrew Kelly from Harness Racing Australia must be acknowledged as the driving forces behind the World Conference, it was the NSW Clubs who hosted the champion reinsmen of the harness racing world at their respective tracks. Record and enthusiastic crowds were drawn to the Heats of the Drivers Championships held at Newcastle, Wagga, Bathurst, Penrith and Menangle Park.



New Zealand reinsman Dexter Dunn was the all conquering and undeniable victor however accolades are also well deserved by the Club officials who delivered as hosts. Through Government support, HRNSW engaged a television crew to report on every aspect of the eight-day excursion around NSW which was viewed across the globe.

The re-vamped Carnival re-invigorated the Inter Dominion and delivered significantly to the New South Wales economy over the three year cycle. The total gross economic impact was \$32.30 million, 284 full time equivalent jobs were created and 5,703 interstate and international visitors attended the Carnivals. The Inter Dominion Grand Final was, after an absence of 40 years, telecast nationally on free-to-air television each year through Channel Nine's Wide World of Sport.

The cooperative nature of the partnership between HRNSW and the Principal Club under the leadership of Chairman Ray Sharman and his Board and the club Executive Management of Bruce Christison and David Wonson Jnr must be acknowledged. HRNSW seek to continue this association on behalf of the wider industry into the future with the Miracle Mile Carnival.

New South Wales is fortunate to have an abundance of breeders, owners, trainers and drivers with true champion qualities. In the racing season recently concluded premierships leaders were Steve Turnbull (State trainer), Lauren Panella (State driver), Belinda McCarthy (Metropolitan trainer) and brothers Luke and Todd McCarthy (joint Metropolitan drivers). Daniel Morgan (Country) and Sam Hewitt (Metropolitan) were also recognised for their future potential in the industry by HRNSW were. Daryll Jackson was the recipient of the HRNSW Industry Volunteer Award in recognition of his decades of service.

Over the past 12 months the industry has been saddened by the loss of participants both

human and equine who, over the decades, have contributed immeasurably to the excitement of the sport. The breeding sector will be eternally be indebted to pioneers Eric Hando (Rosewood Stud) and John Gibson (Success Stud) who passed away. These two harness racing stalwarts were amongst the founders of the industry who contributed without any requirement for recognition or reward.

The staff at HRNSW and Club Secretaries engaged to carry out the functions of harness racing, well assisted by the band of volunteers across the State, continue to serve the industry through their dedicated efforts to promote our sport must always be acknowledged. Without such commitment harness racing would not be in the positive position it currently experiences.

The support given to the harness racing code by the Deputy Premier and Racing Minister Troy Grant and his office and the department (OLGR) has been extensive for which I express on behalf of the Board and industry our collective gratitude.

The Deputy Premier, who is also the Police Minister, is always willing to interrupt his schedule to attend race meetings and functions. It was particularly pleasing that he launched the 2015 breeding season with a personal message on TrotsTV.

Board members Alex Smith, Graham Kelly, Rod Smith and Chris Edwards under the Chairmanship of Rex Horne have in this past year again demonstrated their commitment to the continuation of a vibrant harness racing industry in New South Wales. On behalf of the entire industry I thank them for their respective contributions and dedication. Personally I thank the Board for the guidance and support extended to me and the HRNSW staff in the past year.

John Dumesny
Chief Executive



Racing Highlights



Beautide

- Australian Harness Horse of the Year
- Australian Pacer of the Year
- Australian Pacing Horse/Gelding of the Year
- NSW Horse of the Year
- NSW Aged Horse of the Year
- NSW Aged Entire/Gelding of the Year
- Won Group 1 Inter Dominion Grand Final
- Won Group 1 Coca Cola Amatil Sprint



Adore Me

- Won Group 1 Cordina Chicken Farms Ladyship Mile in Australasian Mile Record of 1:47.7



Lettucerocthem

- Won G1 Pepper Tree Farm NSW Breeders Challenge 4YO Entires & Geldings Final
- Became the first horse to win all three age categories in the NSW Breeders Challenge



Dexter Dunn (NZ)

- Won the World Drivers Championship over Tony Le Beller (France) and Tim Tetrack (USA)

Review of Operations

Finance

HRNSW Result

Harness Racing NSW produced a statutory surplus of \$2.227m for the year to 30 June 2015.

The result was achieved on higher than expected distributions from the TAB and five quarters of Race fields revenues being recognised following the change of accounting policy to account for this type of revenue on an accrual basis.

This carried forward surplus will be required in its entirety to fund prize money payments, club administration funding and breeding schemes in FY2016.

As in prior years additional distributions were made by HRNSW including \$0.255m which was used to assist with the funding of prize money for the 2015 Inter Dominion race. These funds were taken from the surplus race fields fund (Future Fund).

Total Revenue

Total revenue increased by \$3.120m to \$50.167m. The increase was mainly driven by improved TAB and race fields revenues for the year.

TAB Income

Total revenue from the TAB and Wagering Operators amounted to \$46.421m an increase of \$3.490m on the \$42.931m derived in FY2014. When the fifth quarter race fields fees are excluded the increase is still a very healthy \$1.632m and is mainly due to a substantial increase in payments received from the TAB.

Gross revenues from the TAB were \$35.652m up from \$33.458m in FY2014 and a further \$10.769m was derived from corporate wagering operators, including fifth quarter revenues of \$1.857m.

TAB receipts increased from \$33.458m in FY2014 to \$35.651m this year, an increase of \$2.193m.

Income from the TAB reflected the continuing shift from pari-mutual to fixed odds wagering, with the pari-mutual component decreasing by \$1.058m and the Wagering Incentive Fee (WIF, which includes fixed odds wagering) increasing from \$12.015m to \$15.266m. The Wagering Incentive Fee now makes up 42.82% of total TAB revenues, up from 33.64% in FY2013.

Race Fields Income

Race fields revenue for the year was \$10.769m, an increase of \$1.296m on the \$9.472m received in FY2014. The figure includes \$1.857m of revenues bought forward into FY2015 following the change of accounting policy relating to the recognition of this revenue stream.

Race Fields revenue grew during the year mainly from existing wagering operators. Revenue was also boosted from PGI, an offshore arm of the TAB which commenced business in FY2013 and the recognition of five quarters of fees for the period to June 2015 following the change in the recognition of this revenue stream from a cash to an accrual basis.

Race fields contributed 19.86% of the total revenue received in FY2015, down slightly from 22.07% last year.

Race Fields revenue is allocated to the industry in accordance with the principles of a formula set within the 2010-2013 Strategic Plan. However changes have been made to those principles by the Board to accommodate industry needs and race funding requirements.

In addition to race and administration funding, \$0.250m was distributed to the Industry Fund to assist with marketing expenses associated with the 2015 Inter Dominion and a further \$0.700m was directed to breeding schemes;

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



REVENUE CHANNEL CONTRIBUTION FY2008 - FY2015								
	2008	2009	2010	2011	2012	2013	2014	2015
Category	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
TAB	100%	91.42%	84.82%	85.54%	80.62%	83.00%	77.93%	80.14%
Race Fields	0.00%	8.58%	15.18%	14.46%	19.38%**	17.00%	22.07%	19.86%
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

** Race Fields revenue spiked in FY2011/12 as a consequence of the receipt of \$1.5 million from Sportsbet relating to prior years.

Expenditure

Total Harness Racing NSW expenses increased from \$45.020m to \$47.939m mainly due to increases in prize money payments, club administration funding and integrity expenses.

Salaries and related expenses decreased slightly during the year mainly as the result of management's increased focus on reducing leave balances.

Gazette expenses decreased following the decision to phase out the printed publication and move it to an electronic format. Expenses saved here were diverted to the establishment of the Media Centre.

IT costs have increased due to a few 'one off' project related expenses which will have long term beneficial impacts on the business. Projects funded include upgrades to stewarding hardware and software.

Integrity expenses increased in line with HRNSW's resolution to test more animals pre and post races. Appeal costs, including legal expenses also increased significantly throughout the year as the Board and Management defended a number of matters through the court system to ensure the integrity of the Act, the Rules of Racing and Local Rules.

Industry Fund

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 youth and younger drivers including Mini Trots and assistance to Industry Associations.

In FY2015 \$2.449m was received by the Industry Fund from the TAB Distribution.

The Fund received \$0.700m from race fields monies derived during FY2015 for breeding initiatives in accordance with the strategic plan.

The Fund also received a further \$0.250m as a contribution towards Inter Dominion marketing expenses that the Fund paid during the year.

Expenditure for the year was \$5.531m. The majority of Industry Fund expenditure was dedicated to the Breeders Challenge Series as well as the Nominators Bonus and the Breeders Challenge Owners Bonus Scheme all of which are essential to the development of the breeding industry and hence long-term sustainability of racing. The total amount devoted to breeding activities amounted to \$3.232m. Four hundred and forty five Breeders Challenge Bonus Certificates were issued during the year, an increase of 100 on FY2014. The value of these certificates was \$1.333m, up from \$0.862m in FY2014. In addition to the above 271 Nominator Bonuses were issued for a further \$0.813m.

Financial support of \$20,696 to the Mini-Trotting Association 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 FY2015 \$0.708m was provided to the RDF from the TAB Distribution.

The Fund earned a significant amount of investment income during the year as a consequence of moving the investment portfolio from bank term deposits to an array of investments under the management of JBWere.

The Bathurst track facility was completed and officially opened on 19th October 2014 at a cost of \$10.164m including contributions from Bathurst Regional Council and Bathurst Harness Racing Club.

Projects commenced during FY2015 include, Menangle's training centre facility which will be completed in early 2016. New lighting and stabling were installed at Penrith and work continued at the proposed new track at Wagga, although the project has encountered some difficulties which have delayed its originally planned starting date. Planning work will continue on the Tamworth track although construction works will only commence once Wagga has been completed.

The last of the Country Election Promise grants were made in FY2015. A total of \$650,000 was received from the newly elected state government in 2011 as part of the country racing election promise grant. The Board resolved to contribute an additional \$1.200m from the RDF resulting in a total fund of \$1.900m for new equipment, track upgrades and repairs. During the year final payments of \$0.129m were made to various clubs.

In addition to expenditure on infrastructure outlined above, the Board also committed to a program of grants to assist with the maintenance of existing facilities.

The program commenced in FY2013 and ran for three years with \$0.680m being allocated to clubs and training centres each year.

Finally, during FY2012 the Board determined that \$1.000m would be used from the Racecourse Development Fund to fund the special investigation and integrity expenses pertaining to the "Green Light" affair.

Monies from this fund were used in FY2015 to fund integrity related expenses. No further funds remain from this emergency fund.

During the year monies remaining from the sale of Harold Park were invested in portfolios under the management of JBWere. As with the Future fund a number of objectives were set including investment returns.

Given that a substantial portion of the funds will be required to fund new tracks and other infrastructure over the next few years the composition of the portfolio differs from that of the Future Fund.

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.

As in past years, portions of fines levied on participants for transgressions of the Rules of Racing were directed to the Benevolent Fund to grow and maintain its reserves.

These reserves 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 transition costs for GHRRA liabilities and staff transition costs as at 30 June 2015 was \$1.7 million which was met by Harness Racing NSW securing a ten year \$2.000m interest-bearing repayable loan from the NSW Government in 2009. During the year Harness Racing NSW repaid a further \$0.259m off this loan.

A loan of \$0.919m remains outstanding at year end, which will be fully repaid by 30 June 2019.

Future Fund

The Board of HRNSW established a Future Fund from race fields monies remaining after the various loans had been repaid which maintained race and club administration funding from FY2009 to FY2012.

The objectives of the Fund, which is overseen by an Investment Committee, are to produce capital growth and income to increase the real value of

the Fund over the longer term, plus provide financial sustainability, so that HRNSW is better resourced to achieve its mission. Specifically the Future Fund provides financial sustainability for now and into the future.

After repaying loans and other disbursements over the period to 30 June 2014 the Board determined that Future Fund be set at \$10.0m less any required working capital. These funds are not governed by the *Intra Code Agreement* and therefore the Board can determine how the funds are prudently invested and utilised.

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

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

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

Industry Funding and Turnover

NSW harness racing turnover with the NSW TAB for FY2015 was \$167.19 million, down \$18.7 million (10.1%) from the \$185.9 million recorded in FY2014.

When comparing turnover by region, country/provincial racing decreased by 13.0%, while metropolitan meetings (NSWHRC) decreased by 3.4% year on year.

When interstate and international turnover is included, total turnover on harness racing decreased from \$605.2 million to \$588.6 million, a decline of \$16.5 million (2.7%).

Significantly 34.7% of all wagering on NSW harness with the NSW TAB was through fixed odds betting compared to 30.7% in FY2014, an increase of 13.0%.

Land

There are no major developments to report this year on the project to realise a commercial benefit from the parcel of land at Beresfield.

This project remains on Harness Racing NSW's agenda to be pursued when circumstances allow. There are also no developments to report on the two parcels of land owned by HRNSW adjacent to the Goulburn Harness Racing Club track.

The parcel of Land purchased at Tamworth will be assessed for commercial activities during FY2016 and the development of a racing track and related infrastructure will occur following the completion of the track at Wagga. A total of \$5.000m inclusive of the \$1.400m to be received following the sale of the Tamworth Showgrounds has been allocated to this project.

Land was also purchased at Wagga in 2014 which will be used for the new track and related infrastructure.

Club and Administrative Funding

Part of Harness Racing NSW's mandate is 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.

Commonly referred to as the TAB Distribution, funds received from the TAB 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 FY2015 amounted to \$35.652m, an increase of \$2.193m on funding received in FY2014. The increase was mainly due to the higher WIF received.

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 \$0.259m was deducted from the distribution to repay the NSW Treasury loan.

A total of \$3.157m was then allocated from the TAB Distribution to the Industry Fund (\$2.449m) and Racecourse Development Fund (\$0.708m) at the prescribed rates of 7% (including the 1% Carnival of Cups allocation) and 2% respectively. Administration Funding of \$4.392m was provided to Harness Racing NSW as endorsed by the Harness Racing Clubs Committee.

The balance of \$27.843m remaining after the 'off-the-top' funding provisions was allocated to clubs to fund racing prize money and club operating costs.

Additional funding of \$5.663m was distributed to the industry to also fund racing prize money and club operating costs from Race Fields revenues.

Insurance

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

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

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

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

Stakes Payment System

There were no major enhancements made to the system during the year.

In keeping with Harness Racing NSW's commitment to the environment and process improvement, stakes system statements will no longer be printed and posted to participants from 1 July 2015. Participants have received notification of this proposed change over the last twelve months.

Other IT Projects

During the year IT equipment used by the stewards was upgraded improving the speed at which information is available for staff on race day.

Stewards no longer carry folders of paper to race meetings.

The new Harness Racing Media Centre was launched in late August 2014. As well as providing a fresh look and feel for online interaction, it also brings together existing elements such as Trots TV, iForm and The Gazette.

Racing Integrity

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

During the year Mr Graham Gorrie fulfilled this role.



Summary of Financial Performance

Harness Racing NSW		FY2015		FY2014		FY2013	FY2012		FY2011	FY2010	
Racing Metrics											
Clubs		34		34		33	32		32	32	
Meetings		487		505		501	509		515	518	
TAB Races		3,692		3,851		3,832	3,818		3,594	3,713	
Non TAB Races		153		161		185	155		323	365	
Total Races		3,845		4,012		4,017	3,973		3,917	4,078	
Individual Starters		3,687		3,980		4,085	4,093		4,100	4,099	
Total Starters		34,181		34,640		35,492	35,094		35,145	36,273	
Starters per race		8.9		8.6		8.8	8.8		9.0	8.9	
Prizemoney		32,204,734		31,336,496		31,345,821	27,205,098		24,269,000	25,384,100	
Starts per starter		9.3		8.7		8.7	8.6		8.6	8.8	
Prizemoney on offer per starter		8,735		7,873		7,673	6,647		5,919	6,193	
Average Prizemoney per race		8,376		7,811		7,803	6,847		6,196	6,225	
NSW TAB Turnover		167,122,000		185,891,000		192,759,000	188,931,000		192,651,000	208,710,000	
Average Turnover per NSW TAB race		45,266		48,271		50,302	49,484		53,604	56,211	
Income											
Wagering-TAB		35,651,682		33,458,278		34,145,540	33,566,158		32,907,952	33,654,924	
Wagering-Race Fields		10,769,201		9,472,759		6,995,743	22,748,365	(i)	-	-	
Stewarding and Other Fees Charged To Clubs		1,074,008		1,050,018		1,048,720	849,623		850,000	827,182	
Registration & Licensing Income		613,611		668,775		759,141	959,381		901,251	739,271	
Grants Received		802,082		1,603,001	(ii)	393,342	2,386,731	(iii)	184,010	155,000	
Investment Income		938,462		533,249		935,128	2,218,996	(iv)	58,828	42,521	
Other		317,566		260,830		202,947	246,420		333,581	991,851	(v)
Total Income		50,166,612		47,046,910		44,480,561	62,975,674		35,235,622	36,410,749	
Expenditure											
Club Distributions	(vi)	16,968,308		16,159,965		16,404,109	34,661,585		26,181,714	29,013,674	
Prizemoney and Other	(vi)	17,727,569		17,322,790		16,413,891	-		-	-	
IF/ RDF Distributions		4,106,528		3,652,729		3,049,789	3,010,589		2,961,716	3,002,284	
Integrity		1,820,738		1,387,801		1,311,445	1,230,839		661,427	631,476	
Video Production and Photo Finish Costs		1,632,194		1,578,214		1,542,606	486,514		-	-	
Administration/Other		5,683,928		4,918,033		5,553,594	8,117,984	(vii)	5,091,359	4,423,632	
Total Expenditure		47,939,265		45,019,532		44,275,434	47,507,511		34,896,216	37,071,066	
Surplus/ (Loss)		2,227,347		2,027,378		205,127	15,468,163		339,406	(660,317)	
Non Recurring Items											
RDF Grant- Land Purchase		-		(1,351,492)		-	-		-	-	
Other Non Cash Adjustments		-		19,465		-	-		-	-	
Amalgamation Expenses		-		-		-	-		-	(1,080,329)	(viii)
5th Quarter Race Fields Income		(1,857,583)		-		-	-		-	-	
Surplus/ (Loss) Carried Forward		369,764		695,351		205,127	15,468,163		339,406	(1,740,646)	

		FY2015		FY2014		FY2013	FY2012		FY2011	FY2010	
Industry Fund											
TAB Distribution		2,448,676		2,324,567		2,372,058	2,322,452		2,303,563	2,335,485	
Race Fields Distribution to Fund		950,000		664,000		785,178	-		-	-	
Foal and Other Registration Fees		683,916		1,130,465		764,146	645,297		366,126	296,353	
Carnival of Cups		673,006		613,561		604,566	462,359		455,695	580,139	
Prizemoney Subsidies		1,103,000		1,441,120		920,905	961,182		1,050,889	773,289	
Breeders Incentives		1,792,282		886,878		652,726	604,000		528,615	464,401	
Racecourse Development Fund											
TAB Distribution		707,852		664,162		677,731	666,141		658,159	666,799	
Investment Income		791,846		1,115,966		1,364,443	1,597,309		20,801	46,880	
Other		820		436,019		549,506	3,265,425	(ix)	420,000	283,287	
Repayment of IFIL		-		-		-	25,499,783	(x)	-	-	
Election Promise Grants		129,320		328,018		1,062,211	446,319		-	-	
Training Centre Grants		548,702		694,929		293,296	-		-	-	
New Infrastructure		6,396,260		5,321,145		850,856	100,734		109,825	-	
Land Purchases		-		1,351,492		-	1,694,708		15,965	-	
Video Production Subsidy		-		-		-			1,130,165	1,147,627	(ix)
Other Grants		709,897	(xii)	94,648		268,620	789,477	(xi)	348,254	359,966	

- (i) Prior year revenue held in Trust but recognised in FY2012 following favourable decision in race fields High Court litigation.
- (ii) Grants Received in FY2014 includes \$1.351m for Tamworth land acquisition.
- (iii) Grants Received are higher in FY2012 and FY2014 as result of funds received from RDF for land purchases.
- (iv) Prior years interest income on race fields funds recognised in FY2012, as a result of the favourable race fields High Court decision.
- (v) The profit of \$512,016 arising from acquisition of GHRRA assets for nil consideration has been recognised in Other Income.
- (vi) Commencing FY2013 HRNSW paid prizemoney direct to participants on behalf of clubs and other participants with administration funding only being paid to all clubs except the Principal Club. Prior to this both prizemoney and administration funding were paid to all clubs.
- (vii) FY2012 Administration Fee is high due to reimbursement of \$3.1m to RDF for video fees paid by RDF during race fields dispute.
- (viii) Amalgamation expenses relating to the integration of GHRRA and HRNSW. \$652,544 was paid in FY2009.
- (ix) The RDF subsidised HRNSW for Sky video production costs until the decision on the race fields case was handed down. This subsidy was repaid in FY2012 (refer (vii) above).
- (x) Repayment of IFIL by the Principal Club - from proceeds from the sale of the Harold Park Site
- (xi) Other Grants are high in FY2012 due to a contribution of \$412,490 being made to HRNSW's special investigation program.
- (xii) Other Grants are high in FY2015 due to a contribution of \$450,000 being made to HRNSW's integrity expenses.

Strategic Plan

In accordance with Section 12 of the *Harness Racing Act 2009*, Harness Racing New South Wales is required 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 FY2010 to 2103 Strategic Plan, which carried over through to FY2014 and FY2015 due to the changeover of CEO's in 2014 encompassed a number of issues including:

- (a) Venues;
- (b) Racing;
- (c) Breeding;
- (d) Revenue and Income;
- (e) Media and Technology; and
- (f) Investment

The FY2015 to 2017 Strategic Plan was released to the industry in May 2015 and will be addressed in next year's Annual Report.

HRNSW is pleased to note that further gains were made in relation to a number of the strategic objectives from the FY2010 to FY2013 strategic plan during the current financial year.

A number of the objectives were placed on hold during the litigation of the race fields legislation as funding was dependent on a successful outcome.

Objectives that were achieved during the past twelve months included:

(a) Venues

Construction work at Bathurst was completed in October 2014 and the track was opened on 19 October 2014.

Work continued at the new Training Complex at Menangle Park. Significant building works commenced in 2015 and this project should be completed next year.

After making significant headway last year the project at Wagga encountered some headwinds and slowed down markedly. Local opposition to the location of the proposed facility has caused considerable delays.

The Board and senior management of HRNSW have been working closely with Wagga Wagga City Council and hope to have the matter resolved in the near future.

Tamworth continues to make slow progress having being slotted in for commencement after the completion of the facilities at Wagga however the progress is restricted to a degree by the non-sale of the Tamworth Showgrounds.

As mentioned in the FY2013 Annual Report the Election Promise Grant of \$650,000 was supplemented by HRNSW with \$1.2M of additional funding from the Racecourse Development Fund. All of these funds have now been expended on new equipment and infrastructure.

A further \$680,000 was set aside each year from the Racecourse Development Fund to maintain existing facilities. The amount that each club receives is based on the horse population near each racecourse.

The grants were available for a three year period which expired in June 2015.

A new fund of \$750,000 has been set aside for FY2016.

(b) Racing

A number of racing related initiatives were implemented during the year including a continuation of changes to race programming and handicapping. Changes were implemented and updates were made in consultation with the industry.

The number of race meetings conducted has declined slightly however additional races have been added to meetings where nominations exceed requirements. This has been funded from the Prize Money Contingency Fund.

Prize money tiers were also increased during the year.

Finally, significant advances were once again made throughout the year on integrity related issues which are designed to ensure a level playing field. Expenditure on integrity has been maintained at around \$1.8m for the past few year which was double that spent during FY2012.

(c) Breeding

The Breeders Challenge series continued during the year with the finals being held at Tabcorp Park Menangle on Sunday 28th June. The finals attracted outstanding fields of 2, 3 and 4 year olds pacers and trotters racing for in excess of \$700,000 in prizemoney on the day.

Additionally, an allocation of \$700,000 of race fields income received during FY2015 was directed to the Industry Fund for breeding initiatives.

The number of Breeders Challenge Certificates increased by 100 to 445 during the year. Much work continues to be done in the background on breeding related matters including:

(i) NSW Breeders Challenge Nominators Bonus

The NSW Breeders Challenge Nominators Bonus went live for 2YO horses from 1 September 2013. The Bonus is a \$3,000 cash payment to the person(s) that lodged the Foal Notification for a horse and is paid out on the first Career Penalty win in NSW for the season.

Furthermore a Group 1 winning Nominators Bonus was introduced which was valued at 10% of the advertised 1st placed prizemoney.

The total payout of NSW Breeders Challenge Nominators Bonuses to 30 June 2015 was \$735,760 up from \$193,000 in FY2014.

The number of cash payments issued during the year increased from 88 to 271.

(ii) NSW Breeders Challenge Blue

HRNSW, in conjunction with the Principal Club, introduced a new arm to the NSW Breeders Challenge which included a race series and an incentive scheme.

Named NSW Breeders Challenge Blue, the race series catered for 100% NSW Bred horses, that being the stallion stood at a NSW stud in the season of conception and the mare was inseminated in NSW and the foal was born NSW and notified to HRNSW.

The Blue Incentive Scheme provided a \$500 Certificate to the breeder of a mare inseminated by a trotting stallion under the following conditions:

- The broodmare must be served or inseminated in NSW, and;
- The sire must be nominated for the NSW Breeders Challenge, and;
- The service fee must be related to the conception of a foal during the 2014/15 season. The certificate cannot be used to pay for a live foal from a conception during the 2013/14 season.
- Applications will not be accepted after 31 August, 2015

(iii) Bred In The Blue

During FY2014 and FY2015 HRNSW worked closely with private harness racing company Bred In The Blue to inform stakeholders about the breeding industry.



Information Sessions were conducted across the state by Bred In The Blue founders John Coffey and Joanne Andersen. The sessions provided information concerning the NSW Breeding Schemes and Bred In The Blue provided HRNSW with feedback from the sessions.

(d) Revenue and Income

During the financial year HRNSW received \$44.563m from both the NSW TAB and other corporate wagering operators, an increase of \$1.632m on that received in FY2014 when the fifth quarter race fields revenue is excluded.

The increase in revenue was mainly due to better than expected TAB revenues however the relative reduction of TAB income over many years has increased the importance of race fields revenues.

The announcement in July by the NSW government that racing taxes will be rebated over a five year period will also have positive impacts on industry revenues.

The rebate of taxes will enable the local industry to achieve revenue parity with other states. This revenue will not be distributed through the Intra-Code Agreement but rather will be distributed in accordance with the Strategic Plan.

(e) Media and Technology

The new Media Centre incorporating a revamped web site was launched in August 2014.

Upgrades were released during the later half of 2014 and throughout 2015.

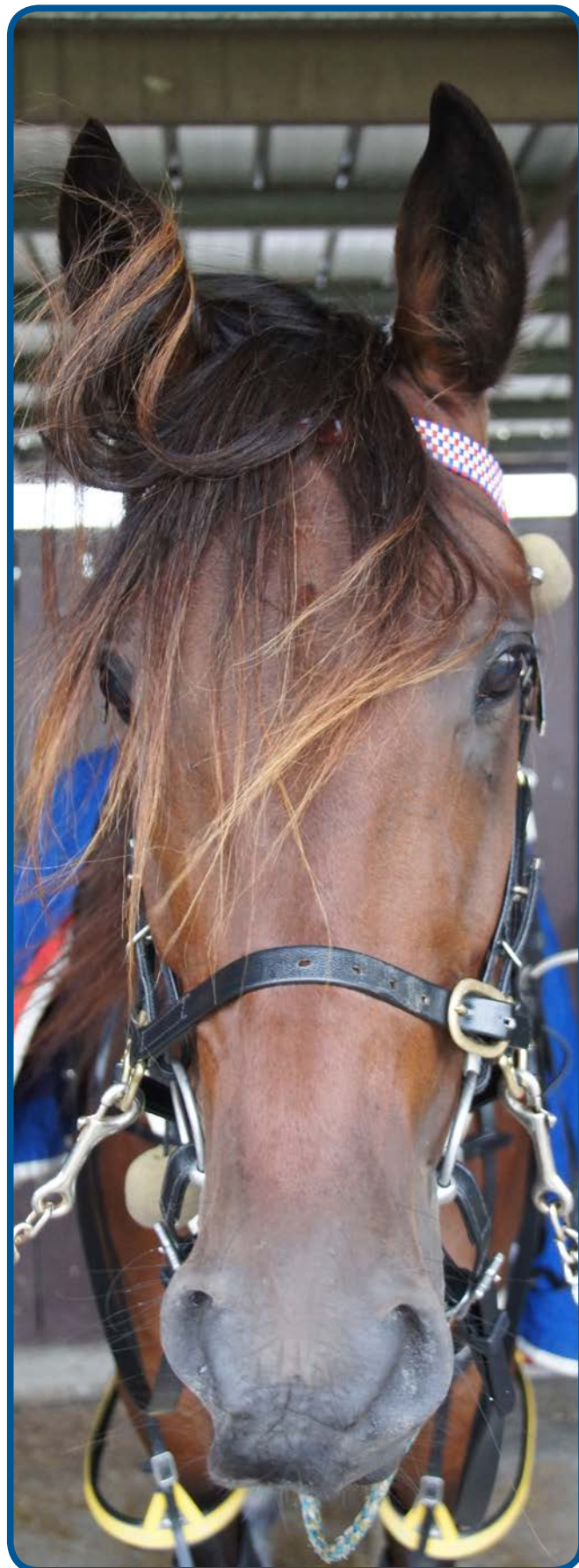
For the third year in a row HRNSW was once again fortunate to have Channel 9 telecast the 2015 Inter Dominion championship.

Trots TV continued to experience an increase in users as did the HRNSW facebook page. HRNSW's twitter account continued to grow and HRNSW's iForm platform was expanded.

(f) Investment

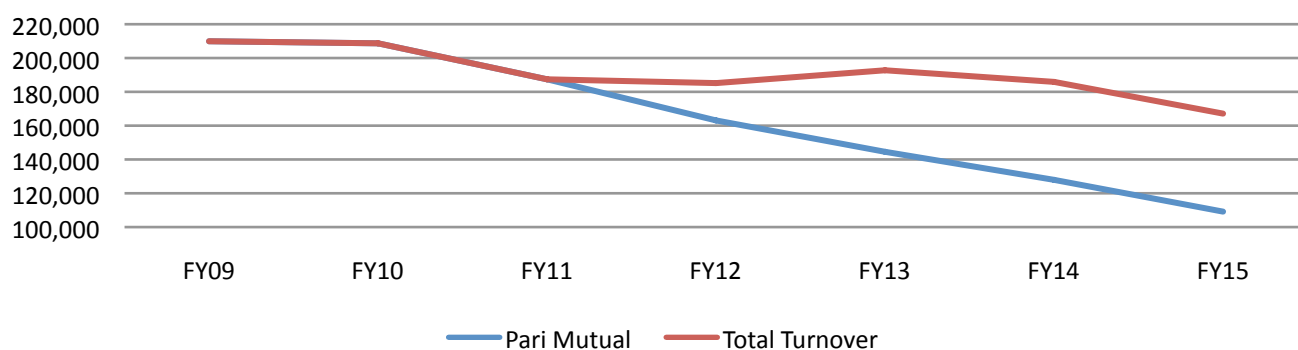
The 2015 Inter Dominion also involved a significant marketing effort and the results spoke for themselves. The event also incorporated the World Driver's Championship and World Trotters Conference, a huge boost for the local industry.

HRNSW also continued its investment in Mini Trots during the year. These participants are the future of the industry and the investment will continue well into the future. Funds have been allocated to establish a training academy to introduce the sport to children who may wish to participate in mini trot activities.

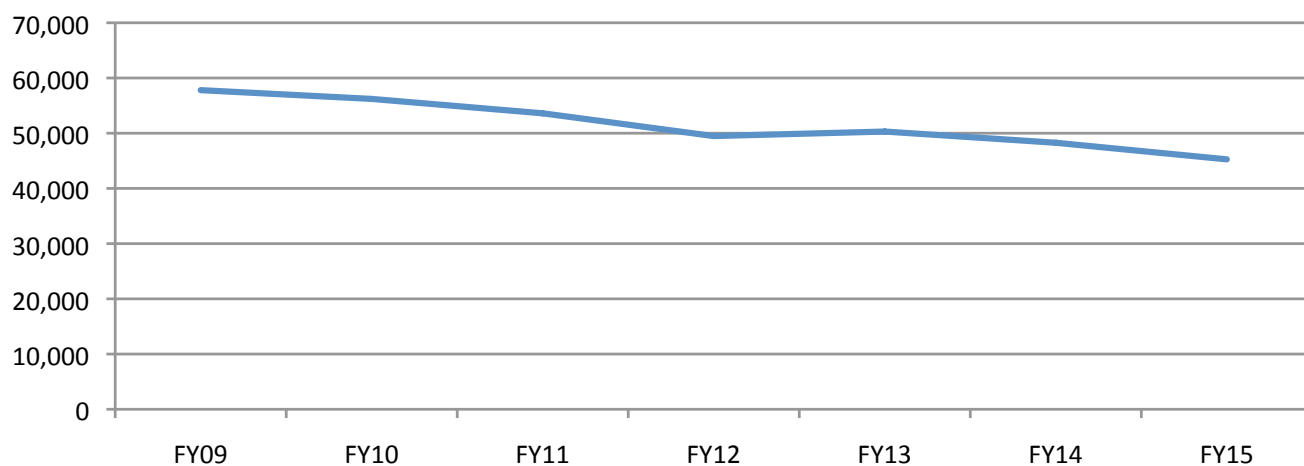


Statistics at a glance

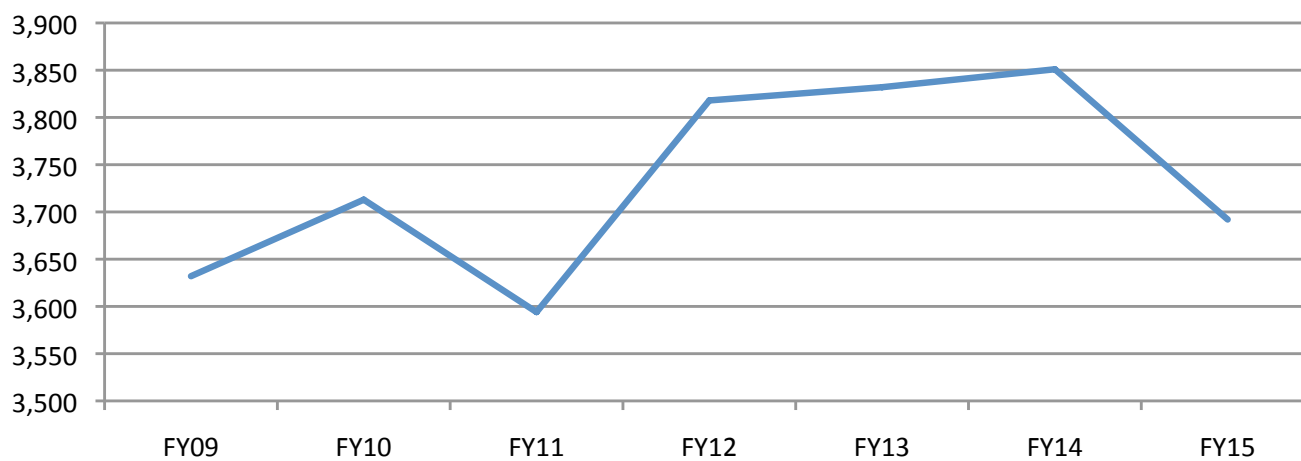
NSW TAB Turnover



Average Turnover Per Race

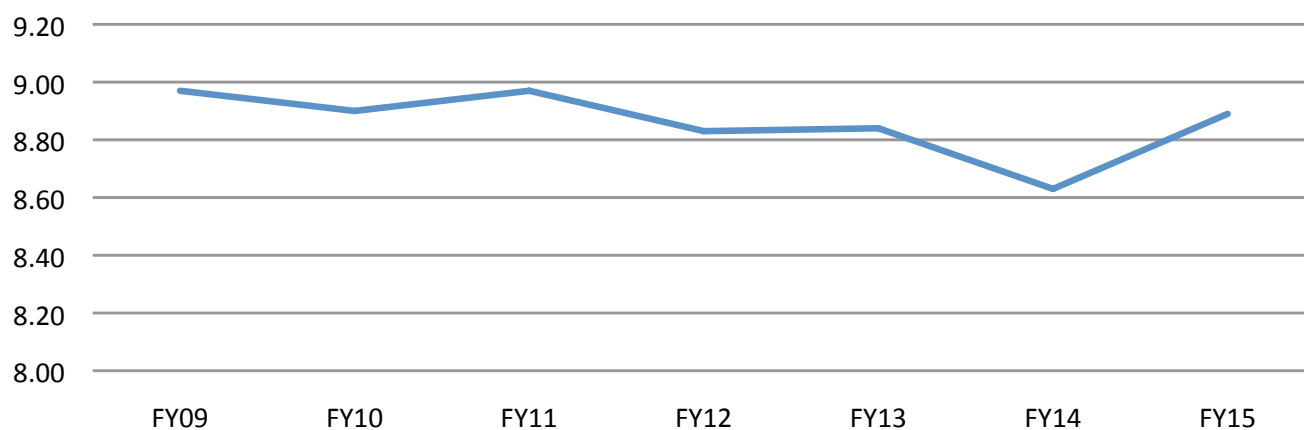


TAB Races

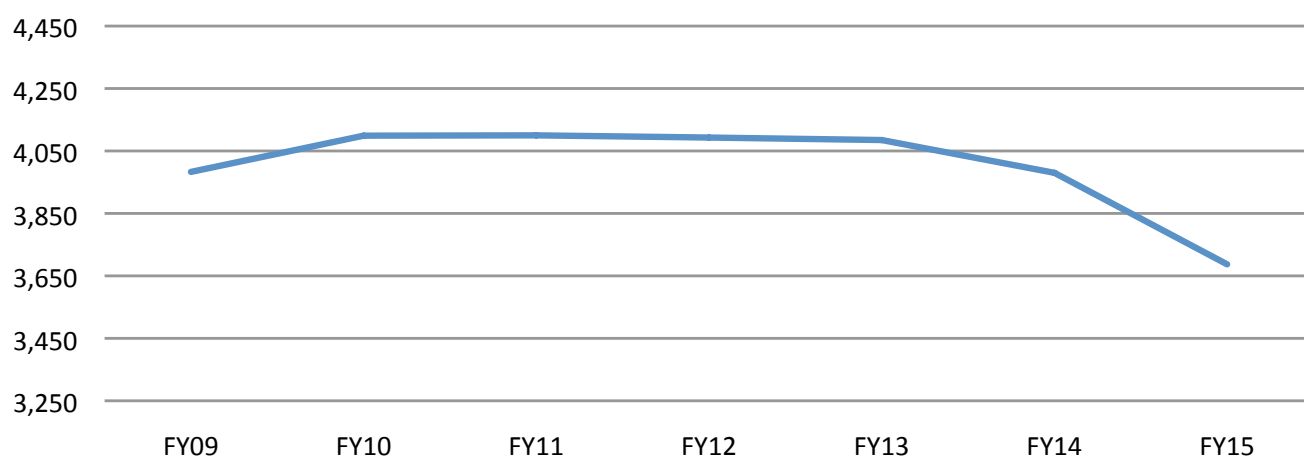


Statistics at a glance

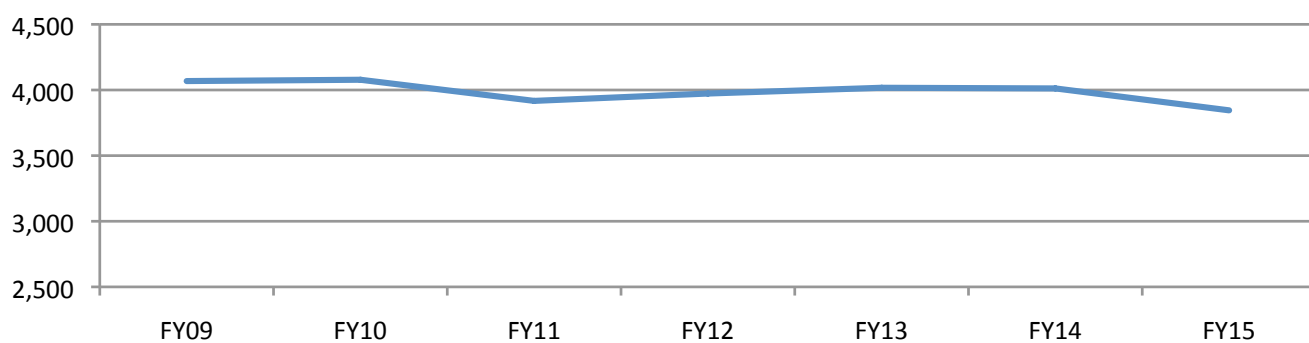
Average Field Size



Individual Starters

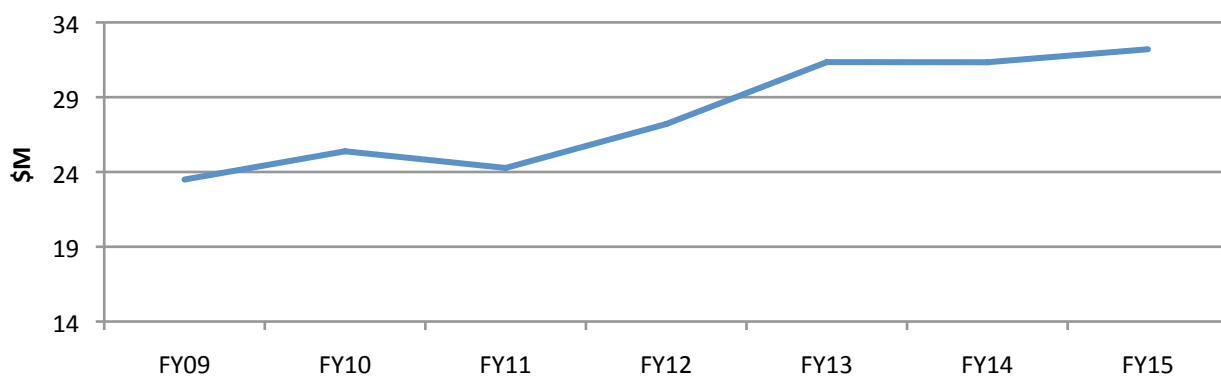


Total Races

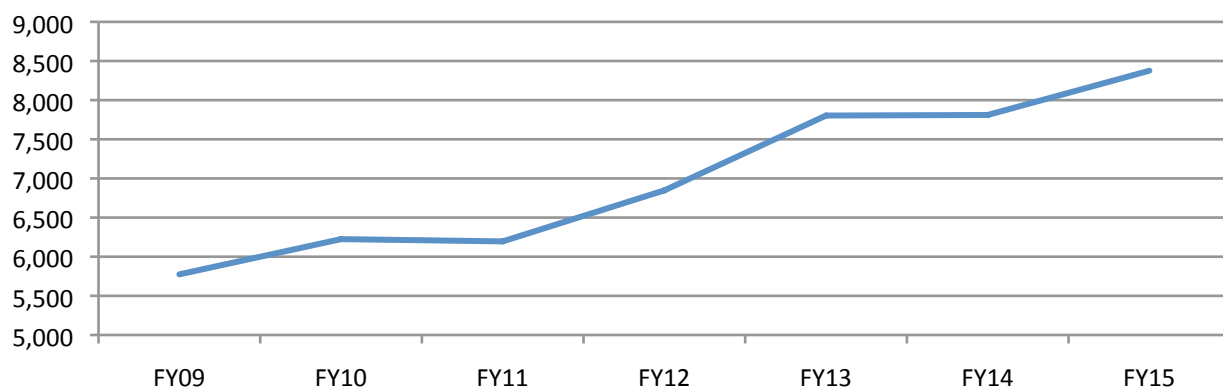


Statistics at a glance

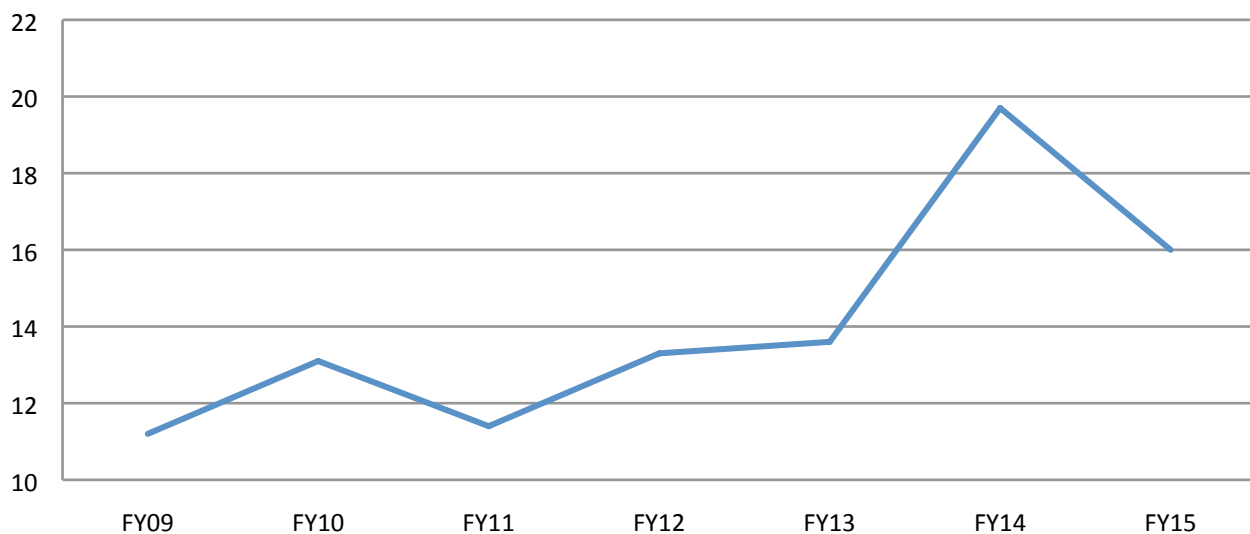
Prizemoney Paid (\$M)



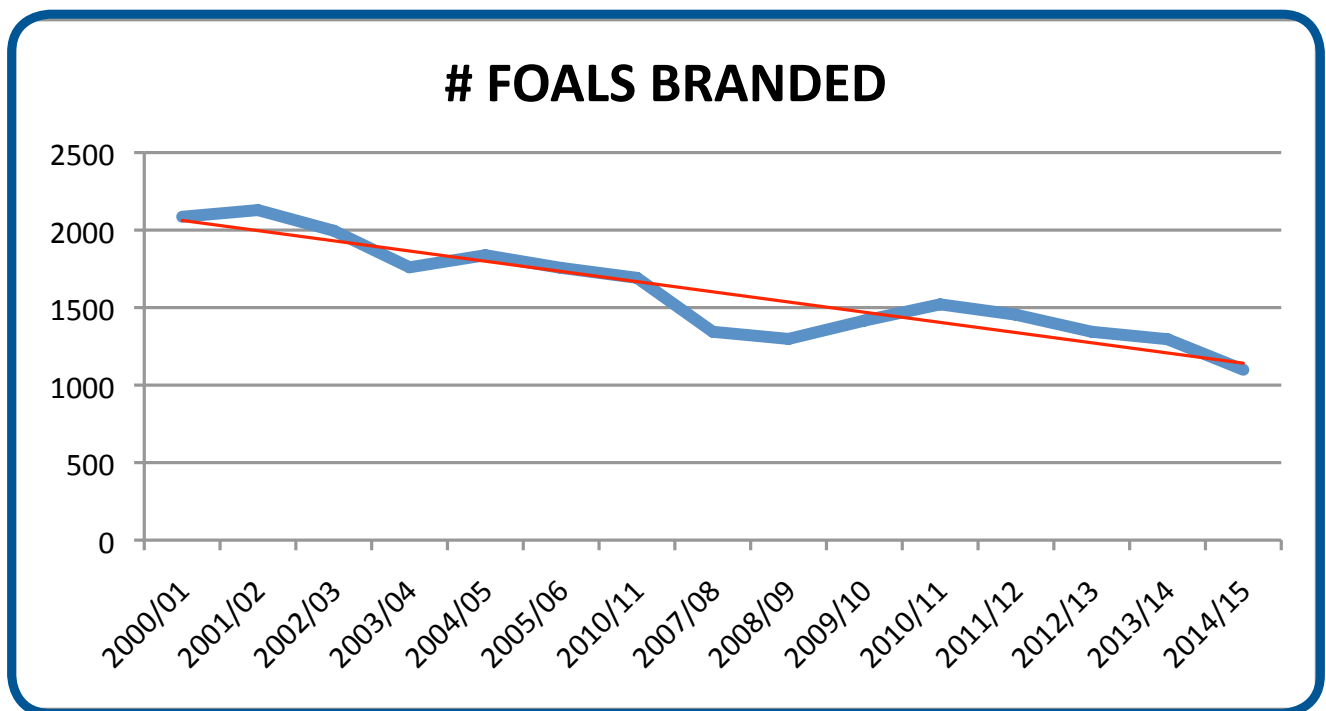
Prizemoney Paid per race



Percentage of races run with less than 8 starters



Statistics at at glance



Review of Operations

Racing

Tiers and Funding

Base prizemoney per race for FY2015 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 MEETING
NSWHRC - Metropolitan	8	\$185,493
NSWHRC - Country	8	\$48,000
Primary	8	\$48,000
Secondary	8	\$40,000
Secondary	8	\$30,000
Heats	8	\$24,000
Heats	8	\$18,000
Non-TAB	8	\$9,000

All Carnival of Cups meetings were funded at the Primary Meeting level which allowed the host Clubs to conduct meetings at unprecedented prizemoney levels.

Prizemoney Contingency Fund

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

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

For example:

If Parkes was to conduct a Secondary (6 race) meeting in a Saturday Twilight timeslot and received enough nominations to conduct eight races, two additional races could be funded from the Prizemoney Contingency Fund.

The Prizemoney Contingency Fund commenced the season with a balance of \$267,873, made up of \$200,000 allocated from race field funding and \$67,873 carried forward from FY2014.

Over the course of the financial year \$992,000 was provided to Clubs for additional races and \$8,353 was provided as prizemoney for races with 10 or more starters.

These costs were netted off by \$812,000 in races allocated but not conducted.

Therefore the net spend in FY2015 from the Prizemoney Contingency Fund was \$188,353.

This left a sub-balance brought forward of \$79,520.

A further \$9,600 was directed to pay for the Tabcorp Park Menangle Where Horses Fly Series Unused Unplaced Prizemoney.

Therefore the total amount carried forward to FY2016 is \$76,320.

As expected the major Regional Centres were the Clubs that benefited most from the Prizemoney Contingency Fund in FY2015.

Wagga conducted \$167,500 worth of additional races, Bathurst \$138,500, Newcastle \$125,500 and Penrith \$106,000.

Race Date Allocation

HRNSW continued its aim at stemming the flow of decreasing field sizes from the preceding financial years. Race dates and race programming were therefore streamlined based on the following principles:

Race Dates Motivation

- 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 prizemoney.

Meetings were allocated within regions with the Classification 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 is a Primary Meeting at Bathurst, there will be a Secondary meeting programmed at either Parkes or Dubbo.

Race Programming

HRNSW Board Members and Management travelled around the state in June 2014 on an Industry Road Show to explain the changes to race programming and the increases in stakes for FY2015.

At these sessions attendees were presented with the state of the industry including the facts that:

- a) there is a declining horse population;
- b) only 21% of horses are viable (they earn enough money to pay their annual training fees);
- c) sound and well performed horses are hitting their mark in NSW and are retired or sold interstate or overseas.

Endorsed by the Board, HRNSW Management created a new race programming system which commenced on 1 September 2014.

The reasons behind the changes were:

- a) Management believed that the Class System was not providing “like for like” racing as it is based on a record achieved over time which does not represent current form.
- b) There are very few C3 or better horses in each Region and races programmed for C4 or better horses have consistently been deleted.

This means sound and well performed horses hit their mark and are raced or sold interstate or are retired.

These horses are known to punters and increase wagering and need to be kept in NSW.

- c) In simple terms, the current number of meetings and races cannot be sustained if horses are not competitive and viable.

It was explained to the industry that changes to the race programming model were therefore made to:

- a) Make a higher percentage of horses viable, which will keep them racing and maintain their connections in the sport.
- b) By making horses viable it is hoped that owners will be able to further invest in other horses.
- c) If owners invest in other horses there will be demand for horses at yearling and ready to run sales.
- d) If there is demand for horses at sales then commercial breeders may breed more horses.
- e) If hobby owner/breeders have viable race horses then they may have money to breed more horses as opposed to leaving their mares barren.

To overcome the aforementioned issues and to better utilise our horse population, most meetings in NSW in FY2015 contained a Divided Stakes event where the HRNSW Handicapping Panel framed race conditions and selected race fields from the nominations received.

Lifetime Wins, Average Mile Rate (Competitive Stakes), Wins by a Trainer over a period of time (Encouragement Stakes) and Wins This Season formed the basis of Race Programming. HRNSW monitored the progress of the new handicapping system and delivered another series of Road Shows in May 2015.

The comparative results for the FY2015 racing season against the previous 4 seasons were as follows:

Season	Starters	Winners	Winners %	Average Prizemoney	Median prizemoney	\$15,000+ Earners	\$15,000+ Earners %
2010/11	4,135	1,872	45.3%	5,966	2,025	435	10.5%
2011/12	4,112	1,884	45.8%	6,882	2,393	493	12.0%
2012/13	4,073	1,905	46.8%	7,840	2,420	560	13.7%
2013/14	3,910	1,831	46.8%	8,078	2,855	533	13.6%
2014/15	3,716	1,838	49.5%	8,741	3,820	607	16.3%

The programming during the FY2015 racing season combined with prizemoney increases provided viability to a higher percentage of horses and gave more owners the exhilaration of winning a race.

Furthermore, year on year there was a higher percentage of owners, trainers and drives to win races:

	Owners	Winning Owners	%	Trainers	Winning Trainers	%	Drivers	Winning Drivers	%
2013/14	2,967	1,425	48.0%	1,008	559	55.5%	801	398	49.7%
2014/15	2,814	1,427	50.7%	963	553	57.4%	745	404	54.2%



Rising Stars Series

The Rising Stars Series was conducted in late June with nine NSW junior drivers joined for the second consecutive year by WA Rising Star Kristy Sheehy. Training and development activities included attending the NSW Breeders Challenge Barrier Draw and partaking in media training and Trots TV interviews, a session at the HRNSW Offices which included Self development, integrity, a media review and psychology, a visit to Pepper Tree Farm, the Mount Panorama Car Museum, a stable tour of Steve Turnbull's property, iFly indoor sky diving, attendance at the Souths vs Manly NRL game and go karting in Newcastle. Activities were organised around the heats conducted at Young, Bathurst, Penrith, Newcastle and Tabcorp Park Menangle.

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

Representing the Metropolitan Area in his second series Jack Trainor prevailed. The native New Zealander crossed the ditch in 2013 and was employed by the powerful Tritton Stable. He has since made the move to Sydney and is employed by the emerging Pizzuto stable.

After a steady start to the Series Trainor headed to Bathurst on night 2 with what looked to be a good book of drives. By the end of the night he had driven all three heat winners. Going into the final heat at Tabcorp Park Menangle there were two winning chances – Trainor was on 94 points and defending Champion Chris Geary was on 87 points.

In the final heat Trainor would finish fourth and Geary seventh meaning Trainor had claimed the title. Geary (Metropolitan) finished second while Ellen Bartley representing the South West & Riverina would finish third.

The full point score table was as follows;

Position	Driver	Points
1st	Jack Trainor	101
2nd	Chris Geary	91
3rd	Ellen Bartley	68
4th	Reece Maguire	67
5th	Kristy Sheehy	65
6th	Laura Spencer	62
7th	Daniel Morgan	57
8th	Madison Reynolds	50
9th	Nathan Carroll	50
10th	Tom Ison	44



Feature Racing Review

TAB.COM.AU Inter Dominion Final

The rollercoaster ride for Beautide ended on the highest of highs.

The Tasmanian bred superstar recorded back to back victories in the Group 1 \$750,000 TAB.COM.AU Inter Dominion Grand Final at TABCORP Park, Menangle when he thrashed his rivals in the 3009m marathon.

Beautide sat parked throughout before racing clear over the concluding stages to beat Flaming Flutter and For A Reason in a time of 1:55.8.

When successful in FY2014, Beautide sat parked winning in a time of 1:55.5.

“This is an unbelievable feeling and I can’t be any more proud of this horse, he’s an absolute star.

I felt confident racing without cover and when I asked him for more at the top of the stretch, I felt him swell up and he just ran off.” A beaming James Rattray (trainer/driver) said immediately after the race.

With triple New Zealand Cup champion Terror To Love burning the gate from his wide draw at the start, he eventually took the lead from the polemarker Lennytheshark leaving Beautide deep early.

Rattray quickly pushed forward to race on the outside of Terror To Love while David Hercules quickly came calling three-wide but Rattray kicked up and left David Hercules with no other option than to restrain.

The lead time was covered in 101.1 seconds.

With rival drivers not prepared to make any moves, Terror To Love and Beautide continued to dictate the terms with the first half of the final mile covered in 29.4 and 29.8 seconds.

Heading off the back straight, Beautide quickly joined Terror To Love and raced clear while Lennytheshark, Flaming Flutter, For A Reason and Blazin N Cullen all gave chase.

The third quarter was covered in 28.5 seconds.

In the straight, Beautide continued to build on his ever expanding margin while Flaming Flutter and For A Reason managed to fill the minor placings. Beautide scored officially by 13.9m while 1.5m separated Flaming Flutter and For A Reason.

The last quarter was timed in 27.8 seconds.

Beautide becomes the sixth pacer to register back to back victories in an Inter Dominion Grand Final following on from Hondo Grattan, Gammalite, Our Sir Vancelot, Blacks A Fake and Im Themightyquinn.

Story written for Harness Racing Australia by Chris Barsby



Pepper Tree Farm NSW Breeders Challenge Finals

2YO Superstars Burn Up the Track

TWO future superstars of harness racing stole the show at Tabcorp Park Menangle today in the rich finals of the Pepper Tree Farm NSW Breeders Challenge for two-year-olds.

Heavens Trend dazzled in the fillies' final, rating a slashing 1:52.9 in beating Hot Shot Woman and outsider Boundtobemad.

And while Kiwi champion Mark Purdon was left smarting after his unbeaten youngster Our Golden Goddess faded to finish fourth after a hard run in that race, it didn't take him long to make his mark on this big day of six Group Ones.

Purdon was straight back into the winners' circle half an hour later when his unbeaten Somebeachsomewhere youngster Our Waikiki Beach, who scored the strongest of wins, taking out the two-year-old boys final, winning his ninth race in succession.

Posted in the breeze for the 1609m journey, Our Waikiki Beach simply outstayed his rivals, rating 1:53.7 to beat Match In Heaven and El Major by 3.4m.

And while Victoria's gun reinsman Gavin Lang admitted Heavens Trend did not have a lot of fuel left in the tank in beating Australia's best fillies, Purdon hinted Our Waikiki Beach was really ready to go on with things after beating the colts and geldings, with his biggest and best win so far.

"Heavens Trend wanted to put them [rivals] away on the home turn and she is a free-running filly who likes to do things her way," Lang said.

"I rate this youngster, for sure, but I won four Group Ones on a two-year-old named Self Denial in 2003, so this horse has a lot to live up to if she is going to equal that.

"But she's certainly heading in the right direction."

Meanwhile Purdon admitted the \$125,000 colts and geldings final didn't pan out quite how he thought it would on paper with Our Waikiki Beach forced to do it tough, racing without cover for the entire journey.

"But he was good enough to overcome a hard run and still prove too strong at the finish," he said.



Purdon's 3YO Domination

Mark Purdon, the champion trainer-driver, who heads New Zealand's most powerful stable, the All Stars team with his partner Natalie Rasmussen, arrived at the track rated the best in the Southern Hemisphere prepared for a big day.

With four Group One aspirants, the modest Mark suggested he'd be happy to win "two or three" of the majors.

And that's exactly what he did with the highlight being his two wins in the \$125,000 Three-Year-Old finals with Supersonic Miss (fillies) and Kept Under Wraps (colts and geldings).

Supersonic Miss gave high-profile Victorian owner Merv Butterworth another feature race success when the daughter of Mach Three was able to kick strongly in the straight with a last half of 56.1s and a final quarter in 27.1s to beat the unlucky Ameretto and gutsy Bamako Mali in a 1:57.1 mile rate.

While Ameretto's run was huge after galloping early in the race, nothing could be taken away from Supersonic Miss, who has thrived since she arrived from New Zealand and has now won nine races and run seven placings from just 22 starts and earnings already over the \$350,000 mark.

"She was a great horse in New Zealand and she's even better here on this fantastic track," said Butterworth, who has a marvellous strike-rate in feature races on both sides of the Tasman.

If there was one horse not as strongly favoured among Purdon's hopes it was probably Kept Under Wraps, who has had to settle for the runners-up cheque at his two previous starts.

Yet Purdon had him ready to fire in the colts and geldings final and after Mouse In The House handed up the lead to Kept Under Wraps early in the 2400m feature, Purdon did the rest, scoring a mighty win in a 1:57.4 mile rate, beating outsider Pompidou and Mouse In The House.

Purdon paid tribute to his team for selecting horses at the yearling sales that are now really paying their way.

"A lot of hard work goes into selecting these horses and we start looking as soon as the yearling catalogues come out – 10-12 weeks before the sales," he said.

"Days like this are a reward for all that hard work."



Two Group 1 Breakthroughs

IT doesn't get any better than winning your first Group One on a big day's harness racing.

So it was a day to savour for both leading trainer KerryAnn Turner and young reinsman David Morris at Tabcorp Park Menangle today.

Turner won the NSW Breeders Challenge four-year-old entires and geldings final with Lettucerocthem while a little over half an hour later Morris saluted when he led all the way to win with Luda, in the four-year-old mares' final, also giving rookie trainer Daniel Neagoe his first Group One.

Turner arrived at Tabcorp Park Menangle today "expecting" and she left over the moon with her first Group One winner safely in the bank.

Lettucerocthem became the first horse to win three Breeders Challenges in successive years when he cruised home with the \$100,000 Four-Year-Old colts and geldings final.

It has been a long-time coming because Turner lost a Group One at this very meeting three years ago when Blissful Guy (with Robbie Morris in the sulky) was first past the post but lost the race on protest to No Ah Saint.

Turner, who will have her first child in a few months, was ecstatic when Lettucerocthem was sold recently and the new owners sent the son of Art Major to her Menangle stables to train. Her partner, Robert Morris did the rest, finding the front out of the gate from nine and cruising through the first half of his last mile in 60.3 seconds.

That made it mathematically impossible for short-priced favourite My General Lee, who sat back in last place and had little chance of running them down.

Turning for home Morris held all the aces and clicked up with a final split in 26.6s and a last half of 53.9 to win as he liked, beating Theartofconfusion (Todd McCarthy) by 16m and the fast-finishing My General Lee (David Morris) 23m away from the winner in third place.

Luda was just as impressive in the mares' final, holding off a wall of challengers in the straight to score in 1:58.5 mile rate.

David Morris obviously learned from his defeat in the previous race as he quickly found the front from the widest gate, stacked up his rivals then held them all off in the run to the line.

Stories written by
National Trotguide Editor-In-Chief
Michael Court



World Driving Championship

Tetrick Strikes First

USA representative Tim Tetrick drew first blood in the 2015 World Driving Championship steering Shannonsablast to victory in the first of twenty heats. The meeting was conducted at Tabcorp Park Menangle and Tetrick looked at home on the spacious 1400 metre circuit sending his horse forward from the outside barrier. Australia's Chris Alford was able to get off the inside late to finish second, securing important points.

The second heat saw the international drivers compete on trotters and it was no surprise to see one of the European drivers take out the event. Finland's Mika Forss drove the Darren Hancock trained On Thunder Road and it fought strongly in the straight to hold off a late challenge from the Guillermo Adrover driven Kyvalley Blur.

Alford Gets Australia Excited

The next three heats in the 2015 World Driving Championship were run at Newcastle.

Australia's Chris Alford started the night in second position after a strong showing in heats one and two, and after a victory in the third heat he assumed top spot on the Championship leaderboard.

Driving Better Than Max, Alford won narrowly, arriving just in time to grab USA star Tim Tetrick and Kardashiancrusader. Denmark's Knud Monster finished third on Shez Juslika while Finland's Mika Forss picked up some important Championship points when he finished fourth on Son Of A Star.

Heat four was won by Frenchman Tony Le Beller driving The Merchant Banker. Starting from barrier one, Le Beller pushed The Merchant Banker out early and held the lead despite being pressured by Red Raphael driven by Tim Tetrick. Le Beller kicked away turning and won comfortably, second was Gee Tee Wage driven by Chris Alford while Norway's Vidar Hop finished third driving The Puritan. Spain's Guillermo Adrover saved plenty of ground and finished fourth with Strawberry Courage.

The fifth heat saw an aggressive drive from Finland's Mika Forss as he pushed his horse Satu to the lead early despite drawing wide on the track. After finding the front Forss rated Satu perfectly and was able to sneak away turning for home and held a margin to the finish line with Vidar Hop second on Heza Panamach. Tim Tetrick finished third with Hangover Joe while Tony Le Beller was fourth on Rollon Baby Belle.



Dunn Dominates at Wagga

Seven heats of the World Driving Championship were run in the city of Wagga Wagga, The track was the venue of the Dexter Dunn show, as the leading New Zealand reinsman roared back into Championship contention with a dominant display winning the first three heats.

Dexter Dunn's patience was rewarded in heat six as he sat midfield and watched his rivals tire in the late stages. Dexter Dunn made his move on Miss Ponder a 50/1 chance in the final lap and she was able to hold off a late challenge from France's Pierre Vercruysse driving Rob The Bank and Knud Monster behind G K Galleon. Mika Forss continued his point accumulation with a fourth driving Chloes Venture. The seventh heat saw Dexter Dunn victorious driving The Baggy Green, in what many New Zealanders would see as an ironic win. New Zealand and Australia are fierce enemies on the cricket field and 'The Baggy Green' is the name given to the hat worn by Australian cricketers. Frenchman Pierre Vercruysse secured another second placing when he brought Holy Camp Girl with a late run. Knud Monster completed the same driver trifecta as the first heat when Itsallaboutex ran third. Norway's Vidar Hop finished fourth on Sokys Bigbullet.

It was three in a row when Dexter Dunn shot Shes A Jackson straight to the front from barrier one in the eighth heat of the Championship. USA driver Tim Tetrick attempted to put some midrace pressure on the leader but it was to no avail as Dexter Dunn raced away for another win. The good night continued for France with Tony Le Beller finishing second on Hezbuyindiamonds. Australia's Chris Alford saved plenty of ground on Ruato Bay and grabbed third while Denmark's Knud Monster was fourth.

The ninth heat was somewhat of an upset with Canadian Jody Jamieson lifting 20/1 Justasdangerous over the line after being clearly headed on the turn. Jody Jamieson took up the early lead but was passed in the back straight by Chris Alford and Billy Branach with more than 400 metres to go. To his credit Jody Jamieson refused to panic and urged his horse late to hold off Classiemahon driven by Finland's Mika Forss. Tony Le Beller finished third behind Samuel Thomas while Chris Alford and Billy Branach held onto fourth.

The tenth heat saw 'The Bionic Man' Tim Tetrick at his best with the American driving Weliveinhope straight to the front. Tim Tetrick dictated the speed through the middle stages and was able to kick away turning for home and won as he liked. Dexter Dunn brought Mcqueen Regal with a well timed run for second boosting him further up the leaderboard while Mika Forss finished third on Claire Elizabeth after racing behind the leader. Fourth in the race was Vidar Hop driving Lettucesomehere.

Tim Tetrick made it two in a row when he brought Glenburn Addy with a well timed run to win the eleventh heat. Dexter Dunn continued to bank points when he finished second on Expensive Greeting. It was a patient drive and he only got clear late but was never a winning threat. Knud Monster finished third behind Holy Camp Wendy with Tony Le Beller fourth, driving Itsallaboutlu.

Tony Le Beller brought up his second win of the Championship in the final heat of the night. Tony Le Beller took Harlequin Bromac straight to the front and despite being challenged late by Dexter Dunn and Fake Art, he was able to hold on. Dexter Dunn's effort to finish second saw the New Zealander move to the top of the Championship after starting the evening in ninth position. Vidar Hop finished third driving Lettuceplayginger while Pierre Vercruysse ensured the French finished on a good note running fourth with Annies Desire.



The World Driving Championship ventured to Bathurst for another four heats.

Two of the international drivers struck gold tonight, with Denmark's Knud Monster and France's Pierre Vercruysse recording their first wins in the 2015 Championship but the night will most be remembered for the dominance of New Zealand representative Dexter Dunn as he stretched his lead from 14 points to 39.

Heat thirteen saw Tony Le Beller add to his tally of victories when he used the passing lane to record a strong victory with Fours Enuf Tas. Bathurst is the only racetrack in New South Wales that has a passing lane. Canada's Jody Jamieson secured second with Party Starter while Dexter Dunn and Norway's Vidar Hop finished third and fourth respectively on Crusinonthe Big Ern and Glenferrie Access.

Knud Monster drove Mister Jogalong to victory in heat fourteen and while the short priced favourite proved too strong, Spirit Chaser and Dexter Dunn finished second stretching the New Zealander's lead over the rest of the international drivers. Spain's Guillermo Adrover behind Allnight Raid finished third and Australia's Chris Alford managed to get into fourth with Jethros An Eagle.

The aptly named Kenny Dee Dee took out heat fifteen for 'Double Dee' Dexter Dunn. The driver closest to him on the leaderboard Tim Tetrack finished second on Iron Outlaw while his North American counterpart Jody Jamieson grabbed third on Precious M. Finland's Mika Forss finished fourth on Scots Legacy.

In the final heat of the night reigning champion Pierre Vercruysse drove his first winner in Australia when he lifted 80/1 chance Pride Of Flight to victory. Dexter Dunn looked to have heat sixteen in his keeping when he pulled to the outside at the top of the straight but Lettucemacru was able to reel in the winner.

Mika Forss drove early leader Valastro into third place while Tim Tetrack got enough out of Hitman Huey to run fourth.



Jamieson Shows His Class

The World Driving Championship headed to Penrith for three heats. New Zealand's Dexter Dunn took a 39 point lead into the night over his nearest rival USA's Tim Tetrick.

Canada's Jody Jamieson dominated the evening's proceedings winning two heats but it was his patience that was rewarded in heat seventeen. Driving the favourite, Strawberry Courage from gate one, he got buried on the marker pegs. Showing a lot of skill to get away from the inside Jody Jamieson charged home over the top to beat Emerging Art and Finland's Mika Forss. Just Pit Boss and Dexter Dunn finished third with Diesel Shannon and Denmark's Knud Monster fourth.

Knud Monster brought up his second win of the Championship when he brought Midnight Lights with a well timed run to win heat eighteen but when Dexter Dunn held onto second placing driving Lombo Final Touch it all but sealed the Championship for New Zealand. France's Tony Le Beller weaved through to get third with Flying Crusa while Billion Smiles and Mika Forss finished fourth.

Jody Jamieson made it a double when Katsidis charged home late to score a narrow victory in heat nineteen. Katsidis raced behind the leader for most of the race but when Marquez started to tire, Jamieson was able to extricate away from the marker pegs and build race winning momentum. Marshal Dale and Tony Le Beller was second. Norway's Vidar Hop was third driving Tralee Bromac and Satu for France's Pierre Vercruysse grabbed fourth.



Dunn Takes Out Final Heat & World Driving Championship

The World Driving Championship has been completed after the final heat was run at Tabcorp Park Menangle on Inter Dominion day. The afternoon consisted of ten races with seven of them being Gr. 1 events. The remaining three were run at Gr. 2 level including the final heat of the WDC.

France's Tony Le Beller drove the favourite Our Hi Jinx and was expected to be involved in the battle for the early lead but with a lot of speed coming from horses drawn wider on the track he got shuffled back early. Heza Thrill driven by Spain's Guillermo Adrover worked from the widest draw to find the front and led turning for home but after a strong tempo it was a horse racing just off the pace that proved too strong.

New Zealand's Dexter Dunn brought Global View with a well timed run to win the race and it was no surprise considering the success that Dunn has had during the Championship. Global View broke the track record for 2400 metres recording a mile rate of 1:53.4. Second was Heza Thrill and Guillermo Adrover, El Rama finished third with Norway's Vidar Hop while Im Blue Double Dee was fourth with Pierre Vercrusse in the sulky.

It was a remarkable performance by Dexter Dunn. After five heats he was in ninth position but a strong performance at Wagga Wagga on Tuesday night saw him climb the leaderboard.



Review of Operations

Breeding

Pepper Tree Farm NSW Breeders Challenge Major Race Series

The Pepper Tree Farm NSW Breeders Challenge series again attracted star juveniles to the 2 preludes and 28 heats conducted around the state with 10 semis and 8 finals run at the country's premier track in late June.

The FY2015 series was worth \$1.43M and included races for 2YO, 3YO & 4YO Colts, Entires & Geldings and Fillies & Mares and incorporated the 2YO & 3YO Trotters series (the 3YO's for the first time) which added another dimension to Industry Day and provided further money earning opportunities for owners of NSW Breeders Challenge eligible horses.

Two Year Old Trotters

2 races in total and \$37,000 in prizemoney and bonuses.

Races	Stakes	Total
1 Prelude	\$7,000	\$7,000
1 Final	\$30,000	\$30,000

The Final held at Tabcorp Park Menangle on 28 June 2014 was won by PARISIAN CHIC NZ, Bred and owned by Yabby Dam Farms, Trained by Blake Fitzpatrick and Driven by Robert Morris.

Two Year Old Colts & Geldings

9 races in total and \$265,000 in prizemoney.

Races	P/M per race	Total P/M
6 Heats	\$15,000	\$90,000
2 Semis	\$25,000	\$50,000
1 Final	\$125,000	\$125,000

The Final held at Tabcorp Park Menangle on 28 June 2014 was won by OUR WAIKIKI BEACH, Bred by G P Fusinato, J A Fusinato & K M Fusinato, Owned by T G Casey, N Pilcher and C M Rasmussen, Trained & Driven by Mark Purdon.

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 28 June 2014 was won by HEAVENS TREND, Bred by Solid Earth Pty Ltd, Owned by B C Edward & V A Edward, Trained by Emma Stewart and Driven by Gavin Lang.

Three Year Old Trotters

2 races in total and \$37,000 in prizemoney and bonuses.

Races	Stakes	Total
1 Prelude	\$7,000	\$7,000
1 Final	\$30,000	\$30,000

The Final held at Tabcorp Park Menangle on 28 June 2014 was won by JUSTINES AMORE NZ, Bred and owned by Yabby Dam Farms, Trained and Driven by Blake Fitzpatrick.

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 28 June 2014 was won by KEPT UNDER WRAPS, Bred by J D M Markham, Owned by P I & G J Kennard Bloodstock Ltd, M C Creighton, M A R Kirkwood, S L Kirkwood, K J Riseley & M J Riseley, Trained and Driven by Mark Purdon.

Three Year Old Fillies

11 races in total and \$295,000 in total 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 28 June 2014 was won by SUPERSONIC MISS, Bred by Roger Bazley Syndicate, Owned by Butterworth Racing Syndicate, K J Riseley, D Riseley, Maclean Family Syndicate & Koas Syndicate, Trained and Driven by Mark Purdon.

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 28 June 2014 was won by LETTUCEROCKTHEM, Bred by Redbank Lodge Standardbreds, Owned by Tex Services Pty Ltd, Trained by KerryAnn Turner and Driven by Robert Morris.

Four Year Old Mares

1 race in total and \$100,000 in total prizemoney paid.

Races	P/M per race	Total P/M
1 Final	\$100,000	\$100,000

The Final held at Tabcorp Park Menangle on 28 June 2014 was won by LUDA, Bred and Owned by Sloys Pty Ltd, Trained by Daniel Neagoe and Driven by David Morris.



Stallion Performance

Below are tables outlining the total number of wins for sires during the Pepper Tree Farm Breeders Challenge Major Race Series in 2015:

Sire Name	Winners
Art Major USA	7
Somebeachsomewhere USA	7
Four Starzzz Shark USA	4
Love You (FRA)	4
Mach Three CA	3
Rock N Roll Heaven USA	3
Kenneth J USA	2
American Ideal USA	2

*Minimum 2 wins

Pepper Tree Farm NSW Breeders Challenge
Major Race Series - 1:58.0 Performers

Date	Track	Age	Sex	Dist	Horse	Sire Name	Mile Rate
13-06-15	MENANGLE	2YO	FY	1609	HEAVENS TREND	ROCK N ROLL HEAVEN USA	1.52.065
28-06-15	MENANGLE	2YO	FY	1609	HEAVENS TREND	ROCK N ROLL HEAVEN USA	1.52.867
13-06-15	MENANGLE	2YO	C&G	1609	SHADOW RUNNER	SHADOW PLAY USA	1.53.554
02-06-15	MENANGLE	2YO	C&G	1609	MATCH IN HEAVEN	SOMEBEACHSOMEWHERE USA	1.53.737
28-06-15	MENANGLE	2YO	C&G	1609	OUR WAIKIKI BEACH	SOMEBEACHSOMEWHERE USA	1.53.745
02-06-15	MENANGLE	2YO	C&G	1609	OUR WAIKIKI BEACH	SOMEBEACHSOMEWHERE USA	1.53.935
02-06-15	MENANGLE	2YO	FY	1609	OUR GOLDEN GODDESS	ART MAJOR USA	1.54.265
09-06-15	MENANGLE	3YO	C&G	2300	MOUSE IN THE HOUSE	FOUR STARZZZ SHARK CA	1.54.500
13-06-15	MENANGLE	2YO	FY	1609	OUR GOLDEN GODDESS	ART MAJOR USA	1.55.067
13-06-15	MENANGLE	2YO	C&G	1609	OUR WAIKIKI BEACH	SOMEBEACHSOMEWHERE USA	1.55.117
20-06-15	MENANGLE	4YO	E&G	2400	LETTUCEROCKTHEM	ART MAJOR USA	1.55.982
02-06-15	MENANGLE	2YO	FY	1609	DANCING WITH MILEY	COURAGE UNDER FIRE NZ	1.55.994
09-06-15	MENANGLE	3YO	FY	2300	AMERETTO	MILLION DOLLAR CAM USA	1.56.168
28-06-15	MENANGLE	4YO	E&G	2400	LETTUCEROCKTHEM	ART MAJOR USA	1.56.483
09-06-15	MENANGLE	3YO	FY	2300	SUPERSONIC MISS	MACH THREE CA	1.56.663
09-06-15	MENANGLE	3YO	C&G	2300	RICH VIRGIN	ALWAYS A VIRGIN USA	1.56.890
28-06-15	MENANGLE	3YO	FY	2400	SUPERSONIC MISS	MACH THREE CA	1.57.100
20-06-15	MENANGLE	3YO	FY	2400	SUPERSONIC MISS	MACH THREE CA	1.57.214
09-06-15	MENANGLE	3YO	C&G	2300	LEXUS ON THE BEACH	SOMEBEACHSOMEWHERE USA	1.57.340
28-06-15	MENANGLE	3YO	C&G	2400	KEPT UNDER WRAPS	BETTORS DELIGHT USA	1.57.402
20-06-15	MENANGLE	4YO	E&G	2400	MY GENERAL LEE	ART MAJOR USA	1.57.965



Pepper Tree Farm NSW Breeders Challenge Blue Finals

The inaugural series of the Pepper Tree Farm NSW Breeders Challenge Blue Finals were conducted at Tabcorp Park Menangle on Saturday, 12 July 2014. There were four (G2) \$50,000 finals conducted for females and males of ages 2 & 3YO.

The series was created for 100% NSW Bred horses, that being by a stallion that was domiciled in NSW and out of a broodmare that was served in NSW and foaled in NSW.

Winners:

Two Year Old Colts & Geldings

Spare Me Days

Bred and Owned by B M Hewitt
Trained by Brad Hewitt and
Driven by David Hewitt

Two Year Old Fillies

Read About Lexy

Bred and Owned by K L Crosby
Trained and Driven by Bernie Hewitt

Three Year Old Colts & Geldings

Lettuceriporta

Bred and Owned by Redbank Lodge
Standardbreds
Trained by KerryAnn Turner
Driven by Blake Fitzpatrick

Three Year Old Fillies

Amanda Von

Bred by W R Sullivan, Owned by T W McMillan,
B T Hay, L M Walsh, B Walker, R D Smith, G C
Teesdale, D J Inwood & L M Inwood
Trained by KerryAnn Turner
Driven by Jarrod Alchin



Pepper Tree Farm Breeders Challenge Regional Finals

The fifth series of the Pepper Tree Farm NSW Breeders Challenge Regional Finals were conducted at Young on Sunday, 27 July 2014. There were six \$20,000 finals conducted for females and males of ages 2, 3 and 4YO.

Winners:

Two Year Old Colts & Geldings

Lord Merrywood

Bred and Owned by W P Dimech and S E Dimech
Trained by Wayne Dimech
Driven by Josh Willick

Two Year Old Fillies

Mustang Jet

Bred and Owned by G R Wilmot
Trained by Glenn Wilmot
Driven by Brett Wilmot

Three Year Old Colts & Geldings

Mister Jay Cee

Bred by Brooklyn Lodge Aberdeen Pty Ltd
Owned by J W Catania & E A Catania
Trained by Richard Baverstock
Driven by Blake Fitzpatrick.

Three Year Old Fillies

Mother Kym

Bred by S J Caffyn, E C Wilson & J D Moore
Owned by Dacar Newcastle Pty Ltd
Trained by Shane Tritton
Driven by Lauren Panella

Four Year Old Entire & Geldings

Armbro Chimes

Bred and Owned by L J Hewitt & L E Hewitt
Trained by Lester Hewitt
Driven by John O'Shea.

Four Year Old Mares

The Baggy Green

Bred BY D Kelly
Owned by S C Robertson & K A Robertson,
Trained by Adrian Short
Driven by David Moran.

BREEDING SCHEMES

Owners Bonus Certificates

In FY2014/15 there were 445 NSW Breeders Challenge Owners Bonus Certificates issued for a total of \$1,333,000. This compares to FY2013/14 where there were 342 NSW Breeders Challenge Owners Bonus Certificates issued for a total of \$855,000.

The Bonus Certificates are redeemable against:

- i. The purchase price of a NSW Breeders Challenge eligible yearling at a registered Australian sale
- ii. 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.

There was a large increase in certificates issued across the board however 4YO & older horses that had sustained for the NSW Breeders Challenge and had not won a prior Owners Bonus Certificate have reaped the benefits of the change in conditions.

A breakup of the distribution of Certificates was as follows:

Age/Type	FY2014 Certificates	%	FY2015 Certificates	%	Variance Certificates	Variance %
2YO		24.8	81	18.3	(10)	(8.4)
3YO	134	39.2	178	40.0	44	0.8
4YO	81	23.7	98	22.0	17	(1.7)
5YO	32	9.4	58	13.0	26	3.6
6YO	0	0.0	23	5.2	23	5.2
7YO	0	0.0	3	0.8	3	0.8
SPONSORSHIP	4	1.2	4	1.0	0	(0.2)
TOTAL	342		445		103	

Nominators Bonus Payments

There were 229 \$3,000 Foal Nominator Cash Bonuses won in FY2015, meaning that \$687,000 in cash bonuses were distributed.

A further \$56,759.80 was distributed in Group 1 Winning Bonuses which were paid at 10% of the advertised first prizemoney to any 2YO and 3YO Foal Nominator.

Therefore in total \$2,076,759.80 in NSW Breeding Scheme Bonuses were paid in FY2015.

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 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 locations as follows:

Stallion Location	Nominees
NSW	30
VIC	24
NZ	19
Northern Hemisphere	20
QLD	3

FOAL NUMBERS

2014/15

The total number of live foals registered in FY2015 was 1,098.

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

NSW	VIC	QLD	WA/TAS	FROZEN	TOTAL
581	293	3	0	221	1,098
52.9%	47.1%				



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
2013/14	526	45.6%	628	54.4%	1,154
2012/13	671	53.6%	582	46.4%	1,253
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 six 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 number of services achieved by Stallion eligible for the Scheme can be seen below:

First Season Stallions

Stallion	Stud	2014/15
Services		
Pet Rock USA	Yirribee Pacing Stud	156
Caribbean Blaster	Yirribee Pacing Stud	110
Shoobeys Place USA	Lochend Stud	38
Major In Art USA	Medowie Lodge	27
Christian Fire NZ	Rosswood Stud	6
Gomeo Romeo NZ	Rosswood Stud	3
Total		340

Second Season Stallions

Stallion	Stud	2014/15
Services		
Lombo Pocket Watch	Yirribee Pacing Stud	22
Total		22



Carnival of Cups

TAB 2014/15 Carnival of Cups

Acclaimed by the industry as one of the most progressive and positive initiatives of the decade, the Carnival of Cups Series has grown significantly since its inception in 2007.

In 2007 fourteen events were conducted which produced a total financial benefit to the industry of \$916,000, the majority of which was paid as prizemoney. In FY2015 twenty nine events were conducted throughout the State.

A substantial \$2,250,003 has been distributed as prizemoney, proving that the vision of HRNSW Chairman Rex Horne has been achieved.

Launched with seed funding obtained from internal efficiencies as well as the contribution of 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 cash 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 funding country racing.

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.

Attendances were high especially in the country and were boosted by live entertainment provided by Clubs which was subsidised in part by HRNSW. HRNSW would like to congratulate the host Clubs for their efforts in obtaining sponsorship and attracting participants and crowds to their venues.

HRNSW would also like to thank the numerous sponsors that have supported the Carnival of Cups concept across the state since 2007 and TAB for sponsoring the Series in FY2015. The best meetings based on the level of funding are recognised at the HRNSW Awards Night. The winners of the Awards for the 2014/15 Carnival of Cups were;

- Goulburn HRC (Level 1 Funding)
- Eugowra HRC (Level 2 Funding)
- Peak Hill HRC (Level 3 Funding)

TAB Carnival of Cups Point Score Top 5

Horse Tally	Total
STRATHLACHLAN ANDY	14
HOLLYWOOD SIGN	13
DENISES LEGACY	12
SOKYS BIGBULLET	12
STENNING	11

Trainer Tally	Total
A S (Steve) Turnbull	168
S J (Shaun) Snudden	46
B J (Bernie) Hewitt	44
S P (Shane) Tritton	38
N P (Nathan) Hurst	34

Driver Tally	Total
A J (Amanda) Turnbull	85
A S (Steve) Turnbull	52
M P (Mat) Rue	51
C R (Corey) Bell	40
D N (David) Moran	34

Trotting Trainer Tally	Total
B P (Blake) Fitzpatrick	17
A M (Anton) Golino	5
R D (Russell) Commens	5
B A (Brent) Lilley	3
C A (Colin) McDowell	3



Feature Race Winners

Date	Club	Prizemoney	Race	Winner	Trainer	Driver
6/10/14	Eugowra	\$20,000	Canola Cup	Holm Three NZ	David Hewitt	David Hewitt
16/11/14	Griffith	\$10,000	Griffith Cup	Rustys Reject	Matthew Painting	Ellen Bartley
8/12/14	Bankstown	(G3) \$30,000	Treuer Memorial	Lochinver	Ashlee Siejka	Ashlee Siejka
18/12/14	Penrith	(G3) \$30,000	Max Laughton OAM Cup	Fearless Leader NZ	Shane Tritton	David Morris
26/12/14	Bathurst	(G2) \$50,000	Shirley Turnbull Memorial	For A Reason	Belinda McCarthy	Luke McCarthy
1/1/15	Leeton	(Listed) \$25,500	Breeders Plate	Bettermatch	Colin Thomas	Nathan Jack
2/1/15	Parkes	\$15,300	Golden Bar Final	Mouse In The House	Steve Turnbull	Amanda Turnbull
3/1/15	Maitland	(G3) \$35,700	Inter City Pace	All Eyes On Us	Belinda McCarthy	Luke McCarthy
9/1/15	Temora	\$12,240	Temora Pacers Cup	Modern Max	Brian McKelvie	Adam Jenkins
23/1/15	Tamworth	(Listed) \$25,500	Golden Guitar	Strathlachlan Andy	Geoff Harding	Matt Harding
25/1/15	Junee	\$14,280	Junee Pacers Cup	Hollywood Sign	Trevor White	Trevor White
26/1/15	Goulburn	(G3) \$30,600	Goulburn Cup	Easy On The Eye NZ	Shane Tritton	Lauren Panella
8/2/15	Orange	\$12,240	Banjo Patterson Cup	Im Blue Double Dee	Steve Turnbull	Steve Turnbull
28/2/15	Albury	\$14,790	Albury Pacers Cup	The Baggy Green	Steve Maguire	Steve Maguire
7/3/15	Wagga Wagga	\$14,280	Wagga Pacers Cup	Hollywood Sign	Trevor White	Trevor White
13/3/15	Broken Hill	\$14,000	Pacing Cup	Henley Franco NZ	Aaron Brown	Ray Slater
14/3/15	Young	(G3) \$40,800	Young Cup	Frith	Bruce Harpley	Bruce Harpley
15/3/15	Narrabri	\$8,160	Narrabri Cup	Strathlachlan Andy	Geoff Harding	James Harding
29/3/15	Armidale	\$10,400	Armidale Cup	Strathlachlan Andy	Geoff Harding	James Harding
12/4/15	West Wyalong	\$14,280	West Wyalong Pacers Cup	Lettucerocthem	Paul Kahlefeldt	Mat Rue
26/4/15	Inverell	\$10,000	Inverell Cup	Franco Seville NZ	Graham Moon	Graham Moon
3/5/15	Forbes	\$12,240	Forbes Final	Lexus On The Beach	Steve Turnbull	Steve Turnbull
10/5/15	Blayney	\$9,180	Bill Soo Memorial Cup	Crackerjack Jo	Peter Trevor-Jones	Anthony Frisby
17/5/15	Dubbo	(G3) \$30,600	Red Ochre Mares Classic	Freedom Is NZ	David Hewitt	Brad Hewitt
24/5/15	Cootamundra	\$14,999	Wattle Time Cup	Strathlachlan Andy	Geoff Harding	James Harding
8/6/15	Fairfield	\$14,994	J D Watts Memorial	Im Tondelayo	John Tapp	Glenn McElhinney
14/6/15	Peak Hill	\$10,000	Tony & Jill McGrath Final	Real Intentions NZ	Steve Turnbull	Steve Turnbull



Review of Operations

Integrity

Integrity

HRNSW continued to deliver strong integrity strategies both on and off the race track in the past 12 months and maintained its position as the leader in integrity.

The Integrity department saw changes with Reid Sanders moving to the role of Chief Operating Officer in November 2014, and Graham Loch joining HRNSW in the position of Chairman of Stewards in January. The appointment of two new cadets to the Stewards panel will ensure that HRNSW continues to develop and ensure that it maintains a strong integrity team into the future. The Stewards now have the use of a purpose built "Stewards Portal" which enables the Stewards to work more effectively via their laptops and allows them to be more active on operational issues while free from the office environment.

Unfortunately this year has seen a considerable amount of the integrity budget resources spent on fees to resist legal challenges in the Courts.

These challenges were unbudgeted and as a result, HRNSW could not implement initiatives to further enhance a level playing field for all participants.

Even with continued success against the challenges, HRNSW is gravely concerned about the ability to recoup all of its costs.

Equine Drug Control

As in previous years HRNSW has invested resources through significant man hours and financial contributions to deliver the preeminent equine drug control systems. Not only through forensic testing, but also by way of intelligence gathering and determining what substances might be on the market to trainers.

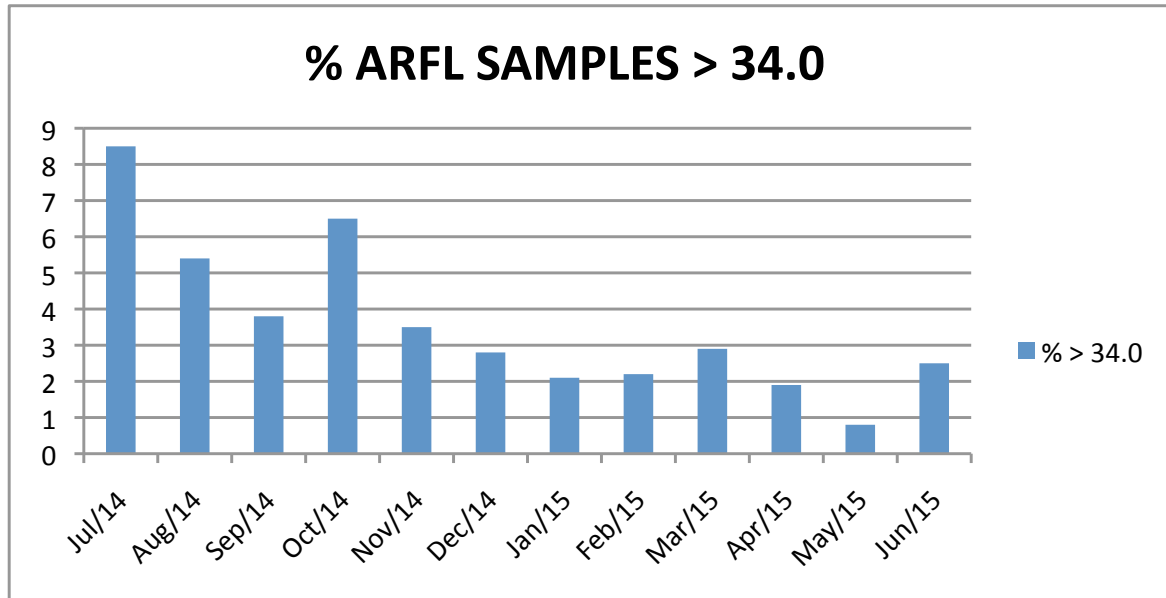
This year HRNSW has increased its focus on people who sit on the fringe of the industry yet continue to propagate products and substances to trainers. Attention has been given to these individuals who claim that the products are registered or their use is undetectable by regular swabbing procedures.

Unfortunately trainers continue to purchase products from these people because they believe they will be of assistance. However many of the products being sold for considerable sums are of no value and the integrity of constituents is zero.

Month	Urine	PRBT	Post Blood	i-stat	Others	Total	Starters	%
Jul-14	190	198	24	149	24	585	2,934	19.74%
Aug-14	185	179	20	160	7	551	2,690	20.48%
Sep-14	149	160	25	93	5	432	2,133	20.25%
Oct-14	170	183	22	155	2	532	2,555	20.82%
Nov-14	198	177	33	191	22	621	2,546	24.39%
Dec-14	164	178	30	142	50	564	2,733	20.64%
Jan-15	206	233	38	119	29	625	3,291	18.99%
Feb-15	244	179	30	185	76	714	2,995	23.84%
Mar-15	290	307	34	170	71	872	3,582	24.34%
Apr-15	195	165	20	138	50	568	2,735	20.77%
May-15	229	262	24	96	42	653	3,123	20.91%
Jun-15	218	188	57	206	67	736	2,864	25.70%
Total	2,438	2,409	357	1,804	445	7,453	34,181	21.80%

During the FY2015 financial year there has been reported 15 positive samples, which is less than 0.2% of the total number of samples collected. This is a decrease in percentage from 0.39% in the previous financial year.

Due to a concern with an increase in horses recording elevated total plasma carbon dioxide levels in pre race samples, HRNSW introduced an early arrival time policy for horses that record a level greater than 35mmol per litre. This policy sees horses having to arrive on course no less than 4 hours prior to their race. Following the introduction of this policy there was a reduction in the percentage of horses that recorded elevated levels.



A rule was introduced in May 2014 banning the use of anabolic steroids in horse racing including yearlings being prepared for sale. HRNSW Veterinarian Dr Martin Wainscott tested more than 50 horses being prepared for the APG sale in Sydney and another 50 at the conclusion of the sale. HRNSW also undertook sampling at the Ready to Run sale in December. HRNSW will continue to work with Sale Companies to ensure compliance with this rule.



Licensing

In December 2014, HRNSW introduced the licence category Non-Driving Stablehand. This licence is attainable without a medical consultation and was reasonably priced at \$30.00 for people who work in the stables but do not drive a horse in training.

This has seen an increase in the number of licensed participants again during the period.

From 1 July 2015, HRNSW has taken over responsibility for industry training for parties interested in obtaining a trainers and/or drivers licence. This system is both cost effective and reduces the time it takes to pass all the required modules.

Licence Type								
Trainer	Driver	STHD	2009/10	2010/11	2011/12	2012/13^	2013/14	2014/15*
TRA			307	277	287	290	294	285
TRA	DRA		458	409	427	438	436	401
TRA	DRB		235	200	213	213	208	176
TRA	DRC		23	23	18	19	20	52
TRB			45	17	11	23	36	36
TRB	DRA		29	13	10	14	15	16
TRB	DRB		63	19	22	37	43	47
TRB	DRC		16	7	11	11	12	19
TRC			3	4	1	2	2	3
TRC	DRA		1	0	0	0	0	0
TRC	DRB		2	1	0	0	1	2
TRC	DRC		3	3	2	5	1	3
	DRA		41	32	35	39	43	45
	DRB		61	55	41	41	62	67
	DRC		26	24	13	31	31	39
		STHD	233	350	368	341	396	506
TOTALS			1,713	1,599	1,495	1,504	16,00	1,697

Appeals

The Racing Appeals Tribunal again comprised of Mr D Armati and Magistrate Mr I McRae (part period).

Below is a table which breaks down the appeals in the FY2015 financial year. It must be reaffirmed that the NSW Racing Appeals Tribunal is a separate entity from HRNSW. HRNSW is obligated to provide secretarial services to the Tribunal only, and the Tribunal members are appointed by the Government, independent of HRNSW.

Appeals Results	Number
Appeals lodged:	34
Appeals heard:	19
Appeals to be heard:	5
Upheld:	0
Varied:	10
Dismissed:	7
Withdrawn:	7
Withdrawn - Parker Warning issued:	2
No Jurisdiction:	2

Animal Welfare

HRNSW introduced a number of initiatives to further enhance Animal Welfare and the disposal of horses after racing. These have seen HRNSW personnel attend a number of sales to monitor and better understand the horses that are disposed of in this manner.

HRNSW have also created relationships with sales companies and abbatiors, and have been actively involved in the purchase of horses from sales to ensure that they can be re-homed. There has been many horses re-homed post their racing careers and HRNSW will continue to support and grow such programs.

HRNSW continues to support and work in conjunction with the Standardbred Performance & Pleasure Horse Association (SPPHA).

SPPHA is a not-for-profit association, founded in 1993 to promote Standardbred horses in their lives after racing. All funds for the functioning of the SPPHA are raised by fundraising activities such as; a trivia night, donations, merchandise sales, membership and adoption application fees.

The SPPHA is staffed exclusively by volunteers and are located around the state.

They work to promote the Standardbred, run the adoption program and provide support and services for their members. Activities include an Association newsletter, a Website, sponsorship of shows and other competitions for Standardbreds.

Most of the horses available for adoption come straight from racing. The horses need a couple of weeks to settle down and get used to their new environment and new routine before being adopted.

Horses are not placed with adoptees on a first come, first served basis. The SPPHA try to get you a horse that matches their wishes according to their application.



Review of Operations

Marketing & Media

A re-structure of the Marketing and Media department took place during FY2015 in January and a new strategy was developed. The marketing and media strategy supports the delivery of Harness Racing New South Wales' objectives as outlined in the 2015-2017 Strategic Plan.

Previously Harness Racing New South Wales had employed a Marketing Manager whose job was to promote the industry and strengthen the harness racing brand through new concepts, while the current structure consists of a Media Manager with a strong focus on the promotion of the sport and its stars through a range of social media and digital platforms.

While the structure changed, the goal of promoting and presenting harness racing in New South Wales to a larger audience continued to be a major goal for the organisation. Strengthening relationships with mainstream media organisations remained important however it became abundantly clear the easiest way to gain traction in the media was to build on the established HRNSW media centre as a source of information for interested parties. Rather than relying on other organisations to promote harness racing, more emphasis was placed on creating the content that could be used.

Media Platforms

Trots TV

After celebrating its fourth birthday in June 2015, Trots TV has established itself as an important tool for the industry to inform and entertain participants. The aim is to now expand on the content that is available to viewers.

One of the new featured segments was Inside My Stable. These special interviews were conducted with a number of leading trainers across New South Wales and received positive feedback. Trots TV also spent several days in the Hunter Valley during the floods and spoke with a range of trainers that had been hardest hit. One special with Maitland trainer Darren Elder had more than 5000 facebook downloads after being loaded onto the website.

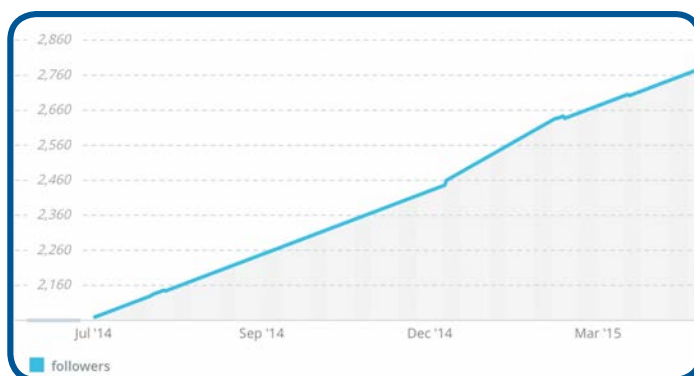
Statistically the number of visitors and page views continues to increase. In FY2015 Trots TV had more than 1.9 million page views and the strength of the data at the end of the period suggests the platform is starting to gain momentum. In August there were 75,817 page views for the month, by June that had increased to more than 250,000 page views.

Social Media - Facebook and Twitter

HRNSW continued to strengthen its social media presence and more resources were made available to the respective platforms to enhance the experience. Important Trots TV content was shared on Facebook and Twitter, while action photography became an important part of this service, especially for metropolitan meetings and this continued to see more people take advantage of HRNSW social media accounts.

After starting the year with 11,300 likes, the number increased to 12,060 during the Inter Dominion carnival in Sydney. Unfortunately there was a 4% drop in the week after the Inter Dominion, however there has been steady growth since and at the end of June the likes totalled 11,700 or an increase of 3.5%.

HRNSW's exposure to Twitter continues to grow exponentially and the growth is better than similar organisations within the harness industry. The HRNSW Twitter account has 2,850 followers, an increase of more than 37% in the past twelve months. The twitter account is sending out a mixture of news and racing information and averages four tweets a day.



The Gazette goes 'On-line'

The monthly publication continued to provide industry information but for several important reasons, a decision was made to send The Gazette out electronically and the hard copy went to print in February for the last time.

HRNSW's commitment to the environment was a key motivating factor as copy paper is responsible for more than 20 percent of the total paper usage worldwide.

The E-gazette continues to be a vital source of information for stakeholders, participants and interested parties. Every month readers are entertained with interesting articles while being informed of changes within the industry from the different departments within the controlling body.

Feature Events – Media Presence

SEW Eurodrive Miracle Mile Saturday November 29

As Australia's leading sprint race, the Miracle Mile again created plenty of media publicity. After the announcement of Terror To Love's invitation, #Terrortolove began trending on twitter. Fellow New Zealander Christen Me won the event with 2013 winner Beautide finishing second.

TAB.COM.AU Inter Dominion Grand Final Sunday March 1

Beautide created history when he became the first multiple Inter Dominion winner to win two Grand Finals on the same track. A large crowd was on hand to witness the historic event with many people travelling from across the country to cheer on the fourteen runners.

Channel Seven and Channel Nine ran stories in the lead up to the Inter Dominion in news bulletins. Channel Nine concentrated on Michael Formosa and Ultimate Art's rags to riches fairytale while Channel Seven profiled Avonnova and his likeable trainer Ian Guernsey.

The Inter Dominion and Chariots of Fire were telecast on Channel Nine with a 60 minute special available to viewers across Australia. The World Drivers' Championship was held in Australia in conjunction with the World Trotting Conference in the week leading up to the Inter Dominion. Drivers from Australia, New Zealand, USA, Canada, Norway, Finland, France, Spain and Denmark competed at Tabcorp Park Menangle, Newcastle, Wagga, Bathurst and Penrith with New Zealand's Dexter Dunn taking out the title with a dominant display.

A number of people attended a harness racing meeting for the first time to catch a glimpse of the drivers and it also created plenty of media interest with interviews conducted about the series with media outlets from New Zealand, USA, Germany and France.

A special Vimeo account was created with daily digital news reports. Downloads for this service were received from all parts of the world including Russia and Saudi Arabia. More than 10,000 individual downloads were accessed during the 10 days of the World Driving Championship.

Pepper Tree Farm NSW Breeders Challenge Industry Day Sunday June 28

Perfect winter weather and a strong advertising campaign focused on families, ensured a record crowd attended the Breeders Challenge Final Day in June. This year the decision was made to target families within the Macarthur region and with local radio promotion, a 20,000 leaflet letter box drop and strong support from the local papers, the day was a huge success.

Off the track the crowd was entertained by Big Air School, a BMX stunt show with the riders also hosting free bike and scooter workshops throughout the day.

Lettucerocthem became the first horse to complete the clean sweep of Breeders Challenge finals when he took out the Gr. 1 final for four year olds, having previously won as a two and three old.

Review of Operations

External Relations

Tabcorp

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

The main thrust of HRNSW's efforts continues to be 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 Harness Racing NSW links into the monthly phone hook ups which discuss turnover and revenue results. HRNSW also attends regular Business and Strategy Committee meetings and Racing Products 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 of \$300,000 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. Tabcorp also sponsored the FY2015 Carnival of Cups series.

Harness Racing Australia

Harness Racing Australia (HRA) is the peak organisation for the sport of harness racing in Australia. The Executive consists of the Chair or nominated representatives from each of the State Controlling bodies, with an independent Chairman.

2015 saw Australia host the World Trotting Conference (WTC) and World Driving Championships (WDC). The WTC saw delegates from 14 Countries work through an agenda including Marketing and Business Development, Breeding, Integrity, Racing and Wagering and Equine Welfare.

A range of speakers, all specialist in their respective fields, were brought together to deliver on the agenda topics.

Each day featured a Plenary Session and Standing Committees.

An initiative to allow interested parties to attend the Plenary sessions was well received. Delegates and guests were also treated to social functions taking in many of the best sites of Sydney including a Harbour cruise and trip to Coogee Surf Club. An undoubted highlight was the running of the 2015 Inter Dominion which all of the guest thoroughly enjoyed.

The World Driving Championships, held in conjunction with the conference, saw drivers from Norway, Denmark, Finland, Spain, France (2), Canada, USA, New Zealand and Australia compete in order to be crowned the World Driving Champion. Racing was undertaken at Tabcorp Park Menangle, Newcastle, Wagga Wagga, Bathurst and Penrith. The racing was extremely competitive and over the course of twenty races eight of the drivers recorded at least one win. The overall winner, was New Zealand's Champion Reinsman Dexter Dunn with Frenchman Tony LeBeller finishing runner up and USA's Tim Tetrick third. The drivers also attended many other functions including a visit to Sunflower cottage in Camden, Civic receptions in Campbelltown, Penrith and Bathurst and enjoyed a session at I Fly and a visit to Yirribee Stud in Wagga Wagga.

Both events could not have operated as smoothly without the valued assistance of Harness Racing New South Wales, The New South Wales Harness Racing Club and the regional centres where racing was undertaken.

HRA is also responsible for National awards, production of the Stud Book and the updating of the national HRA website to continue to provide valuable breeding and useful statistical information free of charge.

The Standardbreds Unharnessed program, which is partly funded from horse Registration fees, continues to create opportunities for off the track and non- racing horses. Partnerships with Riding Develops Abilities (RDA), Equestrian Australia (EA) and the State Standardbred Pleasure and Performance Horse Associations continues to create interest and demand in these horses. Horses are now also being placed into State Mounted Police Forces, with three recently graduating with the Victorian Police Force.

Corporate Structure

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.

Harness Racing NSW was split into two major operating divisions during FY2015 (Commercial Services and all other) with a separate secretariat unit to provide support to the Chief Executive Officer and Board.

The structure during the FY2015 financial year was as follows:

CEO & Board Unit

The Chief Executive Officer and Board Unit is headed by Mr John Dumesny who assumed this role as from 1 September 2014.

Staff within this unit provides administrative support to the CEO and Board as well as general administration for the organisation including building maintenance, stores and stationery management, travel and accommodation and records management.

To ensure the correct separation of duties the Appeals Secretary reports directly to the Chief Executive Officer.

Both the Chief Operating Officer and the Manager, Commercial Services report to and take direction from the CEO.

Regulatory and Other

The Chief Operating Officer is responsible the management of the Stewarding, Integrity, Licensing and Registrations and the Racing departments, which incorporate the Stewards, Integrity Officer, Investigators, Regulatory Veterinarian, Handicappers and Racing office staff. Racing and product Development and Marketing and Event Management also report to the Chief Operating Officer.

HRNSW is required to protect the integrity of harness racing, manage the safety of participants and ensure adherence to the Australian Rules of Harness Racing through the implementation and enforcement of a regulatory regime.

The Licensing and Registrations division provides a range of services such as the issue of licenses to participants, changes and transfers of horse ownership and registration of horses and sires.

The Racing Office is responsible for all operations that relate to the production of race fields for registered harness racing clubs in New South Wales. Their tasks includes creating race programs, loading nominations (via internet, phone or fax), loading of race programs, acceptance of race results, updating TAB Scratching & Driver changes, production / distribution of media and race day related files, loading of stable returns and all Harnessweb enquiries.

The office is also responsible for the production of trial fields and trial results for certain race clubs. The staff consist of Handicappers and an Administration Officer.

The Handicappers have a thorough knowledge of the Australian Handicapping Rules and the NSW policies that relate to Racing Office operations. All policies are applied in a consistent manner with integrity.

The principle focus of a Steward is to act as a regulatory officer for NSW harness racing. Stewards are tasked with ensuring that the integrity of racing and the reputation of harness racing is maintained and enhanced through the development, implementation and enforcement of local and national rules, regulations and policies in connection with Harness racing.

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;

The role of the Racing and Product Development Division is to prepare policy on issues such as handicapping, race programming and scheduling and race date allocation.

In addition to these responsibilities the staff member is 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 to agreed KPIs.

This division also plays a significant role in the development of the new tracks
The Media section is headed by the Media Manager - Mr Greg Hayes.

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.

Staff also contributed to the newly launched Harness Media Centre.

Commercial Services

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

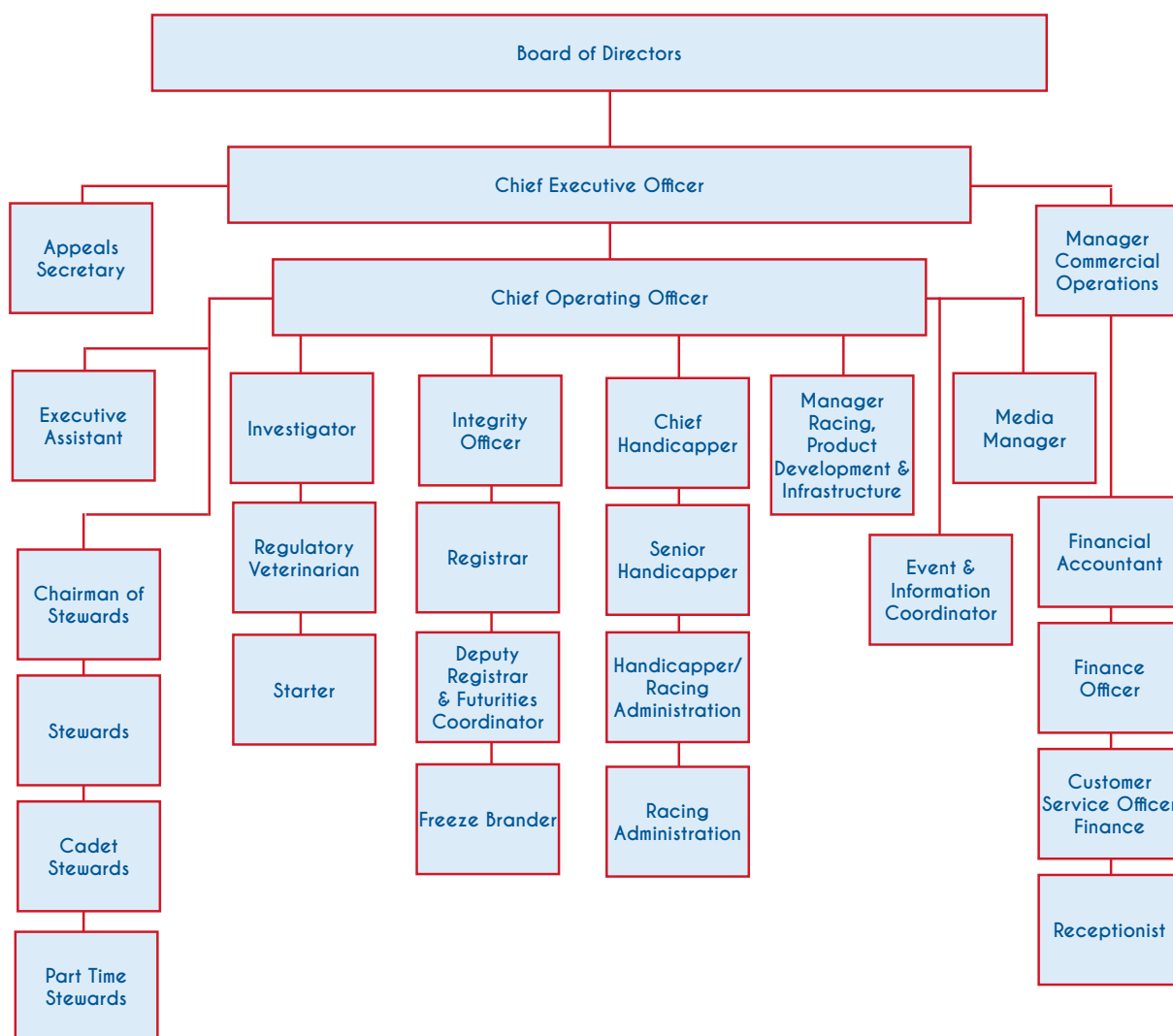
The Division is responsible for the administration of funding arrangements with Tabcorp and wagering operators, payment of funds to clubs

and the management of the Industry, Racecourse Development and Benevolent Funds which are administered on behalf of the industry by Harness Racing NSW.

The Division also 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 and HR administration are other responsibilities falling into the remit of the Division.



Gear, equipment and safety are also play a very important role for HRA. All new sulkies and wheels are rigorously tested by Human Impact Engineering prior to being track tested in front of stewards before they are listed for approval. Data from incidents is regularly analysed and the results are used to further enhance the testing processes. HRA has recently introduced a Helmet Rebate Scheme with the aim to remove 400 old helmets from the industry through the payment of a \$50 rebate for each new helmet purchased.

Harness Racing Industry Consultation Group

The Harness Racing Industry Consultation Group was formed in accordance with 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 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 five active industry Associations:

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

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

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.

Harness Racing NSW also assisted with the purchase of four ponies and a vast array of equipment to help promote mini trots through schools and other outlets. To date a number of training days have been arranged through Daryll Jackson.

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 of new Associations to represent segments of the industry that at this time lack a mechanism to more actively participate in industry administration.

Corporate Wagering Operators

During FY2015 Harness Racing NSW undertook a number of site visits to the various corporate wagering operators.

The visits discussed topics such as Turnover on NSW Harness, NSW harness Fees, future plans, product improvement, new handicapping system, minimum bet limits, new web site and future plans, social media, new infrastructure and other matters.

As the corporate wagering operators provide a significant level of funding to the industry these discussions will also be held in FY2016.

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 was provided by Mr Graham Kelly (Harness Racing NSW Member) and Mr John Dumesny (Harness Racing NSW CEO).

The Harness Racing Industry Consultative Group is a committee established under the auspices of the Harness Racing Act 2009 made up of representatives appointed by six accredited bodies for the purpose of the act.

The principal function of the HRICG is to consult with and make written recommendations to HRNSW on any matter concerning harness racing in the state.

HRNSW is to undertake formal consultation on a regular basis with HRICG in initiating, developing and implementation of policies for the promotion, strategic development and welfare of the industry.

The six accredited bodies making up the HRICG executive are:

- The NSW Harness Racing Club;
- The TAB Clubs;
- The Non-TAB Clubs;
- The New South Wales Standbread Owners Association;
- Harness Breeders NSW;
- The United Harness Racing Association.

The HRICG meet on six occasions in the period:

- 3rd July 2014
- 9th October 2014
- 11th December 2014
- 12th February 2015
- 9th April 2015
- 11th June 2015

Amongst the many matters discussed and progressed with HRNSW were

- Review of the Harness Racing Act 2009;
- The Strategic Plan;
- The Sulky Recovery Scheme;
- Ambulance services;
- Animal welfare;
- Change of tactics rule;
- Selection panel for Board appointments;
- Centralised programming and handicapping;
- Tax harmonisation;
- Claiming races;
- Unpaid Forfeits list;
- Capital projects;
- Bonus races;
- NSW Breeders Challenge Stallion nomination fees.

The HRICG would like to thank HRNSW for making the facilities available to conduct our meetings.

Peter Neil
Chairperson
HRICG

The committee members of HRICG are currently

Chairperson and representative of the Owners Association	Peter Neil
Deputy Chair and representative of the Non-Tab Clubs	Jeff Hogan
Representative of the NSW Harness Racing Club	Ray Sharman
Representative of the the TAB Clubs	Don Clough
Representative of the Harness Breeders NSW	Flora Robson
Representative of the United Harness Racing Association	John McCarthy

The Committee of Harness Breeders New South Wales (HBNSW) are a dedicated group of individuals who actively support, promote and encourage the breeding and the breeders of standardbred racehorses in New South Wales.

HBNSW had another successful year representing the interests of its Members and supporting breeding initiatives in NSW. Aside from regular representation to Harness Racing NSW, HRIGC and Harness Racing Australia, several new initiatives were achieved including:

- The HBNSW Members Race Bonus Scheme - \$500 cash bonus plus a \$500 Breeders Certificate. This is a 20-race series, one race per month across Metropolitan and Country tracks throughout New South Wales;
- Actively promoting the Loan A Broodmare Scheme;
- Securing generous discounts to leading Standardbred Stallions service fees with participating Studs for HBNSW members.

Developing the NSW Bonus and Incentive Scheme Matrix enabling easy access to the following:

- The \$3,000 Breeders Bonus;
- The NSW Breeders Challenge Owners Bonus Certificate;
- The NSW Breeders Challenge Blue Incentive for Pacers and Trotters;
- Stallion Incentive Scheme;
- NSW Nominators Bonus;
- Transforming the website www.harnessbreedersnsw.com.au to the most up-to-date and easily navigable, one-stop-shop for all matters breeding – the Yearling Eligibility Checklist, listing dates, contacts, payment dates for the Bathurst Gold Crown, NSW Breeders Challenge, Breeders Crown, VICBRED & APG;
- FoalGuard Foaling Alarm Hire for Members;
- The Introduction of an Official HBNSW Membership Card;
- 10% discount on the cost of the buffet at Tabcorp Park Menangle for all current HBNSW members.

Race Sponsorship

Harness Breeders NSW contributed towards the sponsorship of a number of races throughout the season including:

- J L Raith Memorial at Tabcorp Park Menangle;
- Bathurst Gold Crown & Gold Tiara at Bathurst;
- Go Girlfriend Race Series. Heats at Bathurst, Penrith, Young and Newcastle with the Final at Tabcorp Park Menangle;
- Eugowra Cup at Eugowra;
- Sabilize Stakes at Newcastle;
- Pink Diamond at Penrith.

Membership Base

Unfortunately, for the 2015-16 season we have had to discontinue the TrackBred Magazine subscription which was previously included in HBNSW Membership, due to a significant rise in price which could not be sustained. Subsequently, membership for the 2015-16 season will decrease from \$77 inc GST to \$55 inc GST.

With a membership base of 350 in 2014-15, we hope to attract new members with the ongoing Stallion Discounts, the inaugural Breeders Race Bonus and other benefits.

We would like to thank our loyal sponsors Alabar Bloodstock, Pepper Tree Farm, Yirribee Pacing Stud, Nevelle R Stud, Goldrush Lodge & Egmont Park Stud, Calderwood Farm, Lochend Stud, Medowie Lodge, Golden Gait Stud and this year Empire Stallions has joined the studs supporting HBNSW members. These Studs offer our members between 10% and 20% off their standard prices. This equates to a substantial saving to our members, so what are you waiting for cease this opportunity and breed into the future with Harness Breeders NSW.

Flora Robson
President
Harness Breeders NSW

NSWMTA

NSW Mini Trotting Association

The NSW Mini Trotting Association had a successful 2014/15 season with many new levels set. Affiliated clubs around the state were Riverina, Leeton, Shoalhaven, Dubbo, Bathurst, Inner City, Penrith/Nepean, Newcastle/Maitland and newly-formed Capital.

Membership reached a new high of 172 active junior members which was achieved with the assistance of Education/Training Days which took place mainly in the Hunter Valley and Metropolitan regions.

The concept, with the assistance from Harness Racing NSW, saw new members attend days where ponies and equipment were supplied on the day for children to gain hands-on experience with Mini Trotters. Many of those that attended now have their own ponies and attend regular meetings with affiliated clubs.

Major events included the Mini Miracle Mile behind the mobile gate, Fisher's Ghost and Mini Inter Dominion series, which saw Riverina-owned-and-trained Chester's Lad for Cameron Hart storm home late to grab early pacemaker Yogi Bear and Tyler Miles. Queensland Shetland Dan-Elles Dash for Cody Peters-Cash came with a well-timed run to defeat Sparkling Star another Queensland-trained horse driven by the New Zealander Anna Wells.

Tegan Judd on the grey pony Whispering Gypsy made it a double for the Riverina with a fast beginning making it hard for the chasing Victorian visitor Who's Me Dad and driver Shanon O'Sullivan.

This year's NSW Mini trot Championship was conducted at Gunning with a record 167 nominations received.

Our 2015 champions were Yogi Bear for Tyler Miles in Midget division, Queenslander Sparkling Star took out the Shetland's while retiring champion Energizer driven by Cameron Hart was successful in the Pony section.

Our association with NZ Mini Trots continued with Anna Wells representing the country in the Mini Inter Dominion and Rebecca Heads performing well at our NSW Championships for NZ. As part of the exchange program, Capital Club member Codi Rauchenberger experienced an exciting time in NZ where she drove in six events at Alexandra Park.

Newcastle/Maitland Club hosted a new concept called the 'Ross Gigg Mini Trot Drivers Challenge' which saw one driver from our affiliated clubs invited to compete in five heats, driving a different pony in each heat. With a point score to determine the winner, it come right down to the last event with Shoalhaven member Jemma Howard-Coney taking out the series by one point from Codi Rauchenberger with Kellee O'Neill from Penrith/Nepean a close third.

The future is bright for our pathway to senior harness with eligibility extended to allow members gain C Grade licenses while still participating in Mini Trots. We also intend to revitalise Maxi Trots and expand Training/Education Programs in the coming season.

The Committee of NSWMTA for FY2015 were

President	Terry Judd
Vice President	Anne Wheeler
Secretary/ Treasurer	Daryll Jackson
Assistant Secretary	Jacki Graham



United Harness Racing Association

There were many positives across New South Wales during the 2014/15 financial year, with progress of new track developments in Wagga and Tamworth, the introduction of sprint lanes at another three tracks, 12-horse fields, construction of the Menangle Park Training Centre and one of the most successful Breeders Challenge Series yet; particularly in crowd attendance.

During this time, the United Harness Racing Association underwent a transformation with a change in leadership.

In FY2015, the UHRA convened regular bi-monthly meetings and on the alternate month, a meeting with Harness Racing NSW.

The UHRA worked closely with Harness Racing NSW on adopting a model constitution in accordance with the current legislation.

The other major initiative made in FY2015 was the introduction of the current sulky recovery scheme.

The former Secretary Wally Mann worked tirelessly over several years for this coverage and his efforts cannot be under estimated. Whilst the UHRA believes there could be a more affordable model for trainers the scheme will be reviewed after 12 months by HRNSW.

During the past season the UHRA also pursued the New South Wales Harness Racing Club to trial a City Series, similar to the Country Series but for City-based trainers. This was accomplished with a three-month trial. Also the UHRA has been continuously negotiating with the NSWHR for increased prizemoney at its midweek meetings.

The UHRA are representative of the trainers, drivers, and owners. We have a broad range of members located in all regions of NSW.

This accredited body previously has been heavily involved in the consultation process concerning changes to driving fees, handicapping, licensing and insurance, junior driver programs, Breeders Challenge reviews and rule reviews.

The UHRA will continue to represent the overwhelming majority of honest, hard-working participants in the industry across NSW, whose integrity and ethical standards bring credit to the sport.

John McCarthy
President

The Committee of UHRA for FY2015 were	
President	John McCarthy
Vice President	Darren McCall
Secretary	Wally Mann Amanda Rando Casey Owen
Treasurer	Anton Golino
Committee	Leon Jurd Jamie Hogan Bernie Hewitt Jim Douglass KerryAnn Turner



The New South Wales Standardbred Owners Association is an accredited body under the Harness Racing Act 2009. The committee is elected at the Annual General meeting of the association.

The principal function of the NSWSOA is to represent the interest of owners in all aspects of Harness Racing. The association is represented on the Harness Racing Industry Consultative Group (HRICG).

The Association had an extremely busy year meeting on 12 occasions as well as running its highly successful awards night and bonus race series.

The major significant matters focused on during the year included:

- The organisation of a participants meeting at Penrith Paceway seeking industry views on the centralised programming and new handicapping system being introduced by HRNSW. The consensus views were related back to HRNSW in the form of a number of recommendations;
- Taking the lead in arranging for the two-year-old Ready2Run Sale. The NSWSOA formed a company which will organise this Sale in December 2015 at Tabcorp Park Menangle. Peter Green is the Managing Director of the company and Daniel Cordina is also a director, with John Coffey providing consultative services to the company.
- The NSWSOA ran another highly successful awards night at Tabcorp Park Menangle in September 2014. The function was extremely well attended with Greg Hayes professionally managing the MC functions.
- The membership draw for a trip for two to Hawaii was won by Brian and Janet Ingram who enjoyed a trip of a lifetime. The mystery weekend prize was won by Bruce and Susan Knight.
- The NSWSOA is utilising the Harness Media Centre services and a number of topics have been streamed including the Ready2Run Sale and bonus race series.

- The successful NSWSOA bonus race series was run again with \$18K being given to very happy owners a very attractive rug was also awarded to all winners.
- The NSWSOA in collaboration with Bathurst, Wagga, Parkes, Newcastle, Young, Penrith, Dubbo, Bankstown and the Principal Club presented Owners of the Year trophies at the club's presentation evening.
- Throughout the year the NSWSOA acknowledged the achievement of owners through the Owners of the Month Award and 36 owners were acknowledged receiving an acknowledgement letter and a very attractive NSWSOA key ring.
- Through its representation on HRICG, the NSWSOA had considerable impact on various matters effecting Harness Racing industry including:
 - The strategic plan;
 - Centralising programming and handicapping;
 - Unpaid Forfeits listing;
 - Claiming races;
 - The review of the Harness Racing Act;
 - The Sulky Recovery Scheme;
 - The Ready2Run Sale;
 - Integrity.

Peter Neil
Chairperson
NSWSOA

The Committee of UHRA for FY2015 were	
Chair	Peter Neil
Deputy Chair	Daniel Cordina
Treasurer	Peter Green
Secretary	Fran Fitzpatrick
Committee	Peter Dewsbury Marie Neil Michael Brown Peter Plummer Neil Parnaby Brian Ingram

HRCC

Harness Racing Clubs Committee

The Harness Racing Clubs Committee (HRCC) is the sole representative body of all Harness Racing Clubs and Registered Training Facilities in New South Wales in their dealings with Harness Racing NSW.

Its principle objective involves the promotion and advancement of harness racing in this state. Additionally, the committee considers all matters which are common to its members in the management and conduct of harness racing clubs and registered training facilities, and ensures implementation of the Intra-Code Agreement in conjunction with Harness Racing NSW.

During the past 12 months a number of key industry issues have involved the HRCC and the clubs it represents.

Foremost was conduct of the World Driving Championships during the Inter Dominion Carnival. It showcased NSW harness racing on the world scene and involved clubs working collaboratively with Harness Racing Australia and Harness Racing NSW. Their ongoing commitment and effort ensured a tremendous series; one that we can all be very proud of.

Another great moment for our industry was the official opening of the new Bathurst complex in October 2014. The wonderful 1000 metre circuit, raceday stabling complex and modern spectator facilities were long due for the sport, its participants, and the many fans which are based in the Central West region of our State. We congratulate the Bathurst Club, Harness Racing NSW and the many people involved for seeing it through to finality and trust it will serve all for a very long time to come.

During the season the HRCC secured an alternate ambulance service to meet the raceday obligations of some clubs throughout NSW. Whilst the process has been long and drawn out, the HRCC is pleased that an affordable and highly professional level of emergency medical care is now available to all participants racing at Newcastle, Penrith, Bankstown, Fairfield, Goulburn, Bathurst, Young and Wagga Wagga. Other rural and regional clubs, for the time being, remain under the service of NSW Ambulance.

From the racing perspective, the member clubs of the HRCC consulted with Harness Racing NSW in respect to the programming and handicapping



system which has now been implemented and trialled. With the recent appointment of Amanda Rando as Racing Liaison Officer, the HRCC and member clubs look on in hope for an enhanced level of competitiveness in our racing product.

During the season the member clubs of the HRCC once again conducted a highly successful 'Carnival of Cups' series. The committee extends their congratulations to all clubs for their commitment to the series and the promotion of our sport to the wider community. Involving 32 clubs, and with Harness Racing NSW matching dollar-for-dollar any sponsorship raised by the clubs, the 'Carnival of Cups' series injected significant prizemoney increases to many rural clubs which seldom have the means to provide participants with such levels of prizemoney.

Lastly, the HRCC extends its appreciation to the Executive group of Harness Racing NSW for their leadership and effort, in conjunction with the many clubs and participants who lobbied the NSW Government in securing Wagering Tax Parity. Whilst it will be a few years before we see some real results flow through, the knowledge that these much needed financial resources will become available is a significant relief to all clubs.

In concluding this report, it is important to remind all participants that the HRCC and its member clubs is the closest link between the administrators of the sport and the participants and fans they serve.

The HRCC will continue to play a very active and productive role in the management and development of our sport; it's incumbent on us as a committee and as a group of individual clubs to make every possible effort to broaden our fan base, to grow ownership and participation, and to have a positive and constructive relationship with our governing body so that ideas, strategies and club processes can be met and achieved.

Most importantly, we look to you, the participants and fans to also become involved through membership of your local harness racing club. Sitting back and relying on others to make things happen won't work. We call on you to take an active role in growing our sport; become involved so that we can all collectively work together; to be innovative with ideas, and to strive for improvements that will ensure the long term future of our sport.

Mark Croatto
President
Harness Racing Clubs Committee

The Committee of HRCC for FY2015 were	
President	Mark Croatto
Vice President	Peter Plummer
Secretary/Treasurer	Danny Dwyer



NSWTA

NSW Trotters Association

Trotters have gone from strength-to-strength in New South Wales during the 2014/15 Financial Year.

Within the last 10 years, the amount of trot races has almost doubled and so too has the strength in competition.

For the first time there was a two and three-year-old NSW Breeders Challenge Final with stablemates Parisian Chic and Justines Amore snaring the wins respectively.

Meanwhile, NSW-trained squaregaiters performed well interstate as well as in local features.

The Belinda McCarthy-trained Flying Isa won the Group 1 Franco Australian Trotters Final at Tabcorp Park Menangle before heading south and winning the Group 1 Australasian Trotting Championship and finishing third in the Southern Star Final.

Vincennes also performed well for the Blake Fitzpatrick stable and after a string of wins at Menangle, travelled to Victoria to finish second in the Southern Star Final and win the Bendigo Trotters Cup as well as the Wagon Apollo Free-For-All at Melton.

The former pacer now trotter, On Thunder Road, also enjoyed a good year with wins in the Bulli Trotters Cup and in the Winter Cup Final at Melton.

New South Wales-prepared trotters also tasted some success in the Breeders Crown with Parisian Chic, Glenferrie Burn and Edge Hill all placing in their respective finals.

Although the annual Coolamon Carnival of Cups meeting was abandoned due to bad weather, the feature trot race, the La Coocaracha, was transferred to Menangle.

This allowed a two-week hub of trot features at the Principal Club, with the running of the NSW Oaks, NSW Derby and the Bulli Trotters Cup all within this time.

In recent years, the fairer sex have dominated the results in the Derby and as was the case this year with Fiery Mountain Girl taking the honours.

However, against her own sex in the Oaks placed third behind the talented My Arya. Promising mare Arboe was too classy in the Group 3 La Coocaracha and continued her winning ways to take out the Group 2 Bacardi Lindy Mares Trot at Melton.

The Committee of NSWTA for FY2015 were	
President	Peter Sullivan
Vice President	Ross Adams John Heath
Treasurer	Tony Laverncic
Secretary	Flora Robson



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.

The Functions and Powers of HRNSW can be found at the new Harness Media Centre website: <http://www.harnessmediacentre.com.au/hrnsw/about-us/functions-and-powers>

Board Structure

The current Board, the majority of whom 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.

Due to the completion of Mr Chris Edwards' term in February 2015, the Board has been operating since then with only four members.

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.

The current Chairman, Mr Rex Horne was appointed on 11 February 2014.

Members

CHAIRMAN HORNE, Rex William

(Independently Elected Chairman)

Independent Chairman, Rex Horne, has extensive industry experience not only as a former Chairman of NSW Harness Racing Club but he is a member of the HRA Executive and has been a former chair and deputy chair of the NSW Harness Racing Club Ltd, a former President of the harness racing industry's NSW TAB Clubs' Association, an Alternate Director of Racingcorp Pty Ltd and as a Member of the Inter Dominion Steering Committee.

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

Mr Horne's term will expire in February 2016. Mr Horne cannot seek re-election as he has reached the maximum term allowable under the Harness Racing Act.

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

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 has been appointed for a term of 4 years which will expire in February 2016.



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 has been appointed for a term of 4 years which will expire in February 2016.

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 interests 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 has been appointed for a term of 4 years which will expire in February 2016.

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

Mr Edwards' term expired in February 2015.

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

Board Member	Meetings Held	Total Attended
R Horne	12	12
C Edwards	7	7
G Kelly	12	12
A Smith	12	12
R Smith	12	12



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for the Year ended 30 June 2015

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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 2015.

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 Rex Horne - Chairman
- Mr Graham Kelly
- Mr Alex Smith
- Mr Rod Smith

The following person was a Member of HRNSW from the beginning of the financial year until the date of their retirement:

Mr Chris Edwards	Date of Retirement 3 February 2015
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Members Meetings

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

Name	Attended	Number Eligible to Attend
Mr Rex Horne	12	12
Mr Chris Edwards	7	7
Mr Graham Kelly	12	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,

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;
- (iv) Provide significant funding to maintain current tracks;
- (v) Review fees charged to corporate wagering operators for the use of NSW harness race fields

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 whilst being a Member, received or become entitled to receive a benefit by reason of a contract made by the entity or a related body corporate which the Member or with a firm of which the Member is a member, or a company in which the Member is a member, or a company in which the Member has a substantial interest 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, 25th day of August 2015.

Rex Horne
Chairman

Alex Smith
Member

Members' Declaration

The Members of Harness Racing New South Wales (HRNSW) present their declaration for the financial year ended 30 June 2015.

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 2015 and its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due, and
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Signed in accordance with a resolution of the Members at Bankstown, dated 25th August 2015:

Rex Horne
Chairman

Alex Smith
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 2015 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

Sam Danieli
Partner
Sydney

Dated: 25 August 2015

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 2015, 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 entity, 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.

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 2015 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 2.

K S Black & Co Chartered Accountants

Sam Danieli
Partner
Sydney
Dated: 25 August 2015

Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Revenue from continuing operations			
Product Fee	4(a)	20,385,149	21,443,201
Wagering Incentive Fee	4(a)	15,266,533	12,015,077
Race Fields Income	4(b)	10,769,201	9,472,759
Investment Income - Future Fund	4(c)	682,773	448,553
Finance Income – Interest Revenue		255,689	84,696
Grants Received - RDF - Equipment Purchases	4(d)	169,276	1,393,165
Grants Received - RDF - Integrity Related Expenses	4(e)	450,000	31,836
Grants Received - Industry Funds	4(f)	182,806	178,000
Gazette Income	4(g)	194,762	224,663
Registration & Licensing Income		613,611	668,775
Stewarding and Other Fees Charged to Clubs	4(h)	1,074,008	1,050,018
Other Income	4(i)	122,804	36,167
Total Revenue		50,166,612	47,046,910
Expenses from continuing operations			
HRNSW TAB Distribution:			
to Clubs	5(a)	16,968,308	16,159,965
to Industry Fund	5(b)	2,448,676	2,324,567
to Racecourse Development Fund	5(c)	707,852	664,162
Prizemoney Paid		11,809,095	9,935,640
Payments from Race Fields Receipts	5(d)	6,613,474	7,132,150
Payments from Future Fund	5(e)	255,000	394,045
HRA Membership Levy		110,973	121,707
Employee Salaries and Related Expenses	5(f)	3,531,984	3,544,453
Members Fees	5(g)	106,493	101,689
NSW Harness Racing Gazette		168,713	276,826
Media Centre		176,140	-
Postage, Printing & Stationery		111,504	106,384
Travel Expenses	5(h)	269,483	349,612
Consultancy & Contractors		63,679	-
Occupancy Expenses		120,961	122,445
Equipment Expenses		16,947	24,119
IT and Communication Expenses	5(i)	408,398	285,338
Special Projects- Media Centre and Others		-	23,104
Depreciation Expense		238,110	197,131
Insurance		66,299	50,093
Racing Integrity Expenses	5(j)	1,820,738	1,355,965
Racing Integrity Expenses - Special Investigation	5(k)	-	31,836

Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Expenses from continuing operations (continued)			
Sky Video/Photo Finish Expenses	5(l)	1,632,194	1,578,214
Bad Debt Expense	5(m)	4,785	795
Other Expenses	5(n)	176,493	110,686
Amalgamation Expenses	5(o)	56,181	65,746
Transfer Fine Income to Industry Fund		56,784	62,860
Total Expenses		47,939,266	45,019,532
SURPLUS FOR THE YEAR		2,227,347	2,027,378
Comprehensive Income			
Other Comprehensive Income		-	-
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		2,227,347	2,027,378

The accompanying notes form part of these financial statements

Statement of Financial Position

For the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Current Assets			
Cash and Cash Equivalents	6	257,596	78,945
Investments	7	10,734,057	10,885,175
Trade and Other Receivables	8	15,799,788	10,622,781
Other	9	28,677	10,608
Total Current Assets		26,820,118	21,597,509
Non-Current Assets			
Property, Plant and Equipment	11	4,599,512	4,653,100
Land	10	950,398	950,398
Total Non-Current Assets		5,549,910	5,603,498
Total Assets		32,370,029	27,201,006
Liabilities			
Current Liabilities			
Trade and Other Payables	12	11,263,604	8,115,154
Provision for Employee Benefits	13	565,141	558,889
Total Current Liabilities		11,828,746	8,674,043
Non-Current Liabilities			
Trade and Other Payables	15	705,545	918,572
Total Non-Current Liabilities		705,545	918,572
Total Liabilities		12,534,290	9,592,615
Net Assets		19,835,738	17,608,391
Equity			
Accumulated Surplus		19,835,738	17,608,391
Total Equity		19,835,738	17,608,391

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Cash Flows from Operating Activities			
Receipts from Customers		48,436,381	47,882,533
Interest Received		938,462	533,249
Payments to Suppliers, Employees and Participants		(48,893,577)	(48,366,092)
Amalgamation Costs		(56,181)	(65,746)
Net Cash Provided by / (Used in) Operating Activities	20	425,085	(16,056)
Cash Flows from Investing Activities			
Payments for Property, Plant & Equipment		(184,525)	(1,635,039)
Proceeds From Investments		151,117	1,815,427
Net Cash (Used in) / Provided by Investing Activities		(33,408)	180,388
Cash Flows from Financing Activities			
Loan repayment		(213,027)	(203,003)
Net Cash Used in Financing Activities		(213,027)	(203,003)
Net Increase / (Decrease) in Cash and Cash Equivalents Held		178,651	(38,671)
Cash and Cash Equivalents at the Beginning of the Year		78,945	117,617
Cash and Cash Equivalents at the End of the Year	6	257,595	78,945

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the financial year ended 30 June 2015

	2015	2014
	\$	\$
Total Equity at the Beginning of Financial Year	17,608,392	15,581,014
Total Comprehensive Income	2,227,347	2,027,378
Total recognised income and expense for the year	2,227,347	2,027,378
Total Equity at the End of the Financial Year	19,835,738	17,608,392

The accompanying notes form part of these financial statements

1. The Reporting Equity

a) Harness Racing New South Wales (HRNSW)

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

b) Benevolent Fund

The Benevolent Fund 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 14.

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

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

Other Income

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

c) Accounts Receivable and Other Debtors

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

d) Financial Instruments

Initial Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit and loss. Transaction costs related to instruments classified at fair value through profit or loss are expenses to profit or loss immediately.

Loans and Receivables

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

Held-to-maturity Investments

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

Available-for-Sale Financial Assets.

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

Financial Liabilities

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

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities.

Impairment of Financial Assets

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

Derecognition

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

e) Property, Plant and Equipment

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

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

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

Buildings and fitouts	4% - 10%
Plant and equipment	10% - 40%
Telecommunications, computer hardware	25% - 40%
Motor Vehicles	20% - 33%

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

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.

f) Revaluation of Non-Current Assets

Non-current assets are revalued every five years or sooner if a revaluation is deemed to be material and may be performed for all the non-current assets or a class of non-current assets. 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.

g) Loans and Borrowings

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

h) Employee Salaries and Related Expenses

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

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

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

i) Goods and Services Tax (GST)

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

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

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

j) Cash and Cash Equivalents

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

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) Software

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

p) Finance Income and Expenses

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

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

q) GHRRA Assets and Liabilities transferred

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

r) Accounts Payable and Other Payables

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

3. Basis of Perperation

a) Statement of compliance

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

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

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)

For the financial year ended 30 June 2015

	2015	2014
	\$	\$
4 Revenue		
(a) Product Fee	20,385,149	21,443,201
Wagering Incentive Fee	15,266,533	12,015,077
	35,651,682	33,458,278
HRNSW's share of the TAB Distribution is paid by NSW Racing Pty Ltd. HRNSW's share is determined by the Intercode Deed. Product fees (Daily, and quarterly) are based on wagering turnover (all codes) and Wagering Incentive Fees (WIF), paid half yearly, are based on wagering profitability (All Codes)		
(b) Race Fields Income		
From various corporate wagering operators	10,769,201	9,472,759
	10,769,201	9,472,759
The figures this year include an extra quarter of Race Fields Receipts. Previously race fields income was brought to account on a cash received basis however it is now recognised on an accrual basis. The fifth quarter receipts will be used to fund prize money and race club administration funding in FY2016.		
(c) Investment Income - Future Fund		
Investment Income - JBWere	682,773	448,553
	682,773	448,553
Investment Income recognised on Future Fund monies held for the industry and remaining after distribution of race fields receipts received from September 2008 to March 2012 and released following the High Court win March 2012.		
(d) Grants Received - RDF - Equipment Purchases		
Funding for purchase of land at Tamworth	-	1,351,492
Funding for purchase of Fixed Assets	169,276	41,673
	169,276	1,393,165
(e) Grants Received - RDF - Integrity Related Expenses		
Grant Received - Racecourse Development Fund for special investigation expenses	-	31,836
Grant received - Integrity Expenses	450,000	-
	450,000	31,836
(f) Grants Received - Industry Fund		
Management of Centralised Stakes Payment System	160,212	156,000
Breeders Challenge Stakes Management Fee	22,594	22,000
	182,806	178,000

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

	2015	2014
	\$	\$
(g) Gazette Income		
Subscriptions	150,677	155,943
Advertising Income	44,085	68,720
	194,762	224,663
(h) Stewarding and Other Fees Charged to Clubs		
Stewarding Costs	920,254	895,274
Photo Finish Costs	140,729	137,160
Swab Recovery and Other	13,025	17,584
	1,074,008	1,050,018
(i) Other Income		
Other	122,804	36,167
	122,804	36,167

5 Operating Expenses		
(a) HRNSW TAB Distribution - To Clubs		
NSWHRC - Principal Club	12,066,958	11,269,365
NSWHRC - Menangle	252,000	252,000
Bankstown	189,000	189,000
Bathurst	671,400	655,200
Bulli	116,550	163,800
Dubbo	189,450	196,200
Goulburn	126,000	122,850
Newcastle	907,650	898,650
Parkes	161,100	160,650
Penrith	529,200	630,000
Tamworth	296,100	296,100
Wagga Wagga	419,400	422,100
Young	245,700	236,250
All Other Clubs	797,800	667,800
	16,968,308	16,159,965
During FY2015 all clubs except the NSWHRC only received administration funding. HRNSW paid prize money direct to participants. The \$12.067m paid to the NSWHRC includes prize money and administration funding.		

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

	2015	2014
	\$	\$
5 Operating Expenses (continued)		
(b) HRNSW Distribution - to Industry Fund		
HRNSW is required under the <i>Intra Code Agreement</i> 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.	2,123,556	1,992,486
The amount distributed to the Industry Fund is equal to 6% (2014: 6%) of the HRNSW share of the TAB Distribution.		
Additional Carnival of Cups Levy - 1% (2014: 1%).	325,120	332,081
	2,448,676	2,324,567
(c) HRNSW TAB Distribution - to Racecourse Development Fund		
The amount distributed to the Industry Fund is equal to 2% (2014: 2%) of the HRNSW share of the TAB Distribution.	707,852	664,162
	707,852	664,162
(d) Payments from Race Fields Receipts Payments		
Payments for club administration funding and prizemoney	5,663,474	6,468,150
Payments to Industry Fund for Breeding	700,000	515,000
Payments to Industry Fund for Marketing	250,000	149,000
	6,613,474	7,132,150
(e) Payments From Future Fund		
Contribution to Inter-Dominion Prizemoney	255,000	255,000
Reimbursement of Race Fields Legal Fees To RDF	-	139,045
	255,000	394,045
Following the successful decision in favour of Harness Racing NSW the Racecourse Development Fund was reimbursed the shortfall in recovery of legal expenses from Sportsbet and Betfair		
(f) Employee Salaries and Related Expenses		
Salaries	3,050,290	2,951,947
Superannuation	248,789	262,481
Payroll Tax	129,594	137,871
Annual & Long Service Leave	6,253	3,093
Workers Compensation Insurance	16,157	12,134
Temporary Staff and Other	80,901	176,927

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

	3,531,984	3,544,453
	2015	2014
	\$	\$
5 Operating Expenses (continued)		
(g) Members Fees		
Chris Edwards	10,601	14,981
Graham Kelly	15,332	14,981
Alex Smith	15,397	14,981
Rod Smith	15,397	14,981
Rex Horne	49,766	20,144
Graeme Campbell	-	21,621
	106,493	101,689
(h) Travel expenses		
Employees	230,211	311,662
Members	38,464	37,950
Other	808	-
	269,483	349,612
(i) IT and Communication Expenses		
IT Support & Software	271,224	153,002
Phone, fax and related expenditure	137,175	132,336
	408,398	285,338
(j) Racing Integrity Expenses		
Swab Testing and reporting	876,843	614,138
Stewards inquiries/appeals & related legal expenses	638,303	379,631
Analytics & Research	154,518	136,269
Registration Processing	60,810	63,781
Integrity Auditor	19,289	18,727
Freeze Branding expenses	9,359	7,797
Other Integrity	61,616	135,622
	1,820,738	1,355,965
The figures above do not include employee costs which are reported in note 5(f).		
(k) Racing Integrity Expenses - Special Investigation		
Special Investigation Expenses	-	31,836
	-	31,836
(l) Sky Video/Photo Finish Expenses		
Sky Video	1,496,762	1,443,637
Photo Finish	135,432	134,577
	1,632,194	1,578,214

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

	2015	2014
	\$	\$
5 Operating Expenses (continued)		
(m) Bad Debts		
Bad Debts Written Off	4,785	795
Movement in Provision	-	-
	4,785	795
Current provisions provide adequate cover for any risk in bad debts.		
(n) Other Expenses		
Bank Charges	30,542	14,058
Legal and audit fees	73,561	35,279
Couriers	6,232	4,475
Benevolent Fund expenses	40,709	12,962
Sundry Expenses	25,450	43,912
	176,493	110,686
(o) Amalgamation Expenses		
Interest on the \$2m NSW Government Loan	56,181	65,746
	56,181	65,746
Refer Note 12		

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

	2015	2014
	\$	\$
6 Cash and Cash Equivalents		
Cash at Bank	257,146	78,945
Cash on Hand	450	-
	257,596	78,945
The entity has an overdraft limit of \$250,000 at the bank (2014: \$250,000) - unused at year end.		
7 Investments		
JBWere - Future Fund	10,130,469	10,418,453
Other Deposits	603,588	466,722
	10,734,057	10,885,175
8 Trade and Other Receivables		
Trade Debtors	7,362,682	1,010,187
Less provision for Doubtful Debts	(39,082)	(39,082)
NSW Racing Pty Ltd	7,841,087	9,587,785
Australian Taxation Office	4,206	-
Related Party	630,895	63,891
	15,799,788	10,622,781
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.		
9 Other Current Assets		
Prepayments	27,237	9,168
Funeral Certificates	1,440	1,440
	28,677	10,608
10 Land		
Black Hill (Beresfield)	950,398	950,398
	950,398	950,398
In the year ended 30 June 2008 HRNSW acquired ownership of a parcel of land at 167 Lenaghans Drive, Black Hill (Beresfield) at no significant reciprocal cost to HRNSW. The asset was brought to account at the value determined by an independent valuer of \$950,000. 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)

For the financial year ended 30 June 2015

11 Property Plant & Equipment							
As at 1 July 2013							
	Freehold Land	Freehold Buildings	Computer Equipment	Furniture & Fittings	Other Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2013							
Cost or fair value	1,725,067	1,362,303	620,910	30,825	394,238	-	4,133,343
Accumulated depreciation	(0)	(139,803)	(521,780)	(25,758)	(230,811)	-	(918,152)
Net Book Value	1,725,067	1,222,500	99,130	5,067	163,427	-	3,215,191
Year ended 30 June 2014							
Opening Net Book value	1,725,067	1,222,500	99,130	5,067	163,427	-	3,215,191
Additions	1,418,677	-	35,288	-	6,385	174,689	1,635,039
Depreciation charge	-	(65,530)	(44,916)	(5,067)	(49,586)	(32,031)	(197,130)
Disposals	-	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-	-
Closing net book amount	3,143,744	1,156,970	89,502	0	120,226	142,658	4,653,100
At 30 June 2014							
Cost or fair value	3,143,744	1,362,303	656,198	30,825	400,623	174,689	5,768,382
Accumulated depreciation	-	(205,333)	(566,696)	(30,825)	(280,397)	(32,031)	(1,115,282)
Net Book Value	3,143,744	1,156,970	89,502	(0)	120,226	142,658	4,653,100
Year ended 30 June 2015							
Opening Net Book value	3,143,744	1,156,970	89,502	0	120,226	142,658	4,653,100
Additions	-	-	69,879	3,795	1,804	109,046	184,524
Acquisition of a business	-	-	-	-	-	-	-
Depreciation charge	-	(64,704)	(53,443)	(342)	(50,154)	(69,469)	(238,112)
Disposals	-	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-	-
Closing net book amount	3,143,744	1,092,266	105,938	3,453	71,876	182,235	4,599,512
At 30 June 2015							
Cost or fair value	3,143,744	1,362,303	726,076	34,620	402,427	283,735	5,952,905
Accumulated depreciation	-	(270,037)	(620,138)	(31,167)	(330,551)	(101,500)	(1,353,393)
Net Book Value	3,143,744	1,092,266	105,938	3,453	71,876	182,235	4,599,512
On 1 July 2009 HRNSW acquired the net harness assets of the former Greyhound and Harness Racing Regulatory Authority ("GHRRA").							
As part of the transition net Property, Plant and Equipment assets of \$1,614,908 were transferred to HRNSW for nil consideration.							

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

	2015	2014
	\$	\$
12 Trade and Other Payables		
Australian Taxation Office	-	35,081
Prize Money Payments	396,324	213,325
HRNSW Distribution Due to Clubs and Funds	3,094,361	3,832,542
Other creditors	5,770,251	2,984,385
Related parties	1,789,641	846,818
Loan - NSW Government	213,027	203,003
	11,263,604	8,115,154
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.		
13 Provision for Employee Benefits		
Annual Leave	293,257	263,938
Long service Leave	271,884	294,950
	565,141	558,888
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.		

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

14 Benevolent Fund		
Interest earned	7,364	7,683
Other Revenue	-	-
Less Administration expenses	(66)	(65)
Less Disbursements	(40,642)	(12,897)
Operating Surplus (Deficiency)	(33,345)	(5,279)
Accumulated Surplus - Brought Forward	200,000	205,279
Accumulated Surplus - Carried Forward	166,655	200,000
Represented by:		
Cash	59,609	4,457
Investments	150,145	200,000
Loans Receivable	-	-
Trade Receivables	-	-
Transferable Funeral Certificates	1,440	1,440
Payables	(44,540)	(5,897)
Net Assets	166,655	200,000
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.		
15 Non Current Trade and Other Payables		
Loan - NSW Government	705,545	918,572
	705,545	918,572
Refer Note 12 above		

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Basis - AASB 119	SASS	SANCS	SSS	TOTAL
	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15
16 Superannuation Commitments				
Member Numbers				
Contributors	2	2	-	
Deferred benefits	-	-	-	
Pensioners	-	-	-	
Pensions fully commuted	-	-	-	
Superannuation Position for AASB 119 purposes	A\$	A\$	A\$	A\$
Accrued liability (Note 1)	854,005	112,615	-	966,620
Estimated reserve account balance	(995,573)	(159,193)	-	(1,154,766)
1. Deficit/(surplus)	(141,568)	(46,578)	-	(188,146)
2. Future Service Liability (Note 2)	87,545	41,583	-	129,128
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	44,408	14,611	-	59,019
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	(97,160)	(31,967)	-	(129,127)

Note 1: The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/(surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Note 2: The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).

AASB 119 Disclosure items 30 June 2015

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

The pooled fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation scheme (SANCS)

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

All the Schemes are closed to new members.

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

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

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

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

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

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012. The next actuarial investigation is due as at 30 June 2015 and the report is expected to be released by the end of 2015.

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

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

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance

with the fund rules;

- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Description of risks - Para 139(b)

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

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

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix.

The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events - Para 139(c)

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Reconciliation of the Net Defined Benefit Liability/(Asset) - Para 140(a)				
	SASS Financial Year to 30 June 2015	SANCS Financial Year to 30 June 2015	SSS Financial Year to 30 June 2015	Total Financial Year to 30 June 2015
	A\$	A\$	A\$	A\$
Net Defined Benefit Liability/(Asset) at start of year	(103,924)	(31,667)	-	(135,591)
Current service cost	26,368	4,394	-	30,762
Net Interest on the net defined benefit liability/(asset)	(4,219)	(1,285)	-	(5,504)
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(70,615)	(11,512)	-	(82,127)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	17,407	4,104	-	21,511
Actuarial (gains)/losses arising from liability experience	7,655	(6,271)	-	1,384
Adjustment for effect of asset ceiling	30,166	10,271	-	40,437
Employer contributions	-	-	-	-
Effects of transfers in/out due to business contributions and disposals	-	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	(97,162)	(31,966)	-	(129,128)
Reconciliation of the Fair Value of Fund Assets - Para 140(a)(i)				
	SASS Financial Year to 30 June 2015	SANCS Financial Year to 30 June 2015	SSS Financial Year to 30 June 2015	Total Financial Year to 30 June 2015
	A\$	A\$	A\$	A\$
Fair value of Fund assets at beginning of the year	884,378	139,370	-	1,023,748
Interest income	29,479	4,689	-	34,168
Actual return on Fund assets less Interest income	70,615	11,512	-	82,127
Employer contributions	-	-	-	-
Contributions by participants	9,176	0	-	9,176
Benefits paid	2,774	0	-	2,774
Taxes, premiums & expenses paid	(848)	3,621	-	2,773

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Reconciliation of the Fair Value of Fund Assets – Para 140(a)(i) (Continued)				
	SASS Financial Year to 30 June 2015	SANCS Financial Year to 30 June 2015	SSS Financial Year to 30 June 2015	Total Financial Year to 30 June 2015
	A\$	A\$	A\$	A\$
Transfers in/out due to business combinations and disposals	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	995,574	159,192	-	1,154,766
Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)				
	SASS Financial Year to 30 June 2015	SANCS Financial Year to 30 June 2015	SSS Financial Year to 30 June 2015	Total Financial Year to 30 June 2015
	A\$	A\$	A\$	A\$
Present value of defined benefit obligations at beginning of the year	766,213	103,363	-	869,576
Current service cost	26,368	4,394	-	30,762
Interest cost	25,260	3,404	-	28,664
Contributions by participants	9,176	-	-	9,176
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	17,407	4,104	-	21,511
Actuarial (gains)/losses arising from liability experience	7,655	(6,271)	-	1,384
Benefits paid	2,774	-	-	2,774
Taxes, premiums & expenses paid	(848)	3,621	-	2,773
Transfers in/out due to the business combinations and disposals	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the year	854,005	112,615	-	966,620

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Reconciliation of the effect of the Asset Ceiling - Para 140(a)(iii)				
	SASS Financial Year to 30 June 2015	SANCS Financial Year to 30 June 2015	SSS Financial Year to 30 June 2015	Total Financial Year to 30 June 2015
	A\$	A\$	A\$	A\$
Adjustment for effect of asset ceiling at beginning of the year	14,242	4,340	-	18,582
Change in the effect of asset ceiling	30,166	10,271	-	40,437
Adjustment for effect of asset ceiling at end of the year	44,408	14,611	-	59,019

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

Fair value of Fund assets - Para 142

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

As such, the disclosures below relate to total assets of the Pooled Fund.

As at 30 June 2015

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short Term Securities	2,641,516	95,603	2,545,913	-
Australian Fixed Interest	2,656,598	958	2,638,759	16,881
International Fixed Interest	1,003,849	(110)	1,003,959	-
Australian Equities	10,406,940	9,898,541	503,999	4,400
International Equities	13,111,481	9,963,287	2,585,150	563,044
Property	3,452,609	948,421	718,406	1,785,782
Alternatives	7,170,187	622,102	3,020,225	3,527,860
Total^	40,443,180	21,528,802	13,016,411	5,897,967

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

The percentage invested in each asset class at the reporting date is:	
As at 30 June 2015	
Short Term Securities	6.5%
Australian Fixed Interest	6.6%
International Fixed Interest	2.5%
Australian Equities	25.7%
International Equities	32.4%
Property	8.6%
Alternatives	17.7%
Total	100.0%
^Additional to the assets disclosed above, at 30 June 2015 the Pooled Fund has provisions for receivables/(payables) estimated to be around \$1.74 billion. This gives total estimated assets \$42.2 billion.	
Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.	
Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.	
Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.	
Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cash flow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.	
Fair value of entity's own financial instruments - Para 143	
The fair value of the Pooled Fund assets include as at 30 June 2015 include \$209.2 million in NSW government bonds.	
Of the direct properties owned by the Pooled Fund;	
-GPNSW occupies part of a property owned by the Pooled Fund with a fair value of \$159 million (30 June 2014; \$153 million).	
-NSW Ambulance occupies part of a property 50% owned by the Pooled Fund with a fair value of \$204 million (30 June 2014:\$205 million)	
Significant Actuarial Assumptions at the Reporting Date - Para 144	
As at	30-Jun-15
Discount rate	3.03% pa
Salary increase rate (excluding promotional increases)	2.50% 2015/16 to 2018/2019; 3.50% 2019/2020, 3.0% pa 2021/2022 to 2024/2025;and 3.50% pa thereafter
Rate of CPI increase	2.50% 2015/2016;2.75%2016/2017 & 2017/2018;2.50% thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Sensitivity Analysis - Para 145

The entity's total defined benefit obligation as at 30 June 2015 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2015.

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

		Base Case	Scenario A - 1.0% discount rate	Scenario B + 1.0% discount rate
Discount rate		3.03%	2.03%	4.03%
Rate of CPI increase		as above	as above	as above
Salary inflation rate		as above	as above	as above
Defined benefit obligation (A\$)		966,620	1,017,037	922,761
		Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate		as above	as above above rates plus	as above above rates plus
Rate of CPI increase		as above	.05%	.05%
Salary inflation rate		as above	as above	as above
Defined benefit obligation (A\$)		966,620	966,620	966,620
		Base Case	Scenario E -0.5% salary increase rate	Scenario F +0.5% salary increase rate
Discount rate		as above	as above	as above
Rate of CPI increase		as above	as above	as above
Salary inflation rate			above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$)		966,620	990,316	944,299
		Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A\$)		966,620	966,620	966,620

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Asset-Liability matching strategies - Para 146

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

Funding arrangements - Para 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

The next triennial review as at 30 June 2015, the report is expected to be released by the end of 2015.

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

Surplus/deficit

The following is a summary of the 30 June 2015 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS	SANCS	SSS	Total
	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15
	A\$	A\$	A\$	A\$
Accrued benefits*	774,097	86,966	-	831,063
Net market value of Fund assets	(995,573)	(159,193)	-	(1,154,766)
Net (surplus)/deficit	(251,476)	(72,227)	-	(323,703)

*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	#N/A	#N/A	#N/A

Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-Average Assumptions

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate (excluding promotional salary increases)	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Expected contributions - Para 147(b)				
	SASS Financial Year to 30 June 2015	SANCS Financial Year to 30 June 2015	SSS Financial Year to 30 June 2015	Total Financial Year to 30 June 2015
	A\$	A\$	A\$	A\$
Expected employer contributions	-	-	-	-
Maturity profile of defined benefit obligation - Para 147(c)				
The weighted average duration of the defined benefit obligation is 7.8 years.				
Appendix 3				
Additional Information 30 June 2015				
Profit or Loss Impact				
	SASS Financial Year to 30 June 2016	SANCS Financial Year to 30 June 2016	SSS Financial Year to 30 June 2016	Total Financial Year to 30 June 2016
	A\$	A\$	A\$	A\$
Current service cost	26,368	4,394	-	30,762
Net interest	(4,219)	(1,285)	-	(5,504)
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Profit or loss component of the Defined Benefit Cost	22,149	3,109	-	25,258
Other Comprehensive Income				
	SASS Financial Year to 30 June 2016	SANCS Financial Year to 30 June 2016	SSS Financial Year to 30 June 2016	Total Financial Year to 30 June 2016
	A\$	A\$	A\$	A\$
Actuarial (gains) losses on liabilities	25,062	(2,167)	-	22,895
Actual return on Fund assets less Interest income	(70,615)	(11,512)	-	(82,127)
Effects of transfers in/out due to business combinations and disposals	-	-	-	-
Adjustment for effect of asset ceiling	30,166	10,271	-	40,437
Total remeasurement in Other Comprehensive Income	(15,387)	(3,408)	-	(18,795)

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

AASB 119 Disclosure items					
Impact of New AASB119 with respect to the Financial Year to 30 June 2014.					
	Financial Year to 30 June 2014				
	Previous AASB 119				Current AASB 119
	SSS	SANCS	SSS	Total	Total
	A\$	A\$	A\$	A\$	A\$
Service cost	21,330	3,468	-	24,798	28,823
Net Interest (current AASB119 only)	n/a	n/a	n/a	n/a	(5,301)
Interest Expense (previous AASB119 only)	23,344	3,190	-	26,534	n/a
Expected return on assets (previous AASB119 only)	(62,045)	(10,001)	-	(72,046)	n/a
Superannuation expense/(income) in P&L	(17,371)	(3,343)	-	(20,714)	23,522
Actuarial (gains) losses on liabilities	93,269	6,590	-	99,859	95,077
Return on assets excluding amounts included in P&L [^]	(78,142)	(5,345)	-	(83,487)	(122,940)
Change in the effect of asset ceiling	15,770	4,691	-	20,461	18,582
Amount recognised in other comprehensive income (OCI)	30,897	5,936	-	36,833	(9,282)
Total recognised in P&L and OCI	13,526	2,593	-	16,119	14,240
[^] This item is the actual return on assets in excess of expected return on assets under the previous AASB119 standard, and in excess of interest income under the current AASB119 standard.					
Impact of New AASB119 on the statement of financial position as at 30 June 2014					

	As at 30 June 2014				
	Previous AASB 119				Current AASB 119*
	SASS	SANCS	SSS	Total	Total
	A\$	A\$	A\$	A\$	A\$
Net Defined Benefit Liability	(89,014)	(27,124)	-	(116,138)	(135,591)
30 June 2013 Superannuation Restated Under The Revised AASB119 Standard As Comparative Information For 30 June 2014 AASB119 Disclosures					

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

	SASS 30-Jun-13	SANCS 30-Jun-13	SSS 30-Jun-13	TOTAL 30-Jun-13
Member Numbers				
Contributors	2	2	-	
Deferred benefits	-	-	-	
Pensioners	-	-	-	
Pensions fully commuted	-	-	-	

Superannuation Position for AASB 119 purposes

	A\$	A\$	A\$	A\$
Accrued liability (Note 1)	658,427	90,424	-	748,851
Estimated reserve account balance	(756,769)	(121,233)	-	(878,002)
1. Deficit/(surplus)	(98,342)	(30,809)	-	(129,151)
2. Future Service Liability (Note 2)	93,689	36,701	-	130,391
3. Surplus in excess of recovery available from schemes				
(- 1. - 2. and subject to a minimum of zero)	-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	(98,342)	(30,809)	-	(129,151)

Note 1:

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

Note 2:

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

Nature of the benefits provided by the fund – Para 139(a)(i)

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

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

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

All the Schemes are closed to new members.

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

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

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

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

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

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012.

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

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

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;

- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Description of risks - Para 139(b)

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

- **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- **Longevity risk** - The risk that pensioners live longer than assumed, increasing future pensions.
- **Pension indexation risk** - The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.
- The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events - Para 139(c)

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Reconciliation of the Net Defined Benefit Liability/(Asset) - Para 140(a)				
	SASS	SANCS	SSS	Total
	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013
	A\$	A\$	A\$	A\$
Net Defined Benefit Liability/(Asset) at beginning of the period	2,963	494	-	3,457
Current service cost	26,518	4,449	-	30,967
Net Interest on the net defined benefit liability/(asset)	(266)	(48)	-	(314)
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(114,596)	(13,769)	-	(128,365)
Actuarial (gains)/losses arising from changes in demographic assumptions	(85)	(332)	-	(417)
Actuarial (gains)/losses arising from changes in financial assumptions	(37,638)	(8,908)	-	(46,546)
Actuarial (gains)/losses arising from liability experience	48,079	(8,579)	-	39,500
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(23,317)	(4,116)	-	(27,433)
Net Defined Benefit Liability/(Asset) at end of the period	(98,342)	(30,809)	-	(129,151)

Reconciliation of the Fair Value of Fund Assets - Para 140(a)(i)				
	SASS	SANCS	SSS	Total
	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013
	A\$	A\$	A\$	A\$
Fair value of Fund assets at beginning of the period	623,771	93,788	-	717,559
Interest income	18,238	2,747	-	20,985
Actual return on Fund assets less Interest income	114,596	13,769	-	128,365
Employer contributions	23,317	4,116	-	27,433
Contributions by participants	11,113	-	-	11,113
Benefits paid	(29,385)	-	-	(29,385)
Taxes, premiums & expenses paid	(4,881)	6,812	-	1,931
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the period	756,769	121,232	-	878,001

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Reconciliation of the Defined Benefit Obligation - Para 140(a)(ii)				
	SASS	SANCS	SSS	Total
	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013
	A\$	A\$	A\$	A\$
Present value of defined benefit obligations at beginning of the period	626,734	94,282	-	721,016
Current service cost	26,518	4,449	-	30,967
Interest cost	17,972	2,699	-	20,671
Contributions by participants	11,113	-	-	11,113
Actuarial (gains)/losses arising from changes in demographic assumptions	(85)	(332)	-	(417)
Actuarial (gains)/losses arising from changes in financial assumptions	(37,638)	(8,908)	-	(46,546)
Actuarial (gains)/losses arising from liability experience	48,079	(8,579)	-	39,500
Benefits paid	(29,385)	-	-	(29,385)
Taxes, premiums & expenses paid	(4,881)	6,812	-	1,931
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the period	658,427	90,423	-	748,850
Reconciliation of the effect of the Asset Ceiling - Para 140(a)(iii)				
	SASS	SANCS	SSS	Total
	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013
	A\$	A\$	A\$	A\$
Adjustment for effect of asset ceiling at beginning of the period	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the period	-	-	-	-

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Fair value of Fund assets - Para 142				
As at 30 June 2013				
Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobserv- able inputs Level 3 (A\$'000)
Short Term Securities	Information not available.			
Australian Fixed Interest				
International Fixed Interest				
Australian Equities				
International Equities				
Property				
Alternatives				
Total				

The percentage invested in each asset class at the reporting date is:	
As at 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%
Total	100.0%

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

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

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Significant Actuarial Assumptions at the Reporting Date - Para 144	
As at 30 June 2013	
Discount rate	3.80% pa
Salary increase rate (excluding promotional increases)	2.25% for 2013/2014 (2.95% for PSS); 2.25% pa for 2014/2015; 2.00% pa for 2015/2016 to 2019/2020; 2.50% pa thereafter
Rate of CPI increase	2.50% pa
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund

Sensitivity Analysis - Para 145			
The entity's total defined benefit obligation as at 30 June 2013 under several scenarios is presented below.			
Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.			
	Base Case	Scenario A	Scenario B
		- 1.0% discount rate	+ 1.0% discount rate
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$'000)	N/A	N/A	N/A
	Base Case	Scenario C	Scenario D
		+0.5% rate of CPI increase	-0.5% rate of CPI increase
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$'000)	N/A	N/A	N/A
	Base Case	Scenario E	Scenario F
		+0.5% salary increase rate	-0.5% salary increase rate
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$'000)	N/A	N/A	N/A
	Base Case	Scenario G	Scenario H
		+5% pensioner mortality rates	-5% pensioner mortality rates
Defined benefit obligation (A\$'000)	N/A	N/A	N/A

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Asset-Liability matching strategies - Para 146

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements.

Funding arrangements - Para 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

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

Surplus/deficit

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

	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	A\$	A\$	A\$	A\$
Accrued benefits*	595,580	75,685	-	671,265
Net market value of Fund assets	(756,769)	(121,233)	-	(878,002)
Net (surplus)/deficit	(161,188)	(45,548)	-	(206,736)

*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.9	2.5	0.0

Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years then 4.0% pa
Expected rate of CPI increase	2.5% pa

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

Expected contributions - Para 147(b)				
	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014
	A\$	A\$	A\$	A\$
Expected employer contributions	21,115	3,833	-	24,948

Maturity profile of defined benefit obligation - Para 147(c)

The weighted average duration of the defined benefit obligation is 8.1 years.

17. Contingent Assets and Liabilities

(i) Contingent Assets

There are no known contingent assets.

(2) Contingent Liabilities

The Entity has a contractual obligation to pay Mr Milton Morris and Phoenix Bells Pty Ltd the sum of \$200,000 within 28 days of the date of rezoning of the Black Hill/Beresfield Land (refer Note 10). Rezoning is defined in the settlement agreement as follows:

“Rezoning” means the rezoning of the land by the Newcastle City Council in, or substantially in, the manner sought by HRNSW, or as otherwise accepted by HRNSW and on conditions acceptable to HRNSW in its absolute discretion.

At the date of this report the Land has not been rezoned in a manner acceptable to HRNSW. Any payment made to Mr Morris and Phoenix Bells Pty Ltd will be deducted from the proceeds received.

18. Commitments

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

Commitments		
	2015	2014
	\$	\$
Commitments for minimum lease payments in relation to Non-cancellable operating leases are payable as follows:		
Due within one year	12,903	24,409
Later than one year but not later than two years	-	12,903
	12,903	37,312

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2015

19. 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.

20. Note to the Statement of Cash Flows		
	2015	2014
	\$	\$
Reconciliation of Net Cash from Operating Activities to Surplus / (Deficit) for the Year		
Surplus for the year	2,227,347	2,027,378
Depreciation and Amortisation	238,110	197,131
Operating Profit before changes in Working Capital Provisions	2,465,457	2,224,509
Changes in Assets and Liabilities		
Change in Trade and Other Receivables	(5,177,007)	(113,084)
Change in Prepayments and Other Assets	(18,069)	(9,168)
Change in Trade and Other Payables	3,148,451	(2,121,306)
Change in Employment Benefits	6,253	2,993
Net Cash Provided by / (Used in) Operating Activities	425,085	(16,056)

21. 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

on 31 July 2015 amendments were made to Racing Administration Regulation 2012 which will enable HRNSW to increase the ceiling of the race fields fees that HRNSW can charge corporate wagering operators. The change should have a positive impact on race fields fees derived in the year to 30 June 2016 and subsequent years.

Financial Statements Harness Racing Industry Fund

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 2015.

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 2015 and its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due, and
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2 (a).

Signed in accordance with a resolution of the Members at Bankstown, dated 25 August 2015:

Rex Horne
Chairman

Alex Smith
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 2015, 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 entity, 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 25 August 2015 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 Fund:
 - i gives a true and fair view of the entity's financial position as at 30 June 2015 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).

K S Black & Co
Chartered Accountants

Sam Danieli
Partner

Sydney
Dated: 25 August 2015

Statement of Profit or Loss and Other Comprehensive Income
for the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Revenue from Continuing Operations			
HRNSW Distribution	3 (a)	2,448,676	2,324,567
Race Fields - Contribution to Breeding Schemes		700,000	515,000
Race Fields - Contribution to Marketing Expenses		250,000	149,000
Foal and Sire Registration Fee	3(b)	683,916	1,130,466
HRA Breeders Incentive		269,053	268,125
Interest Earned		91,107	126,846
Fee Revenue	3 (c)	56,784	62,860
Sponsorship Revenue		331,680	320,720
Other Income	3 (d)	280,651	273,992
Total Revenue		5,111,867	5,171,576
Expenses from Continuing Operations			
Prizemoney Subsidies	4 (a)	1,103,000	1,441,120
Breeders' Bonus Incentive Certificates		1,792,282	886,878
Grants and Other Subsidies	4 (b)	786,926	1,009,652
Breeders Challenge Blue		269,053	268,125
Harness Racing Australia and RISE Expenses		465,350	464,489
Sponsorship Distribution		250,000	250,000
Carnival of Cups	4 (c)	673,006	613,561
Management Fee and Other Expenses	4 (d)	191,072	185,393
Total Expenses		5,530,689	5,119,217
Surplus for the Year		(418,822)	52,359
Comprehensive Income			
Other Comprehensive Income		-	-
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		(418,822)	52,359

The accompanying notes form part of these financial statements

Statement of Financial Position
for the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Assets			
Current Assets			
Cash and Cash Equivalents	5	179,148	46,468
Deposits	6	1,325,460	1,881,708
Other Receivables	7	2,550,708	1,786,996
Other Current Assets	8	22,239	10,830
Total Current Assets		4,077,555	3,726,002
TOTAL ASSETS		4,077,555	3,726,002
Liabilities			
Current Liabilities			
Payables	9	1,386,689	959,669
Income Received in Advance	10	509,135	634,362
Provision for Unredeemed Breeders Bonus	11	939,000	656,500
Total Current Liabilities		2,834,824	2,250,531
Non-Current Liabilities			
Income Received in Advance	10	541,698	355,616
Total Non-Current Liabilities		541,698	355,616
Total Liabilities		3,376,522	2,606,147
Surplus Net Assets		701,033	1,119,855
Equity			
Accumulated Surplus		701,033	1,119,855
Total Equity		701,033	1,119,855

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Cash Flows from Operating Activities			
Cash receipts from HRNSW, Participants and Others		5,740,297	5,411,295
Interest from Investments and Bank Accounts		91,107	126,846
Payments to Suppliers and Participants		(4,935,011)	(5,446,517)
Net Cash Provided By / (Used in) Operating Activities	12	896,393	91,624
Cash Flows from Investing Activities			
Proceeds from / (Payments for) Investments		(763,712)	(73,070)
Net Cash Used in Investing activities		(763,712)	(73,070)
Net Decrease in Cash and Cash Equivalents Held		132,680	18,554
Cash and Cash Equivalents at the Beginning of the Year		46,468	27,914
Cash and Cash Equivalents at the End of the Year	5	179,148	46,468

The accompanying notes form part of these financial statements

Statement of Changes in Equity
for the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Total Equity at the beginning of the financial year		1,119,855	1,067,496
Total Comprehensive Income		(418,822)	52,359
Total Equity at the end of the financial year		701,033	1,119,855

The accompanying notes form part of these financial statements

1. Statement of Accounting Policies

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

a) Reporting Identity

Harness Racing Industry Fund (HRIF) derives income from arrangements put in place by Harness Racing New South Wales (HRNSW) and harness racing clubs for the management and distribution of funds available to the harness racing industry.

The relevant Agreements are the NSW Harness Racing TAB Clubs Arrangements dated 26 February 1998 and as amended dated 27 May 1999 and 28 July 2000, and the Intracode Agreement dated July 2004.

The arrangements require separate Funds to be maintained under the management of HRNSW in consultation with the NSW Harness Racing Clubs Committee. Consequently these Funds do not form part of the HRNSW accounts and therefore are not included in the HRNSW financial statements.

b) Revision of Accounting Estimates

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

c) Cash and Cash Equivalents

Cash and Cash equivalents consist of cash at bank and other short-term highly liquid investments with maturities of three months or less which are readily convertible to cash and which are subject to an insignificant risk of change in value.

d) Breeders' Bonus Incentive Certificates

A provision is made for the estimated number of certificates to be redeemed, which appears in the statement of financial position as a current liability.

e) Breeders Challenge Registration

HRIF holds funds received from foal and sire registration fees of a particular year. Funds are retained to make available monies to fund the Breeders' Challenge Series when those foals reach series' competition age. The fees received are treated as Income received in advance and transferred to income in the years of competition.

f) Income Tax

The Harness Racing Industry Fund has been recognised by the Australian Taxation Office as 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 Breeders Challenge Registration Fees

Revenue earned from Foal and Breeders Challenge Registration fees is recognised when the series or event in respect of which the fees have been charged has been conducted.

Notes to the Financial Statements (continued) for the financial year ended 30 June 2015

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.

m) Accounts Receivable and Other Debtors

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

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

n) Accounts Payable and Other Payables

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

2. Basis of Preparation

a) Statement of Compliance

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

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)
for the financial year ended 30 June 2015

	2015	2014
	\$	\$
3 Operating Income		
(a) HRNSW Distribution		
Funds totalling 6% (FY 2014: 6%) of the TAB		
Distribution were provided by HRNSW	2,123,556	1,992,486
Carnival of Cups Funding - 1% (2014: 1%)	325,120	332,081
	2,448,676	2,324,567
(b) Foal and Sire Registration Fee		
Breeders Challenge Income	593,963	1,016,276
Foal Registration Fee	89,954	114,190
	683,9176	1,130,466
(c) Fee Revenue		
Fine Income from HRNSW	56,784	62,860
	56,784	62,860
(d) Other income		
Reimbursement of Expenses by HRNSW	110,973	120,446
Awards Night Income	92,723	99,618
All Other	76,955	53,928
	280,651	273,992
4 Operating Expenses		
(a) Prize Money Subsidies		
Trotters Foundation	41,000	79,500
Breeders Challenge	1,026,000	1,307,620
Other	36,000	54,000
	1,103,000	1,441,120
(b) Grants & Other Subsidies		
Awards Night	106,628	105,009
Bred In the Blue	32,890	26,762
Breeders Challenge - Other Expenses	48,357	47,218
Breeders Challenge - Rugs & Trophies	27,905	24,965
Breeding Support	35,730	51,235
iForm	8,486	4,158
Industry Associations	11,202	1,978
Industry Research	-	7,000
Industry Training & Development	20,000	-
Interdominion Marketing Expenses	267,658	369,578

Notes to the Financial Statements (continued)
for the financial year ended 30 June 2015

	2015	2014
	\$	\$
4 Operating Expenses (continued)		
Marketing and Media	66,806	281,937
Miscellaneous	6,950	18,982
NSW Mini Trotting Association	20,696	16,668
Racing Support	-	5,467
Seminars & Forums	20,458	-
Trots TV	27,052	34,598
World Trotting Conference Support	60,000	-
Youth Development - NSW Rising Stars	18,143	14,097
Youth Development - State of Origin Series	4,748	-
Youth Development - Young Drivers	3,217	-
	786,926	1,009,652
(c) Carnival of Cups		
Prize Money and related Expenditure	673,006	613,561
	673,006	613,561
(d) Management Fee and Other Expenses		
Management Fees Paid to HRNSW	182,806	178,000
Bank and Audit Fees	8,266	7,393
	191,072	185,393
A management fee is paid to HRNSW for the provision of services. Services provided include the administration of the Breeders Challenge Series. Management fees are re-charged to Industry Funds on a specific identification basis by HRNSW. Other expenses incurred were bank charges and audit fees \$8,266 (2014: \$7,393)		
5 Cash		
Cash at Bank - CBA	179,148	45,339
Cash at Bank - ING	-	1,129
	179,148	46,468
6 Investments		
Deposits with Bank	1,325,460	1,881,708
	1,325,460	1,881,708
7 Receivables		
Due from Related Party - HRNSW	2,234,991	840,921
Due from Clubs	2,200	156,060
Due from Other	313,517	790,015
	2,550,708	1,786,996

Notes to the Financial Statements (continued)
for the financial year ended 30 June 2015

	2015	2014
	\$	\$
8 Other Current assets		
Prepayments	22,239	10,830
	22,239	10,830
9 Payables		
Payable to Clubs	280,246	35,270
Prize Money	983,000	816,205
Payable to Other Creditors	123,443	108,194
	1,386,689	959,669
10 Income Received In Advance		
Current Liabilities	509,135	634,362
Non Current Liabilities	541,698	355,616
	1,050,833	989,978

11 Provisions for Unredeemed Breeder' 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 each if won at TAB club meetings or \$500 if won at Non-TAB club meetings.

All certificates could be redeemed for their full face value up to two years after the date of issue. The certificates are only redeemable as follows:

- (i) The purchase price of a NSW Breeders Challenge eligible yearling at a registered Australian sale;
- (ii) 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;
- (iii) The purchase price of a NSW Breeders Challenge eligible horse at a registered trialling sale conducted in NSW.

The certificates are no longer redeemable for cash.

During the year to 30 June 2011 the value of the Certificate was increased to \$3,000 provided the win was in a Career or Metropolitan penalty bearing race.

From 1 September 2013 a 5YO or older horse that had not won a bonus certificate and provided the win was in a Career or Metropolitan penalty bearing race the owners of a Breeders Challenge eligible 5YO or older horse can also win a bonus certificate for their horses' first NSW win of the season.

The owners of these 5YO and older horses must have paid the series fee or made a sustaining payment as either a 2YO or 3YO to be eligible to win a NSW Breeders Challenge Owners' Bonus Certificate.

Notes to the Financial Statements (continued)
for the financial year ended 30 June 2015

		2015	2014
		\$	\$
12	Notes to the Statement of Cash Flows		
Surplus for the year		(418,822)	52,359
(Deficit)/Surplus before changes in Working Capital Provisions		(418,822)	52,359
Change in Trade and Other Receivables		556,247	233,184
Change in Other Assets		(11,409)	9,502
Change in Trade and Other Payables		427,020	17,060
Change in Unredeemed Bonus Incentive Certificates		282,500	(150,347)
Change in Income in Advance		60,855	(70,135)
Net Cash Provided By / (Used In) Operating Activities		896,393	91,624

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

Racecourse Development Fund

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 2015.

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 2015 and its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due; and
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2 (a).

Signed in accordance with a resolution of the Members at Bankstown, dated 25 August 2015:

Rex Horne - Chairman

Alex Smith - Member

Independent Auditors' Report To the Members of 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 2015, 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 entity, 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 25 August 2015, 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 2015 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)

K S Black & Co
Chartered Accountants

Sam Danieli
Partner

Sydney
Dated: 25 August 2015

Statement of Profit or Loss and Other Comprehensive Income
for the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Revenue from Continuing Operations			
HRNSW Distribution	3 (a)	707,852	664,162
Investment income	3 (b)	791,846	1,115,967
Other Income	3 (c)	820	436,019
Total Revenue		1,500,518	2,216,148
Expenses from Continuing Operations			
Administration Expenses		42,225	6,477
Grants Made	4 (a)	218,473	1,414,304
New Track Expenses	4 (b)	6,396,260	5,321,145
Country Election Promise Grants	4 (c)	129,320	328,018
Training Centre Funding	4 (d)	548,702	694,929
Refund to State Government	4 (e)	(1,835)	(61,580)
Integrity Expenditure - Subsidy to HRNSW	4 (f)	491,424	31,836
Total Expenses		7,824,569	7,735,129
Deficit for the Year		(6,324,051)	(5,518,981)
Comprehensive Income			
Other Comprehensive income		-	-
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		(6,324,051)	(5,518,981)

The accompanying notes form part of these statements

Statement of Financial Position
for the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Assets			
Current Assets			
Cash and Cash Equivalents	5	350,407	23,839
Deposits	6	18,385,695	23,517,204
Loans Receivable	7	5,000	5,000
Other Receivables	8	344,309	720,232
Total Current Assets		19,085,411	24,266,275
Non-Current Assets			
Loans Receivable	7	233,047	237,597
Property, Plant & Equipment	9	12,727	-
Total Non Current Receivables		245,774	237,597
TOTAL ASSETS		19,331,185	24,503,872
Liabilities			
Current Liabilities			
Payables	10	1,387,118	235,754
Total Current Liabilities		1,387,118	235,754
TOTAL LIABILITIES		1,387,118	235,754
NET ASSETS		17,944,067	24,268,118
EQUITY			
Accumulated Surplus		17,944,067	24,268,118
Total Equity		17,944,067	24,268,118

The accompanying notes form part of these statements

Statement of Cash Flows
for the financial year ended 30 June 2015

		2015	2014
	Note	\$	\$
Cash Flows from Operating Activities			
Cash receipts from HRNSW, Participants and Others		1,193,054	1,862,908
Interest from Investments and Bank Accounts		791,846	1,115,966
Payments to Suppliers and Participants		(6,781,664)	(8,141,685)
Net Cash (Used in) / Provided by Operating Activities	14	(4,796,764)	(5,162,810)
Cash Flows from Financing Activities			
Loans Repaid		4,550	1,793
Net Cash (Used In) / Provided by Financing Activities		4,550	1,793
Cash Flows from Investing Activities			
Proceeds from / (Payments for) Investments		5,118,782	5,181,400
Net Cash Provided by / (Used In) Investing Activities		5,118,782	5,181,400
Net (Decrease) / Increase in Cash and Cash Equivalents Held		326,568	20,383
Cash and Cash Equivalents at the Beginning of the Year		23,839	3,456
Cash and Cash Equivalents at the End of the Year	5	350,407	23,839

The accompanying notes form part of these statements

Statement of Changes in Equity
for the financial year ended 30 June 2015

		2015	2014
		\$	\$
Total Equity at the beginning of the financial year		24,268,118	29,787,099
Total comprehensive Income		(6,324,051)	(5,518,981)
Total Equity at the end of the financial year		17,944,067	24,268,118

The accompanying notes form part of these statements

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

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

Notes to the Financial Statements (continued) for the financial year ended 30 June 2015

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.

k) Accounts Receivable and Other Debtors

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

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

Notes to the Financial Statements (continued) for the financial year ended 30 June 2015

1) Accounts Payable and Other Payables

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

2. Basis of Preparation

a) Statement of Compliance

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

The financial statements were approved by the Board of HRNSW on 25 August 2015.

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)
for the financial year ended 30 June 2015

	2015	2014
	\$	\$
3 Operating Income		
(a) HRNSW Distribution		
Funds totalling 2% (FY 2013: 2%) of the TAB Distribution were provided by HRNSW	707,852	664,162
	707,852	664,162
(b) Investment Income		
Interest Income - Banks	370,594	1,115,967
Investment income - JBWere	421,252	-
	791,846	1,115,967
(c) Other income		
Other income	820	436,019
	820	436,019
FY2014 represents recovery of legal fees from Sportsbet, Betfair and HRNSW relating to the Race Fields court case.		
4 Operating Expenses		
(a) Grants made		
Grants - Clubs	49,197	41,139
Grants - HRNSW - Funding for purchase of Tamworth Land	-	1,351,492
Grants - HRNSW - Funding for purchase of Equipment	169,276	21,673
	218,473	1,414,304
(b) Specific Track Expenses		
Tamworth	1,835	61,580
Menangle Park Training Centre	3,392,354	265,904
Menangle Park Retention Barn	-	302,000
Bathurst	2,019,110	4,109,202
Newcastle	37,623	300,044
Penrith	799,620	38,258
Wagga Wagga	145,493	61,941
Hawkesbury	-	156
Goulburn	-	101,600
Lithgow	225	-
Consulting Expenses relating to Track Developments	-	80,460
	6,396,260	5,321,145

Notes to the Financial Statements (continued)
for the financial year ended 30 June 2015

	2015	2014
	\$	\$
4 Operating Expenses (continued)		
(c) Country Election Promise Grants		
Purchase of equipment and track upgrades	129,320	328,018
	129,320	328,018
(d) Training Centre Funding		
Expenditure on various tracks throughout the state	548,702	694,929
	548,702	694,929
(e) Potential Refund to State Government		
	(1,835)	(61,580)
	(1,835)	(61,580)
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. Amount remaining is \$43,907.		
(f) Integrity Expenditure - Grant to HRNSW		
Subsidy to HRNSW for integrity inquiry related expenses	450,000	31,836
Integrity Assets Purchases	41,424	-
	491,424	31,836
5 Cash		
Cash at Bank	350,407	23,839
	350,407	23,839
6 Deposits		
Investments - Bank Term Deposits	-	23,517,204
Investments - JBWere Investment Portfolio	18,385,695	-
	18,385,695	23,517,204
7 Loans Receivable		
Balance at the Beginning of the year	242,597	244,390
Loans made during the year	450	3,207
Loans repaid during the Year	(5,000)	(5,000)
Balance at the End of the Year	238,047	242,597
Balance due within one year	5,000	5,000
Balance Due Longer than one year	233,047	237,597
	238,047	242,597

Notes to the Financial Statements (continued)
for the financial year ended 30 June 2015

	2015	2014
	\$	\$
8 Other Receivables		
HRNSW	218,827	181,141
Accrued Interest on Bank Investments	15,961	154,501
Australian Taxation Office	-	326,274
Other	109,522	58,316
	344,309	720,232
9 Property, Plant & Equipment		
	Motor Vehicles	Total
	\$	\$
At 30 June 2014		
Cost or fair value	-	-
Accumulated depreciation	-	-
Net Book Value	-	-
Year ended 30 June 2015		
Opening Net Book value	-	-
Additions	12,727	12,727
Acquisition of a business	-	-
Depreciation charge	-	-
Disposals	-	-
Depreciation on disposals	-	-
Closing net book amount	12,727	12,727
At 30 June 2015		
Cost or fair value	12,727	12,727
Accumulated depreciation	-	-
Net Book Value	12,727	12,727
10 Payables		
HRNSW	624,998	31,836
NSW Government	-	45,742
Clubs	27,932	-
Other	734,188	158,176
	1,387,118	235,754

11. Contingent Liabilities & Commitments for Expenditure

(a) Emergency Integrity Fund.

During the 2011/12 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.

Expenditure of \$412,490 was incurred in FY2011/12 and \$93,823 in FY2012/13 with \$54,778 also spent purchasing assets including swab stalls at certain tracks. Costs of \$31,836 were incurred in the current financial year.

For the year ended 30 June 2015 the Board determined that any remaining amounts would be used to assist with the funding of integrity related expenses for the current financial year.

(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 resolved 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 would 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. Repairs to buildings and tracks have also been carried out.

The Fund has now been fully used.

(c) Training Centre Funding

In addition to expenditure on infrastructure outlined in Note 10 (b) above, HRNSW has resolved 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. FY2015 was the final year of the three year program.

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 11(c) above, the board has resolved to allocate \$16.0m for expenditure on certain infrastructure in FY2015 including \$4.0m for the training centre at Menangle, \$3.6m for the construction of a new track at Tamworth, \$3.6m for the construction of a new track at Wagga and \$1.5m for completion of the track at Bathurst.

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

Notes to the Financial Statements (continued)
for the financial year ended 30 June 2015

12 Contingent Assets		
(a) Interest Free Interminable Loans		
The RDF and its predecessor have made Interest Free Interminable Loans (IFIL). These loans are not repayable except in the exceptional circumstances which are described in Note 1(d). The loans subject to this condition as at 30 June 2015 amount to:		
	2015	2014
	\$	\$
Contingent Assets		
Interest Free Interminable Loans	2015	2014
Carried Forward from Previous Years	24,423,973	24,423,973
IFILs made during the year	-	-
Repayments made during the year	-	-
Balance at the end of the Financial Year	24,423,973	24,423,973
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.		

13 Financial Assistance Payments & Commitments Outstanding						
Club	Project	Commitment B/Forward from 30-Jun-14	Funding Withdrawn Not used	Funding Approved 2014/15	Payments Made 2014/15	Commitment Outstanding 2014/15
Bathurst	Semaphore board			23,119	23,119	
Newcastle	Awning cover for Mini Trots			13,355	13,355	
Total		-	-	36,474	36,474	-
Assistance for projects \$50,000 and over						
Projects	Interest Free					
	Interminable Loans	-	-	-	-	-
	Loans	-	-	-	-	-
	Grants	-	-	-	-	-
		-	-	-	-	-
Assistance for projects under \$50,000						
Projects	Interest Free					
	Interminable Loans	-	-	-	-	-
	Loans	-	-	-	-	-
	Grants	-	-	36,474	36,474	-
Total All assistance		-	-	36,474	36,474	-

Notes to the Financial Statements (continued)
for the financial year ended 30 June 2015

	2015	2014
	\$	\$
14 Notes to the Statement of Cash Flows		
(Deficit) / Surplus for the Year	(6,324,051)	(5,518,981)
Operating Deficit before changes in Working Capital Provisions	(6,324,051)	(5,518,981)
Change in Trade and Other Receivables	375,923	593,371
Change in Other Assets	-	-
Change in Trade and Other Payables	1,151,364	(237,200)
Net Cash (Used In) / Provided By Operating Activities	(4,796,764)	(5,162,810)

15. 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

