



# Annual Report

2023/24

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# Chairman's Report

2023-2024 witnessed the conduct of 491 and 4,034 Harness race meetings and races respectively across 26 venues highlighted by:-

- the 57th running of the iconic "Garrards Miracle Mile", for many years the number one race on the Australian Racing Calendar,
- the inaugural running of the "TAB Eureka", and
- the conduct of a revamped Carnival of Cups programme across Regional New South Wales.

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

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

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

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

The second running of this flagship event was staged at Menangle on Saturday September 7th 2024.

The Carnival of Cups has become a cornerstone of HRNSW's commitment to elevating the sport through community engagement, increased patronage and enhanced media presence. The initial restructuring of the Carnival of Cups saw the introduction of a centralised five-race series, distributing approximately \$1million in bonuses and prizemoney. This focused approach was aimed at maximizing the event's potential by ensuring stronger community ties, better on-course experiences, heightened engagement with both internal and external stakeholders, and greater media coverage.

The 2023/2024 Carnival of Cups series successfully achieved its objectives, with a total on-course attendance exceeding 24,000 patrons. This marked a significant improvement in community involvement and on-site participation. Furthermore, the event defied broader industry trends by posting positive wagering figures, bucking the overall decline seen in similar racing events across the portfolio. This success highlighted the effectiveness of the centralised format in fostering a competitive yet community-focused environment.

Building on this momentum, HRNSW will introduce a series of enhancements for the 2024/2025 Carnival of Cups, aiming to further solidify the event's standing as a premier harness racing series in New South Wales. Key developments include:

- **Increased Bonus Incentives:** HRNSW is committed to further incentivising participation by increasing the bonus structure to \$1million, ensuring that stakeholders and participants are more motivated to engage in the series. This move aims to enhance the competitive spirit while rewarding excellence across the series.



- **Strengthened Stakeholder Relationships:** The 2024/2025 iteration will focus on galvanising relationships with external stakeholders, including corporate sponsors, community leaders, and local businesses. By fostering stronger partnerships, HRNSW aims to build a more robust support network that drives both local and industry-wide participation.
- **Expanded Attendance and Engagement:** A key focus will be on continuing to grow on-course attendance, leveraging the success of the previous year. HRNSW plans to implement targeted marketing campaigns, community outreach initiatives, and on-site entertainment to draw larger crowds and create an enhanced race day experience for attendees.

The revised Carnival of Cups represents an integral part of HRNSW's strategic plan to promote harness racing, not only as a sport but as a community-driven event that offers significant economic and social benefits. By continuing to innovate and enhance the series, HRNSW aims to ensure that the Carnival of Cups remains a flagship event that delivers long-term growth and sustainability for the harness racing industry in New South Wales.

For FY 2024 a record \$48.6 million was paid in prizemoney (FY 2023 \$48.4 million).

Total wagering turnover for FY 2024 was \$897.314 million representing a turnover decrease of \$114.889 million (11.4%) compared to FY 2023.

In addition to the challenging economic conditions experienced throughout the year, the downturn in turnover clearly reflected a continued correction in the wagering market following the abnormally high turnover levels during the covid pandemic.

Against a budgeted surplus of \$0.03 million, HRNSW posted a statutory deficit of \$1.522 million (for FY 2023 surplus of \$0.453 million). This result once again evidencing a softening of wagering revenue streams.

In January 2024 I was delighted to announce the publication of the HRNSW 2024-2026 Strategic Plan, a visionary roadmap that reflects our collective commitment to the growth and sustainability of the harness racing industry in our State.

Developed through extensive consultation with industry stakeholders, the creation of the Plan was the result of a highly productive weekend where representatives from kindred bodies and clubs came together in person to discuss our Industry's future.

The HRNSW 2024-2026 Strategic Plan builds upon the success of previous plans while introducing fresh perspectives and innovative approaches to further strengthen the industry.

The comprehensive document provides an in-depth understanding of our strategic priorities, initiatives and the measures we will undertake to fulfill our commitments.

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

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

Our volunteers are the lifeblood of the Harness Racing Industry in NSW, contributing their time, skills and passion to its success.

In turn might I express the Board's thanks and gratitude to Mr Peter Buckman, Chief Executive of HRNSW, his senior Management team, the stewards and staff of the Authority for their professional approach and dedication to their respective roles within the organisation and their commitment to and support of the Board throughout the year.

Finally, in looking to the immediate and short term future there is unfortunately no indication of an improvement in wagering turnover and associated wagering revenue income streams (In FY 2024 HRNSW derived 93% of its revenue from wagering).

Wagering turnover and revenue continues to be down 11.4% and 4.4% respectively year on year to date.

With that in mind the Board of HRNSW has struck a deficit budget of \$6.653 million for 2024-2025.

While there will be a close watch on operational expenses throughout the year, very importantly there will be no reduction in revenue flows to participants and consequently no adjustment to industry distribution. The ability to sustain a deficit of such magnitude is only possible as a result of the sound financial management practices adopted by the Board over the past four years.

In addition to the significant prizemoney increases over that period, funds within the HRNSW Future Fund as at 30 June 2024 total \$38.094 million (\$10.418 million Operational Fund, \$27.676 million Long Term Fund).

The objective of the Future Fund is to provide a buffer for the Industry against future volatility 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.

Specifically, the Future Fund provides financial stability for now and into the future and is critical in being able to weather short term movements in income.

**Ken Brown AM**



**Harness Racing NSW Chairman**

# CEO's Report

As we review the 2023-2024 financial year, it is evident that Harness Racing New South Wales (HRNSW) has faced significant challenges arising from the broader economic environment. Despite these headwinds, we have demonstrated resilience and strategic foresight in maintaining our core operations and ensuring the long-term sustainability of harness racing in NSW. Our strategic focus has remained on supporting our participants, delivering critical stakeholder services, and managing our financial position with prudence. The foundation laid during this period will be crucial as we navigate the evolving wagering landscape and broader economic challenges ahead.

## Financial Overview

For the year ended 30 June 2024, HRNSW recorded a statutory deficit of \$1.522 million, in contrast to the surplus of \$0.453 million in FY2023. This result was largely driven by a softening in wagering revenue, which was impacted by rising inflation, elevated interest rates, and the reduction in discretionary household spending. Despite these economic challenges, HRNSW achieved a record high in prizemoney distributions, paying out a total of \$48.600 million to participants. This reflects our unwavering commitment to supporting the industry, even during periods of economic uncertainty.

In addition to prizemoney, HRNSW committed \$5.70 million through breeding assistance and the Breeders Challenge scheme over FY2024. HRNSW also provided \$9.970 million in subsidies and administrative funding to clubs. These investments have been critical in sustaining the industry's operational capacity and supporting participants, however will be reviewed under the commitments of the Strategic Plan to ensure they are meeting industry needs. The review will commence in FY2025

While the overall result reflects a challenging environment, the HRNSW Future Fund delivered positive returns, generating investment returns of \$2.557 million (compared to \$1.594 million in FY2023). The Future Fund remains a key strategic asset, providing HRNSW with financial stability and acting as a buffer against market volatility. The Board is committed to ensuring the Future Fund continues to underpin long-term sustainability, particularly in light of the challenges that are expected to persist into FY2025.

Looking ahead, we anticipate that wagering turnover will continue to decline, and this will likely result in another deficit in FY2025. We have budgeted for this outcome and remain focused on managing our financial position prudently. The Future Fund will play a pivotal role in ensuring we can sustain operations and make targeted investments to secure future growth.

## Wagering and Revenue

Wagering remains the cornerstone of HRNSW's revenue base, accounting for 93% of total income. During FY2024, total revenue declined by \$0.734 million to \$80.104 million, primarily due to a reduction in wagering revenue of \$0.892 million. Total revenue from Tabcorp and other wagering operators decreased by \$2.217 million (4.4%) compared to FY2023, reflecting the wider downturn in consumer spending across the wagering sector.



Gross revenue from Tabcorp decreased by 8.2%, generating a total of \$29.971 million. However, Race Fields revenue performed relatively well, increasing by \$0.466 million to \$18.652 million. This modest growth was largely driven by an increase in product fees, although underlying wagering turnover softened. Race Fields revenue now represents 38.4% of total wagering revenue received, up from 35.8% in the previous financial year.

The Point of Consumption Tax receipts increased by \$1.775 million, totalling \$15.579 million, which has provided critical support for HRNSW amidst declining Tabcorp revenues. However, it is worth noting that government scrutiny of online gaming and wagering advertising is intensifying across Australia. Stricter reforms regarding online wagering, coupled with increased Point of Consumption taxes, present both regulatory and financial challenges for the racing industry and its wagering partners. As such, we must manage these risks proactively while maintaining responsible operational and governance standards. Ensuring compliance with emerging legislation while safeguarding our revenue streams will be pivotal to our future success.

The broader wagering environment remains under pressure, and HRNSW will continue to adapt to these market conditions while ensuring operational excellence and financial prudence.

## Social Licence and Integrity

HRNSW's commitment to maintaining the highest standards of integrity and ensuring a strong social licence remains at the forefront of our operations. During FY2024, HRNSW further expanded its in-house rehoming department, demonstrating our dedication to equine welfare. We continue to collaborate with Harness Racing Australia (HRA) and other state regulatory bodies to develop policies on critical issues, ensuring they meet community expectations without compromising participant safety.

Our integrity department maintained an extensive range of functions in FY2024, including conducting stable inspections, overseeing race day operations, managing swabbing and testing, and enforcing regulatory compliance across the state. During the year, HRNSW tested 25.52% of all race starters, ensuring robust oversight of equine and human performance. With 24 positive samples detected from nearly 10,000 tests, our focus on maintaining a level playing field has been unwavering.

It is without doubt, Harness Racing New South Wales (HRNSW) continues to lead the industry in maintaining the highest standards of integrity through its proactive participation in and funding of clinical trials related to performance-enhancing substances. By investing in research, HRNSW has been instrumental in identifying and validating methods to detect prohibited substances, ensuring they are rigorously tested. These trials have already proven successful in supporting the prosecution of integrity breaches and will serve as a vital resource in future regulatory actions.

### Stakeholder Support and Engagement

Supporting our stakeholders remains central to HRNSW's strategic approach, and we are deeply appreciative of the ongoing support and feedback provided by our Kindred Bodies. For FY 2024, HRNSW executed the Stakeholder Engagement Plan in full, meeting with all Kindred Bodies and government departments on multiple occasions throughout the year.

The Kindred Bodies play a critical role in harness racing, acting as a vital conduit to owners, breeders, trainers, and drivers, ensuring that the voices of all participants are heard. It is essential that the relationship between Kindred Bodies, participants and HRNSW continue to prosper.

I would particularly wish to acknowledge the invaluable contributions of volunteers, who form a significant portion of our stakeholder base. Their dedication and tireless efforts are the backbone of many clubs and events, and their passion for the sport enhances the experience for all involved. HRNSW is committed to ongoing communication and collaboration with these groups, as we recognise their importance in driving the industry forward.

Through continued dialogue with our Kindred Bodies and clubs, we have been able to navigate challenges and ensure our strategic initiatives are aligned with the needs of the industry. As we move forward in an increasingly complex environment, this collaborative spirit will remain at the heart of our approach, strengthening the industry for the benefit of all.

### Optimising Racing and Breeding

In FY2024, HRNSW committed \$1.4 million to the Breed NSW scheme, aimed at directly assisting breeders with critical breeding costs. In addition to this investment, HRNSW continues to fund several key breeding initiatives. These include:

- The True Blue Program (\$0.35 million): This initiative rewards locally bred horses and their owners with bonuses, designed to promote NSW talent and enhance participation within the state.
- The Colonial Bonus (\$0.25 million): This program encourages the use of Australian-bred stallions, supporting domestic breeding efforts and incentivizing breeders to retain investment within the local market.
- The Breeders Challenge (\$3.7 million): As the cornerstone of HRNSW's breeding initiatives, this program provides significant prize money opportunities for younger horses, fostering competition and delivering strong returns for breeders, owners, and trainers alike.

HRNSW remains committed to optimizing both the racing and breeding frameworks to ensure long-term sustainability and growth for the

harness racing industry. In FY2024, HRNSW undertook an initial review of the Breeders Challenge Scheme, leading to conceptualising new models. The revised models focus on improving participation, breeding rates, incentivising ownership and bolstering racing outcomes. The aforementioned will be presented to industry for consultation and feedback in the upcoming financial year and will remain a priority into FY2025 as HRNSW continues to refine the breeding and racing framework(s) to meet the evolving needs of the industry.

Additionally, in FY 2024 HRNSW completed a thorough review of its media and marketing strategies. The successful negotiation of new media contracts with Racing and Sports, as well as SEN, ensures that HRNSW is well-positioned to leverage contemporary media offerings. These agreements will help HRNSW reach new demographics and modernise its media presence, allowing for enhanced engagement with a broader audience.

One of the standout successes of FY2024 was the revamping of the Carnival of Cups, which was restructured into a five-race series offering approximately \$1 million in stakes and bonuses. The inclusion of notable Australian musicians amplified the race day experience, leading to HRNSW surpassing its projected on-course attendance figures.

The Carnival of Cups also served as a platform for fostering community and local government engagement, strengthening media exposure, and building key relationships with stakeholders. This event is now viewed as a cornerstone for HRNSW's future strategy, providing a valuable product to leverage in years to come.

### Future Strategic Initiatives and Development

Looking ahead, HRNSW will adopt a risk-based approach to selecting and managing its assets, with a clear focus on maximising revenue generation through wagering. By carefully prioritising investments and concentrating on assets that offer the highest return potential, HRNSW will ensure that its capital is allocated prudently and in alignment with the long-term sustainability of the organisation.

Our strategy includes centralising resources to reduce operational risks and reliance on volunteers, while ensuring that club governance structures are modernised to reflect the needs of a contemporary organisation. As the broader racing industry faces economic headwinds, HRNSW's disciplined focus on cost management and efficient asset utilisation will be critical in navigating this challenging environment.

Although the market remains difficult, HRNSW is well-positioned to withstand current pressures, thanks to its cautious financial approach. Continued collaboration across the industry will be key to achieving optimal outcomes and securing the future growth of harness racing in New South Wales.

**Peter Buckman**



**Harness Racing NSW CEO**

# 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, which was updated in 2022, include the following:

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

The Functions and Powers of HRNSW can be found at the new Harness NSW website:

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

## BOARD STRUCTURE

The Board, which currently consists of the Chief Executive Officer and 5 members, was appointed in accordance with Section 6 of the Harness Racing Act 2009 No 20.

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

The Board's aim is to provide direction and impetus to 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 Ken Brown, was first elected Chairman in February 2020.

### CHAIRMAN

**Brown, Kenneth AM**

#### (Independently Elected Chairman)

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

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

Mr Brown was first elected to the Board on 26 May 2017 to fill a vacancy arising from the resignation of Ms Robyn Stubbs. His initial term expired on 2 February 2020 and he was subsequently re-appointed for a further term of four years expiring on 2 February 2024. In December 2023 the Minister re-appointed Mr Brown AM for a third term of three years and four months expiring on 24 May 2027.

Mr Brown was first elected Chairman at the February 2020 Board meeting and re-elected Chairman at each subsequent February Board meeting.

### MEMBERS

The following persons were Members of the Board throughout FY 2024;

- Mr Adam Fairley
- Mr Doug Freeman
- Mr Peter Nugent

Mr Peter Buckman was appointed to the Board on 10 July 2023 following his appointment as Chief Executive Officer and Mrs Yvonne O'Keefe was appointed to the Board on 21 July 2023.

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



**Fairley, Adam**

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

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

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

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



**Freeman, Doug**

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

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

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

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



**O'Keefe (Nee Sampson), Yvonne**

Mrs Yvonne O'Keefe is an Australian television sports presenter and commentator. She currently works for Fox Sports and has previously worked for Nine's Wide World of Sports.

Mrs O'Keefe grew up on the Sunshine Coast in Queensland and began her career as a cadet reporter at the Seven Network's regional news service, Seven Local News working one day a week, while juggling her studies at the Queensland University of Technology and employment with the Eagle Farm Equine Hospital.

Upon completion of her studies, Yvonne joined the Seven network permanently as a sports reporter, working throughout the state in cities such as Maryborough, Mackay and Townsville before returning to the Sunshine Coast to becoming a studio presenter.

In 2012, Mrs O'Keefe returned to Queensland and joined the Nine Network in Brisbane. In January 2014, she was offered the opportunity to return to Sydney to be more extensively involved with Nine's Wide World of Sports. In December 2016, she signed a multi-year deal with Fox Sports.

Mrs O'Keefe's was appointed to fill the vacancy created by Mr Buckman's resignation following the announcement of his impending appointment as CEO. The appointment is for the remainder of Mr Buckman's term and concludes on 21 November 2026.



**Nugent, Peter**

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

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

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

**Buckman, Peter**

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

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

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

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

**MEETINGS**

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

**MEMBERS MEETINGS**

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

Name	Attended	Number Eligible to Attend	Apology	Leave of Absence
Mr Ken Brown AM	12	12	-	-
Mr Adam Fairley	12	12	-	-
Mr Doug Freeman	12	12	-	-
Mr Peter Nugent	12	12	-	-
Mrs Yvonne O'Keefe	9	12	1	2
Mr Peter Buckman (CEO)	12	12	-	-

**Member's attendance at Committee meetings was as follows:**

Name	Investment Committee		Finance & Audit Committee	
	Attended	Number Eligible to Attend	Attended	Number Eligible to Attend
Mr Ken Brown AM	-	-	1	1
Mr Doug Freeman	-	-	1	1
Mr Peter Nugent	-	-	1	1

**BOARD APPOINTMENT / TERMINATION SCHEDULE**

Name	Date of Appointment or Re-appointment	Appointment Termination Date		
		FY2025	FY2026	FY2027
Ken Brown AM	14 December 2023			24 May 2027
Adam Fairley	3 February 2022		2 Feb 2026	
Doug Freeman	3 February 2023			2 Feb 2027
Yvonne O'Keefe	21 July 2023			21 Nov 2026
Peter Nugent	3 February 2023	2 Feb 2025		

# Review of Financial Results

## HRNSW Result

Harness Racing New South Wales (HRNSW) derived a statutory deficit of \$1.522m (2023: surplus of \$0.453m) for the year ended 30 June 2024.

The result reflects a softening of wagering revenue as households are experiencing continuing inflationary pressures, rising interest rates and a reduction in discretionary funds. Despite the challenging economic conditions, both prizemoney and administration funding to clubs per race was held at FY 2023 levels.

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

- (i) Net prizemoney of \$43.710m.
- (ii) Breeding assistance of \$1.809m, an increase of 211% over FY 2023
- (iii) Total Subsidies and administration funding to Clubs of \$9.970m.

Despite the ongoing volatility within global markets, the Future Fund investment returns were positive. These returns were able to contribute to the support provided to the industry and assist with offsetting the effect of softening wagering revenue. The fund earned a profit of \$2.557m in 2024 (2023: profit of \$1.594m).

The Board has resolved that the Future Fund will be used to help sustain harness racing in NSW into the future and safeguard the industry from adverse market conditions.

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

- (i) Ensuring that the current level of prizemoney will be maintained and that any future increases can be implemented and maintained in full.
- (ii) Supporting short-term volatility in revenue or unexpected expenditure. Priority for support to be directed to integrity, welfare and prizemoney.
- (iii) Providing funds for implementation of strategic initiatives.

## Total Revenue

In FY 2024, HRNSW derived 93% of its revenue from wagering.



Total revenue declined by \$0.734m to \$80.104m with the reduction being driven by a decline in wagering revenue of \$0.892m.

## Wagering Revenues

Total revenue from the Tabcorp and Wagering Operators amounted to \$48.623m, a decrease of \$2.217m (4.4%) compared to \$50.840m derived in FY2023.



Also contributing to the downturn in gross wagering revenues was a reduction in Tax Parity receipts of -\$0.449m. However, revenue from the Point of Consumption Tax grant increased by \$1.775m.

Overall, total wagering revenues declined from \$75.540m in FY 2023 to \$74.649m in FY 2024, a reduction of \$0.892m or 1.2%.

## Tabcorp Income

Gross revenues from Tabcorp were \$29.971m a decrease of \$2.683m or 8.2% on the \$32.654m derived in FY2023.

The Wagering Incentive Fee (WIF) decreased as a proportion of total Tabcorp revenue from 60.2% to 59.1% during FY2024.

In accordance with the Harness Racing Act 2009 and the Intracode Agreement, two provisions were made from Tabcorp income before determining the allocation of remaining funds to clubs and prizemoney.

A total of \$2.384m was allocated from the Tabcorp distribution to the Industry Fund (\$1.788m) and Racecourse Development Fund (\$0.596m) at the prescribed rates of 6% and 2% respectively. Administration Funding of \$7.763m was provided to Harness Racing NSW as endorsed by the Harness Racing Clubs Committee.

The balance of \$19.824m remaining after the distribution of the above funding provisions was allocated to clubs and to fund racing prize money.

Additional funding for prize money and club operating costs was also provided from other wagering revenue streams.

## Race Fields Income

Race fields revenue for the year was \$18.652m, an increase of \$0.466m or 2.6% compared to the \$18.186m received in FY2023. The increase was attributable to an average increase in product fees to the wagering operators of 17% commencing in FY 2024, however, underlying softening in wagering turnover resulted in only a modest increase in revenue to HRNSW.

Race Fields revenue is derived from existing wagering operators including PGI, an offshore arm of Tabcorp.

Race Fields contributed 38.4% of the total Tabcorp and Race Fields Wagering revenue received in FY2024, up from 35.8% last year.

#### Tax Parity Income

Tax parity legislation was introduced by the New South Wales Government on 24 November 2015 to reduce the tax paid on wagers and to bring the NSW tax in line with that charged in Victoria. The legislation provided for the tax to be gradually reduced over a five year period, with FY2021 being the final year of the reduction.

The decrease in the tax rate was passed on in full to support the NSW racing industry. Harness Racing NSW receives a 12.7% share of the tax benefit.

In FY2024, HRNSW received a total of \$10.447m, a decrease of \$0.449m or 4.1% on the \$10.896m derived in FY2023.

#### Point of Consumption Tax

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

The total receipt in FY2024 was \$15.579m an increase of \$1.775m or 12.9% on the \$13.804m derived in FY2023.

#### Tabcorp Sponsorship

Sponsorship Income of \$0.500m was received from Tabcorp which was used to fund prizemoney for the Tabcorp Regional Championships in each of the Metropolitan, Western Districts, Riverina and Hunter districts, with the state final being held at Tabcorp Park Menangle on Saturday 25 May 2024.

#### All Other income

All other operational income was down \$0.534m on the prior financial year, with the majority of the decrease due to reduced government grant and trainee/apprentice wage subsidy income received in FY2024 compared to FY2023.

### **Expenditure**

Total Harness Racing NSW expenses increased by \$1.241m from \$80.385m to \$81.626m.

Despite a challenging wagering environment, prizemoney per race was sustained at FY 2023 levels. Total net prizemoney distributed was \$43.710m compared to \$43.794m in FY2023.

Employee salaries and related expenses increased by \$0.907m partially due to an increase in steward and integrity costs. In addition, some salary costs were reclassified from other line items.

Administration costs were down by \$0.437m or 19.3% due to lower IT costs and the receipt of a refund of FY2023 insurance.

Breeding and industry assistance increased by \$0.819m or 67.4% due to \$1.212m in payments to breeders for live foal incentives partially offset by lower flood relief payments.

Club administration funding increased from \$9.429m in FY 2023 to \$9.970m in FY 2024. There were increases in the cost of ambulance services, mobile starters, driver superannuation and funding direct to clubs.

Operational expenses declined from \$4.593m in FY 2023 to \$4.482m in

FY 2024 primarily due to a reduction in form expenses, expenditure from government grants and media/marketing costs. This was partially offset by increases in Sky video production costs and costs associated with maintaining and operating the training centres.

Racing Integrity expenditure increased from \$2.280m in FY 2023 to \$2.399m in FY 2024. This increase is due to higher appeal and related legal costs.

The transfer of funds to the Industry Fund was slightly reduced compared to last year. There was a reduction in the Tabcorp distribution due to lower Tabcorp receipts offset by an increase in the funding allocated to breeding activities.

The amount transferred to the Racecourse Development Fund reduced to \$2.372m in FY 2024 from \$3.047m in FY 2023. This is due to a lower capital funding requirement compared to the prior year.

### **INDUSTRY FUND RESULT**

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

The Carnival of Cups series prizemoney is also partially funded from HRNSW with the allocation based on a notional 0.67% of Tabcorp Revenues.

In FY2024 revenues of \$1.788m were derived from Tabcorp distributions, down by \$0.153m compared to the prior year due to lower Tabcorp revenue impacting Tabcorp distributions.

The Fund also received \$3.400m from HRNSW for breeding initiatives, an improvement of \$0.3m on FY2023 levels.

Expenditure for the year was \$8.060m. Of this, \$3.614m was dedicated to the State Bred Bonus Schemes including the Owners Bonus Certificates and Nominator Bonuses. The total amount devoted to breeding activities (including prizemoney) amounted to \$4.934m, slightly lower than \$5.202m spent in FY2023.

In FY2024 a total of 539 NSW Breeders Challenge Owners Bonus Certificates were issued with a total gross value of \$1.983m.

There were 485 Foal Nominators bonuses won during FY2024. This amounted to \$1.455m in cash being distributed.

A further \$0.052m was distributed in Group 1 Winning Bonuses which were paid at 10% of the advertised first prizemoney to any 2YO, 3YO and 4YO Foal Nominator.

With other incentives included, a total \$3.548m in NSW Breeding Scheme Bonuses were paid in FY2024.

Financial support to the Mini-Trotting Association remains an important initiative to develop younger drivers and participants into the industry.

## RACECOURSE DEVELOPMENT FUND RESULT

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

In FY2024 \$0.596m was provided to the RDF from the Tabcorp Distribution.

Capital expenditure of \$1.976m that incurred in FY2024 was for:

- (i) the construction in progress of the Bathurst Training Centre \$1.027m,
- (ii) refurbishment of permanent stables and grandstand at Paceway Tamworth of \$0.415m,
- (iii) the balance of \$0.535m on the purchase of Tractors, Ride on Mowers, Water Trucks and other equipment.

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

## BENEVOLENT FUND RESULT

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

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

In 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.

## FUTURE FUND INVESTMENTS

The Board of HRNSW established a Future Fund from race fields monies remaining after loans had been repaid which maintained race and club administration funding from FY2009 to FY2012. The Fund was topped up with Tax Parity monies received during FY2016 and surplus funds from FY2017 and other subsequent financial years.

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

During FY2024, the Board determined that the minimum to be held in the Future Fund be set at \$25.0m. 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 volatility 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 long-term total returns (income and capital growth) of Consumer Price Index (CPI) All Groups + 2.5%, over a rolling 5-year period after fees.

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

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

The long-term fund derived a positive return of 8.15% for the year and the short-term fund a positive return of 5.04%. The combined financial return for both portfolios was a profit of \$2.557m.

# Review of Operations

## Wagering

### Race Fields Income

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

Race Fields revenue for the year was \$18.652m, an increase of \$0.466m or 2.60% on the \$18.186m received in FY2023.

Race fields contributed 38.40% of the total TAB and Race Fields Wagering revenue received in FY2024, an increase from 35.8% last year.

It is noted that HRNSW Race fields product fees were increased for the FY2023/2024 Year, with an effective date of 1st July 2023. The product fees increases are the underlying reason that Race Fields revenue increased in FY2024 despite an overall decrease in total wagering turnover.

### **INDUSTRY FUNDING AND TURNOVER**

Total Wagering Turnover for FY2024 was \$897.314m representing a turnover decrease of \$114.889m (11.4%) compared to FY2023. This, the second successive year total wagering turnover has decreased following abnormally high turnover levels during the COVID pandemic. The wagering market recalibrating post the pandemic, as well as challenging economic conditions significantly affecting the Australian market. In particular the cumulative impact of inflation and elevated interest rates over the last few years have increased the real cost of living, reducing disposable incomes and discretionary spending. Additionally, ongoing global concerns continue to weigh heavily and have further pressured the market. Despite these challenges, the overall turnover performance has been satisfactory, considering the broader economic and industry-specific pressures.

The primary decrease in turnover emanated from corporate wagering operators and international turnover, with total turnover on harness racing in FY2024 decreasing by \$97.135m (14.0%) year on year, from \$694.563m to \$597.428m.

In respect of the TAB, the NSW TAB harness racing turnover for FY2024 was \$124.283m, a decrease of \$8.576m (6.5%) from the \$132.859m recorded in FY2023. Other Interstate TAB state harness racing turnover for FY2024 decreased from \$184.781m to \$175.603m, a decrease of \$9.178m (5.0%) recorded in FY2023.

It is noted that FY2024 turnover was boosted by the inaugural running of the \$2.1m Eureka, which generated total turnover of \$5.944m for the meeting. Nevertheless, overall turnover in FY2024 decreased.

It is relevant that although corporate bookmakers' turnover on the NSW harness product was \$597.428m (66.6%) of total wagering turnover (\$897.314m) actual wagering revenues derived from these bookmakers was only 38.4% of the direct wagering revenue.

Fixed Odds wagering on harness racing with the NSW TAB increased marginally in FY2024 with this form of wagering comprising 62.3% of wagers placed in FY2024 compared to 60.5% in FY2023, an increase of 1.8%. The shift seen in recent years from pari-mutuel wagering to fixed odds wagering continuing in FY2024.

# Review of Operations

## Operations

### PROPERTIES

#### Bathurst

Construction works commenced on the Training centre in December 2021. Unfortunately the project has been plagued by the numerous inclement weather events experienced along the east coast throughout 2022, 2023 and well into 2024 which delayed the completion date by up to two years. A further delay was caused by the need to build an alternative electrical connection to the site.

The complex is now complete and an Occupation Certificate has been received. Trainers are expected to move into the training centre in October 2024.

#### Wagga

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

This change has resulted in the Club being allocated additional meetings during FY2023 and FY2024.

HRNSW is also working with a local Wagga based Town Planner who is examining other potential changes for the site and its operations. These plans are progressing well and a DA is expected to be lodged with Council during FY2025.

#### Tamworth

The major renovations at the permanent stables and grandstand have been completed.

As with Bathurst the permanent stabling project fell behind schedule due to the adverse weather conditions the state of NSW has experienced over the past two years.

HRNSW is currently reviewing potential redevelopments or proposals for the site to better utilise the available land.

Little activity has occurred with the land at Burgmanns Lane although the property has attracted some commercial interest.

#### Beresfield

As in past years there are no major developments to report this year on the project to realise a commercial benefit from the parcel of land at Beresfield. This project remains on Harness Racing NSW's agenda to be pursued when circumstances allow.

Following an offer from the Estate of the Late Milton Morris, HRNSW paid out the final outstanding amount owing on the property.

#### Goulburn

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

HRNSW is however liaising with the local council in respect of potential future developments at the site.

#### Training centres

HRNSW operates three training centre operations throughout NSW with a fourth one at Bathurst to come online in early FY2025.

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

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

#### Other Projects

HRNSW is working with another Council in relation to a potential training centre to be developed in the Riverina area.

HRNSW is also working closely with the Bankstown HRC about a potential extension of the lease at the site.

Negotiations are also underway to extend the lease at Hawkesbury.

#### 22 Meredith Street

A strategic review of the site and the building was undertaken throughout the second half of FY2024.

### CLUB ADMINISTRATION & OPERATIONS MANUAL

A draft Club administration and operations manual has been developed and will be issued to clubs in FY2025.

### 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.

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

In FY2023 the capital benefit payment was increased from \$250,000 to \$500,000. This is the highest capital benefit for harness participants across all states and territories in Australia and is the result of working closely with HRNSW's broker Gallagher.

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

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

All trainers and drivers 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, cyber, directors and insurance for equipment such as trailers and photo finish equipment which are used throughout the state for race meetings.

## **IT SYSTEMS**

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

### Rise/Harvey

During FY2024 a number of projects were completed for NSW.

RISE Racing is also implementing improvements to the Harnessweb site with the aim of significantly reducing paper forms. HRNSW also intends working with RISE Racing to use the upgrade features and others in the pipeline to launch a new web site in late 2024.

Furthermore, RISE Racing is progressing through a 24-month journey to refactor the steward integrity portal known as OnTrack, providing a digital platform for stewards to manage race day activities.

### WH&S System

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

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

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

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

All clubs were required to undertake self audits throughout the year.

## **WORK HEALTH & SAFETY**

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

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

During FY2024 six club tracks were assessed.

# Review of Operations

## GIPA

### Access applications under Schedule 2 of the GIPA Act

Statistical information about access applications made to HRNSW

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

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

#### Reviews carried out by the agency

Yes

#### Information made publicly available by the agency

Yes

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

#### The number of applications received

2

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

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

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

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not-for-profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	2	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications *	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	2	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**TABLE C: Invalid Applications**

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

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

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

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

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

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

**TABLE F: Timeliness**

	Number of Applications
Decided within the statutory time frame (20 days plus any extensions)	2
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	0

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

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

\* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner

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

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

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

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

# Report on Stakeholder Engagement

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

The report below outlines the activities and initiatives that occurred during the year to 30 June 2024.

Shareholder Engagement Activity	Completed in FY2024
<b>Organisation</b>	
Minister for Gaming & Racing	HRNSW met with the Minister a number of times during FY2024
Office of Racing	HRNSW met with the Office of Racing on a few occasions during FY2024.
HRICG	HRNSW met with HRICG on six occasions.
Clubs conducting more than 6 race meetings in a calendar year	During the year, one meeting was held with these clubs.
Clubs conducting 6 or less race meetings in a calendar year	During the year, one meeting was held with these clubs.
Clubs conducting both 6 or less and more than 6 race meetings in a calendar year	During the year, three meetings were held with these clubs
Principal Club	During the year, four meetings were held with the Principal Club.
UHRA Association	Three meetings were held with this group.
Standardbred Owners Association	One meeting was held in FY2024 with this group.
Breeders NSW Association	Two meetings were held during the year with this group.
NSW Trotters Association	No meetings were held with this group although some members of this Association are also members of the UHRA and attended those meetings.

In addition to the legislated requirement of HRNSW to engage with Kindred Bodies, HRNSW also met their consultative obligations by way of various stakeholder engagements, meetings, surveys, and communications throughout FY2024. These included but are not limited to

- Meetings with Individual Clubs:
- Meetings with Regional Associations:
- Meetings with Harness Racing Australia (HRA)
- Education and Welfare
- Stakeholder Surveys
- Media and Integrity Notices
- Statistical Reporting and feedback
- Disqualifications, Open Inquiries, Appeals notices

This consultative effort reflects HRNSW's ongoing commitment to engage with industry stakeholders and meet the needs of participants and the broader community

# Report on Operations Integrity Auditor

## HARNES RACING INTEGRITY AUDITOR

### Section 27AA of the Harness Racing Act

#### Summary of Investigations

For the period 1 July 2023 to 30 June 2024

Date of Complaint	Issue	Outcome
No complaints were considered in the period	Nil	Nil

# Review of Operations

## Strategic Plan

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

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

The 2024 to 2026 Strategic Plan came into effect on 1 January 2024 and the main pillars were:

- (i) Ensuring our social licence;
- (ii) Revenue diversification;
- (iii) Sustaining our stakeholders;
- (iv) Optimising our racing & Breeding;
- (v) Increasing our profile & customer base;
- (vi) Infrastructure upgrades.

**Progress on the 2021 to 2023 plan is detailed below.**

### Sustain

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

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

The number of TAB and NON TAB race meetings effectively remained static during the year at 491 down slightly from 496 and the number of races decreased from 4,100 to 4,034 mainly due to race cancellations arising from bad weather.

The number of race meetings and races increased during the 2021-2023 strategic plan period.

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

Total prizemoney paid out in FY2024 was \$48.600m compared to \$36.451m in FY2021, an increase of \$12.149m or 33.33%.

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

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

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

Trainer commissions were increased on 1 January 2021 at the start of the strategic plan period from 7.5% to 10.0%, thereby providing an increased return for trainers.

- (ii) Increase Incentives for Owners & Breeders;

HRNSW issued industry surveys during FY2023 covering a number of topics including breeding.

Following a review of the outcomes some changes were made to the Breeders Challenge series however the most significant changes relate to the boost to breeding incentives which commenced in FY2023.

The breeding boost, in excess of \$1.705m pa, was continued in FY2024.

The other objectives of continuing to enhance the two year old guarantee calendar in all regions, developing a calendar of weekly guaranteed fillies and mares races in all regions and the financial support of Group One Marquee events and Carnivals in each region were also met over the past few years.

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

Planning commenced in mid June 2021 at the beginning of the strategic plan period to start both the Bathurst Training Centre and Paceway Tamworth projects.

Contracts were signed in the first quarter of FY2022 with construction to commence for both projects in the second quarter.

Although construction at Bathurst commenced in December 2021 the constant wet weather experienced throughout most of 2022 to 2024 pushed this project out by up to eighteen months. This project is now expected to open in the first quarter of FY2025.

Construction works at Tamworth have also been impacted by the weather. This project was completed in November 2023.

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

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

This scheme continued to operate throughout the Strategic Plan period.

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

### Enhance

- (i) Expand Marketing & Media

HRNSW appointed a Media & Marketing Manager in March 2021. Over the past two years a number of new initiatives have been implemented including the revamped Carnival of Cups events and Fantasy Harness Racing.

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

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

The Stakeholder Engagement Plan report outlines the number of meetings that HRNSW held with various bodies throughout FY2024.

(iii) Expand wagering relationships and collation of data;

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

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

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

Integrity

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

Welfare - Equine

A significant number of horses were re-homed in FY2024.



Welfare – Participants

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

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

The Mates 4 Harness welfare programs has continued to provide support to participants and their families during FY2024.

Education – Participants

(v) Develop pathways for Participants;

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

## Strategic Plan 2024-2026

**In January 2024, HRNSW developed and presented its strategic plan to the government, outlining key initiatives aimed at guiding the organisation's growth and sustainability over the next three years. The strategic framework is designed to ensure the continued development of the harness racing industry in NSW, while meeting stakeholder and community expectations whilst enhancing operational excellence. Below is a summary of the progress made in line with the 2024-2026 strategic plan and subsequent action plan.**

### Social Licence

HRNSW has developed a strong in house retirement and re-homing department. A review of the rehoming department was undertaken. Subsequently, a formalised assurance and monitoring process has been developed with monthly reporting provided to the Board of HRNSW.

The regime of enhanced swabbing, testing, and surveillance has continued. The HRNSW Board resolved that the Integrity Department will be the subject of third party audits on an annual basis with outcomes being presented the Board for review and consideration. Consequently the first audit will commence in August 2024.

Overt and covert intelligence gathering has increased with relationships with other external regulators being in place and formalised.

HRNSW launched a scholarship initiative aimed at individuals looking to enter the industry. HRNSW have committed to assist students with tuition and skills funding.

### Revenue Diversification

HRNSW implemented regular meetings with wagering providers to protect and optimises current revenue streams. Product fees, marketing and media support remain a focus.

HRNSW assessed all media and marketing agreements. Where the agreements did not align with contemporary methods, demographical cut through or financial upside they were terminated and replaced with a more suitable product that met industry needs.

### Sustaining our Stakeholders

The revamped Carnival of Cups strategy has seen a marked increase in on course patronage and the ability for HRNSW to expose the racing product to regional communities

Meetings have been held regularly with Clubs and Kindred bodies with improved relationships and cohesive discussion being realised.

Workplace health and safety audits of club tracks and facilities have continued with an improved Standard Operating Procedure provided to clubs. A shared resourcing model has commenced where primary regional clubs will be assisting smaller clubs in those regions. Club constitutions and financial positions are closely monitored.

The HRNSW Licensing Policy was reviewed and streamlined, allowing participants a clearer pathway on the relicensing process

HRNSW has continued to engage with education providers to enhance the training and education of our participants.

### **Optimising Racing & Breeding**

HRNSW has begun a review of the Breeders Schemes including the race series.

The National Ratings System was reviewed by HRNSW and recommendations were made to the National Ratings Committee.

HRNSW participants were provided with statistical reports that underpin the handicapping & programming systems. This initiative is intended to bring members of industry to the table to discuss specific racing matters.

Enhancements to incentivise breeding were continued in 2024 and a review of the Breeders scheme is underway. HRNSW has commenced an asset review process looking to identify agistment services to hobbyist breeders.

### **Increase our profile & Customer base**

HRNSW has partnered with Racing and Sports to produce form analysis and animated predictive form.

The Fantasy game has been expanded across the national footprint now including all other states so as to increase uptake.

HRNSW has partnered with SEN radio, expanded on podcasting and engaged with additional ambassadors.

HRNSW in collaboration with Racewood, has completed the build of the Harness Racing Simulator, providing the most advanced harness simulator in industry. Expected delivery being late 2024.

### **Infrastructure Upgrades**

The infrastructure project at Tamworth was completed in early FY2024 and the Bathurst Training Centre will be completed in late 2024.

HRNSW is currently reviewing the racing assets under lease or ownership. The review will form the basis of the Asset Project Plan which will be actioned in the 2024/25 financial year.

# Review of Operations

## Racing

### Race Date Allocation

Race dates for FY24 were programmed from 1 July 2023. Subsequent race date allocations will continue to run from July 1, with those allocations notified following ratification from the HRNSW Board in February of that year.

The race dates are allocated to clubs:

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

### Prizemoney

There was no change to minimum base prizemoney during FY2024, following multiple prize money raises in FY2023:

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

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

### Race Programming

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

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

In a number of regions, HNRNSW experienced record numbers of horses running in races, with an average of 9.19 starters per race across NSW.

## 2023 The Eureka

The inaugural running of the World's richest Harness race saw increased focus on Menangle on 2 September. The \$2.1 million prize pool for Australian Bred 3YO and 4YO horses was bound to attract interest from both inside and outside the Harness industry.

The lone female starter in the race, Encipher, beat the odds to record a win that was 1.1 second faster than any other mare over the 2400m at Menangle. Encipher was bred in South Australia by a hobbyist breeder (Tyson Linke), only snuck into the field after another runner (Cobbler) was ruled out and the regular driver (Kate Gath) was replaced late by Luke McCarthy and duly saluted at \$34.

### 2023 The Eureka – Result

Position	Horse Name	Trainer	Driver	Distance
1	Encipher	Emma Stewart	Luke McCarthy	
2	Leap To Fame	Grant Dixon	Grant Dixon	1.70
3	Captain Ravishing	Ahmed Taiba	Greg Sugars	13.20
4	Magician	Todd Rattray	Todd Rattray	15.40
5	Speak The Truth	Shannon Price	Adam Sanderson	15.90
6	My Ultimate Ronnie	Jarrold Alchin	Cameron Hart	16.70
7	The Lost Storm	Emma Stewart	Mark Pitt	17.80
8	Catch A Wave	Andy Gath	Kate Gath	21.50
9	Captain Hammerhead	David Moran	David Moran	24.30
10	Ripp	Bernie Hewitt	Doug Hewitt	39.90

## 2024 Miracle Mile

Leap To Fame made a strong argument to claim a position as the best Pacer in the world, following a dominant performance to claim the 2024 Miracle Mile. Becoming just the second horse to claim the Australian Triple Crown (Inter Dominion Pacing Final, Hunter Cup and Miracle Mile) in a single season.

All this was from a difficult run that had Leap to Fame starting from the 7 position and having to settle outside the leader. The time of 1.48.30 was the fourth fastest Miracle Mile of all time.

### 2024 Miracle Mile – Result

Position	Horse Name	Trainer	Driver	Distance
1	Leap To Fame	Grant Dixon	Grant Dixon	
2	Sooner The Bettor	Purdon & Phelan	Gavin Fitzpatrick	2.30
3	Speak The Truth	Shannon Price	Adam Sanderson	5.60
4	Frankie Ferocious	Jason Grimson	Jack Trainor	6.80
5	Don't Stop Dreaming	Purdon & Purdon	Mark Purdon	8.40
6	Spirit Of St Louis	Luke McCarthy	Jack Callaghan	10.50
7	Hi Manameisjeff	Jason Grimson	Cameron Hart	15.10
8	Loyalist	Joe Conolly	Seaton Grima	15.90

## 2023 Breeders Challenge Finals

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

After a series of heats conducted around the state during September and October 2023, and Semi Finals at Tabcorp Park Menangle, the Finals of the Major Series for both 2YO and 3YO Pacers were held on 29 October.

Running for \$150,000 each, the day began with the 2YO Fillies Final, with local trained 2YO of the Year, Lux Aeterna cruising to a 7.50 metre victory over Renewal.

The 2YO Colts and Geldings Final went the way of a visitor, with the Victorian Nathan Street easing to a 3.80 metre win over another Victorian in War Dan Buddy.

Eye Keep Smiling won the 3YO Fillies race for Team McCarthy to keep the result in NSW, just beating the Victorian Major Delight by 1.70 Metres.

Captains Knock provided the biggest result of the Finals, after dominating the 3YO Colts and Geldings event to win by 13.40 metres for Trainer/Driver Brad Hewitt, backing up the win in the 2YO event 12 months earlier.

Race	Winner	Trainer	Driver	Mile
NSW Breeders Challenge 2YO C&G Final	Nathan Street	Freddy Taiba	Jack Trainor	1.50.5
NSW Breeders Challenge 2YO Fillies Final	Lux Aeterna	Rickie Alchin	Rickie Alchin	1.49.9
NSW Breeders Challenge 3YO C&G Final	Captains Knock	Brad Hewitt	Brad Hewitt	1.49.9
NSW Breeders Challenge 3YO Fillies Final	Eye Keep Smiling	Belinda McCarthy	Luke McCarthy	1.52.7

## FY24 Carnival of Cups

HRNSW made a major change to the Carnival of Cups in FY24, with five meetings planned across all regions. Each of these meetings had a \$60,000 feature race, with a \$300,000 bonus available to any horse that could win all five events. Ultimately, this bonus was not won, with five separate winners in each event.

Race	Winner	Trainer	Driver	Mile
Lachlan Valley Cup (2520m) - Cowra	Pas Guarantee	Jarrold Alchin	Cameron Hart	1.56.6
Cherry City Cup (2887m) - Young	Max Delight	David Aiken	Nathan Jack	2.02.8
Tamworth City Cup (2360m) - Tamworth	Missed The Truth	Jarrold Alchin	Cameron Hart	1.57.9
Murray Cup (2570m) - Albury	Glenledi Elvis	Ellen Jones	Blake Jones	2.00.0
Merino Cup (2760m) - Goulburn	Don Lou	Seaton Grima	Seaton Grima	1.53.6

## 2024 Racing Awards

On Sunday 3 March, HRNSW acknowledged those who performed at the highest level during the 2023 racing season. At the awards lunch, which also featured the 2024 Miracle Mile barrier draw, a new horse of the year was crowned after three dominant years for King of Swing.

Ultimately it was the Jason Grimson trained Swayzee that received the award for HRNSW Horse of the year. After being transferred to Jason Grimson in May of 2023, Swayzee had 12 starts for the new trainer where he earned 10 wins. The best of these was undoubtedly his win in the time honoured New Zealand Pacers Cup

Better Be The Best beat out a tough field for the 3YO of the year title, backing up his performance as the previous seasons 2YO Male horse of the year.

In the 2YO category, Lux Aeterna received 100% of the industry votes to cruise to victory in the NSW 2YO of the year division

Two-Year-Old Trotter of the Year	Maximus Meridius
Two-Year-Old Filly Pacer of the Year	Lux Aeterna
Two-Year-Old Colt/Gelding Pacer of the Year	Soho Spectre
NSW Two-Year-Old of the Year	Lux Aeterna
Three-Year-Old Trotter of the Year	London To A Brick
Three-Year-Old Filly Pacer of the Year	Eye Keep Smiling
Three-Year-Old Colt/Gelding Pacer of the Year	Better Be The Best
NSW Three-Year-Old of the Year	Better Be The Best
Aged Trotter of the Year	Majestic Trio
Aged Mare Pacer of the Year	Braeview Kelly
Aged Entire/Gelding Pacer of the Year	Swayzee
Aged Horse of the Year	Swayzee
Horse of the Year	Swayzee
NSW Broodmare of the Year	Boldandbeautiful
NSW Sire of the Year	For A Reason
Owner of the Year	Belinda McCarthy
Breeder of the Year	Success Stud
Driver of the Year	Cameron Hart
Trainer of the Year	Belinda McCarthy

# Racing Highlights

## SKY RACING CARNIVAL

Race	Winner	Trainer	Driver	Mile
\$100,000 AVE Newcastle Mile	Leap To Fame	Grant Dixon	Grant Dixon	1.51.9
\$250,000 Cordina Chicken Farms Chariots of Fire	Frankie Ferocious	Jason Grimson	Cameron Hart	1.49.4
\$100,000 Allied Express Sprint	Hi Manameisjeff NZ	Jason Grimson	Cameron Hart	1.48.4
\$100,000 Cordina Group Sprint	Speak The Truth	Shannon Price	Adam Sanderson	1.48.8
\$1,000,000 Garrards Miracle Mile	Leap To Fame	Grant Dixon	Grant Dixon	



Leap To Fame - 2024 Garrards Miracle Mile Winner



Frankie Ferocious - 2024 Cordina Chicken Farms Chariots Of Fire Winner

## \$2,000,000 TAB EUREKA

Race	Winner	Trainer	Driver	Mile
\$2,000,000 AVE TAB Eureka	Encipher	Emma Stewart	Luke McCarthy	1.51.8



Encipher - 2023 TAB Eureka Winner

**RIVERINA CHAMPIONSHIPS**

<b>Race</b>	<b>Winner</b>	<b>Trainer</b>	<b>Driver</b>	<b>Mile</b>
\$100,000 Entires & Geldings Final	Extream Sea	David Hewitt	Brad Hewitt	1.53.4
\$100,000 Mares Final	Not To Be Denied	Luke McCarthy	Jack Callaghan	1.55.5

**TAB REGIONAL CHAMPIONSHIPS**

<b>Race</b>	<b>Winner</b>	<b>Trainer</b>	<b>Driver</b>	<b>Mile</b>
Western \$100,000 Group One Final	Hunter Shannon	Peter Bullock	Justin Reynolds	1.59.2
Metropolitan \$100,000 Group One Final	Extreme Sea	David Hewitt	Brad Hewitt	1.52.8
Hunter \$100,000 Group One Final	The Cid	Mark Callaghan	Jack Callaghan	1.55.9
Riverina \$100,000 Group One Final	Brooklyns Best	David Druitt	Peter McRae	1.56.0
\$100,000 State Final	Extreme Sea	David Hewitt	Brad Hewitt	1.54.1

**NSW BREEDERS CHALLENGE BLUE**

<b>Race</b>	<b>Winner</b>	<b>Trainer</b>	<b>Driver</b>	<b>Mile</b>
2YO Fillies Final	Lady Kingsclair	Bernie Hewitt	Doug Hewitt	1.54.0
2YO Colts & Geldings Final	Sir Knight	Elizabeth Heath	Robert Morris	1.55.8
3YO Fillies Final	Tin Tin Jo	Ashley Hart	Cameron Hart	1.53.5
3YO Colts & Geldings Final	Better Be The Best	Nathan Turnbull	Nathan Turnbull	1.52.0

**NSW BREEDERS CHALLENGE REGIONAL - GOLD CROWN PACEWAY**

<b>Race</b>	<b>Winner</b>	<b>Trainer</b>	<b>Driver</b>	<b>Mile</b>
2YO Fillies Final	Platinum Jewel	Bernie Hewitt	Doug Hewitt	1.55.3
2YO Colts & Geldings Final	Royal Cruiser	Bernie Hewitt	Bernie Hewitt	1.53.6
3YO Fillies Final	Windy Hill Tara	Steve Turnbull	Amanda Turnbull	1.54.4
3YO Colts & Geldings Final	Hy Po Active	Ellen Jones	Blake Jones	1.54.4

**NSW BREEDERS CHALLENGE REGIONAL - TABCORP PARK MENANGLE**

<b>Race</b>	<b>Winner</b>	<b>Trainer</b>	<b>Driver</b>	<b>Mile</b>
2YO Fillies Final	Libby Lou	Blake Fitzpatrick	Blake Fitzpatrick	1.52.8
2YO Colts & Geldings Final	Ravishing Sloy	Belinda McCarthy	Jack Callaghan	1.53.5
3YO Fillies Final	Roll With Sloy	Kevin Pizzuto	Josh Gallagher	1.52.3
3YO Colts & Geldings Final	Extreme Sea	David Hewitt	Brad Hewitt	1.50.0

**TROT NSW FINALS - TABCORP PARK MENANGLE**

<b>Race</b>	<b>Winner</b>	<b>Trainer</b>	<b>Driver</b>	<b>Mile</b>
Trot NSW 2YO Final	Maximus Meridius	D & K McDowell	Lleyton Green	2.01.9
Trot NSW 3YO Final	London To A Brick	James Rattray	James Rattray	1.58.0
Trot NSW 4YO & 5YO Final	Lettuce Trot	Russell Jack	Nathan Jack	1.56.0

**NSW Breeders Challenge Major - Tabcorp Park Menangle**

Race	Winner	Trainer	Driver	Mile
NSW Breeders Challenge 2YO Fillies Final	Lux Aeterna	Rickie Alchin	Rickie Alchin	1.49.9
NSW Breeders Challenge 2YO C&G Final	Nathan Street	Freddy Taiba	Jack Trainor	1.50.5
NSW Breeders Challenge 3YO Fillies Final	Eye Keep Smiling	Belinda McCarthy	Luke McCarthy	1.52.7
NSW Breeders Challenge 3YO C&G Final	Captains Knock	Brad Hewitt	Brad Hewitt	1.49.9



Lux Aeterna - NSW Breeders Challenge 2YO Fillies Final Winner



Nathan Street - NSW Breeders Challenge 2YO Colts & Geldings Winner



Eye Keep Smiling - NSW Breeders Challenge 3YO Fillies Winner



Captains Knock - NSW Breeders Challenge 3YO Colts & Geldings Winner

# Review of Operations

## Breeding

### TOTAL SERVICES

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

Season	ST to NSW	ST within NSW by NSW Sire	AI	Hand	Paddock	NSW TOTAL	Year on Year %	AUS TOTAL	NZ TOTAL
2019/20	732	276	246	96	30	1,380	-3.9%	4,580	2,313
2020/21	728	459	249	122	19	1,577	14.27%	5,251	2,017
2021/22	717	503	225	69	5	1,519	-3.67%	5,025	2,042
2022/23	622	625	169	97	11	1,524	0.3%	4,721	1,963
2023/24*	616	614	107	110	9	1,456	-4.46%	4,654	1,967

\* 2023/24 Season is current at 30 June 2024.

Season	ST to NSW	ST within NSW by NSW Sire	AI	Hand	Paddock	TOTAL
2019/20	53%	20%	18%	7%	2%	100%
2020/21	46%	29%	16%	8%	1%	100%
2021/22	47%	33%	15%	5%	0%	100%
2022/23	41%	41%	11%	6%	1%	100%
2023/24	43%	42%	7.4%	7.1%	0.5%	100%

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

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

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

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

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

### FOALS BORN IN NSW

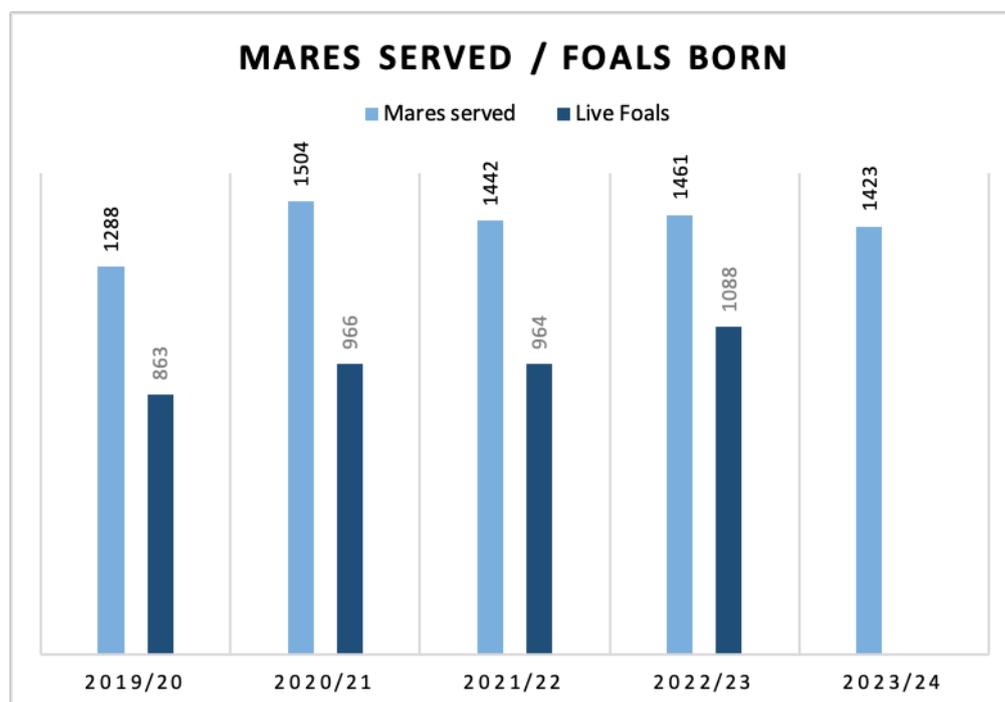
The following table shows the number of foals born in NSW over the past five (5) Breeding Seasons and where the foals were born:

Foals Born	Region								TOTAL
	Hunter	Far West	Goulburn/ Menangle	North West	South Coast	Riverina	Metro	Western District	
2019/20	101	0	166	15	10	325	37	263	917
2020/21	112	0	176	39	17	283	22	214	863
2021/22	113	0	178	60	22	324	29	240	966
2022/23	103	0	187	58	21	346	27	222	964
2023/24	119	0	212	61	24	391	32	249	1,088
<b>Total</b>	<b>548</b>	<b>0</b>	<b>919</b>	<b>233</b>	<b>94</b>	<b>1,667</b>	<b>164</b>	<b>1,176</b>	<b>4,798</b>
<b>% of Total</b>	<b>11.4%</b>	<b>0%</b>	<b>19.1%</b>	<b>4.9%</b>	<b>2%</b>	<b>34.7%</b>	<b>3.4%</b>	<b>24.5%</b>	<b>100%</b>
<b>Variance</b>	<b>15.5%</b>	<b>0%</b>	<b>13.3%</b>	<b>5.1%</b>	<b>14.2%</b>	<b>13.0%</b>	<b>18.5%</b>	<b>12.1%</b>	<b>12.8%</b>

Variance is foals born in 2023/24 against foals born in 2022/23.

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

Season of Service	Total Services	Mares Served	Mares served by more than one Stallion	Foals Born Next Season	Foals born/Mares Served %
2019/20	1,380	1,288	86	863	67.0%
2020/21	1,577	1,504	72	966	64.2%
2021/22	1,519	1,442	77	964	66.8%
2022/23	1,524	1,461	67	1,088	74.6%
2023/24	1,513	1,423	87	-	-
<b>Average</b>	<b>1,503</b>	<b>1,424</b>	<b>78</b>	<b>970</b>	<b>68.2%</b>



#### FOALS BORN IN AUSTRALIA & NEW ZEALAND

2023/24 Foals Notified in Australia as at 10/7/2024

	All Foals	Alive Foals	Deceased Foals	Alive Foal %	Alive Foal Population %
<b>NSW</b>	1,088	1,022	66	94%	34%
<b>VIC</b>	1,109	1,002	107	90%	33%
<b>WA</b>	421	403	18	96%	13%
<b>QLD</b>	381	367	14	96%	12%
<b>SA</b>	118	116	2	98%	4%
<b>TAS</b>	132	128	4	97%	4%
<b>TOTAL</b>	<b>3,249</b>	<b>3,038</b>	<b>211</b>	<b>94%</b>	<b>100%</b>

## Alive Foals Notified (5 year comparison)

	2019/20	2020/21	2021/22	2022/23	2023/24	Var (Total)	Var %
<b>NSW</b>	920	842	933	944	1,022	78	8.26%
<b>VIC</b>	1,232	1,237	1,326	1,149	1,002	-147	-12.79%
<b>WA</b>	329	337	354	326	403	77	23.62%
<b>QLD</b>	250	292	315	354	367	13	3.67%
<b>SA</b>	128	70	73	99	116	17	17.17%
<b>TAS</b>	127	82	124	110	128	18	16.36%
<b>AUS</b>	<b>2,986</b>	<b>2,860</b>	<b>3,125</b>	<b>2,982</b>	<b>3,038</b>	<b>56</b>	<b>1.88%</b>
<b>NZ</b>	1,669	1,559	1,398	1,476			

\*Variance based on the past two seasons.

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

Season	Stallions Registered in NSW	Stallions Physically Standing in NSW	Studs
<b>2019/20</b>	51	42	31
<b>2020/21</b>	47	37	26
<b>2021/22</b>	53	36	21
<b>2022/23</b>	54	31	19
<b>2023/24</b>	53	29	18

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

Season	Services by NSW Stallions		Foals by NSW Stallions	
	Standing in NSW	Frozen Registered	Standing in NSW	Frozen Registered
<b>2019/20</b>	898	97	519	71
<b>2020/21</b>	1,132	96	682	49
<b>2021/22</b>	1,241	148	716	91
<b>2022/23</b>	1,182	316	745	150
<b>2023/24</b>	947	253	-	-

**BREEDERS CHALLENGE NOMINATIONS**

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

<b>Series</b>	<b>Foaled</b>	<b>Live Foals Notified to NSW</b>	<b>Foal Nominations</b>	<b>Eligible Horses</b>	<b>2YOs Sustained</b>	<b>% Sustained</b>	<b>3YOs Sustained</b>	<b>% Sustained</b>
1	2005/06	1,713	N/A	1,713	771	45%	771	45%
2	2006/07	1,617	N/A	1,617	842	52%	842	52%
3	2007/08	1,220	N/A	1,220	709	58%	709	58%
4	2008/09	1,174	N/A	1,174	858	73%	598	51%
5	2009/10	1,226	94	1,320	784	59%	584	44%
6	2010/11	1,405	90	1,495	811	54%	580	39%
7 ^	2011/12	1,402	97	1,499	818	55%	759	51%
8	2012/13	1,312	115	1,427	898	63%	721	51%
9	2013/14	1,238	143	1,381	760	55%	809	59%
10 #	2014/15	1,148	118	1,266	801	63%	743	59%
11	2015/16	1,123	174	1,297	945	73%	903	70%
12	2016/17	1,029	79	1,108	882	80%	849	77%
13	2017/18	1,112	25	1,137	828	73%	818	72%
14	2018/19	1,025	54	1,079	814	75%	765	71%
15	2019/20	924	50	974	765	78%	752	77%
16	2020/21	838	107	945	756	80%	738	78%
17	2021/22	957	122	1,079	822	76%		
18	2022/23	960	199	1,131				
19	2023/24	976	195	1,155				

The Equine Influenza outbreak in 2007, resulted in after effects for three (3) season

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

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

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

**BREEDERS CHALLENGE CERTIFICATES**

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

Racing Season	Issued	Redeemed				Expire / Outstanding
		Service & Breeding fees	%	Sale Purchases	%	
2014/15	473	325	68%	114	24%	35 (exp)
2015/16	398	262	66%	97	24%	39 (exp)
2016/17	450	288	64%	118	26%	45 (exp)
2017/18	426	287	67%	125	29%	14 (exp)
2018/19	485	332	68%	115	21%	38 (exp)
2019/20	505	337	67%	148	29%	20 (exp)
2020/21 <sup>^</sup>	659	403	61%	198	24%	58 (exp)
2022 - \$3,000	463	343	74%	95	20%	4 (exp) / 21
2022 - \$6,000	85	53	62%	29	34%	1 (exp) / 2
2023 - \$3,000	429	221	52%	76	17%	132
2023 - \$6,000	109	61	56%	24	22%	24
2024* - \$3,000	221	43	20%	23	10%	155
2024* - \$6,000	53	15	28%	7	3%	31
<b>TOTAL</b>	<b>4,756</b>	<b>2,970</b>	<b>62%</b>	<b>1,169</b>	<b>25%</b>	<b>254 (exp) / 365</b>

\*As at 30/06/2024.

<sup>^</sup> The Racing Season changed to a calendar year therefore the 2020/21 Season was run for an additional four month (1/09/2020 to 31/12/2021).

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

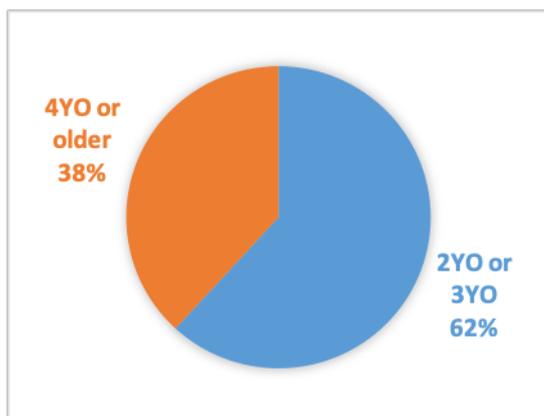
Note: Sale Purchases redemptions above also include Sustaining Fee (minimal).

**OWNERS BONUS CERTIFICATE WINNERS**

The table below shows the number and percentage of winners of NSW Breeders Challenge Owners

Bonus Certificates for the period 1/7/2014 to 30/06/2024

Age of Winner	Number	Percentage
2YO Only	425	10.25%
3YO Only	1,485	35.85%
2YO & 3YO	651	15.72%
4YO	948	22.88%
5YO	392	9.46%
6YO	150	3.62%
7YO	61	1.47%
8YO	22	0.53%
9YO	7	0.17%
10YO	1	0.05%
<b>TOTAL</b>	<b>4,142</b>	<b>100.00</b>
<b>Winners</b>	<b>Number</b>	<b>Percentage</b>
2YO or 3YO	2,561	61.63%
4YO or older	1,581	38.37%



### NSW LIVE FOAL & STARTERS SUMMARY

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

Foaling Season	Live Foals Notified	2YO	%	3YO	%
2009/10	1,226	454	37%	688	56.1%
2010/11	1,405	442	31.5%	707	50.3%
2011/12	1,402	418	29.8%	654	46.6%
2012/13	1,312	356	27.1%	574	43.8%
2013/14	1,238	361	29.2%	609	49.2%
2014/15	1,148	327	28.4%	572	49.8%
2015/16	1,123	362	32.2%	620	55.2%
2016/17	1,029	346	33.6%	594	57.7%
2017/18	1,112	450	40.5%	600	53.9%
2018/19	1,025	430	41.9%	642	62.6%
2019/20	974	456	46.8%	620	65.6%
2020/21 (3YO)	945	390	41.2%	448*	47.4%
2021/22 (2YO)	1,079	229*	21.2%	N/A	N/A
2022/23	1,131	N/A	N/A	N/A	N/A
2023/24	1088*	N/A	N/A	N/A	N/A

\* As at 31/07/2024

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

Comment

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

Foaling Season	STARTERS							
	2YO Total Starters	2YO Total Races	2YO Total Starts	2YO Starts/Starter	3YO Total Starters	3YO Total Races	3YO Total Starts	3YO Starts/Starter
2009/10	491	263	2,144	4.37	809	1023*	6,094	7.53
2010/11	467	287	2,308	4.94	800	998*	6,513	8.14
2011/12	445	253	2,052	4.35	738	1160*	5,393	7.31
2012/13	377	199	1,633	4.33	660	949*	4,868	7.38
2013/14	377	204	1,654	4.39	692	887*	5,007	7.24
2014/15	348	195	1,586	4.56	658	796+	4,769	7.25
2015/16	382	227	1,778	4.65	675	819+	5,110	7.57
2016/17	361	225	1,777	4.92	659	375#	6,687	10.15*
2017/18	468	303	2,597	5.55*	661	271#	5,692	8.61*
2018/19	445	239	2,585	5.81*	717	270#	5,691	8.38
2019/20	479	201	2,243	5.44	621	285	5,193	8.36
2020/21 (3YO)	390	320 <sup>∞</sup>	2,126	5.45	448~	121	2,307	5.15
2021/22 (2YO)	229~	164	744	3.25	N/A	N/A	N/A	N/A

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

\* Breeding season and racing season no longer aligned

~ As at 31/07/2024

+ Includes 3YO+ races

# Introduction of Ratings Based Handicapping. Less 3YO+ races run

<sup>∞</sup> Introduction of 2YO Policy

# Review of Operations

## Integrity

In addition to the provision of Stewards at race meetings, HRNSW Stewards and Integrity staff have performed the following functions during the 2023/24 financial year:

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

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

### EQUINE WELFARE

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

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

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

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

Equine injuries during 23/24 FY:	116
Raceday deaths during 23/24 FY:	6
Horses Deceased Shortly After Racing 23/24 FY:	2

### EQUINE DRUG CONTROL 23/24

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

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

HRNSW testing strategies during this financial year have resulted in 25.52% of all starters being tested.

MONTH	URINE	PRBT	BLOOD	I-STAT	OTHERS	TOTAL	STARTERS	% TO STARTERS
Jul-23	281	351	43	16	0	691	2,914	23.71
Aug-23	301	348	52	91	0	859	3,193	26.90
Sep-23	310	333	55	131	0	831	3,169	26.22
Oct-23	336	407	39	76	12	868	3,350	25.91
Nov-23	304	353	54	59	0	770	3,193	24.12
Dec-23	277	377	55	0	0	709	2,955	23.99
Jan-24	282	379	52	0	27	713	2,949	24.18
Feb-24	314	396	48	12	91	850	3,109	27.34
Mar-24	336	403	81	145	41	1,010	3,497	28.88
Apr-24	278	377	55	0	0	710	3,032	23.42
May-24	352	437	79	33	0	941	3,590	26.21
Jun-24	286	379	45	0	0	742	3,035	24.49
Total	3,657	4,540	658	563	276	9,694	37,986	25.52

During the past financial year, 24 positive samples were detected which is 0.06% of the total number of starters. This is an increase from 14 the previous financial year. The number of positive swabs also represents 0.25% of the total number of samples obtained.

**APPEALS**

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

**The Harness Racing Appeal Panel Members are;**

Acting Judge Hon Wayne Haylen KC

Brian Skinner - Barrister;

Darren Kane - Solicitor;

Bill Picken OAM;

Darrell Loewenthal PSM;

Jim Murphy JP MBA;

Gordon Watson BA;

Graeme Campbell OAM MAICD;

Graham Kelly - Solicitor;

Jo Moore - Solicitor

Peter Kite SC - Barrister

Brian Judd

Peter Fletcher

Dr Craig Suann

Chris Edwards;

Rod Smith.

Ross Higgins

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

From 1 December 2023, The Honourable Geoffrey Bellew SC was appointed as the NSW Racing Appeals Tribunal replacing Mr David Armati. Mr Anthony Lo Surdo SC remains as Acting Tribunal Member.

It must be reaffirmed that the Harness Racing Appeal NSW Appeal Panel and NSW Racing Appeals Tribunal are completely separate from HRNSW. HRNSW are obligated to provide secretarial services to the Appeal Panel and Tribunal only.

Below is a table which breaks downs the appeals in FY23/24.

<b>Appeals Results- NSW Racing Appeals Tribunal</b>	<b>#</b>
Appeals lodged:	16
Appeals heard:	8
Appeals to be heard:	4
Upheld:	3
Varied:	0
Dismissed:	4
Withdrawn:	2
No Jurisdiction:	3
Appeals from Appeal Panel Decisions	9

<b>Appeals Results- NSW Harness Racing Appeal Panel</b>	<b>#</b>
Appeals lodged:	48
Appeals heard:	34 (2 from 22/23)
Appeals to be heard:	4
Upheld:	6
Varied:	11
Dismissed:	16
Withdrawn:	10
No Jurisdiction	1
Did Not Proceed	1
Parker Warning- withdrawn	1

## LICENSING

In the 23/24 FY, HRNSW licensed a total of 1,242 participants across the various licensing categories which represented a decline from the previous season. HRNSW has maintained its robust licensing process with all licence applications and renewals being reviewed by the HRNSW Licensing Committee.

### LICENCE TYPE

TRAINER	DRIVER	S/HAND	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
A			285	258	253	262	253	250	243	229	251	243
A	A		401	383	253	210	188	183	171	155	149	141
A	B		176	152	234	238	198	183	180	178	142	117
A	C		52	73	52	47	70	90	89	78	55	63
B			36	44	45	50	59	60	61	56	67	63
B	A		16	22	15	19	19	25	25	31	31	33
B	B		47	43	60	75	69	69	64	68	53	52
B	C		19	21	22	25	24	26	24	28	21	13
C			3	1	1	2	3	3	4	4	4	2
C	A		0	0	0	0	2	2	1	0	1	0
C	B		2	0	1	1	2	2	1	3	1	1
C	C		3	5	3	2	1	2	2	3	4	4
	A		45	39	39	43	47	43	42	44	49	52
	B		67	73	84	77	82	76	66	59	54	50
	C		39	33	41	28	28	31	27	26	22	23
		S	506	513	528	539	499	580	600	589	508	383
Training Partnerships			0	1	2	2	2	1	2	2	2	2
<b>TOTALS</b>			<b>1,697</b>	<b>1,661</b>	<b>1,633</b>	<b>1,618</b>	<b>1,546</b>	<b>1,625</b>	<b>1,602</b>	<b>1,551</b>	<b>1,412</b>	<b>1,242</b>

# Review of Operations

## Media and Marketing

### Media and Marketing

HRNSW's media and marketing output was driven by two full-time in-house roles. Paul Cochrane as the Marketing and Communications Manager and Amanda Rando as the Media Liaison Manager. The requirements and productivity has been diverse and varied, from industry notices, to content production, stakeholder engagement, media partnerships, philanthropic endeavours, club requirements, social media and primarily in 2023/24 – event management and production.

### Media Partnerships

HRNSW initiated an internal review of its media partnerships and overhauled our budgetary spend. We continued to work closely with The Daily Telegraph and supplied editorial for daily publication to support our race fields. New partners were brought on board, with agreements brokered with SEN Radio and Racing and Sports Network. This is in addition to our ongoing relationship with Sky and TAB to amplify our racing product.

### Production

HRNSW continued to provide live coverage of all race meetings across New South Wales, with vision provided by our broadcast partners Power Productions and Palm AV. Several premium racing events were also broadcast on Sky Thoroughbred Central during the year.

### Events

HRNSW provided dedicated support to our clubs across New South Wales to enhance major race meetings across the state. These included:

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

A primary focus in 2023/24 was the overhaul and relaunch of our Carnival of Cups series which was held in regional areas across the state. These events were held in Cowra, Young, Tamworth, Albury and Goulburn. This new strategy was built around driving awareness, exposing new patrons to our sport and re-engaging with previous industry stakeholders. We signed numerous high profile music acts such as The Living End, The Whitlams, Daryl Braithwaite, The Screaming Jets, Baby Animals and Alex Lloyd and revamped how a day or night at the races was presented in regional areas. We saw more than 24,000 people attend races tracks at those five meetings and developed key relationships with media partners, local government and sponsors as a result. This was a highly successful initiative which has been re-committed to for 2024/25 with events to be held in Parkes, Young, Tamworth, Albury and Penrith.

HRNSW also helped host the inaugural running of The Eureka at Club Menangle in September 2023. This was again a considerable success with around 10,000 patrons on course.

### Owned Channels

HRNSW heavily adopted a digital first promotion and publicity strategy. This was supported overwhelmingly through survey responses among our followers and event attendees. Our owned channels once again enjoyed continual growth and engagement as a result of this.

The industry podcast continued to evolve and changes were made to the programming in order to reach new audiences and best utilises internal resources. It shifted to a Sunday show and continued to be the industry leader for content of its kind. It has also been utilised as a valuable resource and publicity tool for dedicated content relevant to specific events. This was most relevant with bespoke series aligned with the annual Breeders Challenge Series and the inaugural running of The Eureka.

### Fantasy Harness Racing

HRNSW hosted the second season of Fantasy Harness Racing. This has been a key initiative to drive fan engagement and put new focus on our racing product. Surveys conducted post Season 1 reported that players were paying attention to our race meetings far more than they previously had due to the game. At the completion of Season 2 HRNSW initiated conversations with Harness Racing Australia and the other states to explore the option of converting this product into a national game in Season 3. This was all agreed to with unanimous consensus and will commence in early 2025.

# Review of Operations

## Education & Welfare

### Education & Welfare Manager Key Responsibilities

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

### Welfare Officer – Role

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

### HRNSW Education & Welfare Advisory Committee

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

Maurice Logue acts as Executive Officer for the HRNSW Education & Welfare Steering Committee. The Committee is overseen by a distinguished Committee Members who devote their time on a voluntary basis. The following Committee Members attended meeting throughout the year:

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

Harness Racing NSW partnered with registered training organisation The Racing Education Centre to deliver online education programs to participants. Education & Welfare sessions are delivered in a classroom environment once a quarter at Menangle Park, Wagga Wagga, Bathurst, Tamworth and Newcastle with remote students attending via ZOOM video conferencing. Subject delivered were:

- Public Speaking
- Equine Nutrition
- Horse Anatomy
- Equine Dentistry
- Provide first aid and emergency care for horses or other equines
- Determine hoof care and hoof protection plans for equines
- Comply with racing industry ethics and integrity
- Participate in racing protest and inquiries
- Mental Health – Recognise & Respond
- Apply fatigue management strategies

Manage personal health and fitness including distractions, temptations, drugs, alcohol, gambling and lifestyle choices.

### Harness Racing Simulator

Harness Racing NSW has received a grant from the NSW Government to purchase a Harness Racing Simulator, the simulator is expected to operational early in 2025 and will be placed on a purpose built trailer to be used as a multi-purpose device. The simulator will enable HRNSW to promote feature race meetings, highlight career opportunities in harness racing at career expos and mentor existing participants to improve their skills will be amongst its main uses.

### **Mates 4 Harness**

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

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

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

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

### **Drivers Skills Panel**

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

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

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

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

# Review of Operations

## External Relations



### HARNESS RACING AUSTRALIA

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

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

HRA is the national co-ordination point between the SCB's for national projects; the uniformity of rules and regulations; feature race calendar; Group Racing; identification, naming and registration of horses; and, operation of the Australian Trotting Stud Book.

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

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

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

Gear, equipment and safety are also play a very important role for HRA. All new sulkies, wheels, protective vests and helmets are all rigorously tested by independent engineers, Velocity Track Engineering Consultants, to industry dynamic, static, efficacy and performance Standards prior to listing for approved use.

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

### INDUSTRY ASSOCIATIONS

Harness Racing NSW continued to enjoy good working relations with the five active industry Associations:

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

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

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.

### 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 Ken Brown (Harness Racing NSW Member) and Mr Adam Fairley (Harness Racing NSW Board Member).



**HRICG**

Once again it is my pleasure to let you know that the Harness Racing Industry Consultation Group (HRICG) has been working hard for the industry in making recommendations to Harness Racing NSW.

As per the Harness Racing Act 2009, HRICG met with HRNSW to consult on the draft 2024-2026 Strategic Plan before it was adopted and forwarded to the Minister for Sport.

Breaking down the Pillars in the Draft Strategic Plan submission HRICG made comment and recommendation in regards to:

Welfare Fund – HRICG recommended to HRNSW that 2% should be allocated directly from prizemoney to the welfare fund as part of the HRNSW budgetary process.

- Swabbing
- Stewards and the annual performance appraisals
- Whistle blower protections
- Technology Integration
- Maximise Sponsorships
- Training Framework and in particular recognised prior learning.
- Volunteers: with over 3,000 volunteers HRICG recommended that there should be stronger communication with volunteers and a better recognition of their efforts.
- Prizemoney: as always was on topic and in particular provincial prize money.
- Sustainable Breeding Industry
- Racecourse Development Funds

HRICG has desired the re-introduction of the Harness Racing Gazette for over two years. With many participants not digitally savvy, re-introduction of a printed Gazette maximises the communication lines from HRNSW and the Kindred Bodies.

A letter of recommendation was tabled with HRNSW seeking a printed Gazette which has been rejected in preference for an electronic media approach to industry. HRICG will continue to pursue re-introduction of a printed Gazette for the information of the whole industry.

The National Rating System and Handicapping have been a continual discussion with HRNSW.

HRICG has advised HRNSW of the frustration being felt within the industry with the current situation and emphasised the need to consider the NR implications identified in the findings of the Murrhiy Report into racing integrity in Tasmania. HRNSW has advised they will be conducting consultation with industry participants.

The Sulky Recovery Scheme has been extensively overhauled over the past two years following recommendations from HRICG to HRNSW. Coverage is now extended to include registered trials.

HRICG has made a further recommendation to HRNSW that with over \$400,000 of participants funds held by HRNSW that an amount be placed into an investment account and the interest returned to the Sulky Recovery Scheme for the benefit of all participants.

At the July 2024 Harness Racing NSW Board meeting this recommendation was adopted and \$220,000 will be invested with one of the top five (5) banks and \$133,000 remaining in the fund to cover claims.

The Breeding Industry has also been under the spotlight with HRNSW and is ongoing and in particular the decline of horse pool within the industry along with the downturn of licenced participants and a strong discussion on two (2) and three (3) year old racing.

HRICG has also been involved in meetings with HRNSW, Stewards and industry participants in regards to the HRNSW Review into Penalty Guidelines and in particular Class 3 Prohibited Substances. These meetings are ongoing.

As per the Harness Racing Act 2009 HRICG met with HRNSW on six occasions during the year. Additionally, HRICG members met on a monthly basis.

I would like to convey a huge thanks to my fellow members who make up HRICG representing the Kindred Bodies so your section of the industry has a voice – they represent you well. In addition, I would also like to convey thanks to Danny Dwyer who also served a term on HRICG before being lost to the industry.

Clubs that conduct more than 6 race meetings	Mark Croatto
Clubs that conduct less than 6 race meetings	Julie Maughan (Chair)
NSW Harness Racing Club (Menangle)	Robert Marshall
NSW Standardbred Owners Association	Peter Dewsbury
United Harness Racing Association (UHRA)	Wally Mann
Harness Breeders NSW	Flora Robson (Deputy Chair)

Yours in Harness Racing

**JULIE MAUGHAN**

**CHAIR - HRICG**

# Financial Statements

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# Financial Statements

# Harness Racing NSW

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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 2024.

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

### MEMBERS

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

Mr Ken Brown AM (Chairman)

Mr Adam Fairley

Mr Peter Nugent

Mr Doug Freeman

Mrs Yvonne O'Keefe

Mr Peter Buckman (Chief Executive Officer)

### MEMBERS MEETINGS

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

Name	Attended	Number Eligible to Attend	Apology	Leave of Absence
Mr Ken Brown AM	12	12	-	-
Mr Adam Fairley	12	12	-	-
Mr Doug Freeman	12	12	-	-
Mr Peter Nugent	12	12	-	-
Mrs Yvonne O'Keefe	9	12	1	2
Mr Peter Buckman (CEO)	12	12	-	-

Member enrolments are shown in Note 5(e) in the attached financial statements

### Member's attendance at Committee meetings was as follows:

Name	Investment Committee		Finance & Audit Committee	
	Attended	Number Eligible to Attend	Attended	Number Eligible to Attend
Mr Ken Brown AM	-	-	1	1
Mr Doug Freeman	-	-	1	1
Mr Peter Nugent	-	-	1	1

## Members' Report (Continued)

### PRINCIPAL ACTIVITIES

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

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

### REVIEW OF OPERATIONS

The comprehensive result for the financial year amounted to a deficit of \$ 1,521,983 (2023: Surplus of \$ 453,490).

Operating Deficit before Investment Income	(\$ 4,079,212)
Investment Income on Future Fund	<u>\$ 2,557,229</u>
Comprehensive Deficit for the Year	<u>(\$ 1,521,983)</u>

Total revenue decreased year on year by \$0.735m (2023: increased by \$3.939m).

Economic conditions have been challenging due to rising inflation and increasing cost of living pressures with inflation continuing to exceed the Reserve Bank's target range. As a result, households are grappling with ever-rising expenses, which is affecting consumer spending and overall economic confidence. This environment has led to a decline in disposable income for many and this is reflected in the softening of wagering revenue during the financial year.

Total wagering revenue for the full year decreased by \$0.891m (-1.2%) compared to the prior year:

- Total revenue from Tabcorp declined by \$2.683m (2023: increased by \$0.579m) and did not meet expectations with the Wagering Incentive Fee down by 9% on the prior year.
- The product fees charged to wagering operators were increased by an average of approximately 16% during this financial year, however race fields revenue increased by only \$0.466m or 2.6% (2023: decreased by \$1.121m).
- Tax Parity revenue declined by \$0.553m or -4.1% (2023: decreased by \$0.025m).
- Point of Consumption Tax increased by \$1.78m (2023: increased by \$4.089m as a result of an increase to the rate of tax from 10% to 15% from 1 July 2022). A change by NSW Treasury in the methodology related to the timing of the payment of the Point of Consumption Tax meant that the receipts for 2024 exceeded expectations.

Investment markets have experienced mixed performance over the past year characterised by on-going volatility and uncertainty. The primary contributors to the market's results include persistent inflationary pressures, central banks' tightening of monetary policies, geopolitical tensions and fluctuating energy prices. Despite these challenges, the investment return on the HRNSW Future Fund was positive at \$2.557m (2023: gain of \$1.695m).

Expenditure increased by \$1.241m compared to last year (2023: increase of \$9.095m) with the main drivers being:

- An increase in distribution of club administration funding of \$0.540m.
- Higher breeding assistance with an additional \$0.819m spent on live foal breeding incentives.
- An uplift in salaries and related expenses of \$0.907m due to additional staff, increases in salaries, the superannuation rate and other on-costs.
- A reduction in administration expenses of \$0.437m, partially as a result of a refund of insurance plus lower IT and communication costs.
- A reduction of \$0.676m in the amount transferred to the Racecourse Development Fund due to lower capital expenditure funding requirements in 2024 compared to 2023.

Despite a challenging wagering environment, prizemoney per race remained at 2023 levels with a small decline of \$0.084m as a result of the number and mix of races held compared to the prior year.

## Members' Report (Continued)

Harness Racing NSW continued to support Clubs through increased administration cost assistance by funding ambulance, mobile starters, photo finish and stewards' fees. Electricity subsidies totalling \$0.308m (2023: \$0.310m) were continued in 2024 to help with the additional costs incurred by those clubs running night meetings.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

### STAFF

The entity employed fifty-two (52) full time employees as at 30 June 2024 (2023: 50).

### EVENTS SUBSEQUENT TO BALANCE DATE

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

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

### CORPORATE GOVERNANCE

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

### LIKELY FUTURE DEVELOPMENTS

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

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

in its own right or through the Racecourse Development Fund.

### MEMBERS BENEFITS

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

## Members' Report (Continued)

### AUDITOR INDEPENDENCE

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

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

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**Ken Brown AM - Chairman**

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**Peter Nugent - Member**

**Dated: 27th September 2024**

## Members' Declaration

The Members of Harness Racing New South Wales (HRNSW) present their declaration for the financial year ended 30 June 2024.

In the opinion of the Members of the entity: –

- (a) the accompanying financial statements and notes:
  - (i) comply with Accounting Standards and other mandatory professional reporting requirements, and
  - (ii) give a true and fair view of the entity's financial position as at 30 June 2024 and its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due, and
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

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

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**Ken Brown AM - Chairman**

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**Peter Nugent - Member**

**Dated: 27th September 2024**

## Lead Auditor's Independence Declaration

The Members of Harness Racing New South Wales (HRNSW) present their declaration for the financial year ended 30 June 2024.

I declare that, to the best of my knowledge and belief during the year ended 30 June 2024 there has been:

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

K S Black & Co

Chartered Accountants

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Phillip Jones

Partner

**Dated:** 27th September 2024

## Independent Auditors' Report

To The Members of Harness Racing New South Wales

### Opinion

We have audited the accompanying financial reports of Harness Racing New South Wales (the 'Entity') which comprises the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration by those charged with governance.

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

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2024 and of its financial performance for the year then ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 3 Accounting Interpretations.

### Basis of Opinion

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

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

### Other information

Those charged with the governance are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report therein.

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

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

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

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

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

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

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

## Independent Auditors' Report (Continued)

### Auditors' responsibility for the Financial Report

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

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

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

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

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

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

### Other Matter

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

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

K S Black & Co

Chartered Accountants

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Phillip Jones

Partner

**Dated:** 27th September 2024

## Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2024

	Note	2024	2023
<b>REVENUE from continuing operations</b>		<b>\$</b>	<b>\$</b>
Wagering Revenues	4(a)	74,648,258	75,540,065
Sponsorship Income		500,000	728,099
Investment Income	4(b)	2,787,520	1,713,094
Other Income	4(c)	2,167,789	2,856,926
<b>Total Revenue</b>		<b>80,103,568</b>	<b>80,838,184</b>
<b>EXPENSES from continuing operations</b>			
Administration Expenses	5(a)	1,829,980	2,267,678
Breeding & Industry Assistance	5(b)	2,033,078	1,214,464
Club Administration Funding	5(c)	9,969,679	9,429,211
Depreciation Expense	11	1,057,652	897,438
Employee Salaries and Related Costs	5(d)	8,076,675	7,170,110
Members Fees	5(e)	230,495	208,024
Operational Expenses	5(f)	4,482,033	4,592,874
Prizemoney		43,710,258	43,794,152
Racing Integrity Expenses	5(g)	2,398,672	2,279,738
Transfer to Industry Fund	5(h)	5,465,121	5,483,561
Transfer to RDF	5(i)	2,371,908	3,047,446
<b>Total Expenses</b>		<b>81,625,551</b>	<b>80,384,695</b>
<b>(Deficit) / Surplus for the Year</b>		<b>(1,521,983)</b>	<b>453,489</b>
<b>Other Comprehensive Income for the Year</b>		-	-
<b>Total Comprehensive Income for the Year</b>		<b>(1,521,983)</b>	<b>453,489</b>
<b>(Deficit) / Surplus for the Year</b>		<b>(1,521,983)</b>	<b>453,489</b>

The accompanying notes form part of these financial statements

## Statement of Financial Position

for the financial year ended 30 June 2024

	Note	2024	2023
<b>CURRENT ASSETS</b>		\$	\$
Cash and Cash Equivalents	6	5,022,953	6,236,499
Investments	7	2,590,960	1,215,402
Trade and Other Receivables	8	15,069,338	20,023,035
Other	9	344,565	284,964
<b>Total Current Assets</b>		<b>23,027,816</b>	<b>27,759,898</b>
<b>NON-CURRENT ASSETS</b>			
Investments	7	34,163,366	34,381,825
Land	10	1,560,000	1,400,000
Property, Plant and Equipment	11	11,210,561	11,127,475
Right of use Assets	12	3,292	23,044
<b>Total Non-Current Assets</b>		<b>46,937,219</b>	<b>46,932,345</b>
<b>TOTAL ASSETS</b>		<b>69,965,036</b>	<b>74,692,243</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	13	13,440,943	16,574,054
Provision for Employee Benefits	14	1,330,160	1,329,375
Non-Interest Bearing Liabilities	15	3,292	19,752
<b>Total Current Liabilities</b>		<b>14,774,394</b>	<b>17,923,182</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for Employee Benefits	14	126,416	179,561
Non-Interest Bearing Liabilities	15	-	3,292
<b>Total Non-Current Liabilities</b>		<b>126,416</b>	<b>182,853</b>
<b>TOTAL LIABILITIES</b>		<b>14,900,810</b>	<b>18,106,035</b>
<b>NET ASSETS</b>		<b>55,064,225</b>	<b>56,586,208</b>
<b>EQUITY</b>			
Accumulated Surplus		49,731,924	51,253,907
Asset Revaluation Reserve	22	5,332,301	5,332,301
<b>TOTAL EQUITY</b>		<b>55,064,225</b>	<b>56,586,208</b>

The accompanying notes form part of these financial statements

## Statement of Cash Flows

for the financial year ended 30 June 2024

	Note	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		\$	\$
Receipts from Customers		89,248,564	83,936,897
Interest Received		2,777,291	1,813,973
Payments to Suppliers, Employees and Participants		(91,866,877)	(82,070,984)
<b>Net Cash Provided by Operating Activities</b>	21	<b>158,978</b>	<b>3,679,886</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Property, Plant & Equipment		(1,376,904)	(1,589,974)
Payments for Investments		(1,157,099)	(1,330,900)
Proceeds from the sale of Property, Plant & Equipment		1,161,479	408,648
<b>Net Cash (Used in) Investing Activities</b>		<b>(1,372,524)</b>	<b>(2,512,226)</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents Held</b>		<b>(1,213,546)</b>	<b>1,167,660</b>
Cash and Cash Equivalents at the Beginning of the Year		6,236,499	5,068,838
<b>Cash and Cash Equivalents at the End of the Year</b>	6	<b>5,022,953</b>	<b>6,236,499</b>

## Statement of Changes in Equity

for the financial year ended 30 June 2024

	2024	2023
	\$	\$
<b>Total Equity at the Beginning of Financial Year</b>	56,586,208	56,132,718
(Deficit) / Surplus for the Year	(1,521,983)	453,490
<b>Accumulated Surplus at end of Financial Year</b>	<b>55,064,225</b>	<b>56,586,208</b>
Other Comprehensive Income for the Year	-	-
<b>Total Equity at the End of the Financial Year</b>	<b>55,064,225</b>	<b>56,586,208</b>

The accompanying notes form part of these financial statements

## Notes to the Financial Statements

for the financial year ended 30 June 2024

### 1. THE REPORTING ENTITY

#### a) Harness Racing New South Wales (HRNSW)

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

#### b) Benevolent Fund

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

#### c) Separate Funds

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

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

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### a) Income Tax

HRNSW is a not-for-profit organisation. 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.

##### Tabcorp Distributions, Tax Parity, Point of Consumption and Corporate Waging Operators' Revenues

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

##### Interest Earned / Financial Income

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

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

##### Other Income

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

#### c) Accounts Receivable and Other Debtors

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

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

## Notes to the Financial Statements (Continued)

### d) Financial Instruments

#### Categories

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

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

#### Initial Recognition and Measurement

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

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

#### Loans and Receivables

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

#### Held-to-maturity Investments

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

#### Available-for-Sale Financial Assets.

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

#### Financial Liabilities

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

#### 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)

### Property, Plant and Equipment (Continued)

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

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

#### f) Revaluation of Non-Current Assets

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

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

#### 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 benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Provision in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Provision in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Entity in respect of services provided by employees up to the reporting date.

Critical judgments are applied in determining the following key assumptions used in the calculation of long service leave at balance date including future increases in wages and salaries; future on cost rates; and experience of employee departure and period of service.

#### i) Goods and Services Tax (GST)

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

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

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

#### j) Cash and Cash Equivalents

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

#### k) Comparative Figures

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

#### l) Revision of Accounting Estimates

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

#### m) New Accounting standards and interpretations

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

#### n) Leases

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

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

## Notes to the Financial Statements (Continued)

### i) Right-of-use assets

HRNSW recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets

includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

### ii) Lease liabilities

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

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

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

### o) Software

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

### p) Finance Income and Expenses

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

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

### q) GHRRA Assets and Liabilities transferred

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

### r) Accounts Payable and Other Payables

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

## 3. BASIS OF PREPARATION

### a) Statement of compliance

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

### b) Basis of measurement

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

### c) Functional and presentation currency

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

## Notes to the Financial Statements (Continued)

### 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.

<b>4 REVENUE</b>	2024	2023
	\$	\$
(a) Wagering Revenues		
Tabcorp Revenue	29,970,786	32,653,825
Corporate Wagering Operators	18,651,877	18,186,371
NSW betting tax	10,446,959	10,895,739
Point of Consumption Tax Grant	15,578,636	13,804,130
	74,648,258	75,540,065
HRNSW's share of the Tabcorp Distribution 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).		
Following the enactment of the Betting Tax Legislation Amendment Act 2015, the NSW Harness Racing industry continues to receive the benefits of parity with the Victorian Racing Industry in respect of the sharing of Tabcorp gross wagering revenue between the Government and the NSW racing Industry. The legislation provided for a staged introduction of the concessions over 5 years commencing from July 2015.		
A Point of Consumption Tax is levied on all Wagering Operators accepting bets from NSW residents and applies to all online, telephone and face-to-face betting. Effective from 1 July 2022, the rate of Point of Consumption Tax was increased from 10% to 15% with the NSW Racing Industry (all racing codes) now receiving 33% of the Point of Consumption Tax collected.		
(b) Investment Income		
Gain on investments measured at fair market value through profit or loss	2,557,229	1,594,048
Interest Income	220,062	113,709
Benevolent Fund Interest Income	10,229	5,337
	2,787,520	1,713,094
(c) Other Income		
Benevolent Fund Fundraising	100	123,160
Club Affiliation Fees	146,280	159,000
Grant for Racing Simulator	-	245,324
Management fees from Industry Fund	222,917	212,300
Profit/(Loss) on Sale of Motor Vehicles	95,198	211,516
Registration & Licence Fees	532,025	555,804
Swab fee Recovery	36,052	33,633
Trainee & Apprenticeship Wage Subsidy	29,319	276,498
Training Centre & Paceway Income	1,066,782	1,008,201
Sundry Income	39,118	31,490
	2,167,789	2,856,926

**Notes to the Financial Statements (Continued)**

<b>5 OPERATING EXPENSES</b>	2024	2023
	\$	\$
(a) Administration Expense		
Bank Charges	19,373	13,008
Bad & Doubtful Debts	5,773	23,425
Benevolent Fund Disbursements	2,000	127,463
Donations	54,800	51,626
HRA State Membership	147,310	131,877
Insurance	217,145	485,113
IT and Communication Expenses	663,523	741,998
Legal, Audit and Other Professional Services	180,373	159,754
Occupancy Expenses	144,343	125,774
Postage Printing and Stationery	41,819	94,176
Miscellaneous	35,837	21,400
Travel Expenses	317,685	292,062
	<hr/>	<hr/>
	1,829,980	2,267,677
(b) Breeding & Industry Assistance		
Breeding True Blue Incentive	327,000	285,000
Breeding 42 Positive Test Incentive	270,000	296,500
Breeding Live Foal Incentive	944,000	-
Breeding Live Foal 100% NSW Incentive	268,000	-
Driver Maternity Leave	3,577	5,255
Equine Welfare	22,001	114,799
Flood Assistance	8,500	343,260
Microchipping	83,351	97,786
Youth Development & Welfare	106,648	71,863
	<hr/>	<hr/>
	2,033,078	1,214,464
(c) Club Administration Funding		
Ambulance services	822,552	754,987
Club Administration Funding	8,313,231	7,864,007
Driver Superannuation on behalf of Owners	371,779	353,235
Photo Finisher	15,790	66,959
Mobile Starters	138,476	80,023
Electricity Subsidy	307,850	310,000
	<hr/>	<hr/>
	9,969,679	9,429,211

**Notes to the Financial Statements (Continued)**

<b>5 OPERATING EXPENSES (Continued)</b>	2024	2023
	\$	\$
(d) Employee Salaries and Related Expenses		
Salaries	6,831,840	5,889,672
Superannuation	677,049	566,642
Payroll Tax	330,538	252,565
Annual & Long Service Leave	(52,361)	244,699
Workers Compensation Insurance	76,967	39,714
Temporary Staff and Other	212,642	176,817
	<hr/>	<hr/>
	8,076,675	7,170,110
(e) Members Fees		
Ken Brown AM	98,784	92,606
Peter Buckman	-	22,811
Adam Fairley	32,928	30,869
Doug Freeman	32,928	13,429
Ross Higgins	-	17,440
Peter Nugent	32,928	30,869
Yvonne O'Keefe	32,928	-
	<hr/>	<hr/>
	230,495	208,024
(f) Operational Expenses		
Equipment Expenses	39,626	18,372
Form Expenses	175,380	305,757
Government Grant Expense	-	245,324
Media Centre	49,594	48,671
Media, Marketing & Promotions	488,273	864,927
Motor Vehicles	298,839	416,874
Sky Video Production	2,030,598	1,985,726
Training Centre & Paceway Expenses	1,399,724	707,223
	<hr/>	<hr/>
	4,482,033	4,592,874
(g) Racing Integrity Expenses		
Swab Testing & Reporting	1,466,349	1,445,652
Stewards Inquiries/Appeals & Related Legal Expenses	721,404	642,284
Registration Processing	44,429	57,691
Integrity Auditor	17,653	39,086
Other Integrity	148,837	95,024
	<hr/>	<hr/>
	2,398,672	2,279,738

Racing Integrity employees and contractor costs are reported in note 5(d).

**Notes to the Financial Statements (Continued)**

<b>5 OPERATING EXPENSES (Continued)</b>	2024	2023
	\$	\$
(h) Transfer to Industry Fund		
Tabcorp Distribution	1,787,724	1,940,884
Carnival of Cups Contribution	199,629	216,732
Payments to Industry Fund for Breeding related activities	3,400,000	3,238,170
Fine Income	77,768	87,775
	5,465,121	5,483,561

Under the Intra Code Agreement HRNSW is required to distribute a percentage of its share of the Tabcorp Distribution to the Industry Fund for the development and furtherance of the industry in NSW. The amount distributed to the Industry Fund is equal to 6% (2023: 6%) of the HRNSW share of the Tabcorp Distribution.

## (i) Transfer to Racecourse Development Fund.

The amount distributed to the Racecourse Development Fund is equal to 2% (2023: 2%) of the HRNSW share of the Tabcorp Distribution.

Infrastructure Contribution	595,908	646,961
	1,776,000	2,400,485
	2,371,908	3,047,446

**6 CASH AND CASH EQUIVALENTS**

Cash at Bank and on hand	3,205,921	2,300,332
Future Fund	1,817,032	3,936,166
	5,022,953	6,236,499

The entity has an overdraft limit of \$250,000 at the bank (2023: \$250,000) - unused at year end.

**7 INVESTMENTS**

Future Fund	36,276,736	35,114,322
Other Deposits	477,589	482,905
	36,754,325	35,597,227
Current	2,590,960	1,215,402
Non-Current	34,163,366	34,381,825
	36,754,325	35,597,227

**Notes to the Financial Statements (Continued)**

<b>8 TRADE AND OTHER RECEIVABLES</b>	2024	2023
	\$	\$
Trade Debtors	2,358,841	2,174,124
Less provision for Doubtful Debts	(42,329)	( 101,633)
Tabcorp	12,458,719	14,423,098
NSW Treasury	-	2,983,536
Related Parties	294,107	543,910
	15,069,338	20,023,035

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.

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

**9 OTHER CURRENT ASSETS**

Prepayments	343,125	283,524
Benevolent Fund Funeral Certificates	1,440	1,440
	344,565	284,964

**10 LAND**

Black Hill (Beresfield)	1,560,000	1,400,000
	1,560,000	1,400,000

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

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

The asset was subject to a deed whereby HRNSW would settle the sum of \$200,000 on the donor property on the rezoning of the land. During the year ended 30 June 2024, HRNSW paid the sum of \$160,000 in final settlement of the deed in advance of the rezoning application.

## Notes to the Financial Statements (Continued)

### 11 PROPERTY, PLANT & EQUIPMENT

	Freehold Land	Freehold Buildings	Computer Equipment	Furniture & Fittings	Other Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2023</b>							
Opening Net Book value	7,226,644	1,443,356	844,842	3,944	20,385	969,753	10,508,924
Additions	-	-	488,943	-	310,983	790,048	1,589,974
Depreciation charge	-	(65,530)	(425,088)	(1,291)	(74,359)	(331,170)	(897,438)
Disposals	-	-	-	-	-	(408,648)	(408,648)
Depreciation on disposals	-	-	-	-	-	334,664	334,664
Revaluation of Properties	-	-	-	-	-	-	-
Closing net book amount	7,226,644	1,377,826	908,698	2,653	257,008	1,354,646	11,127,475
<b>At 30 June 2023</b>							
Cost or fair value	7,226,644	1,443,356	2,503,368	176,651	683,260	2,173,790	14,207,070
Accumulated depreciation	-	(65,530)	(1,594,671)	(173,999)	(426,251)	(819,144)	(3,079,595)
Net Book Value	7,226,644	1,377,826	908,698	2,653	257,008	1,354,646	11,127,475
<b>Year ended 30 June 2024</b>							
Opening Net Book value	7,226,644	1,377,826	908,698	2,653	257,008	1,354,646	11,127,475
Additions	-	-	137,476	3,003	209,093	867,332	1,216,904
Depreciation charge	-	(65,530)	(486,450)	(1,532)	(128,832)	(375,308)	(1,057,652)
Disposals	-	-	(551,138)	(37,385)	(305,097)	(267,860)	(1,161,479)
Depreciation on disposals	-	-	551,138	37,385	305,097	191,694	1,085,313
Revaluation of Properties	-	-	-	-	-	-	-
Closing net book amount	7,226,644	1,312,296	559,724	4,123	337,270	1,770,504	11,210,561
<b>At 30 June 2024</b>							
Cost or fair value	7,226,644	1,443,356	2,089,707	142,269	587,256	2,773,262	14,262,495
Accumulated depreciation	-	(131,060)	(1,529,983)	(138,146)	(249,987)	(1,002,759)	(3,051,934)
Net Book Value	7,226,644	1,312,296	559,724	4,123	337,270	1,770,504	11,210,561

	2024	2023
	\$	\$
<b>12 RIGHT OF USE ASSETS</b>		
Gross carrying amount		
Opening Balance as at 1 July	23,044	1,645
Additions	-	39,504
Depreciation Charge	(19,752)	(18,105)
Balance as at 30 June	3,292	23,044

**Notes to the Financial Statements (Continued)**

	2024	2023
<b>13 TRADE AND OTHER PAYABLES</b>	\$	\$
Australian Taxation Office	198,770	414,345
HRNSW Distribution Due to Clubs	5,538,970	5,646,369
Other Creditors	4,922,356	5,404,356
Related Parties - Rehoming, Industry and Racecourse Dev't Funds	2,780,847	5,108,985
	13,440,943	16,574,054
<b>14 PROVISION FOR EMPLOYEE BENEFITS</b>		
Current		
Annual Leave	814,524	821,482
Long Service Leave	515,636	507,893
	1,330,160	1,329,375
Non-Current		
Long Service Leave	126,416	179,561
	126,416	179,561
The measurement and recognition criteria relating to employee benefits has been included in Note 2 to these financial statements.		
<b>15 NON-INTEREST BEARING LIABILITIES</b>		
Right of use Liabilities		
Current		
Not longer than one year	3,292	19,752
Non-Current		
Longer than one year and not longer than five years	-	3,292
	3,292	23,044

**Notes to the Financial Statements (Continued)**

	2024	2023
<b>16 BENEVOLENT FUND</b>	\$	\$
Interest earned	10,229	5,337
Other Revenue	100	123,160
Less Administration expenses	(65)	(66)
Less Disbursements	(2,000)	(127,463)
<b>Operating Surplus</b>	<b>8,264</b>	<b>968</b>
<b>Accumulated Surplus - Brought Forward</b>	<b>219,686</b>	<b>218,718</b>
<b>Accumulated Surplus - Carried Forward</b>	<b>227,950</b>	<b>219,686</b>
<b>Represented by:</b>		
Cash	11,510	47,933
Investments	215,000	214,313
Transferable Funeral Certificates	1,440	1,440
Payables	-	(44,000)
<b>Net Assets</b>	<b>227,950</b>	<b>219,686</b>

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

## Notes to the Financial Statements (Continued)

### 17. SUPERANNUATION COMMITMENTS

#### Basis – AASB 119

	SASS	SANCS	SSS	TOTAL
	30-Jun-24	30-Jun-24	30-Jun-24	30-Jun-24
Member Numbers				
Contributors	1	1	0	
Deferred benefits	0	0	0	
Pensioners	0	0	0	
Pensions fully commuted	0	0	0	
Superannuation Position for AASB 119 purposes	A\$	A\$	A\$	A\$
Accrued liability (Note 1)	895,958	116,771	0	1,012,729
Estimated reserve account balance	(1,098,870)	(184,770)	0	(1,283,640)
1. Deficit/(surplus)	(202,912)	(68,000)	0	(270,911)
2. Future Service Liability (Note 2)	0	22,591	0	22,591
“3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)”	185,991	62,329	0	248,320
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	(16,921)	(5,670)	0	(22,591)

#### Note 1:

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit (if any) 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 2024

##### 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.

## Notes to the Financial Statements (Continued)

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

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

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

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

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

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

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

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

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

### Description of risks - Para 139(b)

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

- **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)

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

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2024			
	A\$	A\$	A\$	A\$
Net Defined Benefit Liability/(Asset) at start of year	(18,062)	(6,256)	0	(24,319)
Current service cost	0	4,159	0	4,159
Net Interest on the net defined benefit liability/(asset)	(735)	(255)	0	(990)
Past service cost	0	0	0	0
(Gains)/losses arising from settlements	0	0	0	0
Actual return on Fund assets less Interest income	(32,901)	(5,636)	0	(38,537)
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	14,206	3,292	0	17,498
Actuarial (gains)/losses arising from liability experience	10,448	(2,387)	0	8,061
Adjustment for effect of asset ceiling	10,124	1,413	0	11,537
Employer contributions	0	0	0	0
Effects of transfers in/out due to business combinations and disposals	0	0	0	0
<b>Net Defined Benefit Liability/(Asset) at end of year</b>	<b>(16,921)</b>	<b>(5,670)</b>	<b>0</b>	<b>(22,591)</b>

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

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2024			
	A\$	A\$	A\$	A\$
Fair value of Fund assets at beginning of the year	1,007,719	170,965	0	1,178,684
Interest income	40,835	6,910	0	47,745
Actual return on Fund assets less Interest income	32,901	5,636	0	38,537
Employer contributions	0	0	0	0
Contributions by participants	8,974	0	0	8,974
Benefits paid	8,758	0	0	8,758
Taxes, premiums & expenses paid	(318)	1,260	0	943
Transfers in/out due to business combinations and disposals	0	0	0	0
Contributions to accumulation section	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
<b>Fair value of Fund assets at end of the year</b>	<b>1,098,870</b>	<b>184,770</b>	<b>0</b>	<b>1,283,640</b>

## Notes to the Financial Statements (Continued)

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

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2024			
	A\$	A\$	A\$	A\$
Present value of defined benefit obligations at beginning of the year	820,668	106,175	0	926,842
Current service cost	0	4,159	0	4,159
Interest cost	33,222	4,273	0	37,495
Contributions by participants	8,974	0	0	8,974
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	14,206	3,292	0	17,498
Actuarial (gains)/losses arising from liability experience	10,448	(2,387)	0	8,061
Benefits paid	8,758	0	0	8,758
Taxes, premiums & expenses paid	(318)	1,260	0	943
Transfers in/out due to business combinations and disposals	0	0	0	0
Contributions to accumulation section	0	0	0	0
Past service cost	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
<b>Present value of defined benefit obligations at end of the year</b>	<b>895,958</b>	<b>116,771</b>	<b>0</b>	<b>1,012,729</b>

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

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2024			
	A\$	A\$	A\$	A\$
Adjustment for effect of asset ceiling at beginning of the year	168,989	58,534	0	227,523
Interest on the effect of asset ceiling	6,878	2,382	0	9,260
Change in the effect of asset ceiling	10,124	1,413	0	11,537
<b>Adjustment for effect of asset ceiling at end of the year</b>	<b>185,991</b>	<b>62,329</b>	<b>0</b>	<b>248,320</b>

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

## Notes to the Financial Statements (Continued)

### 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 2024

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	2,492,529	2,284,654	207,875	0
Australian Fixed Interest	91,776	0	91,776	0
International Fixed Interest	1,026,897	0	1,015,170	11,726
Australian Equities	6,036,366	4,491,341	1,545,025	0
International Equities	14,849,540	14,704,964	140,680	3,896
Property	2,100,819	0	0	2,100,819
Alternatives	10,459,855	2,865	2,864,176	7,592,814
<b>Total</b>	<b>37,057,781</b>	<b>21,483,824</b>	<b>5,864,702</b>	<b>9,709,255</b>

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

As at	30-Jun-24
Short Term Securities	6.7%
Australian Fixed Interest	0.2%
International Fixed Interest	2.8%
Australian Equities	16.3%
International Equities	40.1%
Property	5.7%
Alternatives	28.2%
Total	100.0%

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

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

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

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient 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)

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

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets as at 30 June 2024 includes zero in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$285 million (30 June 2023 : \$338 million).

Health Administration Corporation previously occupied part of a property 50% owned by the Pooled Fund. The Corporation vacated this property prior to 30 June 2024.

### Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30-Jun-24
Discount rate	4.36%
Salary increase rate (excluding promotional increases)	4.56% 24/25; 3.80% 25/26; 3.78% 26/27; 3.80% 27/28; 3.70% pa thereafter
Rate of CPI increase	4.25% 23/24; 3.00% 24/25; 2.75% 25/26; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are those to be used for the 2024 Actuarial Investigation of the Pooled Fund.

### Sensitivity Analysis - Para 145

The entity's total defined benefit obligation as at 30 June 2024 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 2024.

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

	Base Case	Scenario A -0.5% discount rate	Scenario B +0.5% discount rate
Discount rate	as above	as above -0.5% pa	as above +0.5% pa
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	1,012,729	1,030,011	996,122
	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above +0.5% pa	as above -0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	1,012,729	1,012,729	1,012,729
	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	as above	as above +0.5% pa	as above -0.5% pa
Defined benefit obligation (A\$)	1,012,729	1,029,618	996,344
	Base Case	Scenario G Mortality*	Scenario H Mortality**
Defined benefit obligation (A\$)	1,012,729	1,012,729	1,012,729

\*Assumes mortality rates, including future improvements, are as if the pensioner were 1 year younger than actual.

\*\* Assumes mortality rates, including future improvements, are as if the pensioner were 1 year older than actual.

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)

### Asset-Liability matching strategies - Para 146

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

### Funding arrangements - Para 147(a)

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

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

### Surplus/deficit

The following is a summary of the 30 June 2024 financial position of the Fund calculated in accordance with AASB 1056 Accounting Standard "Superannuation Entities":

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-24</b>	<b>30-Jun-24</b>	<b>30-Jun-24</b>	<b>30-Jun-24</b>
	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>
Accrued benefits*	833,445	104,141	0	937,587
Net market value of Fund assets	(1,098,870)	(184,770)	0	(1,283,640)
Net (surplus)/deficit	(265,425)	(80,629)	0	(346,054)

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

### Contribution recommendations

Recommended contribution rates for the entity are:

<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
<b>Multiple of Member Contributions</b>	<b>% of Member Salary</b>	<b>Multiple of Member Contributions</b>
0.0	0	0.0

### Economic assumptions

The economic assumptions adopted for 30 June 2024 AASB 1056 Accounting Standard "Superannuation Entities":

### Weighted-Average Assumptions

Expected rate of return on Fund assets backing current pension liabilities	7.0% pa
Expected rate of return on Fund assets backing other liabilities	6.2% pa
Expected salary increase rate (excluding promotional salary increases)	4.56% 24/25; 3.80% 25/26; 3.78% 26/27; 3.80% 27/28; 3.70% pa thereafter
Expected rate of CPI increase	3.70% for 23/24; 2.50% pa thereafter

## Notes to the Financial Statements (Continued)

### Sensitivity Analysis - AASB 1056

Scenarios A and B relate to the sensitivity of the Accrued Benefits under AASB 1056 to changes in the expected return on Fund assets.

	<b>Base Case</b>	<b>Scenario A</b>	<b>Scenario B</b>
		<b>-0.5% return</b>	<b>+0.5% return</b>
Expected rates of return on Fund assets	7.0%/6.2%	6.5%/5.7%	7.5%/6.7%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Accrued Benefits (A\$)	937,587	952,006	923,703

### Expected contributions - Para 147(b)

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>Financial Year to 30 June 2025</b>			
	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>
Expected employer contributions	0	0	0	0

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

The weighted average duration of the defined benefit obligation is 5.6 years.

### Additional Information 30 June 2024

#### Profit or Loss Impact

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>Financial Year to 30 June 2024</b>			
	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>
Current service cost	0	4,159	0	4,159
Net interest	(735)	(255)	0	(990)
Past service cost	0	0	0	0
(Gains)/Loss on settlement	0	0	0	0
<b>Profit or loss component of the Defined Benefit Cost</b>	<b>(735)</b>	<b>3,904</b>	<b>0</b>	<b>3,169</b>

#### Other Comprehensive Income

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>Financial Year to 30 June 2024</b>			
	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>
Actuarial (gains) losses on liabilities	24,654	905	0	25,559
Actual return on Fund assets less Interest income	(32,901)	(5,636)	0	(38,537)
Change in the effect of asset ceiling	10,124	1,413	0	11,537
<b>Total remeasurement in Other Comprehensive Income</b>	<b>1,877</b>	<b>(3,318)</b>	<b>0</b>	<b>(1,441)</b>

## Notes to the Financial Statements (Continued)

### 18. CONTINGENT ASSETS AND LIABILITIES

#### (i) Contingent Assets

There are no known contingent assets.

#### (ii) Contingent Liabilities

The entity has received funding from the NSW Treasury during the financial year which has been recognised as revenue in accordance with applicable accounting standards. With respect to this revenue, the entity may have a contingent liability that is subject to legal professional privilege.

At the reporting date, it is not possible to estimate the likelihood of any repayment nor to determine the amount that might be repayable, and as such, no provision has been recognised in the financial statements. This matter will continue to be monitored, and any changes in the circumstances that could give rise to a repayment obligation will be reflected in the entity's financial statements as appropriate.

#### (iii) Legal Challenges

There are no known legal challenges pending against the entity other than participants challenging fines, suspensions or disqualifications.

### 19 COMMITMENTS

	2024	2023
	\$	\$
Commitments for minimum lease payments in relation to Non-cancellable operating leases are payable as follows:		
Due within one year	3,292	19,752
Later than one year but not later than two years	-	3,292
	3,292	23,044

### 20. FINANCIAL RISK MANAGEMENT

#### Overview

The entity has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Interest rate risk;
- Liquidity risk; and
- Market risk

The Members have overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

## Notes to the Financial Statements (Continued)

### 21 NOTE TO THE STATEMENT OF CASH FLOWS

	2024	2023
Note	\$	\$
<b>Reconciliation of Net Cash from Operating Activities to Surplus for the Year</b>		
Surplus for the year	(1,521,983)	453,490
Depreciation and Amortisation	11 1,057,652	897,438
Depreciation on Assets sold	11 (1,085,313)	(334,664)
	<b>(1,549,644)</b>	<b>1,016,264</b>
<b>(Deficit) / Surplus before changes in Working Capital Provisions</b>		
Changes in Assets and Liabilities		
Change in Trade and Other Receivables	4,953,696	(2,352,327)
Change in Prepayments and Other Assets	(59,602)	(126,758)
Change in Trade and Other Payables	(3,133,112)	4,898,008
Change in Employment Benefits	(52,361)	244,699
	<b>158,978</b>	<b>3,679,886</b>
<b>Net Cash Provided By Operating Activities</b>		

### 22 Asset Revaluation Reserve

	2024	2023
	\$	\$
<b>Balance at the beginning of the financial year</b>	5,332,301	5,332,301
Revaluation increment on Land and Buildings	-	-
<b>Balance at end of financial year</b>	<b>5,332,301</b>	<b>5,332,301</b>

### 23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

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

END OF AUDITED FINANCIAL STATEMENTS

# Financial Statements

## Industry Fund

### Industry Funds

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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 2024.

In the opinion of the Members of the entity: –

- (a) the accompanying financial statements and notes:
  - (i) comply with Accounting Standards and other mandatory professional reporting requirements, and
  - (ii) give a true and fair view of the entity's financial position as at 30 June 2024 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.

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**Ken Brown AM - Chairman**

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**Peter Nugent - Member**

**Dated: 27th September 2024**

## Lead Auditor's Independence Declaration

To the members of Harness Racing Industry Fund

I declare that, to the best of my knowledge and belief during the year ended 30 June 2024 there has been:

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

K S Black & Co  
Chartered Accountants

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Phillip Jones

Partner

**Dated:** 27th September 2024

## Independent Auditors' Report

To The Members Of Harness Racing Industry Fund

### Opinion

We have audited the financial reports of Harness Racing Industry Fund (the 'Entity') which comprises the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration by those charged with governance.

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

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2024 and of its financial performance for the year then ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 2 Accounting Interpretations.

### Basis of Opinion

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

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

### Other information

Those charged with the governance are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report therein.

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

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

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

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

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

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

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

## Independent Auditors' Report (Continued)

### Auditors' responsibility for the Financial Report

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

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

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

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

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

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

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

K S Black & Co

Chartered Accountants

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Phillip Jones

Partner

**Dated:** 27th September 2024

## Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Revenue from Continuing Operations</b>			
Breeding Contribution from HRNSW	3 (a)	3,400,000	3,100,000
Carnival of Cups Funding from HRNSW	3 (b)	199,629	216,732
Digital Rights		715,026	792,284
HRNSW Distribution	3 (c)	1,787,724	1,940,884
Nomination & Registration fees	3 (d)	403,478	513,616
Sponsorship Income		389,248	355,847
Interest Income		202,032	107,528
Other Income	3 (e)	199,342	139,775
<b>Total Revenue</b>		<b>7,296,480</b>	<b>7,166,666</b>
<b>Expenses from Continuing Operations</b>			
Breeders' Bonus Incentive Certificates	4 (a)	3,613,552	3,740,829
Carnival of Cups	4 (b)	1,279,137	-
Management Fees	4 (c)	222,917	212,300
Prizemoney	4 (d)	1,742,654	1,786,910
Industry Assistance	4 (e)	195,336	366,470
Harness Racing Australia and RISE Expenses		777,371	694,452
Other Expenses		228,975	9,118
<b>Total Expenses</b>		<b>8,059,943</b>	<b>6,810,079</b>
<b>(Deficit) / Surplus for the Year</b>		<b>(763,464)</b>	<b>356,586</b>
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Income for the Year</b>		<b>(763,464)</b>	<b>356,586</b>

The accompanying notes form part of these financial statements

## Statement of Financial Position

As at 30 June 2024

	Note	2024 \$	2023 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	3,390,185	2,945,788
Receivables	6	1,824,764	3,442,040
Other Current Assets	7	303,677	-
<b>Total Current Assets</b>		<b>5,518,626</b>	<b>6,387,828</b>
<b>TOTAL ASSETS</b>		<b>5,518,626</b>	<b>6,387,828</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	8	321,941	236,988
Borrowings	9	-	20,386
Income Received in Advance	10	354,779	354,247
Provision for Unredeemed Breeders Bonus	11	1,476,173	1,665,740
<b>Total Current Liabilities</b>		<b>2,152,893</b>	<b>2,277,362</b>
<b>NON-CURRENT LIABILITIES</b>			
Income Received in Advance	10	907,037	888,307
<b>Total Non-Current Liabilities</b>		<b>907,037</b>	<b>888,307</b>
<b>TOTAL LIABILITIES</b>		<b>3,059,929</b>	<b>3,165,668</b>
<b>NET ASSETS</b>		<b>2,458,697</b>	<b>3,222,160</b>
<b>EQUITY</b>			
Accumulated Surplus		2,458,697	3,222,160
<b>Total Equity</b>		<b>2,458,697</b>	<b>3,222,160</b>

The accompanying notes form part of these financial statements

## Statement of Cash Flows

for the financial year ended 30 June 2024

	2024	2023
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from HRNSW, Participants and Others	9,248,851	5,948,549
Interest from Investments and Bank Accounts	202,032	107,528
Payments to Suppliers and Participants	(8,986,101)	(7,475,805)
<b>Net Cash Provided by / (Used in) by Operating Activities</b>	<b>464,783</b>	<b>(1,419,729)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Payments)/Proceeds from Bank Overdraft	(20,386)	20,386
<b>Net Cash (Used in) / Provided by Financing activities</b>	<b>(20,386)</b>	<b>20,386</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents Held</b>	<b>444,397</b>	<b>(1,399,343)</b>
Cash and Cash Equivalents at the Beginning of the Year	2,945,788	4,345,131
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>3,390,185</b>	<b>2,945,788</b>

## Statement of Changes in Equity

for the financial year ended 30 June 2024

	2024	2023
	\$	\$
<b>Total Equity at the beginning of the financial year</b>	3,222,160	2,865,574
Total Comprehensive Income	(763,464)	356,586
<b>Total Equity at the end of the financial year</b>	<b>2,458,697</b>	<b>3,222,160</b>

The accompanying notes form part of these financial statements

## Notes to the Financial Statements

for the financial year ended 30 June 2024

### 1. STATEMENT OF ACCOUNTING POLICIES

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

#### a) Reporting Identity

Harness Racing Industry Fund (HRIF) derives income from arrangements put in place by Harness Racing New South Wales (HRNSW) and harness racing clubs for the management and distribution of funds available to the harness racing industry. The relevant Agreements are the *NSW Harness Racing TAB Clubs Arrangements* dated 26 February 1998 and as amended dated 27 May 1999 and 28 July 2000, and the *Intracode Agreement* dated July 2004.

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

#### b) Revision of Accounting Estimates

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

#### c) Cash and Cash Equivalents

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

#### d) Breeders' Owners Bonus Incentive Certificates

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

#### e) Breeders Challenge Registration

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

#### f) Income Tax

The Harness Racing Industry Fund has been recognised by the Australian Taxation Office as exempt and is not subject to income tax.

#### g) Revenue Recognition

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

#### HRNSW Distributions

Distributions from Harness Racing New South Wales HRNSW are recognised as they accrue to the benefit of the Fund based on distribution advices received from HRNSW.

#### Interest Earned / Financial Income

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

## Notes to the Financial Statements (Continued)

### Other Income

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

### Foal and Breeders Challenge Registration Fees

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

### h) Goods and Services Tax (GST)

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

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

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

### i) New Standards and Interpretations not yet adopted

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

### j) Financial Instruments

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

Cash and cash equivalents comprise cash balances and call deposits.

### k) Finance Income and Expenses

There are no finance expenses.

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

### l) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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.

## Notes to the Financial Statements (Continued)

### n) **Accounts Payable and Other Payables**

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

## 2. **BASIS OF PREPARATION**

### a) **Statement of Compliance**

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

The financial statements were approved by the Board of HRNSW on 27th September 2024.

### 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)**

	2024	2023
<b>3 OPERATING INCOME</b>	\$	\$
<b>(a) Breeding Contribution from HRNSW</b>		
Contribution from HRNSW	3,400,000	3,100,000
	<b>3,400,000</b>	<b>3,100,000</b>
<b>(b) Carnival of Cups Prizemoney Funding from HRNSW</b>		
Carnival of Cups Prizemoney funding	199,629	216,732
	<b>199,629</b>	<b>216,732</b>
<b>(c) HRNSW Distribution</b>		
Funds totalling 6% (FY 2023: 6%) of the Tabcorp Distribution were provided by HRNSW	1,787,724	1,940,884
	<b>1,787,724</b>	<b>1,940,884</b>
<b>(d) Nomination &amp; Registration fees</b>		
Breeders Challenge Income	403,478	424,446
Foal Registration Fee	-	89,170
	<b>403,478</b>	<b>513,616</b>
<b>(e) Other income</b>		
Carnival of Cups Hospitality Income	117,198	-
Fine Income	77,768	87,775
All Other	4,377	52,000
	<b>199,342</b>	<b>139,775</b>

## Notes to the Financial Statements (Continued)

	2024	2023
<b>4 OPERATING EXPENSES</b>	\$	\$
<b>(a) Breeders' Bonus Incentive Certificates</b>		
Breeders Challenge - Owners Bonus Certificates	1,797,720	1,795,633
Breeders Challenge - Nominator Bonus	1,455,000	1,623,000
Breeders Challenge - Group 1 Nominator Bonus	52,296	88,067
Breeders Challenge - Colonial Stallion Incentive	223,000	183,700
Other	85,537	50,429
	<b>3,613,552</b>	<b>3,740,829</b>

### (b) Carnival of Cups

Expenditure on re-formatted COC program	1,279,137	-
	<b>1,279,137</b>	<b>-</b>

The Carnival of Cups program was revitalised in FY2024 with a family friendly entertainment, food & beverage offering during and after the race meeting. This program enabled harness racing exposure to new audiences throughout regional NSW and drove significantly improved on-course attendance as a result.

### (c) Management Fees

Management Fees Paid to HRNSW	222,917	212,300
	<b>222,917</b>	<b>212,300</b>

A Management Fee is paid to HRNSW for the administration of the Breeders Challenge series and other services relating to the Industry Fund.

### (d) Prizemoney

Breeders Challenge	1,064,754	1,208,256
Carnival of Cups	422,900	326,100
Trotters Foundation & Trots NSW	255,000	252,554
	<b>1,742,654</b>	<b>1,786,910</b>

**Notes to the Financial Statements (Continued)**

<b>4 OPERATING EXPENSES (Cont)</b>	2024	2023
	\$	\$
<b>(e) Industry Assistance</b>		
Awards	29,402	41,405
Breeders Challenge - Rugs & Trophies	40,833	59,531
iForm	22,636	98,545
Industry Associations	26,905	20,000
Industry Training & Development	29,404	25,291
Marketing & Media	28,050	75,581
NSW Mini Trotting Association	16,823	17,876
Miscellaneous	1,283	28,241
	<b>195,336</b>	<b>366,470</b>
Additional Industry assistance such as Youth Development and Welfare is funded by HRNSW.		
<b>5 Cash and Cash Equivalents</b>		
Cash at Bank	1,273	-
Deposits with Bank	3,388,912	2,945,788
	<b>3,390,185</b>	<b>2,945,788</b>
<b>6 Receivables</b>		
Related Parties - HRNSW Receivables	1,755,558	3,371,726
Other Receivables	69,206	70,314
	<b>1,824,764</b>	<b>3,442,040</b>
<b>7 Other Current Assets</b>		
Prepayments	303,677	-
	<b>303,677</b>	-
<b>8 Payables</b>		
Payable to Clubs	19,250	24,750
Payable to Other Creditors	302,691	212,238
	<b>321,941</b>	<b>236,988</b>

**Notes to the Financial Statements (Continued)**

	2024	2023
<b>9 Borrowings</b>	\$	\$
Bank -Overdraft	-	20,386
	<b>-</b>	<b>20,386</b>

**10 Income Received In Advance**

Current Futurities	354,779	354,247
Non-Current Futurities	907,037	888,307
	<b>1,261,815</b>	<b>1,242,554</b>

Futurity income is collected progressively over several years for horses starting with Foal Notification, followed by 2 lots of sustaining fees and Stallion Nominator Fee. The fees are for 2YO, 3YO and 4YO Series that the horse is eligible to compete in as long as sustaining fees are met. This income is then held in advance and will be recognised as income over the 3 years that the races will be conducted for which the horse is eligible.

**11 Provision for Unredeemed Breeders Bonus Certificates**

	2024	2023
	\$	\$
Unredeemed Bonus Certificates	1,476,173	1,665,740
	<b>1,476,173</b>	<b>1,665,740</b>

The NSW Breeders Challenge Owner's Bonus Scheme is restricted to horses that have been nominated for the NSW Breeders Challenge and whose owners have paid the applicable nomination and sustaining payments (series fee or annual fee).

**12 Notes to the Statement of Cash Flows**

	2024	2023
	\$	\$
(Deficit) / Surplus for the year	(763,464)	356,586
<b>(Deficit) / Surplus before changes in Working Capital Provisions</b>	<b>(763,464)</b>	<b>356,586</b>
Change in Trade and Other Receivables	1,617,276	(2,001,367)
Change in Trade and Other Payables	84,953	61,373
Change in Other Assets	(303,677)	-
Change in Unredeemed Bonus Incentive Certificates	(189,567)	175,066
Change in Income in Advance	19,261	(11,388)
<b>Net Cash Provided by / (Used in) Operating Activities</b>	<b>464,783</b>	<b>(1,419,729)</b>

**END OF AUDITED FINANCIAL STATEMENTS**

# Financial Statements

## Racecourse Development Fund

### **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 2024.

In the opinion of the Members of the entity: –

- (a) the accompanying financial statements and notes:
  - (i) comply with Accounting Standards and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the entity's financial position as at 30 June 2024 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.

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**Ken Brown AM - Chairman**

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**Peter Nugent - Member**

**Dated: 27th September 2024**

## Lead Auditor's Independence Declaration

To The Members Of Harness Racing Racecourse Development Fund

I declare that, to the best of my knowledge and belief during the year ended 30 June 2024 there has been:

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

K S Black & Co

Chartered Accountants

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Phillip Jones

Partner

**Dated:** 27th September 2024

## Independent Auditors' Report

To the Members of Harness Racing Racecourse Development Fund

### Opinion

We have audited the financial report of Harness Racing Racecourse Development Fund (the 'entity') which comprises the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration by those charged with governance.

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

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2024 and of its financial performance for the year then ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 3 Accounting Interpretations.

### Basis of Opinion

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

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

### Other information

Those charged with the governance are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report therein.

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

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

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

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

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

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

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

## Independent Auditors' Report (Continued)

### Auditors' responsibility for the Financial Report

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

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

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

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

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

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

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

K S Black & Co

Chartered Accountants

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Phillip Jones

Partner

**Dated:** 27th September 2024

## Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Revenue from Continuing Operations</b>			
HRNSW Distribution	3 (a)	595,908	646,961
HRNSW Contribution for Infrastructure Upgrades	3 (b)	1,026,000	1,650,485
HRNSW Contribution for Replacement of Equipment	3 (c)	750,000	750,000
Interest Income		27,632	46,317
Other Income		16,360	14,667
<b>Total Revenue</b>		<b>2,415,900</b>	<b>3,108,430</b>
<b>Expenses from Continuing Operations</b>			
Administration Expenses		42,037	19,236
Owned Property and Training Centre Expenses	4 (a)	91,661	43,185
Club Track & Infrastructure Funding	4 (b)	608,874	355,578
Depreciation Expense	8	1,205,379	1,073,250
<b>Total Expenses</b>		<b>1,947,951</b>	<b>1,491,249</b>
<b>Surplus for the Year</b>		<b>467,950</b>	<b>1,617,181</b>
<b>Other Comprehensive income</b>		-	-
<b>Total Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Income for the Year</b>		<b>467,950</b>	<b>1,617,181</b>

The accompanying notes form part of these statements

## Statement of Financial Position

As at 30 June 2024

	Note	2024 \$	2023 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	4,201	7,170
Other Receivables	6	1,128,620	1,746,947
<b>Total Current Assets</b>		<b>1,132,821</b>	<b>1,754,117</b>
<b>NON-CURRENT ASSETS</b>			
Loans Receivable	7	-	332,963
Property, Plant & Equipment	8	45,553,920	44,783,533
<b>Total Non Current Assets</b>		<b>45,553,920</b>	<b>45,116,496</b>
<b>TOTAL ASSETS</b>		<b>46,686,742</b>	<b>46,870,614</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	9	952,079	1,603,901
<b>Total Current Liabilities</b>		<b>952,079</b>	<b>1,603,901</b>
<b>TOTAL LIABILITIES</b>		<b>952,079</b>	<b>1,603,901</b>
<b>NET ASSETS</b>		<b>45,734,663</b>	<b>45,266,713</b>
<b>EQUITY</b>			
Accumulated Surplus		26,406,408	25,938,459
Asset Revaluation Reserve	13	19,328,255	19,328,255
<b>Total Equity</b>		<b>45,734,663</b>	<b>45,266,713</b>

The accompanying notes form part of these statements

## Statement of Cash Flows

for the financial year ended 30 June 2024

	2024	2023
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from HRNSW, Participants and Others	3,307,255	1,782,411
Interest from Investments and Bank Accounts	27,632	46,317
Payments to Suppliers and Participants	(1,362,089)	243,177
<b>Net Cash Provided by Operating Activities</b>	<b>1,972,797</b>	<b>2,071,905</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans made to Clubs and Other	-	(4,820)
<b>Net Cash (Used in) Financing Activities</b>	<b>-</b>	<b>(4,820)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Property, Plant & Equipment	(1,975,766)	(5,063,182)
<b>Net Cash (Used in) Investing Activities</b>	<b>(1,975,766)</b>	<b>(5,063,182)</b>
<b>Net (Decrease) in Cash and Cash Equivalents Held</b>	<b>(2,969)</b>	<b>(2,996,097)</b>
Cash and Cash Equivalents at the Beginning of the Year	7,170	3,003,267
<b>Cash and Cash Equivalent at End of the Year</b>	<b>4,201</b>	<b>7,170</b>

## Statement of Changes in Equity

for the financial year ended 30 June 2024

	2024	2023
	\$	\$
<b>Total Equity at the beginning of the financial year</b>	45,266,713	43,649,532
Surplus for the Year	467,950	1,617,181
<b>Accumulated Surplus at end of Financial Year</b>	<b>45,734,663</b>	<b>45,266,713</b>
Other Comprehensive Income for the Year	-	-
<b>Total Equity at the end of the financial year</b>	<b>45,734,663</b>	<b>45,266,713</b>

The accompanying notes form part of these statements

## Notes to the Financial Statements

for the financial year ended 30 June 2024

### 1. STATEMENT OF ACCOUNTING POLICIES

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

#### a) Reporting Identity

On 1 July 1998 the NSW Government wound up the predecessor of this Fund, the Racecourse Development Committee (RDC) and transferred the assets, agreements and rights of the Committee to the relevant controlling body of the three codes within the racing industry. The Harness Racing Racecourse Development Fund (RDF) was established to take over responsibility for determining and managing the harness racing industry capital development.

Arrangements were put into place by Harness Racing New South Wales (the previous HRNSW) and harness racing clubs for the management and funding of the RDF. The relevant agreements are the *NSW Harness Racing TAB Clubs Arrangements dated 26 February 1998* and as amended dated 27 May 1999 and 28 July 2000, and the *Intracode Agreement dated July 2004*.

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

#### b) Revision of Accounting Estimates

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

#### c) Cash and Cash Equivalents

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

#### d) Grants

The RDF has provided financial assistance by means of 'Interest Free Interminable Loans'. These advances are, in effect, a conditional grant. The loans are interest free and interminable and will not be subject to repayment unless:

- (a) The club/association carries out its activities in such a manner as to jeopardise its financial position or;
- (b) The club/association disposes of freehold property on which the improvements (the subject of the financial assistance) are located.

The RDF has also provided financial assistance by means of repayable loans and grants.

#### e) Income Tax

The Harness Racing Racecourse Development Fund has been recognised by the Australian Taxation Office as exempt and is not subject to income tax.

#### 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.

## Notes to the Financial Statements (Continued)

### Interest Earned / Financial Income

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

### Other Income

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

### g) Goods and Services Tax (GST)

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

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

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

### h) New Standards and Interpretations not yet adopted

There are no new Standards or Interpretations that have any material effect.

### i) Financial Instruments

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

Cash and cash equivalents comprise cash balances and call deposits.

#### Deposits

Deposits consist of held-to-maturity investments placed with various banks.

#### Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

### j) Impairment

#### Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

## Notes to the Financial Statements (Continued)

### 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.

### l) Accounts Payable and Other Payables

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

## 2. BASIS OF PREPARATION

### a) Statement of Compliance

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

The financial statements were approved by the Board of HRNSW on 27th September 2024.

### 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)**

	2024	2023
<b>3 OPERATING INCOME</b>	\$	\$
<b>(a) HRNSW Distribution</b>		
Funds totalling 2% (FY 2023: 2%) of the Tabcorp Distribution were provided by HRNSW	595,908	646,961
	<b>595,908</b>	<b>646,961</b>
<b>(b) HRNSW Contribution for Infrastructure Upgrades</b>		
HRNSW Infrastructure Contribution	1,026,000	1,650,485
	<b>1,026,000</b>	<b>1,650,485</b>
<b>(c) HRNSW Contribution for Replacement of Equipment</b>		
HRNSW Asset Replacement Scheme Contribution	750,000	750,000
	<b>750,000</b>	<b>750,000</b>

## Notes to the Financial Statements (Continued)

		2024	2023
4	OPERATING EXPENSES	Note	\$
<b>(a) Owned Property and Training Centre Expenses</b>			
	Burgmanns Lane Tamworth	13,125	13,114
	Bathurst	14,417	9,717
	Riverina Paceway	54,142	20,354
	Paceway Tamworth	9,976	-
		<b>91,661</b>	<b>43,185</b>
<b>(b) Club Track &amp; Infrastructure Funding</b>			
	Expenditure on various tracks throughout the state	608,874	355,578
		<b>608,874</b>	<b>355,578</b>
<p>All expenditure on non-owned new tracks and the training centre is expensed in the year in which it is incurred rather than capitalised and written off over the expected life of the asset or the lease. Where tracks and land are owned and, where relevant, the expenditure is capitalised.</p>			
<b>5 Cash and Cash Equivalents</b>			
	Cash at Bank	1,862	4,922
	Future Fund	2,339	2,248
		<b>4,201</b>	<b>7,170</b>
<b>6 Other Receivables</b>			
	Due from Related Parties - HRNSW	1,025,289	1,736,819
	Due from Clubs	-	10,128
	Trade & Other Receivables	103,332	-
		<b>1,128,620</b>	<b>1,746,947</b>

## Notes to the Financial Statements (Continued)

	2024	2023
<b>7 Loans Receivable</b>	\$	\$
Balance at the Beginning of the year	332,963	328,143
Loans made during the year	-	4,820
Less Loans not recoverable	(332,963)	-
Balance at the End of the Year	<u>-</u>	<u>332,963</u>
Balance due within one year	-	-
Balance due longer than one year	-	332,963
	<u>-</u>	<u>332,963</u>

<b>8 Property, Plant &amp; Equipment</b>	Land	Buildings and related Track infrastructure	Other Equipment	Tractors and Other Vehicles	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2023</b>						
Opening Net Book value	<b>23,685,091</b>	<b>15,513,658</b>	<b>177,186</b>	<b>709,662</b>	-	<b>40,085,598</b>
Additions	-	1,124,293	732,911	121,327	3,084,650	<b>5,063,182</b>
Depreciation charge	-	(620,546)	(253,140)	(199,564)	-	<b>(1,073,250)</b>
Disposals	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-
Revaluation of Properties	-	-	-	-	-	-
<b>Closing net book amount</b>	<b>23,685,091</b>	<b>16,017,406</b>	<b>656,957</b>	<b>631,426</b>	<b>3,084,650</b>	<b>44,075,530</b>
<b>At 30 June 2023</b>						
Cost or fair value	23,685,091	16,637,952	1,151,654	1,220,740	3,792,653	46,488,090
Accumulated depreciation	-	(620,546)	(494,697)	(589,314)	-	(1,704,557)
<b>Net Book Value</b>	<b>23,685,091</b>	<b>16,017,406</b>	<b>656,957</b>	<b>631,426</b>	<b>3,792,653</b>	<b>44,783,533</b>
<b>Year ended 30 June 2024</b>						
Opening Net Book value	<b>23,685,091</b>	<b>16,017,406</b>	<b>656,957</b>	<b>631,426</b>	<b>3,792,653</b>	<b>44,783,533</b>
Additions	-	145,130	305,234	498,589	1,026,813	<b>1,975,766</b>
Depreciation charge	-	(665,518)	(315,305)	(224,556)	-	<b>(1,205,379)</b>
Disposals	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-
Revaluation of Properties	-	-	-	-	-	-
<b>Closing net book amount</b>	<b>23,685,091</b>	<b>15,497,017</b>	<b>646,886</b>	<b>905,460</b>	<b>4,819,466</b>	<b>45,553,920</b>
<b>At 30 June 2024</b>						
Cost or fair value	23,685,091	16,783,081	1,456,888	1,719,330	4,819,466	48,463,856
Accumulated depreciation	-	(1,286,064)	(810,002)	(813,870)	-	(2,909,936)
<b>Net Book Value</b>	<b>23,685,091</b>	<b>15,497,017</b>	<b>646,886</b>	<b>905,460</b>	<b>4,819,466</b>	<b>45,553,920</b>

## Notes to the Financial Statements (Continued)

	2024	2023
<b>9 Payables</b>	\$	\$
Related Party due to HRNSW	294,107	543,910
Trade and Other Payables	657,972	1,059,991
	<b>952,079</b>	<b>1,603,901</b>

### 10 Contingent Liabilities & Commitments for Expenditure

#### (a) Training Centre Funding

HRNSW resolved that all tracks throughout NSW may receive operational funding grants to maintain existing facilities. Clubs are required to make individual applications for grants

#### (b) Infrastructure Expenditure

In addition to 10(a) above, the Board resolved to allocate amounts for expenditure on certain infrastructure in FY2024 including funds for the completion of a new Training Facility at Gold Crown Paceway Bathurst. The Construction of this new harness racing training centre at Bathurst is in progress and expected to be completed by the end of the calendar year.

#### (c) Asset Replacement Scheme

The Board of HRNSW provided an allocation of \$0.750m for the purchase of track equipment for the year ended 20 June 2024.

### 11 Contingent Assets

#### Interest Free Interminable Loans

The RDF has 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 2024 amount to:

	2024	2023
	\$	\$
Interest Free Interminable Loans		
Carried Forward from Previous Years	14,977,908	14,977,908
Funding Approved during the year	-	-
Less Interest Free Interminable Loans to Clubs not recoverable	-	-
<b>Balance at the end of the Financial Year</b>	<b>14,977,908</b>	<b>14,977,908</b>

## Notes to the Financial Statements (Continued)

12	Notes to the Statement of Cash Flows		2024	2023
		Note	\$	\$
	<b>Surplus for the Year</b>		467,950	1,617,181
	Depreciation and Amortisation	8	1,205,379	1,073,250
	<b>Surplus before changes in Working Capital Provisions</b>		<b>1,673,329</b>	<b>2,690,431</b>
	Change in Trade and Other Receivables		951,290	(1,441,740)
	Change in Trade and Other Payables		(651,822)	823,214
	<b>Net Cash Provided by Operating Activities</b>		<b>1,972,797</b>	<b>2,071,905</b>
13	<b>Asset Revaluation Reserve</b>			
	Balance at beginning of financial year		19,328,255	19,328,255
	Revaluation increment		-	-
	<b>Balance at end of financial year</b>		<b>19,328,255</b>	<b>19,328,255</b>

The asset revaluation reserve arises on the revaluation of land

## 14. FINANCIAL RISK MANAGEMENT

### Overview

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Interest rate risk;
- Liquidity risk; and
- Market risk

The Members have overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities. The Fund 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

