



ANNUAL REPORT 2014



Front Cover: Amanda Turnbull

Back Cover L-R: KerryAnn Turner, Polly Downing, Kylie Barnes, Martelle Maguire, Melissa Hawke, Amanda Turnbull, Amy Day, Seryn Adams, Lauren Panella and Nicole Molander.

Contents

Chairman's Report	4
Chief Executive Report	8
Racing Highlights	12
Review of Operations	16
Finance	17
Racing	28
Breeding and Animal Welfare	36
TAB Carnival of Cups	44
Integrity	48
Marketing, Media and Public Relations	52
External Relations	56
Corporate Structure	60
Industry Associations	64
Harness Breeders NSW.....	64
Mini Trots NSW	66
United Harness Racing Association	68
Corporate Governance	70
Financial Reports	76
Harness Racing New South Wales	78
Harness Racing Industry Fund	114
Harness Racing Racecourse Development Fund	126

Chairman's Report





Rex Horne - Chairman

The 2013/14 financial year was a watershed year for the industry in many ways. It is the second full year that the industry has enjoyed revenues from both the TAB and Corporate Wagering Operators and plans are well under way for the development of new tracks and training centres across the state. The 'Green Light' affair is behind us and we now move forward with one of the strongest integrity units across all codes in Australia.

February 2014 also marked another significant change for the harness racing industry. Graeme Campbell, Chairman for the past eight years, completed his term and retired from the Board. Graeme made an incredible contribution to the industry which is in far better shape as a result of his leadership.

Graeme led from the front on the significant issues that the industry faced during his time as Chairman including the SKY versus TVN imbroglio, Equine Influenza, the introduction of the Carnival of Cups concept, improvements to breeding schemes and the Breeders Challenge series, developing and improving relationships with the other codes, government and the industry, amalgamating two industry bodies in July 2009, the "Green Light" scandal, pursuing the race fields legislation, increasing prize money and developing plans and commencing the building of new infrastructure at various locations around the state. In all, an outstanding contribution.

Sadly, HRNSW also lost the services of Mr Sam Nati who resigned and left the organisation in August 2014 after five years as Chief Executive Officer. Like Graeme Campbell no one should underestimate the contribution that Sam has made to the industry. Sam faced most the above issues however he lived and breathed each on a daily basis and was charged with the responsibility of resolving or implementing each. To Sam, I thank you for your services to the NSW harness racing industry.

As we say goodbye to one Chief Executive Officer, I welcome John Dumesny to the role which he commenced with vigour on 1st September 2014. John comes into the role with over 30 years experience in the industry.

On a positive note, total prizemoney paid in FY2013/14 amounted to \$31.34 million and included \$0.365m from the Prizemoney Contingency Fund, \$0.415m Carnival of Cups funding, Breeders Challenge funding in excess of \$1.000m and club contributions in excess of \$4.800m. This funding matched that paid out in FY2012/13.

HRNSW finished the year with a published surplus of \$2,027,378. However after deducting the grant of \$1,351,492 for the land purchase at Tamworth and other minor adjustments the carried forward balance was \$695,351. This surplus has been earmarked in the FY2014/15 budget for prizemoney and club funding.

The 2014 Inter Dominion was another outstanding event. The revamped series was once again the result of a tripartite commercial accord between Destination NSW, the Principal Club (NSWHRC) and HRNSW.

The new format, first used for the 2013 series, provided two significant television broadcasts – the Sky 2 coverage of the Qualifying Heats and the Channel 9, Wide World of Sports, national telecast of the Grand Final. It was only the second time an Inter Dominion Grand Final had been seen live on free-to-air television for 25 years.

The win by Beautide in the Inter Dominion final was something very special taking into account that only 9 months earlier he was assessed as an M0. Special congratulations must go to trainer/driver James Rattary for his outstanding Inter Dominion win and also for the Miracle Mile and Len Smith Mile wins.

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

The NSW TAB remains HRNSW's predominate funding source however the percentage of total wagering revenue slipped to 78%. Total wagering revenue received was \$42.931m, up from \$41.141m received in FY2012/13. The percentage of revenues received from the TAB fell from 83% to 78% with a corresponding increase from Corporate Wagering Operators.

The industry's female participants once again continued their great run of success over their male counterparts.

Amanda Turnbull provided two highlights for the year – firstly, for the second year in succession she won the

state-wide Drivers Premiership with 203 wins and secondly, for driving her 1,000th career winner; a feat achieved at the Peak Hill Carnival of Cups meeting in June. Amanda was the youngest and quickest driver to achieve this magnificent milestone.

We have some outstanding young female drivers in NSW and special congratulations to Lauren Panella who was the leading metropolitan driver with 49 wins and 147 state-wide winners.

Steve Turnbull continues to uphold the famous Turnbull family name by claiming a runaway win to take the state-wide Trainers Title with 211 wins. Steve's success can be attributed to his dedication and long hours of hard work.

Following the success of the partnership with the well known Australian rock artist Shannon Noll in 2013 HRNSW engaged country music star Adam Brand to perform at a number of Carnival of Cups meetings throughout the year. The concept once again proved to be a great success and provided strong awareness of the brand and harness racing.

The Breeders Challenge continued to grow as a brand and its worth can be measured, in part, by the increased success of locally bred horses on the national stage.

The Breeders Challenge Nominators Bonus commenced in FY2013/14. The \$3,000 cash bonus was paid to the foal nominator upon a horses' first 2YO career penalty win. In FY2013/14 \$177,000 in bonuses were paid.

In FY2014/15 the bonuses will roll into 3YO's as well and it is expected that bonuses paid will increase to approximately \$500,000.

As outlined in previous Annual Reports HRNSW received \$25.5 million from the sale of Harold Park. The Board drew up an infrastructure program which included new facilities at Bathurst, Wagga, Tamworth and Menangle Park (training centre) and upgrades at Goulburn (completed), Penrith, Newcastle (lighting completed) and potentially Hawkesbury (as a training centre).

As I write this report construction of the new track at Bathurst is nearing completion. It is expected that the track and related infrastructure will be completed by late September and the opening race meeting will be held there on Sunday 19 October. Negotiations were completed in late 2013 for the purchase of a suitable site at Tamworth for a new track and final settlement of the land occurred in April 2014. Board and management are working closely with Tamworth Regional Council on all relevant documentation including re-zoning and the process will continue throughout FY2014/15.

Positive news is also coming out of the Riverina area where HRNSW has agreed to terms to purchase a suitable site at Wagga Wagga and exchanged contracts on 18 September 2014. As with Tamworth, both the Board and management are working with Council to lodge all necessary documentation to ensure that building approvals can be obtained as soon as possible. Providing approvals are received in time, construction of the new track should begin in early 2015.

Work on the Strategic Plan is well underway and the document will be released in the immediate future.

In summary, FY2013/14 was an incredibly busy period for HRNSW, however many challenges remain. As Chairman I am happy to say that I have a full agenda of items to undertake during my term. We will implement a new handicapping system on 1st September and the new media centre, which was launched in late August, will be gradually enhanced and updates released in stages over the coming year. These two items, together with the various track and infrastructure improvements, will ensure that I will be game fully employed over the coming twelve months.

The industry was saddened to learn of the sudden passing of Ross Gigg earlier this year. Ross was an outstanding Chief Executive Officer who served the Newcastle Harness Racing Club for 22 years. He was a former Chairman of the Harness Racing Committee, President and Life Member of the Caduceus Club and latterly was involved in the development of junior drivers. Ross will be sadly missed by the harness racing industry.

I would also like to wish the best of luck to all our stakeholders, whether it be on the track or in the sale ring. I hope your investment in our industry pays you dividends.

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

I would also like to thank my fellow Board Members, Mr Chris Edwards, Mr Graham Kelly, Mr Alex Smith and Mr Rod Smith and of course, our previous Chairman Mr Graeme Campbell. Thanks are also extended to the management team and staff at HRNSW under the leadership of Chief Executive Sam Nati for their significant contribution over the past twelve months.

Rex Horne
Chairman



Chief Executive Officer Report

“ I would especially like to thank the management and staff for their contribution to the industry, not just in FY2013/14, but for my entire term as Chief Executive. — Sam Nati ”





Sam Nati - Former CEO

A fluid wagering landscape created further challenges for the HRNSW budget in FY2013/14; however the operating surplus of \$695,351 was a very pleasing outcome when all factors are considered.

Race Fields revenue climbed above expectations assisted significantly by way of income received from Premier Gateway International (PGI). PGI is a global co-mingling solution developed by Tabcorp in partnership with Phumelela in South Africa and epitomises the evolution and internationalisation of the wagering business.

Despite being based off shore in the Isle of Man, PGI provides additional revenue for the domestic racing industry although, for clarity, it's not a function of the Racing Distribution Agreement (RDA) and therefore is reflected as Race Fields revenue.

The ratio of wagering income generated from the RDA compared to Race Fields fees continues to shift dramatically. In FY2007/08 it was 100:0 while in FY2013/14 it was 78:22. As such, revenue from this latter source jumped to a record \$9.4 million in FY2013/14 (including a one-off payment of ~\$1 million).

It is fair to say that HRNSW has adapted strongly to the new paradigm and focusing on this part of the business in the future remains a strong priority.

It should be noted that our position to mandate 1.5% on turnover (in conjunction with Racing NSW) from all wagering operators was heavily criticised during the litigation process as being too onerous. Notwithstanding that, our fees are now relatively low in comparison to other controlling bodies that are as high as 3% in some cases.

The legislation in NSW currently prohibits an increase to the base Race Fields base, although we do charge 2% on turnover for premium meetings. The formal position articulated to the NSW Government is for the removal of the Race Fields cap to allow more flexibility. This is likely to be considered as part of the taxation review being conducted in FY2014/15. But any decision to raise the Race Fields levy must be measured as part of the broader longer term strategy to ensure that we remain a relevant product for all wagering operators.

It is absolutely true that the internet and mainstream exposure to what once were obscure sports has created an unprecedented level of competition within the wagering sphere.

Of course it stands to reason that additional income provides the platform for additional expenditure and as such HRNSW was again able to yield further funds to the industry in FY2013/14. The introduction of the Nominator's Bonus represents a significant investment in the breeding sector. The benefits of this incentive will continue to grow in FY2014/15 as it is expanded to the current two and three-year-old crops.

In a related initiative, HRNSW allocated the money received from Harness Racing Australia (HRA) as part of the New Zealand import fee to offer Breeders Challenge Blue Incentive Certificates worth \$500 to eligible participants.

That was done in conjunction with the Breeding Season Launch at Pepper Tree Farm in September when the Breeders Challenge Blue series, for 100% NSW bred horses, was also announced. The new race series provides yet another layer to the Breeders Challenge offering and further opportunities for owners to earn significant prizemoney.

While on the topic of Pepper Tree Farm I was delighted to finalise a three-year sponsorship deal which attaches the progressive nursery to the Breeders Challenge. Rob and Julie VanDyke have been tremendous supporters of HRNSW and rewarded that faith in the best possible way.

Our other major emphasis, the Carnival of Cups, continued to perform extremely well across the state. Utilising Adam Brand as the entertainer and ambassador the roster of Carnival of Cups meetings included Armidale for the first time. The Armidale club had been working with HRNSW for two years in the hope and expectation of conducting race meetings again after a considerable hiatus.

We also used the champion Olympic Gold medallist Stephanie Rice as an ambassador in conjunction with the Inter Dominion. Stephanie provided superb exposure through the mainstream media and was amenable to work with. She also appeared on Channel 9's coverage of the Inter Dominion Grand Final which was seen nationally on free-to-air television for the second consecutive year.

The HRNSW Infrastructure Plan took visible shape in FY2013/14. The major development at the base of Mount Panorama in Bathurst went from a greenfields site to one that will be completed in time for the official opening in October 2014. The new facility takes the industry well into the 21st Century and is a template for a similar track in (North) Wagga.

Other notable outcomes in this regard include the purchase of a strategically significant parcel of land in Tamworth. The property will not only house a new track in the north-west, but also provides a myriad of potential commercial opportunities. It is particularly important to inaugurate non-wagering income streams into the fiscal mix for the long term sustainability of the industry.

There were many wonderful achievements on the track – both human and equine. The rise and rise of Beautide was the clear highlight as the adopted Sydney-sider ran rampant winning the Miracle Mile and the Inter Dominion Grand Final for impressive young trainer-driver James Rattray.

A special mention goes to Steve and Amanda Turnbull for winning the respective NSW State Premierships (once again) and the performance of Shane Tritton and Lauren Panella for making an indelible mark on the metro scene.

On a much more poignant note the industry was deeply saddened by the sudden loss of Newcastle CEO Ross Gigg. A much loved guy, Ross was the heart and soul of the Newcastle

Harness Racing Club and will be sorely missed by the entire fraternity.

One of the major projects undertaken during FY2013/14 was the development of the Harness Media Centre. Given the decline in newspaper readership, the rise in digital and the difficulty associated with securing consistent media coverage, the new website allows us to fashion our own destiny and produce relevant content for customers and stakeholders alike. The Media Centre is a joint venture between HRNSW and the NSW Harness Racing Club.

I would particularly like to acknowledge the previous Racing Minister, George Souris, and his successor Troy Grant for their ongoing support and assistance. The relationship between HRNSW and the respective Ministers has been well fostered.

Graeme Campbell's tenure as Chairman ended in February and he was replaced by Rex Horne. I'd like to thank both of them for their support and guidance during the year as I do to all Board Members.

In closing I would especially like to thank the management and staff for their contribution to the industry, not just in FY2013/14, but for my entire term as Chief Executive.

Sam Nati
Former Chief Executive Officer



The new Bathurst Harness Racing Track under construction.



Racing Highlights



“ The rise and rise of Beautide was the clear highlight as the adopted Sydney-sider ran rampant winning the Miracle Mile and the Inter Dominion Grand Final for impressive young trainer-driver James Rattray. — Sam Nati ”



BEAUIDE

- Australian Harness Horse of the Year
- Australian Pacer of the Year
- Australian Pacing Horse/Gelding of the Year
- NSW Horse of the Year
- NSW Aged Horse of the Year
- NSW Aged Entire/Gelding of the Year
- Won G1 Inter Dominion Grand Final
- Won G1 Miracle Mile
- Won G1 Len Smith Mile
- Highest Prizemoney Earner FY2013/14 (\$1,119,844)



FRITH

- Australian Aged Pacing Mare of the Year
- NSW Aged Mare of the Year
- Won G1 Breeders Crown 4YO Mares Final
- Won G1 NSW Breeders Challenge 4YO Mares Final



BLING IT ON

- Australian 3YO Pacing Colt/Gelding of the Year
- NSW 3YO of the Year
- NSW 3YO Colt/Gelding of the Year
- Won G1 Queensland Derby
- Won most number of races in FY2013/14 (17)



KEYSTONE DEL NZ

- Australian Trotter of the Year
- Australian Aged Trotting Horse/Gelding of the Year
- NSW Aged Trotter of the Year
- Highest Prizemoney Earning Trotter in FY2013/14 (\$437,689)



Tabcorp park Menangle



Review of Operations Finance



FY2013/14 was the second full year of revenues received from both the TAB and wagering operators being used to fund the industry.

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

Total revenue from the TAB and wagering operators amounted to \$42,931,037. Gross revenues from the TAB were \$33,458,278 and a further \$9,472,759 was derived from wagering operators, including revenue from Premier Gateway International (PGI) for the first time.

HRNSW Result

Harness Racing NSW produced a statutory surplus of \$2,027,378 for the year to 30 June 2014.

The result includes a grant of \$1,351,492 from the RDF which was used to purchase a parcel of vacant land for the new Tamworth track and related infrastructure.

After the impact of the grant and other items such as depreciation are adjusted, the surplus available to be carried forward to next year is \$695,351. This carried forward balance will be used to fund prize money and club administration funding.

As in prior years additional distributions were made by HRNSW including:

- (i) \$255,000 was used to assist with the funding of prize money for the 2014 Inter Dominion race;
- (ii) \$149,000 was distributed to the Industry Fund to assist with marketing expenses associated with the 2014 Inter Dominion;
- (iii) \$515,000 was distributed to the Industry Fund for breeding schemes;
- (iv) \$139,000 was paid to the Racecourse Development Fund for Race Fields legal fees not recovered from Sportsbet and Betfair.

Payments for (i) and (iv) were taken from the surplus race fields fund (Future Fund).

Total Revenue

Total revenue increased by \$2,566,349 to \$47,046,910. This was driven by increased race fields revenue for the year. Race Fields revenue grew during the year from existing and new wagering operators including PGI, an offshore arm of the TAB, which commenced business in FY2012/13.

The final TAB Distribution for FY2013/14 of \$33,458,278 was down by \$687,262 or 2.01% on that received during FY2012/13. However, it should be noted that the FY2012/13 distribution

contained a 'one off' amount of \$727,606 of GST free income from the TAB's international operations. When this figure is backed out total TAB revenue was actually \$40,344 above that received in FY2012/13.

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

The historical trend of TAB revenues shifting from pari-mutual to fixed odds wagering continued in FY2013/14 with fixed odds making up 14.67% of total wagering revenues.

Race fields revenue for the year was \$9,472,759, an increase of \$2,477,016 on that received in FY2012/13. PGI revenue of \$1,844,123 was the main contributor to this improvement, however \$924,566 of this related to prior years.

Numerous reviews of wagering operators were conducted throughout FY2013/14, which yielded additional revenues of approximately \$76,218 for the year.

Race fields contributed 22.07% of the total revenue received in FY2013/14, up from 17.00% last year.

In accordance with the 2010-2013 Strategic Plan, Race Fields income was to be allocated as follows:

- (i) Sky Racing Video Costs – approximately \$1.5 million;
- Once the above allocation has been made the residual was to be allocated as follows:
- (ii) Prize money increases – 68% of residual;
 - (a) 25% to NSWHRRC;
 - (b) 75% to all other clubs;
 - (iii) Breeding initiatives – 22% of residual;
 - (iv) Marketing initiatives – 10% of residual.

A significant change was made to the original allocations during FY2012/13 and FY2013/14 which will also apply in FY2014/15.

The change involves the allocation of up to \$700,000 towards additional integrity expenses before allocations are made to prize money.

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

Revenue Channel Contribution FY2008-FY2014

Category	2008 \$'000's	2009 \$'000's	2010 \$'000's	2011 \$'000's	2012 \$'000's	2013 \$'000's	2014 \$'000's
TAB	100.00%	91.42%	84.82%	85.54%	80.62%	83.00%	77.93%
Race Fields	0.00%	8.58%	15.18%	14.46%	19.38%**	17.00%	22.07%

** Race Fields revenue spiked in FY2011/2012 as a consequence of the receipt of \$1.5million from Sportsbet relating to prior years.

Expenditure

Total Harness Racing NSW expenses increased from \$44,275,434 to \$45,019,532 mainly due to increases in prize money payments and club administration funding.

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

Travel expenses increased over the year mainly due to additional steward and integrity travel.

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

During FY2011/12 the Board resolved to allocate \$1.0m from interest earned on the Racecourse Development Fund towards the emergency integrity fund. In FY2011/12 \$412,490 was utilised, a further \$93,823 was expensed during the FY2012/13 year and costs of \$31,836 were incurred in the current financial year. Furthermore, additional integrity assets were purchased or built during the year.

Industry Fund

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

In FY2013/14 \$2.325 million was received by the Industry Fund from the TAB Distribution.

The Fund received \$515,000 from race fields revenues derived during FY2013/14 for breeding initiatives in accordance with the strategic plan and a further \$149,000 as a contribution towards Inter Dominion marketing expenses that the Fund incurred during the year.

Expenditure for the year was \$5.119 million. The majority of Industry Fund expenditure was dedicated to the Breeders Challenge Series as well as the State Bred Bonus Scheme and Breeders Challenge Owners Bonus Scheme which are essential to the development of the breeding industry and hence long-term sustainability of racing.

Financial support of \$16,668 to the Mini-Trotting Association, for both mini and maxi trots, was in line with previous initiatives designed to develop younger drivers and participants into the industry.

During the year the Fund also supported the Harness Racing Academy development program, a new initiative between the Newcastle Harness Racing Club and the Hunter Academy of Sport. This program is offered to promising junior participants. It provides coaching and guidance on the demands of participating in a modern professional sporting environment.

Racecourse Development Fund

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

In FY2013/14 a total of \$664,162 was provided to the RDF from the TAB Distribution.

The Fund earned a significant amount of interest during the year. The interest earned was not as high as previous years due to heavy expenditure made on projects such the Bathurst development and the Tamworth land purchase.

Significant progress was made on the new Bathurst facility which is expected to be completed in September 2014, with racing to commence in October 2014.

The purchase of a green fields site at Tamworth was completed during the year and planning in conjunction with the local council is well underway.

Activity at Menangle included the construction of a new retention barn. Significant planning has also been undertaken for the new training facility.

The following capital expenditure was incurred during the year.

Tamworth	62,000
Menangle Park Training Centre	266,000
Menangle Park Retention Barn	302,000
Bathurst	4,109,000
Newcastle	300,000
Penrith	38,000
Wagga Wagga	62,000
Goulburn	102,000
Total	5,241,000

A total of \$650,000 was received in prior financial years as part of the 2011 country racing election promise grant. The Board resolved to contribute an additional \$1,200,000 from the RDF resulting in total funding of \$1,900,000 for new equipment, track upgrades and repairs.

The majority of purchases from the fund have now been made with \$1,836,548 having been spent on track improvements and the delivery of a number of water trucks, tractors and other equipment to clubs.

During FY2010/11 a grant of \$300,000 was received from the NSW State Government to pay for professional, engineering and local government expenses associated with the development of the new track at Tamworth. To date \$254,258 has been spent from the allocation.

In addition to expenditure on infrastructure outlined above, the Board also committed to a program of grants to assist in the maintenance of existing facilities. The amount of each grant is based on the horse population within proximity of each racecourse.

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

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

The program, which commenced in FY2012/13, runs for three years and \$680,000 has been allocated each year.

FY2013/14 was the second year of this scheme. Clubs that did not exhaust their allocation in the first year are allowed to carry the remainder into future years. In the first year \$293,296 was expensed and during the current year clubs received \$694,929.

Finally, during FY2011/12 the Board determined that \$1.0m would be used from the Racecourse Development Fund to fund the special investigation expenses pertaining to the "Green Light" affair.

For the period to 30 June 2014 expenditure of \$592,927 has been incurred by HRNSW and reimbursed by the Fund.

Benevolent Fund

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

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

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

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

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

GHRRA Financial Liabilities

The total transition costs for GHRRA liabilities and staff transition costs as at 30 June 2014 was \$1.7 million which was met by Harness Racing NSW securing a ten year \$2 million interest-bearing repayable loan from the NSW Government in 2009. During the year Harness Racing NSW repaid a further \$259,082 off this loan.

A loan of \$1.122m remains outstanding at year end, which will be fully repaid by 30 June 2019.

Industry Funding and Turnover

NSW harness racing turnover with the NSW TAB for FY2013/14 was \$185.9 million, down \$7.1 million (3.7%) from the \$193.0 million recorded in FY2012/13.

When comparing turnover by region, country/provincial racing decreased by 2.9%, while metropolitan meetings (NSWHRC) decreased by 5.3% year on year.

When interstate and international turnover is included, total turnover on harness racing increased by \$14.3 million (2.4%) from \$590.9 million to \$605.2 million. This increase was due to an additional 207 meetings and 1,157 races being covered by the NSW TAB year on year. Furthermore there was an expansion of fixed odds betting where 13,800 races were covered in FY2013/14 against 8,081 in FY2012/13.

As previously noted there was a significant shift to fixed odds betting with the NSW TAB in FY2013/14, with total wagering for NSW harness racing meetings increasing by 19.9%

Significantly 30.7% of all wagering on NSW harness with the NSW TAB was through fixed odds betting in FY2013/14, this compares to 20.5% in FY2012/13, an increase of 10.3%.

Beresfield and Goulburn

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

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

Club And Administrative Funding

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

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

The TAB Distribution for FY2013/14 amounted to \$33,458,278, a decrease of \$687,262 on funding received in FY2012/13. In accordance with the *Harness Racing Act 2009* and the *Intracode Agreement*, a series of provisions were made 'off-the-top' of the Distribution before determination of allocations to clubs.

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

A total of \$2.989 million was then allocated from the TAB Distribution to the Industry Fund (\$2.325 million) and Racecourse Development Fund (\$0.664 million) at the prescribed rates of 7% (including the 1% Carnival of Cups allocation) and 2% respectively. Administration Funding of \$4.188 million was provided to Harness Racing NSW as endorsed by the Harness Racing Clubs Committee.

The balance of \$26.021 million remaining after the 'off-the-top' funding provisions was allocated to fund racing prize money and club operating costs.

Additional funding of \$5.967m was distributed to the industry to fund racing prize money and club operating costs from Race Fields revenues.

Insurance

All trainers and registered harness racing clubs are covered by relevant insurance policies.

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

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

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

Harness Racing NSW did not participate in the national insurance scheme run by Harness Racing Australia during FY2013/14 nor will it participate in the scheme during FY2014/15. This is because the cover and pricing obtained by



Go Ahead Makemyday warms up for the Monte at Coolamon's all Trotters Day.

our insurance brokers, OAMPS, was superior to that provided by Harness Racing Australia. However the situation will be reviewed in the first half of 2015 for future financial years.

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

Stakes Payment System

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

In keeping with Harness Racing NSW's commitment to the environment and process improvement, it is planned that the predominant way to obtain statements from July 2015 will be online. Participants have begun receiving notifications in preparation for this transition.

Other IT Projects

During the year IT equipment used by the stewards was replaced, improving capability and utility for planned process improvements.

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

Racing Integrity

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

During the year Mr Graham Gorrie fulfilled this role.

Harness Racing NSW		FY 2013/14	FY 2012/13	FY 2011/12		FY 2010/11	FY 2009/10	
Racing Metrics								
Clubs		34	33	32		32	32	
Meetings		505	501	509		515	518	
TAB Races		3,851	3,832	3,818		3,594	3,713	
Non TAB Races		161	185	155		323	365	
Total Races		4,012	4,017	3,973		3,917	4,078	
Individual Starters		3,980	4,085	4,093		4,100	4,099	
Total Starters		34,640	35,492	35,094		35,145	36,273	
Starters per race		8.6	8.8	8.8		9.0	8.9	
Prizemoney		31,336,496	31,345,821	27,205,098		24,269,000	25,384,100	
Starts per starter		8.7	8.7	8.6		8.6	8.8	
Prizemoney on offer per starter		7,873	7,673	6,647		5,919	6,193	
Average Prizemoney per race		7,811	7,803	6,847		6,196	6,225	
NSW TAB Turnover		185,891,000	192,759,000	188,931,000		192,651,000	208,710,000	
Average Turnover per NSW TAB race		48,271	50,302	49,484		53,604	56,211	
Income								
Wagering-TAB		33,458,278	34,145,540	33,566,158		32,907,952	33,654,924	
Wagering-Race Fields		9,472,759	6,995,743	22,748,365	(i)	-	-	
Stewarding and Other Fees Charged To Clubs		1,050,018	1,048,720	849,623		850,000	827,182	
Registration & Licensing Income		668,775	759,141	959,381		901,251	739,271	
Grants Received		1,603,001	(ii) 393,342	2,386,731	(iii)	184,010	155,000	
Interest		533,249	935,128	2,218,996	(iv)	58,828	42,521	
Other		260,830	202,947	246,420		333,581	991,851	(v)
Total Income		47,046,910	44,480,561	62,975,674		35,235,622	36,410,749	
Expenditure								
Club Distributions	(vi)	16,159,965	16,404,109	34,661,585		26,181,714	29,013,674	
Prizemoney	(vi)	17,322,790	16,413,891	-		-	-	
IF/ RDF Distributions		2,988,729	3,049,789	3,010,589		2,961,716	3,002,284	
Integrity		1,387,801	1,311,445	1,230,839		661,427	631,476	
Video Production and Photo Finish Costs		1,578,214	1,542,606	486,514		-	-	
Administration/Other		5,582,033	5,553,594	8,117,984	(vii)	5,091,359	4,423,632	
Total Expenditure		45,019,532	44,275,434	47,507,511		34,896,216	37,071,066	
Surplus/ (Loss)		2,027,378	205,127	15,468,163		339,406	(660,317)	

Harness Racing NSW	FY 2013/14	FY 2012/13	FY 2011/12	FY 2010/11	FY 2009/10	
Expenditure						
Non Recurring Items						
RDF Grant- Land Purchase	(1,351,492)	-	-	-	-	
Other Non Cash Adjustments	19,465	-	-	-	-	
Amalgamation Expenses	-	-	-	-	(1,080,329)	(viii)
Surplus/ (Loss) Carried Forward	695,351	205,127	15,468,163	339,406	(1,740,646)	
Industry Fund						
TAB Distribution	2,324,567	2,372,058	2,344,452	2,303,563	2,335,485	
Race Fields Distribution to Fund	664,000	785,178	-	-	-	
Foal and Other Registration Fees	1,130,465	764,146	645,297	366,126	296,353	
Carnival Of Cups	613,561	604,566	462,359	455,695	580,139	
Prizemoney Subsidies	1,441,120	920,905	961,182	1,050,889	773,289	
Breeders Incentives	886,878	652,726	604,000	528,615	464,401	
Racecourse Development Fund						
TAB Distribution	664,162	677,731	666,141	658,159	666,799	
Investment Income	1,115,966	1,364,443	1,597,309	20,801	46,880	
Other	436,019	549,506	3,265,425	(x) 420,000	283,287	
Repayment of IFIL	-	-	25,499,783	(ix) -	-	
Election Promise Grants	328,018	1,062,211	446,319	-	-	
Training Centre Grants	694,929	293,296	-	-	-	
New Infrastructure	5,321,145	850,856	100,734	109,825	-	
Land Purchases	1,351,492	-	1,694,708	15,965	-	
Video Production Subsidy	-	-	-	(x) 1,130,165	1,147,627	
Other Grants	33,068	268,620	789,477	(xi) 348,254	359,966	

- (i) Prior year revenue held in Trust but recognised in FY2011/12 following favourable decision in race fields high court litigation.
- (ii) Grants Received in FY2013/14 includes \$1.351m for Tamworth land acquisition.
- (iii) Grants Received are higher in FY2011/12 and FY2013/14 as result of funds received from RDF for land purchases.
- (iv) Prior year interest income on race fields funds recognised in FY2011/12, as a result of the favourable race fields high court decision.
- (v) The profit of \$512,016 arising from acquisition of GHARRA assets for nil consideration has been recognised in Other Income.
- (vi) Commencing FY2012/13 HRNSW paid prizemoney direct to participants on behalf of clubs with administration funding only being paid to the majority of clubs. Prior to this both prizemoney and administration funding were paid to all clubs.
- (vii) FY2011/12 Administration Fee is high due to reimbursement of \$3.1m to RDF for video fees paid by RDF following favourable race fields outcome.
- (viii) Amalgamation expenses relating to the integration of GHARRA and HRNSW. \$652,544 was paid in FY2009.
- (ix) Repayment of IFIL by the Principal Club - from proceeds from the sale of the Harold Park Site
- (x) The RDF subsidised HRNSW for Sky video production costs until the decision on the race fields case was handed down. This subsidy was repaid in FY2011/12.
- (xi) Other Grants are high in FY2011/12 due to a contribution of \$412,490 being made to HRNSW's special investigation program.

Strategic Plan

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

The 2010 to 2013 Strategic Plan, which carried over through to 2014 dealt with a number of issues including:

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

HRNSW is pleased to note that a number of objectives were further achieved during the current financial year which had previously been delayed in the earlier years of the Plan pending resolution of the Race Fields litigation.

The objectives that were achieved during the past twelve months include:

- (i) Venues

A number of projects were considered and approved by the board during FY2012/13 and significant inroads were made during FY2013/14.

Construction work at Bathurst commenced in July 2013 and was well advanced by 30 June 2014. The track is expected to be completed by the end of September with first races at the new complex in mid October.

As reported last year HRNSW has entered into an agreement with the NSW HRC to lease grounds and construct and manage a training centre for up to \$10.0M at the Menangle complex.

This project continued throughout the year. This is in addition to the retention barn that was constructed at the track during the year.

Significant headway was made during the year for new tracks at both Tamworth and Wagga Wagga. The Board and senior management of HRNSW have been working closely with Wagga Wagga City Council and contracts are nearing completion for HRNSW to purchase suitable land in early September. All relevant documents (LEPs and DA's) for the new facility will be lodged around the same time.

A contract for the purchase of land at Tamworth was exchanged in late 2013 with settlement in April 2014.

As with the Wagga site relevant documents for the construction of the new facility are in the process of being lodged.

As mentioned in last year's Annual Report the Election Promise Grant of \$650,000 was supplemented by HRNSW with \$1.2M of additional funding from the Racecourse Development Fund. To date all but a very small amount of the \$1.9M has been spent on new equipment and infrastructure.

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

The grants are available for a three year period which will expire in June 2015.

(ii) Racing

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

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

A new handicapping system will be implemented from 1 September 2014 which is a major departure from past practices.

Prize money tiers were also increased during the year.

The Carnival of Cups program was once again enhanced with the appearance of a well known singer, Adam Brand during FY2013/14. As with Shannon Noll in the prior year the appearance of these well known singers at the Carnival of Cups meetings improved attendances broadly.

HRNSW also managed to have more meetings shown on Sky 1 compared to FY2012/13, an integral issue for the industry.

Finally, significant advances were made throughout the year on integrity related issues which are designed to ensure a level playing field. In the year to June 2014 integrity expenses were maintained at levels which were double those spent during FY2011/12.

(iii) Breeding

The Breeders Challenge series continued during the year with the final being held at Tabcorp Park Menangle on Sunday 29th June. The finals attracted outstanding fields of 2, 3 and 4 year olds racing for a minimum of \$100,000 in prizemoney per race.

Additionally, an allocation of race fields income received during FY2014 was directed to the Industry Fund for future breeding initiatives.

Much work continues to be done in the background on breeding related matters including the following:

(a) NSW Breeders Challenge Nominators Bonus

The NSW Breeders Challenge Nominators Bonus went live for 2YO horses from 1 September 2013.

The Bonus is a \$3,000 cash payment to the person(s) that lodged the Foal Notification for a horse and is paid out on the first Career Penalty win in NSW for the season.

As at 30 June 2014 \$177,000 had been paid out in cash bonuses.

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

As at 30 June 2014 a further \$16,000 was paid out in cash bonuses.

The total payout of NSW Breeders Challenge Nominators Bonuses to 30 June 2014 was therefore \$193,000.

(b) NSW Breeders Challenge Blue

HRNSW partnered with the Principal Club (NSWHRC) and introduced a new arm to the NSW Breeders Challenge which included a race series and an incentive scheme.

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

Finals worth \$50,000 were conducted for eligible 2YO and 3YO horses in each sex division during July 2014, the total benefit to the Industry was \$200,000.

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

- (i) The broodmare must not have been used for breeding purposes during the FY2012/13 season (including if she missed, slipped or the subsequent foal died), and;
- (ii) The sire must be physically based at a NSW stud, and;
- (iii) The broodmare must be served or inseminated in NSW, and;

- (iv) The sire must be nominated for the NSW Breeders Challenge, and;
- (v) The service fee must be related to the conception of a foal during the FY2013/14 season. The certificate cannot be used to pay for a live foal from a conception during the FY2012/13 season.

The Blue Incentive Scheme received 391 applications of which 372 met the conditions, therefore the total benefit of the Scheme was \$186,000.

The NSW Breeders Challenge Blue therefore provided a total benefit of \$386,000.

(c) **Bred In The Blue**

Throughout the course of the year HRNSW worked closely with private harness racing company Bred In The Blue to inform stakeholders about the breeding industry.

Information Sessions were conducted across the state by Bred In The Blue founders John Coffey and Joanne Andersen. The sessions provided information concerning the NSW Breeding Schemes, changes to the conditions for the FY2013/14 season, veterinary advice concerning foaling and information about stallions standing in the FY2013/14 season.

Bred In The Blue provided HRNSW with feedback from the sessions which amongst other suggestions included the introduction of a 100% NSW Bred Series and a Trotters Blue Incentive Scheme.

Both of the initiatives have been implemented.

(iv) **Revenue and Income**

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

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

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

During the financial year HRNSW received \$42.931m from both the NSW TAB and other corporate wagering operators, an increase of \$1.790m on that received in FY2012/13.

(v) **Media and Technology**

HRNSW was once again fortunate to have Channel 9 telecast the 2014 Inter Dominion championship. This is only the second time in 25 years that a harness event has been televised on a free to air network.

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

Work is also well underway on a new look media centre and web site which will be a major initiative for the industry. Phase 1 of the project will be launched in August 2014 with phases 2 and 3 due later in the year.

(vi) **Investment**

Investment in marketing has been achieved through the Adam Brand engagement throughout the year.

Linking the artist to a local harness event has made people who have not previously attended a harness race meeting aware of our industry. Traditionally harness events have only attracted harness followers. Adam Brand, who followed Shannon Noll, has delivered increased crowds across most tracks where he performed.

The 2014 Inter Dominion also involved a significant marketing effort and the results spoke for themselves. Although not as high profile as some of the thoroughbred race meetings the 2014 Inter Dominion championship attracted a great deal of media attention.

The 2015 Inter Dominion will also incorporate the World Driver's Championship and World Trotting Conference, a huge boost for the industry.

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

Animal welfare issues were also addressed throughout the year.

The next Strategic Plan is now due and much work has been done on it through meetings of the Board and with industry participants and Associations.

The final plan will be released following board approval.



Review of Operations Racing



Tiers and Funding

Base prizemoney per race for FY2013/14 was the same for each race at each meeting. The thresholds were as per the table below:

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

All Carnival of Cups meetings broadcast on Sky Racing (except for Broken Hill) were funded, as a minimum, at the Tier 1 level, which allowed the host Clubs to conduct meetings at unprecedented prizemoney levels.

Prizemoney Contingency Fund

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

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

For example:

If Parkes was to conduct a Tier 3 (6 race) meeting in a Saturday Twilight timeslot and received enough nominations to conduct eight races, two additional races could be funded from the Prizemoney Contingency Fund.

The Prizemoney Contingency Fund commenced the season with a balance of \$502,271, made up of \$250,000 allocated from Race Field Legislation Funding and \$252,000 from Unused Unplaced Prizemoney from FY2009/10 and FY2010/11.

A new concept which allowed Clubs to apply for Dollar for Dollar Feature Race Funding was introduced during FY2013/14 and \$100,000 of the Prizemoney Contingency Fund was allocated to the initiative.

Clubs were allocated funding based on the number of T1 meetings allocated outside of the Carnival of Cups plus two additional meetings during the course of the year. Dollar for Dollar Funding was matched up to a maximum of \$1,500 per

race, meaning a race funded for \$6,000 in base prizemoney could potentially be conducted for \$9,000.

The total Prizemoney Contingency Fund allocation for race meetings during FY2013/14 amounted to \$402,271.

Over the course of the financial year \$1,164,000 was provided to Clubs for additional races. This figure was netted off by \$804,500 in races allocated but not conducted and \$108,202 in Unused Unplaced Prizemoney.

Therefore the net spend in FY2013/14 from the Prizemoney Contingency Fund was \$251,298.

This left a sub-balance brought forward of \$150,973. The following amounts had to be netted off:

- NSWHRRC Extra Races Run in FY2013/14 - (\$12,000);
- Tabcorp Park Menangle Where Horses Fly Series Unused Unplaced Prizemoney - (\$9,600);
- Cowra Carnival of Cups Meeting rescheduled to 3/08/14 - (\$48,000);
- FY15 \$4\$ Feature Race Funding Top Up - (\$13,500).
- The additional total to be netted off was \$83,100.

Therefore the total amount to be carried forward to FY2014/15 is \$67,873 with a further \$200,000 being allocated from Race Fields Legislation Funding, giving an opening balance of \$267,873.

As expected the major Regional Centres were the Clubs that benefited most from the Prizemoney Contingency Fund in FY2013/14.

Bathurst conducted \$282,500 worth of additional races (24.3% of funding), Newcastle \$182,500 (15.7%), Penrith \$209,000 (18.0%) and Wagga/Young combined \$223,000 (19.2%).

There were 7 additional meetings conducted in FY2013/14 compared to FY2012/13 and there were 19 additional races conducted year on year. The additional races were able to be conducted due to the creation of the Prizemoney Contingency Fund.

Race Date Allocation

HRNSW aimed to stem the flow of decreasing field sizes from the preceding financial years. Race dates and race programming were therefore streamlined based on the following principles.

Race Dates Motivation

- To program race meetings based on the horse population within a region at any given time of the year.

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

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

For example:

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

The following additional meetings were added to the FY2013/14 race dates calendar:

- (a) Armidale – two meetings. They re-entered as a Club that conducts official meetings having not done so since 2001.
- (b) Fairfield – were afforded their former annual Golden Easter Egg meeting.
- (c) Maitland – one meeting in line with the agreement to gain extra meetings due to the loss of Training Centre Funding.

To better cater for the horse population within the South West & Riverina Region at a given time of the year, the following Clubs also conducted additional race meetings:

- (a) Wagga – three additional meetings in the (Sky 2) (N) timeslot, during July/August which afforded Albury the opportunity to conduct two Friday day meetings throughout the course of the year
- (b) Young – one additional meeting in the (Sky 2) (N) timeslot, during July/August which afforded Leeton the opportunity to conduct Friday day meetings throughout the course of the year

Race Programming

To fully achieve the preferred outcomes, to accurately manage the proposed split meetings and to further enhance the placement of race dates, a central handicapping/programming model was trialled for a period of twelve months, commencing from 1 July 2013.

The central handicapping/programming model will be expanded in FY2014/15 and the matrix and reasons behind the changes were explained to stakeholders at a series of Industry Road Shows in June 2014.

Industry Road Shows

HRNSW Board Members and Management travelled around the state in June 2014 on an Industry Road Show to explain the changes to race programming and the increases in stakes for FY2014/15.

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

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

Endorsed by the Board, HRNSW Management has created a new race programming system which will commence from 1 September 2014.

The reasons behind the changes are:

- (a) Management believe that the Class System is not providing “like for like” racing as it is based on a record achieved over time which does not represent current form.
- (b) There are very few C3 or better horses in each Region and races programmed for C4 or better horses have consistently been deleted. This means sound and well performed horses hit their mark and are raced or sold interstate or are retired. These horses are known to punters and increase wagering and need to be kept in NSW.
- (c) In simple terms, the current number of meetings and races cannot be sustained if horses are not competitive and viable.

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

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

To overcome the aforementioned issues and to better utilise our horse population, most meetings in NSW will contain a Divided Stakes event where the HRNSW Handicapping

Panel will frame race conditions and select race fields from the nominations received (as is the case at T3 meetings).

While the Divided Stakes event may have a Class Assessment Front and may have a Class Assessment Back (i.e. C1/C2), at most meetings Class Assessment will not be used in the original Race Programs to determine conditions.

Lifetime Wins, Average Mile Rate (Competitive Stakes), Wins by a Trainer over a period of time (Encouragement Stakes) and Wins This Season will form the basis of Race Programming.

HRNSW will monitor the progress of the new handicapping system and will deliver another series of Road Shows in March 2015 to present stakeholders with a summary of the results achieved and to obtain feedback from stakeholders as to how they believe the system has performed.

Group Racing Review

Group Status	Prizemoney	
	Pacers	Trotters
G1	≥\$100,000	≥\$50,000
G2	\$50,000-\$99,999	\$30,000-\$49,999
G3	≥\$30,000	≥\$20,000

July

The FY2013/14 Group Races commenced with the running of the G3 Winter Championship Final at Tabcorp Park Menangle. The race was won by the Belinda McCarthy trained and Luke McCarthy driven *Courage To Rule NZ*. The \$1.20 favourite led from barrier 1 and rated 1:52.4 over the 1609m journey.

Later in the night the G3 Winter Cup was won by *Saucy Legend NZ*. Trained by George Stamiris and driven by Lauren Panella the 8YO Gelding led from Barrier 9 over the 2300m distance and recorded an impressive 1:55.8 mile rate.

August

4YO Gelding *Beau Dandy* won the Spring Championship Final at Tabcorp Park Menangle. In doing so he lowered the colours of *Beautide* who would be the toast of the nation later in the season. Trained by Ian Wilson and driven by Jimmy Douglass he rated 1:52.4 over the mile.

On the same evening *Suave Stuey Lombo* continued his rise to prominence for the lethal Shane Tritton and Lauren Panella combination when taking out the G3 Spring Cup. Having won the Sunshine Sprint in Queensland in July in a track record

1:51.8 he put the writing on the wall for a bumper season rating 1:53.4 over 1609m.

September

Beautide would commence his affinity with the Tabcorp Park Menangle circuit by winning the G3 New Season Championship Final. After sitting parked outside the leader he stormed home returning a mile rate of 1:52.8 for trainer/driver James Rattray.

The G3 Kevin Robinson Cup was taken out by a roughie in *Mister Presley NZ* for trainer Peter Walsh and driver Mat Rue. The 15/1 chance stormed down the outside and rated 1:55.2 over the 2300m distance.

October

The emerging *Freyberg NZ* would start his climb to the open ranks in winning the G3 Goulburn HRC Championship Final conducted at Goulburn on behalf of the NSWHR. He rated 1:55.0 over the 1710m journey for trainer Kevin Pizzuto, while Lauren Panella made it another feature win.

November

Beautide announced himself as a genuine superstar in the making with an emphatic victory for trainer/driver James Rattray in the G2 Newcastle Mile. On a windy night not conducive to quick times he sat parked outside the leader throughout the race before drawing away from the field in a track record 1:52.6. The time was also testament to newly appointed track curator Scott Beagan who had transformed the track surface by providing a cushioned surface for all runners.

The G1 Coca Cola Amatil Sprint was won by Victorian *Restrepo*. On an awfully wet night at Tabcorp Park Menangle he found the leaders back before driver Gavin Lang was able to peel off at the top of the straight and was able to hold off the late challenge. He rated 1:54.5 over the mile for trainer Emma Stewart.

The script was written before the gate rolled for the G1 Cordina Chicken Farms Sprint. *Smoken Up NZ* would blaze across the field and would take some running down. Trainer/Driver Lance Justice had obviously read it and wanted to be the star of the show. Out of gate 9 the first quarter was run in 26.0 and he got home in 26.6. In the process he would again break the magical 1:50.0 mark rating 1:49.9 and he continued his Tabcorp Park Menangle feature race domination over the mile.

Team McCarthy had built up a reputation of having their horses cherry ripe on feature race night. They went into the Final night of the Sky Racing Carnival of Miracles with genuine chances in most races. Their first winner would be the horse with the cult following as a juvenile *Two Eye See*. He worked forward to the lead and took out the G3 Baby Bling Championship Final with a rating of 1:55.2 over 2300m.

The next feature was the G1 Franco/Australian Trotters Final. They put the polish on *Amore Stride* NZ who was expertly driven with a mid race move and even tempo winning the race with a rating of 2:01.9 from a Standing Start over the 3009m distance.

Miracle Mile winning mare *Baby Bling* NZ was back in winning form. Following an aggressive drive from the death seat she forged away for a clear victory in 1:52.8 in the G2 Robin Dundee Stakes.

Next was the G2 Kevin Newman Cup. Recent stable addition *The Gold Ace* NZ proved too good in the run to the line with a rating of 1:56.8 over 2300m.

Going into the G1 Miracle Mile Team McCarthy had won 4 Group Events. They had \$2.90 favourite *For A Reason* engaged in the big one. He had rated 1:49.4 in early November in the Listed Nick Robin Free For All and had the draw to have a smother before unleashing his potent sprint.

As expected Sprint King *Smoken Up* NZ led from barrier 1 and *For A Reason* from barrier 2 was straight on his back. *Beautide* was sitting 3 on the fence not using any petrol, while *Christen Me* NZ was caught in the death seat from his awkward barrier 5 draw.

The first quarter was burnt in 26.6 and Lance Justice up front was always going to keep a quick tempo throughout. So it was no surprise when the middle half was carved out in 57.4.

Knowing the speed was on Luke McCarthy aboard *For A Reason* had to make a decision whether to stay on the pegs behind *Smoken Up* NZ or to get out and running. He chose the latter and this allowed James Rattray aboard *Beautide* to move hard on the back of *Smoken Up* NZ.

Christen Me NZ forged clear on entering the straight and *Smoken Up* NZ started to roll out under pressure. This presented a peg line saloon passage to *Beautide* and he set out after *Christen Me* NZ. With just over 50m left to run *Beautide* exploded away from his rivals, *Christen Me* NZ would run second and *For A Reason* finished third.

Beautide rated 1:50.2, a race record in Australasia's premier sprint event.

While it was a case of what might have been for Team McCarthy with *For A Reason*, there were still two races left on the program.

The next was the G2 Chokin 3YO Championship Final and *Bling It On* made it another win for the Team when he sprinted too fast from the 500m to gather in the opposition in 1:52.4. It was another feature race double on the same program for

reining Australian Broodmare of the Year *Alldatglittersisgold* NZ as his sibling *Baby Bling* NZ had won earlier in the night.

The last race would be a Team McCarthy quinella with Mat Rue steering *Im On Target* NZ to victory.

By night's end Belinda had trained the winners of 6 of the 10 races. Luke had driven 5 winners – a colossal result in such elite company.

Earlier in the night the G2 Smoken Up Championship Final was won by *My Dusky Sound* NZ for Steve and Amanda Turnbull. He rated 1:55.6 over 2300m and *Guaranteed* was too good in the G2 Mount Eden 4YO Championship rating a slick 1:54.4 over 2300m for Emma Stewart and Gavin Lang.

December

The Treuer Memorial at Bankstown had been won by *Washakie* NZ in 2009, 2010, 2011 and 2012 so leading into the race the now 10yo Gelding was looking to win the same G1 feature for a fifth consecutive year.

He drew barrier 2 and was caught in the death seat for most of the race in a frantically run event. He ran to the lead with just less than 400m left to run and had perched on his back ready to pounce but *Washakie* NZ was too strong in the run to the line and as race caller Fred Hasting's said "it was high 5's all round" for his trainer/driver John McCarthy. He smashed the clock in the process rating a track record 1:57.7 over the 2540m distance.

The G3 Newcastle Cup was conducted from its traditional Standing Start mode and it would be a roughie in *Hawthornden* NZ who would start like a bullet off the front row for driver Mark Callaghan and trainer Shane Tritton. He rated 2:02.1 over the 2550m journey.

Scandalman NZ and *Washakie* NZ would stage two more two horse battles in the month of December. The first was in the G3 Max Laughton OAM Carnival of Cups at Penrith where the former would turn the tables by 1.20m rating 1:58.4 over 2125m for trainer Ian Wilson and driver Jimmy Douglass.

It was then off to Bathurst for the G3 Shirley Turnbull Memorial. Bathurst was John McCarthy's home town so it was fitting that he would be victorious with one of the best horses he has trained. *Washakie* NZ prevailed by 1.70m over *Scandalman* NZ in a rate of 2:00.7 over 2520m.

The G3 Christmas Gift was taken out by the Paul Fitzpatrick trained and Gavin Fitzpatrick driven *Elerama* NZ. He rated 1:55.4 over the Menangle Mile.

January

Megs Ferrari would cause a boil over in the G3 Inter City Pace Final at Maitland. Starting at the enormous odds of 75/1 he was extricated from a 3 on the fence position at the right time

to win for trainer James Bates and driver Paul Sapio in a rate of 2:02.6 over 2422m.

The 3YO's turned up to play in the G3 Simpson Memorial at Menangle with the winner *Iam Mr Brightside* winning in a slick 1:51.6. He sat 3 on the fence off a hot pace and was too quick in the run to the line for trainer KerryAnn Turner and driver Robert Morris.

Vansumic proved she was going to be a mare to be reckoned with when she flew home to win the G3 Teeny Teeny Stakes rating 1:53.8 for trainer/driver Darren Hancock.

The G3 Goulburn Cup was conducted on the Australia Day holiday and *For A Reason* put on a display for the healthy crowd when he smashed the track record when rating 1:54.2 with something to spare for trainer Belinda McCarthy and driver Luke McCarthy over 2240m.

February

The Butt's were in town with their mare *Elusive Chick* NZ and she saluted in the G3 Ranji Bill Stakes winning a ticket into the Ladyship Mile in 1:53.1. She was driven by James Rattray.

The NSW G3 Sapling Stakes was taken out by homebred *Stardust* for trainer Dean McDowell and driver David Morris rating 1:57.8. The win would have been satisfying for owners Colin and Cheryl McDowell who had bred his dam *The Irish Dancer* who was out of the top juvenile filly *The Private Dancer*.

Dean Braun travelled to Menangle to take on the G3 Raith Memorial with his recent stable addition *Nike Franco* NZ and she made the trip worthwhile proving too strong after working forward to the death mid race and sticking her neck out right on the line for driver Chris Alford to score in a slick 1:52.6.

The Mark Purdon trained Luke McCarthy driven *Border Control* won the Hondo Grattan Stakes in 1:53.1. It was a strong victory following a mid race move to the death seat.

Awesome Belmer prevailed in a busy finish at the odds of 35/1 in the G2 Sabelia Stakes rating 1:56.4 on rain affected ground for trainer Steve Turnbull and driver Amanda Turnbull.

The G2 Inter Dominion Heats were taken out by *Seel N Print* NZ for trainer/driver Todd McCarthy and *Mach Beauty* for trainer Shane Tritton and driver Lauren Panella. Both upstaged odds on favourites in *Beautide* and *For A Reason* respectively and rating near identical rates of 1:57.3 and 1:57.4 over 2400m.

Guaranteed again proved too strong in a race at Menangle – coming from second last on the home turn to win the G2 Paleface Adios Stakes in 1:52.0 for trainer Emma Stewart and driver Gavin Lang.

The G2 Pink Bonnet was won by *Bamako Mali* for Belinda and Luke McCarthy in 1:55.6, while the G2 Rod Fitzpatrick Memorial was taken out by pint sized *Padrisimo* NZ for trainer Andy Gath and driver Kate Gath.



Satellite Ace storms home to win the Group 2 Carnival Stakes on Inter Dominion Final Day.

Seel N Print NZ would back up his Inter Dominion Heat win by scoring in the G2 Brian Hancock Cup rating a slick 1:50.2 for trainer/driver Todd McCarthy.

March

The weather in the lead up to Super Sunday was awful. Rain had pelted down overnight prior to the biggest race meeting of the year in NSW. The NSWHRRC had planned meticulously for the day leaving no stone unturned and flew American track expert Dan Coon out to oversee the track presentation.

The rain had turned the track material to slush and Coon ordered that graders take the top off the track. Trucks then distributed grit on the track to enable the mobile to gain traction. By Race 1 the rain stopped and the track continuously improved, so much so that prior to the running of the Inter Dominion Grand Final the track conditioners were harrowing the track.

The meeting consisted of seven G1's and three G2 events.

Peter Walsh would start the day with an early double, winning the G2 Australasian Young Drivers Championship Heat with *Little Red Cloud* in 2:00.0 over 2400m and the G2 Lady Drivers Invitational with *Essbee Doubleyou NZ* in 1:52.0 over the Mile. Dylan Ford from Tasmania and Narissa McMullen from Queensland respectively steered the Walsh pair to victory.

Shes A Runa would cause a boil over in the G1 NSW Oaks winning at 25/1 with Jarrod Alchin obtaining an inside run up the straight for trainer David Kennedy rating 1:59.1 over 2400m, while the other feature for the girls was also a blow out with *Vansumic* extricating off the pegs down the straight and finishing too fast at 17/1 for trainer/driver Darren Hancock in 1:52.1 in the G1 Ladyship Mile.

Major Secret for the Gavin Lang/Emma Stewart combination proved too good in the G1 NSW Derby in a 3YO World Record 1:55.6 over 2400m and they were at it again when *Guaranteed* was superior in the G1 Chariots of Fire rating 1:50.4 over the mile.

Abettorpunt would break the Open World Record over 2400m when he rated a slashing 1:54.0 in the G1 Bohemia Crystal Free For All for trainer David Lewis and driver Glen Craven.

Keystone Del proved that his win the previous year was no fluke when he went back to back in the G1 Glenferrie Farm Challenge for driver Blake Fitzpatrick and trainer Nicole Molander in a track record breaking 1:53.9.

While KerryAnn Turner let *Satellite Ace* loose from the 800m in the G2 Carnival Stakes in a bold and successful drive. He won for trainer David Reynolds in 1:51.7 over the mile.

The main event, the G1 *tab.com.au Inter Dominion Grand Final* was an open affair on paper with the Tassie Terminator *Beautide* starting the \$4.90 favourite. The Miracle Mile winner from earlier in the season was defeated on a wet night two weeks prior in a Qualifying Heat by *Seel N Print NZ* who started at the tote price of \$38.80.

Mach Beauty showed superior gate speed and found the front and led the field for the first lap of the race. *Beautide* and second favourite *Smolda* made a mid race move at the 1900m mark and by the 1250m mark *Smolda* was in front and *Beautide* was death seating. The first quarter of the last mile was covered in an astonishing 26.5 seconds.

The three wide train commenced at the 1000m with *Terror To Love NZ* carting *Caribbean Blaster* and *The Gold Ace NZ* into the race, the second quarter was covered in 30.0, the first half in 56.5.

All horses stayed in formation between the 800m and 400m and the quarter was covered in 28.6. Entering the home straight there was four lengths from first to last and all drivers quickly urged their horses to the line.

At the 150m mark, *Beautide* hit the front and audaciously ran away from his rivals allowing jubilant trainer/driver James Rattray to celebrate 25m from the finish line. *Seel N Print NZ* who had been 5 back along the marker pegs throughout flew home into second place thanks to a patient Todd McCarthy drive along the pegs where he did not have to go around a horse, while older brother Luke flashed home for third aboard comeback pacer *For A Reason*.

The last quarter was covered in 27.1, the last half in 55.7 and the mile rate for the 3009m journey was 1:55.5.

Beautide had proven himself to be the best pacer in Australia for the season having won the big two in NSW.

Teo Enteo would come with a whirlwind finish to claim the G3 Young Cup in 2:00.8 over 2480m for trainer/driver Darren Hancock.

The last Bathurst Gold Crown Carnival was conducted at the Bathurst Showground on Saturday, 29 March 2014. The new \$7.5M track and facilities will be in play for next year's feature.

Shes A Runa proved her class in taking out the G3 Gold Bracelet Final for Jarrod Alchin and David Kennedy, rating 1:58.9 over 2130m.

The G3 Gold Chalice Final was won in 1:59.8 over 2130m by *Mighty Gift* for Amanda and Steve Turnbull.

Makes Every Scents death seated to victory in the G1 Gold Tiara Final for Mark Hewitt, rating 2:00.7 over the 1730m journey.

It was fitting that John McCarthy, an ex Bathurst resident would drive the last G1 Gold Crown winner at the Showground. *Artistic Flight* saluted in a rate of 1:59.9 over 1730m for the well travelled Anton Golino.

April

Blazin N Cullen NZ took out the G2 Renshaw Cup for trainer/driver John McCarthy in a track record 1:57.7 over the 2525m distance.

The G3 Australian Pacing Gold Semi Finals for 2YO Fillies were won by *Rosie O'Reilly* and *Supersonic Miss*. The former for trainer Danny Thackeray and driver Nathan Jack; and the latter for trainer/driver Mark Purdon. *Rosie O'Reilly* rated 1:56.5 and *Supersonic Miss* 1:57.8 both over the mile.

It would however be *Queen Of Pop* for Gary Quinlan and Chris Alford that would prevail in the G1 Australian Pacing Gold 2YO Fillies Final a week later. She rated 1:57.4 over the mile. *Rebel Diamond* for Brent Lilley and Chris Alford won the G2 Australian Pacing Gold 2YO Fillies Consolation rating 1:56.8 over the mile.

The G2 Carousel Final was won by *Beetson* for Belinda McCarthy & James Rattray. He rated 1:57.1 over the mile and a half journey of 2400m.

Beautide finished his season with a win in the G1 Len Smith Mile gaining a late split for trainer/driver James Rattray and powering to the line in 1:53.1.

May

Claudys Princess proved far too good in the G1 NSW Trotters Oaks sprinting away to a comprehensive victory rating 2:02.1 for trainer Mick Blackmore and driver Gavin Lang over 2400m.

The G3 Bulli Members Trotters Free For All was won by *Keystone Del NZ* for trainer Nicole Molander and driver Blake Fitzpatrick.

Getting an easy time in the middle stages he rated 1:57.5 over the mile.

The G1 NSW Trotters Derby was taken out by *Our Twenty Ten NZ*. Luke McCarthy drove for trainer Brent Lilley. He rated 2:01.1 over 2400m.

Tsonga was victorious in the G3 Trotters Marathon rating 2:04.9 over the 3009m from the Standing Start for trainer Kari Males and driver David Moran.

The G3 Golden Mile was won by *Suave Stuey Lombo* for trainer Shane Tritton and driver Lauren Panella. He covered the mile in 1:51.9.

June

Strong winds welcomed patrons to Tabcorp Park Menangle for the running of the Pepper Tree Farm NSW Breeders Challenge Finals on Sunday, 29 June 2014.

The G3 NSW Rising Stars Final was won by *Zenable NZ* for driver Mitch Turnbull and trainer KerryAnn Turner. The tempo was a cracker and the mare rated a 4YO Australian Mares Record 1:51.2. A true Rising Star of the sport in Chris Geary emphatically won the Series.

The inaugural G3 NSW Breeders Challenge 2YO Trotters Final was won by *Twice As Much NZ*. The gelding was allowed entry under the conditions of the race as only three eligible horses were nominated. The first eligible horse home was *Naked Majesty* who took home third prizemoney plus 50% of a \$15,000 Breeders Challenge cash bonus.

The 2YO Colts & Geldings division was won by *Its Only Rocknroll* for trainer/driver Blake Fitzpatrick in 1:55.5, the 2YO Fillies by *Bamako Mali* for Belinda and Luke McCarthy in 1:56.5.

Lettucerockthem went back to back for Belinda & Luke McCarthy in winning the 3YO Colts and Geldings division rating 1:59.3 over 2400m, while *Whereibylong* was successful in the 3YO Fillies rating 1:57.6 over 2400m for Emma Stewart and Gavin Lang.

The 4YO Entires & Geldings division was won by *Ultimate Art* for trainer/driver Michael Formosa, rating 1:56.3 over 2400m in a last man standing event and *Frith* backed up her 3YO Fillies victory by taking out the 4YO Mares division in 1:57.7 over a mile and a half for trainer/driver Bruce Harpley.

Review of Operations

Breeding and Animal Welfare



NSW Breeders Challenge Major Race Series

The Pepper Tree Farm NSW Breeders Challenge series again attracted star juveniles to the 1 prelude and 29 heats conducted around the state with 12 semis and 7 finals run at the country's premier track in late June.

The 2014 series was worth \$1.44M and included races for 2YO, 3YO & 4YO Colt, Entires & Geldings and Fillies & Mares and incorporated the introduction of a 2YO Trotters series for the first time, which added another dimension to Industry Day and provided further money earning opportunities for owners of NSW Breeders Challenge eligible horses.

Two Year Old Trotters

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

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

The Final held at Tabcorp Park Menangle on 29 June 2014 was won by *Twice As Much NZ*, Bred by G D (Grant) Beckett, Owned by A M Golino, J P Dubois, Trained by Anton Golino and Driven by Luke McCarthy.

Two Year Old Colts & Geldings

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

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

The Final held at Tabcorp Park Menangle on 29 June 2014 was won by *Its Only Rocknroll*, Bred by Yirribee Pacing Stud, S L Woodhouse, Owned by L N O'Connor, P R Gianni, Trained & Driven by Blake Fitzpatrick.

Two Year Old Fillies

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

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

The Final held at Tabcorp Park Menangle on 29 June 2014 was won by *Bamako Mali*, Bred by Redbank Lodge Standardbreds, Owned by P W Judd, C A Judd, T N Commadeur, M Commadeur, Trained by Belinda McCarthy and Driven by Luke McCarthy.

Three Year Old Colts & Geldings

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

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

The Final held at Tabcorp Park Menangle on 29 June 2014 was won by *Lettuce rockthem*, Bred by Redbank Lodge Standardbreds, Owned by Redbank Lodge Standardbreds, C A Cross, Trained by Belinda McCarthy and driven by Luke McCarthy.

Three Year Old Fillies

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

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

The Final held at Tabcorp Park Menangle on 29 June 2014 was won by *Whereibylong*, Bred by G R (Graham) Cooper, Owned by F (Finian) Doyle, Trained by Emma Stewart and Driven by Gavin Lang.

Four Year Old Entires & Geldings

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

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

The Final held at Tabcorp Park Menangle on 29 June 2014 was won by *Ultimate Art*, Bred by R J Micallef, D A Micallef, M A Grace, D A Grace, Owned by K E (Kirsty) Formosa, Trained and driven by Michael Formosa.

Four Year Old Mares

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

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

The Final held at Tabcorp Park Menangle on 29 June 2014 was won by FRITH, Bred and Owned by Dianne Kelly, Trained and Driven by Bruce Harpley.

Stallion Performance

To the right are tables outlining the total number of wins for sires during the Pepper Tree Farm Breeders Challenge Major Race Series in 2014:

Sire Name	Total
Art Major (USA)	7
Four Starzzz Shark (CA)	6
Million Dollar Cam (USA)	5
Riverboat King (USA)	4
Somebeachsomewhere (USA)	4
American Ideal (USA)	3
Sportswriter (USA)	3
Bettors Delight (USA)	2
Christian Cullen (NZ)	2
Ifhadyourluck (USA)	2
Live Or Die (USA)	2

*Minimum 2 wins



Pepper Tree Farm Nsw Breeders Challenge Major Race Series – 1:58.0 Performers

Date	Track	Age	Division	Horse	Sire Name	Mile Rate
14-06-2014	Menangle	2	C&G	Ominous Warning	Four Starzzz Shark (CA)	1.55.4
29-06-2014	Menangle	2	C&G	Its Only Rocknroll	Million Dollar Cam (USA)	1.55.5
03-06-2014	Menangle	2	C&G	Spare Me Days	Ifihadyourluck (USA)	1.56.0
14-06-2014	Menangle	2	FILLY	Makes Every Scents	Four Starzzz Shark (CA)	1.56.0
14-06-2014	Menangle	2	FILLY	Sally Fletcher	American Ideal (USA)	1.56.0
03-06-2014	Menangle	2	FILLY	Sally Fletcher	American Ideal (USA)	1.56.2
29-06-2014	Menangle	4	E&G	Ultimate Art	Modern Art (USA)	1.56.3
21-06-2014	Menangle	4	E&G	Almost El Eagle	Mcardle (USA)	1.56.3
14-06-2014	Menangle	2	FILLY	Bamako Mali	Art Major (USA)	1.56.3
29-06-2014	Menangle	2	FILLY	Bamako Mali	Art Major (USA)	1.56.4
21-06-2014	Menangle	3	C&G	Letfucerocthem	Art Major (USA)	1.56.6
23-05-2014	Newcastle	2	C&G	Ominous Warning	Four Starzzz Shark (CA)	1.56.9
03-06-2014	Menangle	2	FILLY	Ameretto	Million Dollar Cam (USA)	1.56.9
03-06-2014	Menangle	2	C&G	Ominous Warning	Four Starzzz Shark (CA)	1.56.9
21-06-2014	Menangle	3	C&G	Theartofconfusion	Riverboat King (USA)	1.57.0
29-05-2014	Penrith	3	C&G	El Fuego	American Ideal (USA)	1.57.2
14-06-2014	Menangle	2	C&G	Stardust	Bettors Delight (USA)	1.57.3
03-06-2014	Menangle	2	FILLY	Miss Nickels	Sportswriter (USA)	1.57.3
23-05-2014	Young	2	FILLY	Ameretto	Million Dollar Cam (USA)	1.57.3
23-05-2014	Young	2	C&G	Milliondollar Wave	Million Dollar Cam (USA)	1.57.5
29-06-2014	Menangle	3	FILLY	Whereibylong	Somebeachsomewhere (USA)	1.57.5
10-06-2014	Menangle	3	C&G	Dentona	Art Major (USA)	1.57.6
29-06-2014	Menangle	4	MARE	Frith	Four Starzzz Shark (CA)	1.57.6
30-05-2014	Newcastle	3	C&G	Theartofconfusion	Riverboat King (USA)	1.57.8
23-05-2014	Young	2	FILLY	Read About Lexy	Sportswriter (USA)	1.58.0
03-06-2014	Menangle	2	C&G	Always My Mate	Always A Virgin (USA)	1.58.0

Breeders Challenge Regional Finals

The fourth series of the NSW Breeders Challenge Regional Finals were conducted at Goulburn on Sunday 28 July 2013. There were six \$20,000 finals conducted for females and males of ages 2, 3 and 4YO.

Winners

2YO COLTS & GELDINGS – *Karlo Ten Seventy*, Bred by S E Bennetts, E H Bennetts, Owned by R M (Ronda) Lew, Trained and Driven by John McCarthy.

2YO FILLIES – *Flytomo*, Bred and Owned by A B O'Connor, P O'Connor, Trained by Anne O'Connor and Driven by Jimmy Douglass.

3YO COLTS & GELDINGS – *Ultimate Art*, Bred by R J Micallef, D A Micallef, M A Grace, D A Grace, Owned by K E (Kirsty) Formosa, Trained and driven by Michael Formosa.

3YO FILLIES – *Vampish Hanover*, Bred by J Sacco, C P Furina, S Nicoletti, J Di Giovanni, Owned by J Sacco, Est of C P Furina, S Nicoletti, J Di Giovanni, Trained by Dennis Wilson and Driven by David Morris.

4YO ENTIRES & GELDINGS – *Major Kiwi*, Bred by A Grover, T R Grant, D K Kidd, Owned by J M Baumer, P S Kahlefeldt, Trained by KerryAnn Turner and Driven by Robert Morris.

4YO MARES – *Awesome Belmer*, Bred and Owned by C W (Christopher) Rookwood, Trained by Steve Turnbull and Driven by Amanda Turnbull.

Rising Stars Series

The Rising Stars Series was conducted in late June with nine NSW junior drivers joined by WA Rising Star Kristy Sheehy. Training and development activities included attending the NSW Breeders Challenge Barrier Draw and partaking in Trots TV interviews, a visit to the new track at Bathurst which was under construction, a stable tour of Steve Turnbull's property, abseiling at Glenworth Valley and go karting in Newcastle. Activities were organised around the heats conducted at Menangle, Bathurst, Penrith and Newcastle.

The series was coordinated by Harness Racing NSW staff and popular HRNSW Registrar Denis Declauzel was the chaperone, who ensured that the participants were provided with an enjoyable yet educational experience. HRNSW also engaged the services of Seryn Adams to mentor the female drivers throughout the Series.

A true Rising Star of Harness Racing in Chris Geary, representing the Metropolitan Area, prevailed in the Series. Geary at age 16 had only been licenced since 27 November 2013 though had shown undoubted emerging talent through Mini and Maxi Trots and was given the opportunity to compete in

the Series on the back of driving more than 20 winners since obtaining his licence.

Todd Prest representing the South West & Riverina finished second, while Grace Grant representing the North East finished third.

The full point score table was as follows

Position	Driver	Points
1st	Chris Geary	88
2nd	Todd Prest	80
3rd	Grace Grant	79
4th	Mitch Turnbull	76
5th	Kristy Sheehy	72
6th	Nathan Xuereb	69
7th	Jack Trainor	65
8th	Max Hughes	55
9th	Kasey Hocking	53
10th	Liam Armstrong	23

Breeding Schemes

Owners Bonus Certificates

In FY2013/14 there were 309 NSW Breeders Challenge Owners Bonus Certificates issued for a total of \$772,500.

The Bonus Certificates are redeemable against:

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

For the first time HRNSW allowed 5YO & older horses that had sustained for the NSW Breeders Challenge and had not won a prior Owners Bonus Certificate to be eligible to receive one upon their first Career Penalty Win.

A breakup of the distribution of Certificates was as follows:

Age/Type	Certificates	%
2YO	76	24.8
3YO	118	38.2
4YO	75	24.3
5YO	37	12.0
SPONSORSHIP	3	0.1
Total	306	

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

Proving the popularity of the NSW Breeding Schemes 103 stallions were nominated. They hailed from the most prominent studs in the world with the breakup of stallion locations as follows:

Stallion Location	Nominees
NSW	38
VIC	27
NZ	26
Northern Hemisphere	7
QLD	4
WA	1



Adam Brand has a drive at a Carnival of Cups meeting.

Foal Numbers

2013/14

The total number of live foals registered in FY2013/14 was 1,154.

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

NSW	VIC	QLD	WA/TAS	FROZEN	TOTAL
526	410	23	5	190	1,154
45.6%	54.4%				100%

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

Foaling Year	NSW	NSW %	Non-NSW	Non-NSW %	Total Foals
2012/13	671	53.6%	582	46.4%	1,253
2011/12	657	49.4%	672	50.6%	1,329
2010/11	602	44.3%	756	55.7%	1,358
2009/10	484	41.5%	683	58.5%	1,167
2008/09 (EI)	494	45.7%	588	54.3%	1,082

Stallion Incentive Scheme

The Stallion Incentive Scheme has existed for five breeding seasons.

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

The number of services achieved by Stallion eligible for the Scheme can be seen below:

First Season Stallions

Stallion	Stud	2013/14
Lanercost NZ	Yirribee Pacing Stud	37
Lombo Pocket Watch	Yirribee Pacing Stud	18
Armbro Operative	Yirribee Pacing Stud	28
Total		83

Second Season Stallions

Stallion	Stud	2013/14
Mr Feelgood	Yirribee Pacing Stud	125
Roll With Joe	Pepper Tree Farm	124
J R Mint	Lonsvale Stud	20
Righteous Hanover	Rossvale Stud	9
Total		278

Animal Welfare

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

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

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

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

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

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

Review of Operations

TAB Carnival of Cups





Adam Brand performing at the Carnival of Cups.

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

In 2007 fourteen events were conducted which produced a total financial benefit to the industry of \$916,000, the majority of which was paid as prizemoney. In FY2013/14 thirty events were conducted throughout the State with Armidale included in the series for the first time - racing had not taken place at the New England High Country track since 2001.

A substantial \$2,380,497 was distributed as prizemoney, proving that the vision of HRNSW Chairman Rex Horne has been achieved.

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

The rationale behind the introduction of the Carnival of Cups was the need perceived by HRNSW to build a linked series of races that would incentivise clubs while also providing a fair and equitable means of funding Country racing.

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

Attendances were high especially in the country and were boosted by the live acoustic performances of Country Music Awards of Australia winning singer Adam Brand at many meetings.

The services of Adam Brand were offered to Clubs as part of a contract negotiated between the performer and HRNSW, the catchphrase for the FY2013/14 TAB Carnival of Cups was "Hell Of A Ride", which is the name of the 2009 Album released by Brand.

HRNSW would like to congratulate the host Clubs for their efforts in obtaining sponsorship and attracting participants and crowds to their venues.

HRNSW would also like to thank the numerous sponsors that have supported the Carnival of Cups concept across the state since 2007 and TAB for sponsoring the Series in FY2013/14.

Feature Race Winners

Date	Club	Prizemoney	Race	Winner	Trainer	Driver
07/10/13	Eugowra	\$20,000	Canola Cup	Holy Camp Clive	R J Anderson	R J Anderson
17/11/13	Griffith	\$10,000	Griffith Cup	Victoria May (NZ)	S J Snudden	P J Diebert
7/12/13	Bankstown	(G1) \$100,000	Treuer Memorial	Washakie (NZ)	J P McCarthy	J P McCarthy
19/12/13	Penrith	(G3) \$30,000	Presidents Cup	Scandalman (NZ)	I C Wilson	J N Douglass
26/12/13	Bathurst	(G3) \$45,000	Shirley Turnbull Memorial	Washakie (NZ)	J P McCarthy	J P McCarthy
1/1/14	Leeton	(Listed) \$25,000	Breeders Plate	Rich Virgin	R B Matthews	P S Maguire
3/1/14	Parkes	\$15,000	Golden Bar Final	Jester Oh Jester	M J Butler	A M Siejka
4/1/14	Maitland	(G3) \$40,000	Inter City Pace	Megs Ferrari	J R Bates	P Sapio
10/1/14	Temora	\$12,000	Temora Pacers Cup	Scandalman (NZ)	I C Wilson	J N Douglass
24/1/14	Tamworth	\$20,000	Golden Guitar	Goldplay (NZ)	B L Cockburn	B L Cockburn
25/1/14	Junee	\$14,000	Junee Pacers Cup	Rustys Reject	B T Jones	B T Jones
27/1/14	Goulburn	(G3) \$30,000	Goulburn Cup	For A Reason	B J McCarthy	L A McCarthy
9/2/14	Orange	\$12,000	Banjo Patterson Cup	Marty Bee	M J Butler	J T O'Shea
23/2/14	Muswellbrook	\$12,000	Hunter Valley HRA Cup	Strathlachlan Andy	G A Harding	M G Harding
1/3/14	Albury	\$14,999	Albury Pacers Cup	Macca Kelly	B J Kelly	B A Harpley
8/3/14	Wagga Wagga	\$14,999	Wagga Pacers Cup	Teo Enteo	D R Hancock	M R Pitt
9/3/14	Blayney	\$10,000	Jack Honan Memorial Cup	Premium Angus	W J Turnbull	E M Turnbull
14/3/14	Broken Hill	\$15,000	Pacing Cup	Bettatobelucky	D T Pimm	C L Robinson
15/3/14	Young	(G3) \$45,000	Cordina Farms Young Cup	Teo Ento	D R Hancock	D R Hancock
16/3/14	Narrabri	\$9,000	Narrabri Cup	So Bad	K P Wellington	K P Wellington
30/3/14	Armidale	\$10,000	Armidale Cup	Dan NZ	M V Lennox	C J Harmeey
13/4/14	Inverell	\$9,000	Inverell Cup	Gotta Feeling	K B Natty	A N Varga
25/4/14	Coolamon	(G3) \$25,000	La Coocharacha	Spidergirl	D Aiken	D Aiken
27/4/14	West Wyalong	\$12,000	West Wyalong Pacers Cup	Kennedy Creek	B T Jones	D E Kenna
3/5/14	Newcastle	\$20,000	Newcastle Derby	Bling It On	B J McCarthy	L A McCarthy
4/5/14	Forbes	\$12,000	Forbes Final	Alphontonia	B J Hewitt	B J Hewitt
18/5/14	Cootamundra	\$14,999	Wattle Time Cup	Kennedy Creek	B T Jones	B T Jones
25/5/14	Dubbo	(G3) \$30,000	Red Ochre Mares Classic	Pas Ultimate Delight (NZ)	S P Tritton	L R Panella
9/6/14	Fairfield	\$14,999	J D Watts Memorial	Awesome Belmer	A S Turnbull	A S Turnbull
15/6/14	Peak Hill	\$10,000	Jack Honan Championship Final	I Surf	J L Gaffney	M K Sullivan



TAB Carnival of Cups Point Score – Top 6

Horse Tally	Total
Smokin Bopper (NZ)	16
Freedom Is (NZ)	13
Dan (NZ)	12
Itdontmattertome	12
Major Gambler	11
Precious M (NZ)	11

Trainer Tally	Total
A S (Steve) Turnbull	134
N P (Nathan) Hurst	86
B J (Bernie) Hewitt	47
S P (Shane) Tritton	36
S J (Shaun) Snudden	35
I C (Ian) Wilson	34

Driver Tally	Total
A J (Amanda) Turnbull	126
B T (Blake) Jones	59
N P (Nathan) Hurst	59
B J (Bernie) Hewitt	49
J N (Jim) Douglass	35
A M (Ashlee) Siejka	31

Trotting Trainer Tally	Total
B A (Brent) Lilley	13
B P (Blake) Fitzpatrick	13
C W (Chris) Lang	7
L E (Laura) Crossland	7
M F (Mick) Blackmore	5
D (David) Jack	4

Review of Operations Integrity



Integrity

The year was another busy one with HRNSW continuing to employ and develop new strategies and methods to increase and strengthen integrity and further enhance the level playing field for all participants.

The Integrity department saw some minor changes with personnel, following the departure of John Zucal to take up a position as Chairman of Stewards, Emirates Racing Authority.

Equine Drug Control

Again HRNSW invested heavily into intensifying equine drug control, not only through testing, but also by way of intelligence gathering and establishing what substances might

be being introduced into the industry and being used by participants.

HRNSW was the first jurisdiction in the world to undertake research into and develop a threshold level for the substance Cobalt. It was clear to HRNSW that Cobalt was being used improperly within the equine industry. HRNSW was proactive in establishing a threshold level to not only ensure horses were racing on a level playing field, but more importantly, to protect the welfare of the horse.

The table below outlines the number and types of tests undertaken by HRNSW relative to the number of starters throughout the year.

Month	Urine	PRBT	Post Blood	i-stat	Others	Total	Starters	%
Jul-13	234	236	24	153	44	691	2,957	23.37%
Aug-13	195	209	15	136	28	583	2,986	19.52%
Sep-13	168	177	19	20	34	418	1,987	21.04%
Oct-13	164	156	20	109	3	452	2,344	19.28%
Nov-13	180	195	20	189	0	584	2,570	22.72%
Dec-13	238	229	20	224	37	748	3,125	23.94%
Jan-14	207	213	30	173	3	626	3,064	20.43%
Feb-14	202	330	45	0	100	677	3,043	22.25%
Mar-14	278	474	22	0	180	954	3,468	27.51%
Apr-14	193	288	28	0	10	519	2,952	17.58%
May-14	229	351	20	0	1	601	3,301	18.21%
Jun-14	201	245	30	153		629	2,843	22.12%
Total	2,489	3,103	293	1,157	440	7,482	34,640	21.60%

During FY2013/14 there were 29 positive samples, which is 0.39% of the total number of samples collected. This continues to be an alarming percentage and is up from 0.2% for the corresponding period in FY2012/13. Although this is double the previous year, HRNSW collected approximately 700 less samples in FY2013/14.

Nearly 50% of the reported positive swabs were to the new substance Cobalt which followed the introduction of a NSW Local Rule in December 2013. When this Rule was introduced HRNSW was the first racing jurisdiction to adopt a threshold for the substance. This followed a concerted effort by the HRNSW Integrity department, including Dr Martin Waincott to undertake research and population studies to determine an appropriate threshold. The introduction of a threshold was made following concerns HRNSW had about the misuse of Cobalt and Cobalt Chloride within the racing industry, not only as a performance enhancing substance but the animal welfare effects should a horse be given high dosages.

Following the introduction of a threshold by HRNSW, other racing jurisdictions in Australia and overseas have implemented similar thresholds.

Prior to the 2014 Inter Dominion, HRNSW, in conjunction with the NSW Harness Racing Club, opened its purpose built Retention Facility at Tabcorp Park Menangle. This facility houses 16 boxes within the stables area each with separate feed/tack room, 3 wash bays, 2 isolation boxes and a control room. The control room is manned 24 hours a day when horses are in residence and is aided by 48 CCTV cameras which monitor and record activities around the barn. The horses, whilst in the retention facility, have access to the training tracks, the horse walker and purpose built yards. No matter where these horses are on the facility they are always under surveillance either by a representative of HRNSW or by camera.

The retention facility has been used on several occasions since its completion; however the aim for FY2014/2015 is to use it on a more regular basis.

In May 2014, HRNSW introduced new rules that saw the banning of anabolic steroids in all standardbred horses. This includes horses from birth to retirement and will not only assist with enhancing a level playing field, but will also protect potential purchasers of yearlings through the sale rings. HRNSW will be implementing testing regimes for young horses and horses spelling to ensure compliance with the new Rule.

In September 2013, HRNSW introduced Local Rules which increased regulations relating to the use of Shock Wave Therapy on standardbred horses. This followed concerns regarding the misuse of this therapeutic treatment within 7 days prior to racing, and the persons who were providing the service. Shock Wave Therapy involves the use of pulses of compressed air delivering pneumatic shock waves to damaged tissues. The shock waves are delivered by means of a handpiece held on the skin over the affected area. It is a "non-invasive" form of treatment and therefore does not require a veterinarian to perform the procedure.

Licensing:

Following the introduction of the "users pays system" in FY2012/13, we have seen another increase in the number of licensees. The major increase in license type was that of a stablehand, which means compliance with the requirements of Rules has increased or new people have been attracted to the industry at the ground level. History will show if a percentage of stablehands progress onto Trainer and/or Driver licences.

Licence Type			# Licences held per Season						
Trainer	Driver	STHD	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
TRA			58	165	307	277	287	290	294
TRA	DRA		53	68	458	409	427	438	436
TRA	DRB		30	64	235	200	213	213	208
TRA	DRC		9	6	23	23	18	19	20
TRB			31	32	45	17	11	23	36
TRB	DRA		4	4	29	13	10	14	15
TRB	DRB		31	49	63	19	22	37	43
TRB	DRC		6	10	16	7	11	11	12
TRC			3	1	3	4	1	2	2
TRC	DRA		0	0	1	0	0	0	0
TRC	DRB		1	2	2	1	0	0	1
TRC	DRC		5	7	3	3	2	5	1
	DRA		14	32	41	32	35	39	43
	DRB		41	30	61	55	41	41	62
	DRC		27	16	26	24	13	31	31
		STHD	146	177	233	350	368	341	396
Sub Total			459	663	1,546	1,434	1,459	1,504	1,600

Appeals;

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

They had another busy twelve months with 33 appeals lodged, although only 17 progressed to a hearing. Below is a table which breaks down the appeals in FY2013/14.

Appeals Results	No.
Appeals lodged:	33
Appeals heard:	17
Appeals to be heard:	3
Upheld:	2
Varied:	8
Dismissed:	7
Withdrawn:	10
Withdrawn - Parker Warning issued:	1
Appeal file closed:	1
No Jurisdiction:	1

Review of Operations

Marketing, Media
and Public Relations



In FY2013/2014 the Harness Racing New South Wales marketing strategy focussed on the promotion of harness racing and the continued success of the TAB Carnival of Cups series.

Objectives were achieved through social media platforms, facebook and Twitter along with Media Releases submitted on both the hrnsw.com.au and harness.org.au websites. In addition an audience of over 81,247 individuals viewed the highly successful website, Trots TV.

Another priority was to further build relationships with mainstream media including The Daily Telegraph, Channel Nine's Wide World of Sports, Radio 2GB, Radio 2UE, Sky Sports Radio, Fox Sports and the ABC.

Regular editorial in The Daily Telegraph has created an increased awareness of harness racing in New South Wales. We are pleased with the regular Thursday morning segment on the Andrew Bensley Sky Sports Radio program which is also used to promote harness racing in NSW along with trainer-driver Darren Binskin having a regular spot on a Wednesday morning. During the 2014 TAB.COM.AU Inter Dominion series reports on Sky Sports Radio were conducted on a daily basis. Inter Dominion updates were also provided by Andrew Bensley on Sky Racing.

2013/2014 HRNSW TAB Carnival of Cups

The Carnival of Cups was re-invigorated with the services of Aussie Music Star Adam Brand.

Brand was not only featured in a commercial that targeted families but he also performed at 13 venues throughout the season. The Broken Hill HRC reported that more than 3,000 people attended their Adam Brand TAB Carnival of Cups race night.

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

The continuous increase in race day crowds at Carnival of Cups venues has re-invigorated many race clubs who used the opportunity to promote their feature meeting with HRNSW's promotion involving a chance for race goers to win a brand new Toyota Yaris.

Trots TV

In June 2011 HRNSW introduced Trots TV, a widely sought after enhanced media outlet for participants and supporters. Trots TV proves that harness racing fans have been starved of quality viewing for some time. The website provides full race replays, trial replays and regular one on one trainer, driver and industry related interviews.

In FY2013/2014 the response has been most overwhelming with over 235,000 visitors to the site on over one million occasions.

HRNSW Web Site, Facebook and Twitter Page

The Harness Racing NSW website provides daily updates across various categories including Racing, Integrity, Media Releases, Owning and Breeding along with Change of Tactics.

Facebook has increased in popularity with over 11,000 "Likes" for the HRNSW page.

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

The Harness Racing NSW Twitter account has had a significant boost to its operation in FY2013/2014 with more than 2,000 followers. Regular iForm for individual meetings is distributed on a daily basis along with race fields and up to date news on NSW harness racing and its participants.

The Gazette

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

Contributors provided a variety of copy including human interest stories such as Nine To Five (the hobbyist), What's In A Name, Meet The Sponsors, and Behind The Binoculars which features some of the nation's finest race broadcasters past and present.

The stallion incentive scheme resulted in an increase in breeding promotion; again re-iterating a positive profile of the breeding industry.

Pepper Tree Farm NSW Breeders Challenge-Industry Day

Pepper Tree Farm Breeders Challenge Day 2014 was a tremendous success both on and off the track with Australia's best mare, Frith once again impressing her fans by winning her second successive Breeders Challenge Final.

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

2013 Awards Night

The 2013 Awards Night was another resounding success. The theme was 'a little bit of country', and held at The Hilton Sydney. The evening attracted over 350 participants who provided positive feedback.

The major award for the evening, the Harness Racing NSW FY2012/2013 Harness Horse of the Year was fittingly won by Australia's best filly Frith.

The NSW Champion Junior Driver went to Amanda Turnbull whilst the Country Junior Driver Encouragement Award went to Paul Diebert with the Metropolitan category taken out by Lauren Panella.

The 2YO honours went to Bling It On, 3YO to Home Of The Brave, Aged Trotter of the Year went to Keystone Del, Aged Mare of the Year Baby Bling, Aged Horse of the Year Gaius Caesar, whilst Left For Me was named Broodmare of the Year. Presidential Ball took the Sire of the Year award.

Harness Racing NSW Sponsors

Harness Racing NSW was privileged to have many new and current sponsors support its activities throughout the FY2013/14 season.

For the third year running Harness Racing NSW secured a \$300,000 sponsorship with Tabcorp with funds distributed amongst participating race clubs.

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

Rob and Julie Vandyke were welcomed on board with the first year of a three year sponsorship of the Pepper Tree Farm Breeders Challenge series.

OAMPS Insurance Brokers played a significant part in the 2013 Harness Racing NSW Awards Night as the Major Sponsor.

The night was also supported by the following valued sponsors;

- Daily Form Service
- Yirribee Pacing Stud
- Lexus of Parramatta
- Harness Breeders NSW
- Sky Racing
- Garrards Horse and Hound
- Harness Racing Travel World
- NSW Standardbred Owners Association
- Penrith Harness Racing Club
- National Trotguide
- Pepper Tree Farm
- Tabcorp
- New South Wales Harness Racing Club
- House of Brook

- Cordina Farms
- Albury Harness Racing Club
- Breckon Farms
- Addington Raceway
- McLachlan Thorpe and Partners
- Goulburn Harness Racing Club
- Bulli Harness Racing Club
- PMG Media
- Lincoln Farms

2014 Ladies in Harness Racing Calendar

In December Harness Racing NSW launched the "2014 Ladies of Harness Racing" calendar in support of the NSW Rural Fire Service.

Ten participants featured in the calendar. They are not only glamorous, but successful in their own right.

The participants in the promotion included; Amanda Turnbull, Kylie Barnes, KerryAnn Turner, Martelle Maguire, Nicole Molander, Melissa Hawke, Polly Downing, Seryn Adams, Lauren Panella, and Amy Day.

We thank the ladies for donating their time to the cause.

Ten dollars from each calendar sold was donated to the Rural Fire Service.

Leigh Plunkett Foundation Fundraiser

Harness Racing NSW provided full support and raised over \$17,000 for the inaugural Leigh Plunkett Foundation Charity Auction and Fundraising Dinner at Penrith Paceway in October.

Plunkett was a trainer/driver/studmaster and administrator who passed away from Leukaemia in 2007. The idea for a foundation in his name was born from his close friend, Alabar Bloodstock General Manager John Coffey, and has been inaugurated in conjunction with Harness Racing Australia and with the support of all State Controlling Bodies.

The Leigh Plunkett Foundation will become Harness Racing's very own charity.

Aside from an annual distribution of funds to charities and/or to an individual in Harness Racing that is experiencing severe hardship after a major accident or natural disaster, the Foundation established a scholarship that provides the opportunity for a young person to travel the northern hemisphere and New Zealand and gain an education in the world of harness racing. In honour of Leigh, The Leukaemia Foundation was chosen as the charity to benefit from fund raising efforts.

Fairfax and News Ltd.

In FY2013/2014 Harness Racing NSW completed its first 12 months of the newly negotiated contract with the Sydney Morning Herald and Daily Telegraph.

In addition to advertising in the Herald, fields, form and editorial was regularly supplied in the Daily Telegraph. For FY2014/2015 Harness Racing NSW is looking to continue and expand the agreement which will allow NSW harness racing to be profiled at an even higher level.



Inter Dominion Ambassador Sammy Kilgour models in front of the Sydney Opera House.

Review of Operations External Relations



Tabcorp

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

The main thrust of HRNSW's efforts involved obtaining better understandings between the parties on industry turnover performance and general business strategies to stimulate the growth of funding to the racing industry.

Along with Racing NSW and Greyhound Racing NSW, Harness Racing NSW links into the monthly phone hook ups which discuss turnover and revenue results. HRNSW also attends regular Business and Strategy Committee meetings and Racing Products meetings with key Tabcorp personnel, the aim of which is to drive the wagering business forward through increased collaboration and understanding between the industry and Tabcorp.

Tabcorp provided a substantial sponsorship of \$300,000 to the industry and to various clubs around the state which was matched by clubs providing signage and other benefits to TAB and its clients. In addition Tabcorp gave promotional airtime and live hosting for certain events.

Tabcorp also sponsored the FY2013/14 Carnival of Cups series.

Racingcorp

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

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

Harness Racing Australia

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

In terms of promotion, HRA has developed a new one lap racing product, Hot Shots, to be launched in May 2015 as well as the creation of the We Will Trot You brand - inclusive of artwork, advertising templates, video and soundtrack - which has proven to be a great success with the sounds of the iconic Queen rock anthem being heard at many venues across Australian harness racing tracks and has resonated well within the industry.

HRA is also responsible for National awards, production of the stud book, updating of the national HRA web site to continue to provide valuable breeding information free of charge along

with a myriad of useful statistical information, coordination of gear and equipment applications and the continued development of test standards, processing of imported horse applications, developing an important partnership with China on the creation and development of a new horse industry and the chairing and secretariat roles of the annual Stewards and Regulatory Veterinarian Conference.

The Standardbreds Unharnessed program, which is partly funded from import fees, continues to create opportunities for off the track and non- racing horses. Partnerships with Riding Develops Abilities (RDA), Equestrian Australia (EA) and the State Standardbred Pleasure and Performance Horse Associations continues to create interest and demand in these horses. A recent audit by RDA showed that the Standardbred is the second most populous horse in their centres, with only the Clydesdale Cross (many of which are crossed with Standardbreds) being more prevalent.

Gear, equipment and safety are also play a very important role for HRA. All new sulkies and wheels are rigorously tested by Human Impact Engineering prior to being track tested in front of stewards before they are listed for approval. Data from incidents is regularly analysed and the results are used to further enhance the testing processes. In the last 12 months a vest standard has been developed that will assist the industry with a greater choice of vests. This was undertaken due to a lack of suitable vests being available for participants. HRA continues to work with a number of vest developers and

Looking ahead, HRA is proud to welcome our friends and fellow ITA members to the 2015 World Trotting Conference, to be held in Sydney, and the best drivers on the globe to the World Driving Championship which will be staged at a number of New South Wales tracks in Feb/Mar 2015 to coincide with the World Trotting Conference.

Harness Racing Industry Consultation Group

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

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

Items discussed at meetings throughout the year included; the state of the industry, Gig Insurance, Strategic Plan, track and infrastructure updates, micro chipping of horses, safety equipment, and HRNSW policies and procedures.

The Committee met 4 times during the year.

Industry Associations

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

- (i) The United Harness Racing Association (UHRA) including the NSW Square Trotters Association,
- (ii) Harness Breeders NSW (Harness Breeders NSW),
- (iii) The NSW Standardbred Owners Association (NSWSOA), and
- (iv) The NSW Mini-Trotting Association (NSWMTA).

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

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

With assistance from Newcastle Harness Racing Club Harness Racing NSW purchased four ponies and a vast array of equipment to help promote mini trots through schools and other outlets.

To date a number of training days have been arranged through Daryll Jackson.

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

Corporate Wagering Operators

During FY2013/14 Harness Racing NSW undertook a number of site visits to various corporate wagering operators.

The visits included reviewing the quarterly and annual returns that had been lodged since the legislation was enacted in 2008. Given that the High Court decision was only handed down at the end of March 2012 it was appropriate to undertake the visits during FY2013/14.

In addition to reviewing the various returns discussions also took place on topics of mutual interest including improving wagering and returns to the industry.

As the corporate wagering operators provide a significant level of funding to the industry these discussions will also be held in FY2014/15.

Standardbred Performance and Pleasure Horse Association

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

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

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

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

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

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

“ . . . 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. ”



Emilio and Mary Rosati with Tony Turnbull and his daughters at the presentation of the Hondo Grattan Stakes.



The Australasian Young Drivers Championship representatives at Bankstown Paceway.

Corporate Structure



Overview

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

Harness Racing NSW was split into four major operating divisions during FY2013/14 (Commercial Services, Regulatory Services, Racing Operations and Marketing) with a separate secretariat unit to provide support to the Chief Executive Officer and Board.

The structure during the FY2013/14 financial year was as follows:

CEO & Board Unit

The Chief Executive Officer and Board Unit was headed by Mr Sam Nati who resigned in May 2014 and departed HRNSW on 22 August 2014.

The incoming Chief Executive Officer, Mr John Dumesny assumed this role as from 1 September 2014.

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

Commercial Services

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

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

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

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

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

Integrity Services

The Manager Integrity & Chairman of Stewards is responsible the management of the Stewarding, Integrity, Licensing and Registrations and the Racing departments, which incorporate the Stewards, Integrity Officer, Investigators, Regulatory Veterinarian, Handicappers and Racing office staff.

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

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

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

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

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

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

Integrity Division also includes:

- (i) A separate integrity unit that includes investigators and a form analyst;
- (ii) A veterinarian who advises HRNSW on all animal related matters;

Racing And Product Development

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

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

In addition to these responsibilities the Division is also charged with the preparation of statistical and performance reports for the Board, Executive and clubs on racing-related matters such as turnover performance, horse movements and population, and club performance to agreed KPIs.

This division also plays a significant role in the development of the new tracks.

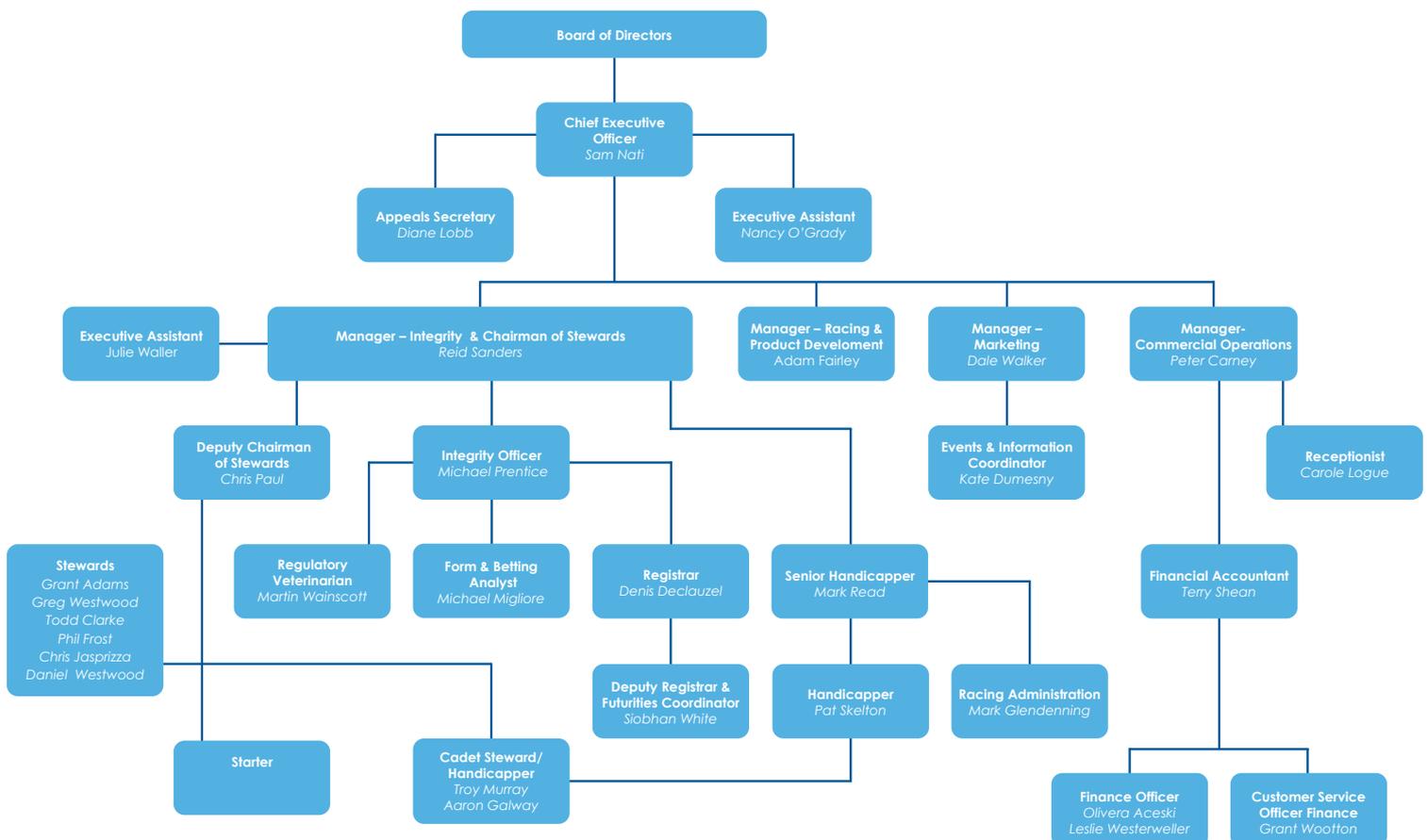
Marketing

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

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

Staff also contributed to the newly launched Harness Media Centre.

Organisation structure





Industry Associations

Harness Breeders NSW



Well another year has passed and no doubt some future champions are relaxing in the paddocks of our members or on agistment farms around the state.

Harness Breeders NSW enjoyed a steady year, with the only major change being our exciting new, easy to use website harnessbreedersnsw.com.au. All the relevant information can be found on the site, which is much easier to navigate, has a more appealing appearance but still offers the same great content plus a few extra items.

It seems so long ago, but last year's awards and AGM was again a very enjoyable evening, with many of the award winners on hand to accept their awards. We have had some wonderful thank you letters from recipients, which are really appreciated, but it is we who appreciate the breeders for their continued commitment to what is at times a trying pastime with plenty of ups and downs. But we all know the rewards quickly erase the tough times when one we breed wins a race or two.

The committee has again worked hard throughout the year, giving up their time to ensure that the Association and its members are given the best possible platform in which to undertake their horse breeding activities, and that the progeny is afforded as much opportunity to earn on the racetrack for their owners and breeders.

HBNSW again sponsored the Pink Diamond 3yo fillies race at Penrith, this year won by Regaltive, trained and driven by the successful partnership of KerryAnn Turner & Rob Morris. This race being scheduled early in the new racing season gives late blooming 2yo fillies a nice early feature event to aim for, with this filly now having earnings over the \$40,000 mark.

Our signature event, the "Go Girlfriend Series" was again a hotly contested series, with 40 mares taking part in the heats at Newcastle, Young, Penrith & Bathurst. The winner of the final this year went to the Major Bonus, trained by Shane Tritton and perfectly driven by Chris Geary in a time of 1.56.1. The mare is also owned by one of our members in Amy Evans, so certainly a big congratulations are in order. Other heat winners included Mile High Anvil (trained by Barry Matterson) Newcastle heat, Highview Aria (trained by Steve Turnbull) Bathurst heat, The Baggy Green (trained by Jake Stockton) at Young and Grace Artois (trained by KerryAnn Turner) at Penrith. The random draw for a \$2,500 Breeders Challenge Bonus Certificate was won by Shiraz Shannon who competed in the Young heat. Again a big thankyou to Tabcorp Park Menangle for ensuring the prizemoney for the final was a healthy \$20,000.

We continue to support the Standardbred Pleasure and Performance Horse Association via an annual donation. The SPPHA is a voluntary organisation who assist in re-homing standardbreds who are not suitable or have finished racing. These girls work tirelessly to ensure the horses we breed are

given a 2nd chance at life if racing is not their thing. They monitor the adopted horses for a specified period once the new owner takes over to ensure they are given the care they require. If you would like to assist them financially or if you have a horse you would like re-homed, please contact them via www.standardbred.org.au.

As most breeders are now aware last year's breeding season again showed a decrease in the number of mares bred, which of course is a worrying sign when it comes to foal numbers on the ground and future racing stock. Let's hope this year proves to be a more fruitful season with more mares joining the breeding barns around the country. We cannot stress enough the need to breed your mares; foal numbers are critical when it comes to our racing commitment and without the support of everyone, the targets that are set by TabCorp and Sky Channel become so much more difficult to achieve.

The breeders bonuses are at an all time high, with the Nominator of a Breeders Challenge eligible 2yo and this year 3yo eligible for a \$3,000 cash bonus for the 1st win of the season. The owner of the horse is also eligible for a \$3,000 Breeders Challenge Bonus Certificate. Both these amounts are on top of the prizemoney earned for the win, so your reward could be close to \$10,000 if you are an owner/ breeder.

We are looking at introducing a breeding scholarship of sorts in the upcoming season. The final details still need to be finalised, but it will be a great incentive for a couple of breeders/members of the Association. Watch the website for more details!

This year also saw the departure of Sam Nati from the CEO's position at HRNSW. We would like to wish Sam all the very best in his future endeavours. Sam was great to work with over the 5 years he was at the helm, with his think outside the square approach and willingness to listen we saw some great enhancements to the industry, including the introduction of the much appreciated nominator's bonuses.

We would again like to thank the studs for their generous support. Harness Breeders NSW was the first Association to secure discounted service fees for their members, with other state Associations now following suit. The studs that have supported us include Alabar Farms, Pepper Tree Farm, Calderwood Farm, Yirribee Pacing Stud, Lochend Stud, Medowie Lodge, Nevele R Stud & Niota Farm.

And finally, thank you to our members, those who continue to breed, raise and race the mighty standardbred. May you all have a fruitful breeding season, with some lovely foals on the ground and many many mares being bred.

Joanne Andersen
President

Industry Associations

Mini Trots NSW





NSW Mini Trotting Association and its affiliated clubs once again continued to foster and promote the sport during the FY2013/14 season. Dubbo region was back for the first time for a number of seasons and it was great to see an active club in this strong harness region. Strong interest has been shown in the Canberra district and a club to be known as the Capital Region Mini Trotting Club will commence in the new season.

The Carnival of Cups was well received again this season with the large crowds at the country venues enjoying the entertainment provided by the mini trots.

The NSW Championships, held at Gundagai this year, attracted a record 167 nominations showing the valuable assistance from HRNSW, hard work in fostering and promoting the sport by all club officials certainly over recent times has raised our level of recognition with an unprecedented interest from all over the state.

NSW Association hosted the Mini Mobile Miracle, Mini Inter Dominion and Fishers Ghost meeting at Tabcorp Park Menangle with all well received by the spectators. Once again the Mini Miracle Mile from behind the mobile barrier was a real entertaining event.

Our association will New Zealand Kids Karts continued with our representative Molly Turton being the first overseas

competitor to win a heat of the event. This event will be further developed next season with all Australian Mini Trot States to be extended an invitation. We also continued our good relationship with NZ by offering ponies for Kerryn Tomlinson to drive in the Inter Dominion series.

Towards the end of the season we introduced an Education/ Training Programme whereby the opportunity is made available for children interested in the sport to come to our education days with horses and equipment made available in a hands-on situation. These days have been well received and as we provide more promotional events it augurs well for an increase in awareness of harness racing in general.

Mini Trotting certainly has raised its profile but still has a way to go. We need to keep working to attract more participants to the sport, in particular those without a current family connection in the sport assisting making it easier to be a part of mini trotting.

Finally thanks to all officials, parents and volunteers for their help and support as well as HRNSW for their strong contribution over the year.

Daryll Jackson
NSW Mini Trots

Industry Associations

United Harness Racing Association





During FY2013/14 the Industry has seen such positives as a very successful Breeders Challenge Series , in terms of horses and turnover, new infrastructure underway at Menangle , Bathurst, Goulburn and the announcement of new tracks at Wagga and Tamworth .

The UHRA elected and active Office Bearers for FY2013/14 were

- President** Neil Day
- Vice President** Gavin Fitzpatrick
- Secretary** Wally Mann
- Committee** Leon Jurd, Darren McCall, Nicole Molander, Jamie Hogan and Bernie Hewitt.

The Association’s Office Bearers and representatives covered all Regional Centres and worked effectively communicating and reporting back on pertinent Industry issues.

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

During FY2013/14 UHRA has worked closely with HRNSW and has forwarded it views, as requested, on such major issues as Handicapping, Licensing and Insurance, Concession Drivers initiatives, Breeders Challenge Reviews and Rule Reviews.

During the past season UHRA continued its regular meetings with HRNSW and topics which have been discussed at length include Rule Anomalies, Change of Tactics Rule, Insurance, Sulky Scheme, review of Penalty Guidelines, DASP Policy, consistency in the Application of Rules, Penalties and Race Judgements and reductions in participants costs including Licensing.

As we leave the FY2013/14 season a new Handicapping and Programming System is about to come into place and with any new initiative participants have divided views. On a positive note future infrastructure projects can be seen to be happening and the Breeders Challenge has seen NSW horses once again become competitive on the national stage.

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

Wally Mann
Secretary

Industry Associations

NSW Standardbred Owners Association

New South Wales Standardbred Owners Association Annual General Meeting to be held at Penrith Paceway on Thursday 27th November 2014 commencing at 7:00pm.

Presidents Report

I am pleased to report to the members of the association on behalf of the committee on the activities of your association for the year ending 30th June 2014.

The association has developed a stable membership and has continued its function as the accredited body representing the owners of standbreed horses in New South Wales on all matters relevant to Harness Racing.

The Annual Awards night was held at Tabcorp Park Menangle and was attended by 130 members and guests and all in attendance thoroughly enjoyed the evening. MC Dale Walker keep the programme running smoothly and the majority present took something home.

Trophies were presented to very happy owners in various categories, which were again provided by Bohemia Crystal through the principal club.

Award Winners were:

- 2 year old gelding — Lettucerockthem — P Kahlefeldt
- 2 year old filly — Spicy Stride — E & M Rosati
- 3 year colt/gelding - Armbr Chimes — L & L Hewitt
- 3 year old filly — Frith — D Kelly
- 4 year old horse/gelding — Grand Stride — E & M Rosati
- 4 year old mare — Dynamite Den Dee — M & C Teuma
- Trotting colt/gelding — Earl of Clevedon — R Commens & D Cordina
- Trotting/mare — My Valarie — P Driscoll
- Owner of the year — Emilio and Mary Rosati
- Horse of the year — Our Sixpence
- Trotting owner of the year — Pat Driscoll

Two exciting member's draws were conducted at the awards function. The first was a weekend trip for two mystery location at the Anchorage on the Central Coast which was won by Paul Burnes from Southern NSW.

The major draw was for a return trip for two to Las Vegas for one week including \$1,000 in spending money for the eligible owner present on the night. The winner was Rachele Corfield who has never flown or been out of Australia. Rachele and her husband Geoff reported on their return that the trip had changed their lives.

The association's membership at the time of writing was 205 financial members, including 41 new members 48 members are yet to renew their membership.

Following the annual general meeting the committee and Officer bearers were elected, (at the first subsequent committee meeting.)

The office bearers and committee elected were:

President	Peter Neil
Vice President	Daniel Cordina
Treasurer/Secretary	Peter Green
Minute Secretary	Fran Fitzpatrick
Committee	Peter Dewsbury, Peter Plummer, Neil Parnaby, Marie Neil, Brian Ingram, Cheryl McDowell

The association through its representatives on the Horse Racing industry consultative group (HRICG) has responded to and made representation to the board of HRNSW on a wide range of matters including:

- Integrity
- Sulky Recovery Scheme
- Superannuation
- Ambulances at race meetings
- Centralised race programming and handicapping
- Breeding incentives

- Strategy planning
- Claiming races
- Prize money contingency fund
- Breeders challenge stallion nomination fees
- Chance of tactics rule
- Animal welfare
- Marketing of harness racing

The association continued with its programme of Owners of the month awards with 3 owners being awarded and recognised each month receiving a congratulatory letter acknowledging their results plus a very attractive association key ring.

The monthly owners were:

SEPTEMBER 2013	Peter & Marie Neil - Adam Sofoluis - R Quay
OCTOBER 2013	Julie Smith - Daniel Cordina - Anne Tapp
NOVEMBER 2013	Emilio & Mary Rosati - Kevin Hurst - Cassandra Hampton
DECEMBER 2013	Rod Smith - Ray Mahwood - Ray Grubb
JANUARY 2014	John Starr - Ray Walker - Michael McKechnie
FEBRUARY 2014	Cheryl McDowell - Paul Kahiefelot - Howard James
MARCH 2014	Lyn Fitzpatrick - Dianne Kelly - Peter Green
APRIL 2014	Nathan Hurst - Pat Driscoll - William Buckley
MAY 2014	Bradley Hewitt - Lester and Linda Hewitt - Peter Trevor Jones
JUNE 2014	Finian Doyle - Adrian Bau - Glen Wilmot
July 2014	Wayne Dimich - Douglas Johnston - Rob Davis
August 2014	Joe Cordina - Cathy Hewitt - Sue and Frank O'Sullivan

The association continued the Owners bonus race series with support from relevant race clubs and Harness Racing New South Wales.

The bonus winners in 2014. Total Value of the bonus paid to 27 owners was \$23,500.

The Association thanks the Menangle, Wagga, Parkes, Penrith, Newcastle, Dubbo, Young, Bathurst and Bankstown race Clubs for the participation and ongoing support for the Series together with Harness Racing New South Wales.

The association has taken steps to increase its presence in the social, media and digital world by revamping its website and commenced owner's profiles. The new media centre launched by Harness Racing will be utilised to the maximum. Owner's views, their achievements and contribution to the industry will feature regularly.

The association acknowledges and thanks its generous sponsors for their ongoing support.

- Harness Racing New South Wales.
- The New South Wales Harness Racing Club
- Bohemia Crystal
- Gow Gates Insurance
- Lexus of Parramatta

- Global Food Equipment
- Rayngold Standbreds
- Yirribee Stud
- Alabar Stud
- Woodlands Stud
- Cordina Chickens
- Ingram Shearing Contractors
- Kriden Park
- Success Stud
- Pizzini Wines

I thank the committee for their unselfish and tireless dedication to the work of the association and Harness Racing, without their contributions very little would be achieved.

Peter F Neil

PRESIDENT NSW SOA

2014 Bonus Winners

Meeting	Horses	Owners	
Tuesday 10th June 2014	Menangle	WHEREBYLONG SPICY STRIDE LETTUCEROCKTHEM OCEAN DIVA MARKEY OH MARKEY	F Doyle E & M Stride Redbank Lodge Standardbreads C A Cross J J Starr, L M Fitzpatrick Kriden Investments Pty Ltd
	Wagga	MODERNERA	S J Snudden
	Parkes	FLIGHT EXPRESS PENNY SHANNON	A E Lamb Rayngold Pty Ltd
	Penrith	THE RAG DOLL MIGHTY GIFT STARZZZINTHENIGHT WHY FOUR	C P McDowell, C A McDowell D D Johnston, K A Johnston P G Green, M M Green, I R Baker, K C Clarke S McDonald
Friday 18th July 2014	Newcastle	ULTIMATE TRUMP ADRIATIC COAST NZ	K E Formosa A O Sofoluis, J Sofoluis
Sunday 20th July 2014		HAPPY NAPA CASINO CHIMES TULHURST SARSHA	F M Hession, P J Bray L i Hewitt, L E Hewitt Tulhurst Racing
Sunday 27th July 2014	Young	MUSTANG JET LORD MERRYWOOD MOTHER KYM THE BAGGY GREEN ARMBRO CHIMES	G R Wilmot W P Dimech, S E Dimech Daycar Newcastle Pty Ltd S C Robertson, K A Robertson L J Hewitt, L E Hewitt
	Bathurst	TRULY MISSTERIOUS NZ DEADLY MERRYWOOD	Campbell Advisory Pacing, N. I Howlett, W P Dimech, J Conolly W P Dimech, J Conolly
	Bankstown	GOTTOHAVEATTITUDE FREE WILL NZ OHOULUCKYTHING NZ	G A Targett, M J Targett L M Fitzpatrick, B E Shepherd J J Starr

Corporate Governance



Board Responsibilities

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

In terms of corporate governance the Board is responsible for:

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

Board Functions

The functions of the Board as outlined in Section 9 of the Harness Racing Act 2009 include the following:

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

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

harnessmediacentre.com.au/hrnsw/about-us/functions-and-powers

Board Structure

The current Board, the majority of whom took office in February 2012, was appointed in accordance with Section 6 of the *Harness Racing Act 2009*.

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

The Board's aim is to provide a new direction and impetus to Harness Racing NSW's efforts to secure the future of the industry and improve outcomes for its stakeholders.

The varied backgrounds, skills and experience of individual Board Members provides a balanced view of the industry's

needs and opens many paths to obtaining solutions for the most pressing issues.

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

Chairman

HORNE, Rex William

(Independently Elected Chairman)

Independent Chairman, Rex Horne, has extensive industry experience not only as a former Chairman of NSW Harness Racing Club, but also as the current chairman of the Harness Racing NSW Infrastructure Development Group, as a former chair and deputy chair of the NSW Harness Racing Club Ltd, a former president of the harness racing industry's NSW TAB Clubs' Association, an Alternate Director of Racingcorp Pty Ltd and as a Member of the Inter Dominion Steering Committee.

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

Mr Horne's term will expire in February 2016.

Members

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

EDWARDS, Christopher John

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

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

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

Mr Edwards is a farmer with a property north of Dubbo. Mr Edwards served one term on the previous Board and was appointed for a further term of 3 years.

Mr Edwards' term will expire in February 2015

KELLY, Graham John

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



Board Members L-R: Rod Smith, Rex Horne, Chris Edwards, Graham Kelly, and Alex Smith.

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

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

SMITH, Alexander Stewart AM

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

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

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

SMITH, Rodney Graham

Mr Smith has more than 21 years of experience in the corporate finance sector and business ownership in the motor retail sector. His interests include breeding, racing and administrative involvement in the harness racing industry, including roles as the former Treasurer of Bathurst Harness Racing Club and Vice President of the NSW Owners Association.

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

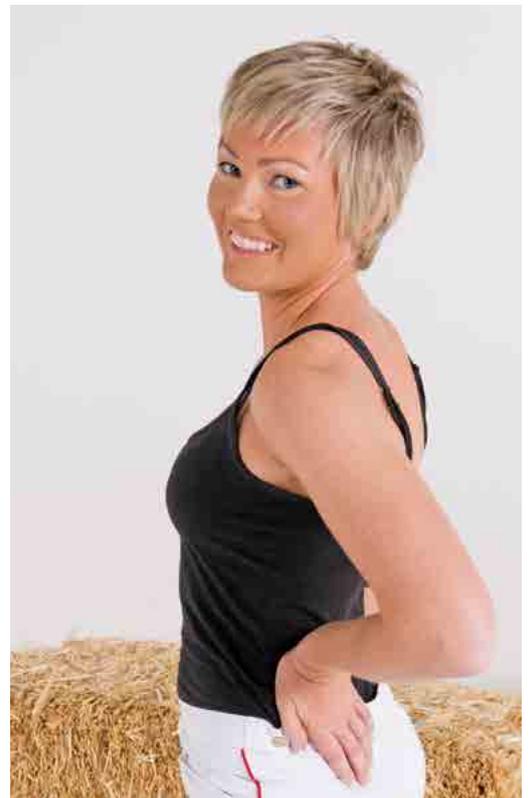
Meetings

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

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

Board Member	Meetings Held	Total Attended
G Campbell	7	7
R Horne	5	5
C Edwards	12	12
G Kelly	12	12
A Smith	12	12
R Smith	12	12





Women -in- Harness Racing

ark Menangle



Financial Statements

for the Year ended 30 June 2014

Contents

Harness Racing New South Wales	78
Members' Report	79
Members' Declaration	81
Lead Auditor's Independence Declaration	81
Auditor's Report	82
Statement of Profit or Loss and Other Comprehensive Income.....	83
Statement of Financial Position	85
Statement of Changes in Equity	86
Statement of Cash Flows	86
Notes to the Financial Statements	87
Harness Racing Industry Fund	114
Members' Declaration	115
Auditor's Report	116
Statement of Profit or Loss and Other Comprehensive Income	117
Statement of Financial Position	118
Statement of Changes in Equity	119
Statement of Cash Flows	119
Notes to the Financial Statements	120
Harness Racing Racecourse Development Fund	126
Members' Declaration	127
Auditor's Report	128
Statement of Profit or Loss and Other Comprehensive Income	129
Statement of Financial Position	130
Statement of Changes in Equity	131
Statement of Cash Flows	131
Notes to the Financial Statements	132



Financial Statements

Harness Racing New South Wales

Contents

Members' Report	79
Members' Declaration	81
Lead Auditor's Independence Declaration	81
Auditor's Report	82
Statement of Profit or Loss and Other Comprehensive Income.....	83
Statement of Financial Position	85
Statement of Changes in Equity	86
Statement of Cash Flows	86
Notes to the Financial Statements	87



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 2014. HRNSW is a statutory corporation (entity) constituted under the *Harness Racing Act 2009* (as amended).

Members

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

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

Mr Rex Horne was appointed with effect from 11 February 2014.

The following persons were members of HRNSW from the beginning of the financial year until the date of their retirement:

Mr Graeme Campbell	Date of Retirement 3 February 2014
--------------------	--

Members Meetings

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

Name	Attended	Number Eligible to Attend
Mr Graeme Campbell	7	7
Mr Rex Horne	5	5
Mr Chris Edwards	12	12
Mr Graham Kelly	12	12
Mr Alex Smith	12	12
Mr Rod Smith	12	12

Member emoluments are shown in the attached financial statements.

Principal Activities

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

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

Result

The surplus for the year amounted to \$2,027,378 (2013: Surplus \$205,127). The surplus includes \$1,351,492 as a grant from Race Course Development Fund which was used to purchase the land at Tamworth.

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

Significant Changes in the State of Affairs

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

Staff

The entity employed thirty six (36) employees as at 30 June 2014 (2013: 35).

As at the date of this report the entity had thirty six (36) employees.

Events Subsequent to Balance Date

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

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

Except that

- (i) The CEO of Harness Racing NSW has resigned and will finish on the 22nd August 2014. The board has appointed a new CEO who will commence on the 1st September 2014.



Corporate Governance

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

Likely Future Developments

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

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

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

Members Benefits

Neither since the financial year, nor during the financial year, has a Member whilst being a Member, received or become entitled to receive a benefit by reason of a contract made by the entity or a related body corporate which the Member or with a firm of which the Member is a member, or a company in which the Member is a member, or a company in which the Member has a substantial interest other than the interests of Mr Rod Smith through a contract for the supply of vehicles on commercial terms to HRNSW through Terry Shields Toyota.

Auditor Independence

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

Signed in accordance with a resolution of the Members at Bankstown, 26th day of September 2014.

Rex Horne
Chairman

Chris Edwards
Member

Members' Declaration

The Members of Harness Racing New South Wales (HRNSW) present their declaration for the financial year ended 30 June 2014.

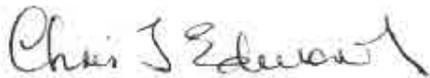
In the opinion of the Members of the entity: –

- (a) The accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the entity's financial position as at 30 June 2014 and its performance for the financial year ended on that date, and
- (b) There are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due, and
- (c) The financial statements also comply with International Financial Reporting Standards as disclosed in Note 3 (a).

Signed in accordance with a resolution of the Members at Bankstown, dated 26th September 2014:



Rex Horne
Chairman



Chris Edwards
Member

Lead Auditor's Independence Declaration

To the Members of Harness Racing New South Wales:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

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

K S Black & Co
Chartered Accountants



Sam Danieli
Registered Company Auditor
Sydney

Dated: 27 October 2014

Independent Auditors' Report to the Members of Harness Racing New South Wales

Report on the Financial Report

We have audited the accompanying financial report of Harness Racing New South Wales (the 'entity') which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the members' declaration.

Members' Responsibility for the Financial Report

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

Auditors' Responsibility

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

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

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members, as well as evaluating the overall presentation of the financial report.

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

Auditors' Opinion on the Financial Report

In our opinion:

- (a) the financial report of Harness Racing New South Wales:
 - (i) Gives a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
 - (ii) Complies with Australian Accounting Standards (including the Australian Accounting Interpretations).
 - (iii) Complies with the *Harness Racing Act (NSW) 2009*.
- (b). The financial report of the entity also complies with International Financial Reporting Standards as disclosed in note 3(a).

K S Black & Co
Chartered Accountants



Registered Company Auditor
Sydney

Dated: 27 October 2014

Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2014

		2014	2013
	Note	\$	\$
Revenue from Continuing Operations			
Product Fee	4(a)	21,443,201	22,902,813
Wagering Incentive Fee	4(a)	12,015,077	11,242,727
Race Fields Income	4(b)	9,472,759	6,995,743
Interest on Race Fields monies	4(c)	448,553	876,954
Finance Income – Interest Revenue		84,696	58,174
Grants Received - Racecourse Development Fund	4(d)	1,393,165	125,519
Grants Received - RDF - Special Investigation	4(e)	31,836	93,823
Grants Received - Industry Funds	4(f)	178,000	174,000
NSW Harness Racing Gazette	4(g)	224,663	186,601
Registration & Licensing Income		668,775	759,141
Stewarding and Other Fees Charged to Clubs	4(h)	1,050,018	1,048,720
Other Income	4(i)	36,167	16,346
Total Revenue		47,046,910	44,480,561
Expenses from Continuing Operations			
HRNSW TAB Distribution:			
to Clubs	5(a)	16,159,965	16,404,109
to Industry Fund	5(b)	2,324,567	2,372,058
to Racecourse Development Fund	5(c)	664,162	677,731
Prizemoney Paid		9,935,640	10,420,491
Payments from Race Fields Receipts	5(d)	7,132,150	4,349,450
Payments from Race Fields Fund (Future Fund)	5(e)	394,045	1,643,950
HRA Membership Levy		121,707	118,242
Employee Salaries and Related Expenses	5(f)	3,544,453	3,585,770
Members Fees	5(g)	101,689	100,693
NSW Harness Racing Gazette		276,826	185,343
Postage, Printing & Stationery		106,384	143,517
Travel	5(h)	349,612	331,979
Consultancy & Contractors		-	6,347

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

For the financial year ended 30 June 2014

		2014	2013
	Note	\$	\$
Expenses from Continuing Operations (Continued)			
Occupancy Expenses		122,445	100,599
Equipment Expenses		24,119	34,779
IT and Communication Expenses	5(i)	285,338	329,288
Special Projects- Media Centre and Others		23,104	36,508
Depreciation Expense		197,131	189,645
Insurance		50,093	60,368
Racing Integrity Expenses	5(j)	1,355,965	1,217,622
Racing Integrity Expenses - Special Investigation	5(k)	31,836	93,823
Sky Video/Photo Finish Expenses	5(l)	1,578,214	1,542,606
Bad Debt Expense	5(m)	795	(44)
Other Expenses	5(n)	110,686	182,649
Amalgamation Expenses	5(o)	65,746	75,003
Transfer Fine Income to Industry Fund		62,860	72,908
Total Expenses		45,019,532	44,275,434
Surplus for the Year		2,027,378	205,127
Comprehensive Income			
Other Comprehensive income		-	-
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		2,027,378	205,127

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2014

		2014	2013
	Note	\$	\$
Current Assets			
Cash and Cash Equivalents	6	78,945	117,616
Deposits	7	10,885,175	12,700,602
Trade and Other Receivables	8	10,622,781	10,509,697
Other	9	10,608	1,440
Total Current Assets		21,597,509	23,329,355
Non-Current Assets			
Property, Plant and Equipment	11	4,653,099	3,215,191
Land	10	950,398	950,398
Total Non-Current Assets		5,603,497	4,165,589
Total Assets		27,201,005	27,494,944
Current Liabilities			
Trade and Other Payables	12	8,115,154	10,236,460
Provision for Employee Benefits	13	558,888	555,895
Total Current Liabilities		8,674,042	10,792,355
Non-Current Liabilities			
Trade and Other Payables	15	918,572	1,121,575
Total Non-Current Liabilities		918,572	1,121,575
Total Liabilities		9,592,613	11,913,930
Net Assets		17,608,392	15,581,014
Equity			
Accumulated Surplus		17,608,392	15,581,014
Total Equity		17,608,392	15,581,014

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the financial year ended 30 June 2014

		2014	2013
	Note	\$	\$
Cash Flows From Operating Activities			
Receipts from Participants and Government Grants		47,882,533	47,062,083
Interest Received		533,249	935,127
Payments to Suppliers, Employees and Participants		(48,366,092)	(51,578,313)
Amalgamation Costs		(65,746)	(75,003)
Net Cash (Used in) / Provided by Operating Activities	20	(16,056)	(3,656,106)
Cash Flows From Investing Activities			
Payments for Property, Plant & Equipment		(1,635,039)	(125,519)
Proceeds From Investments		1,815,427	1,993,424
Net Cash Provided by / (Used in) Investing Activities		180,388	1,867,905
Cash Flows From Financing Activities			
Loan repayment		(203,003)	(193,337)
Net Cash Used in Financing Activities		(203,003)	(193,337)
Net (Decrease) / Increase in Cash and Cash Equivalents Held		(38,671)	(1,981,538)
Cash and Cash Equivalents at the Beginning of the Year		117,616	2,099,155
Cash and Cash Equivalents at the End of the Year	6	78,945	117,616

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the financial year ended 30 June 2014

		2014	2013
	Note	\$	\$
Equity			
Total Equity at the Beginning of Financial Year		15,581,014	15,375,887
Total Comprehensive Income		2,027,378	205,127
Total recognised income and expense for the year		2,027,378	205,127
Total Equity at the End of the Financial Year		17,608,392	15,581,014

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2014

1. The Reporting Entity

a) Harness Racing New South Wales (HRNSW)

HRNSW is an independent body incorporated as a statutory body under the *Harness Racing Act 2009*.

b) Benevolent Fund

The Benevolent Fund was set up to assist persons associated with the harness racing industry in New South Wales who are in indigent circumstances and require financial assistance. The assets, liabilities and transactions of the Fund are incorporated into these financial statements and summarised in Note 14.

c) Separate Funds

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

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

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

2. Summary of Significant Accounting Policies

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

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

a) Income Tax

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

b) Revenue Recognition

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

TAB Distributions

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

Interest Earned / Financial Income

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

Other Income

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

c) Receivables

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

d) Property, Plant and Equipment

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

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

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

Buildings	4%
Plant and Equipment	10-40%
Telecommunications, computer hardware	25-40%

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

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

e) Revaluation of Non-Current Assets

Non-current assets are revalued every five years or sooner if a revaluation is deemed to be material and may be performed for all the non-current assets or a class of non-current assets. None the less, as stated above, non-current assets are not carried at an amount exceeding the recoverable amount.

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

f) Loans and Borrowings

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

g) Employee Salaries and Related Expenses

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

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts, plus related on-costs. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

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

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the

amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

i) Cash and Cash Equivalents

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

j) Financial Instruments

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

k) Comparative Figures

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

l) Revision of Accounting Estimates

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

m) New Accounting Standards and Interpretations

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

n) Operating Leases

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

o) Finance Income and Expenses

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

p) GHRRRA Assets and Liabilities transferred

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

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.

c) Functional and Presentation Currency

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

d) Use of Estimates and Judgements

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

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

There are no major estimates that impact these financial statements.



Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
4	REVENUE		
(a)	Product Fee	21,443,201	22,902,813
	Wagering Incentive Fee	12,015,077	11,242,727
	HRNSW's share of the TAB Distribution is paid by NSW Racing Pty Ltd. HRNSW's share is determined by the Intercode Deed. Product fees (Daily, and Quarterly) are based on wagering turnover (all codes) and Wagering Incentive Fees (WIF), paid half yearly, are based on wagering profitability (All Codes).		
	Total	33,458,278	34,145,540
(b)	Race Fields Income		
	From various corporate wagering operators	9,472,759	6,995,743
	Total	9,472,759	6,995,743
(c)	Race Fields Interest Income		
	Interest Income recognised on Race Fields Future Fund held in trust and remaining after FY2012 disbursements	448,553	876,954
	Total	448,553	876,954
(d)	Grants Received - Racecourse Development Fund		
	Funding for purchase of land at Tamworth	1,351,492	-
	Funding for purchase of Other Equipment	41,673	125,519
	Total	1,393,165	125,519
(e)	Grants received for Special Investigation		
	Grant Received - Racecourse Development Fund for special investigation expenses	31,836	93,823
	Total	31,836	93,823
(f)	Grants Received - Industry Fund		
	Management of Centralised Stakes Payment System	156,000	153,000
	Breeders Challenge Stakes Management Fee	22,000	21,000
	Total	178,000	174,000
(g)	Harness Racing Gazette Income		
	Subscriptions	155,943	121,801
	Advertising Income	68,720	64,800
	Total	224,663	186,601
(h)	Stewarding and Other Fees Charged to Clubs		
	Stewarding Costs	895,274	876,350
	Photo Finnish Costs	137,160	134,209
	Swab Recovery and Other	17,583	38,161
	Total	1,050,018	1,048,720
(i)	Other Income		
	Other	36,167	16,346
	Total	36,167	16,346

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
5	OPERATING EXPENSES		
(a)	HRNSW TAB Distribution To Clubs		
	NSWHRC - Principal Club	11,269,365	11,832,110
	NSWHRC - Menangle	252,000	228,000
	Bankstown	189,000	180,000
	Bathurst	655,200	615,000
	Bulli	163,800	171,000
	Dubbo	196,200	192,600
	Goulburn	122,850	120,000
	Newcastle	898,650	885,600
	Parkes	160,650	153,000
	Penrith	630,000	600,000
	Tamworth	296,100	288,000
	Wagga Wagga	422,100	372,000
	Young	236,250	219,000
	All Other Clubs	667,800	547,799
	Total	16,159,965	16,404,109
	During FY2014 all clubs except the NSWHRC only received administration funding. HRNSW paid prize money direct to participants. The \$11.269m paid to the NSWHRC includes prize money and administration funding.		
(b)	HRNSW Distribution to Industry Fund		
	HRNSW is required under the <i>Intra Code Agreement</i> to distribute a percentage of its share of the TAB Distribution to the Industry Fund for the development and furtherance of the industry in NSW.		
	The amount distributed to the Industry Fund is equal to 6% (2013: 6%) of the HRNSW share of the TAB Distribution.	1,992,486	2,033,192
	Additional Carnival of Cups Levy - 1% (2013: 1%).	332,081	338,866
	Total	2,324,567	2,372,058
(c)	HRNSW TAB Distribution to Racecourse Development Fund		
	The amount distributed to the Industry Fund is equal to 2% (2013: 2%) of the HRNSW share of the TAB Distribution.	664,162	677,731
	Total	664,162	677,731
(d)	Race Fields Payments		
	Payments for club administration funding and prizemoney	6,468,150	3,564,272
	Payments to Industry Fund for Breeding	515,000	511,660
	Payments to Industry Fund for Marketing	149,000	273,518
	Total	7,132,150	4,349,450

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
5	OPERATING EXPENSES (Continued)		
(e)	Payments From Race Fields Fund (Future Fund)		
	Contribution to Inter-Dominion Prizemoney	255,000	255,000
	Payments to NSWHRRC for race fields receipts from prior years out of race fields fund.	-	1,388,950
	Reimbursement of Race Fields Legal Fees To RDF following the successful decision in favour of Harness Racing NSW the RD Fund was reimbursed the shortfall in recovery from Sportsbet and Betfair.	139,045	-
	Total	394,045	1,643,950
(f)	Employee Salaries and Related Expenses		
	Salaries	2,951,947	2,981,741
	Superannuation	262,481	264,877
	Payroll Tax	137,871	142,689
	Annual & Long Service Leave	3,093	145,585
	Workers Compensation Insurance	12,134	10,964
	Temporary Staff and Other	176,927	39,914
	Total	3,544,453	3,585,770
(g)	Members Fees		
	Graeme Campbell	21,621	35,582
	Chris Edwards	14,981	22,103
	Graham Kelly	14,981	13,952
	Alex Smith	14,981	14,518
	Rod Smith	14,981	14,538
	Rex Horne	20,144	-
	Total	101,689	100,693
(h)	Travel Expenses		
	Employees	311,662	314,401
	Members	37,950	17,578
	Total	349,612	331,979
(i)	IT and Communication Expenses		
	IT Support & Software	153,002	196,117
	Phone, fax and related expenditure	132,336	133,171
	Total	285,338	329,288

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
5	OPERATING EXPENSES (Continued)		
(j)	Racing Integrity		
	Swab Testing and Reporting	614,138	649,115
	Stewards Inquiries	379,631	266,489
	Registration Processing	63,781	78,091
	Integrity Auditor	18,727	18,182
	Freeze Branding	7,797	15,641
	Other Integrity	271,891	190,104
	Total	1,355,965	1,217,622
	The figures above do not include employee costs which are reported in note 5(f).		
(k)	Racing Integrity Expenses		
	Special Investigation Expenses	31,836	93,823
	Total	31,836	93,823
(l)	Sky Video/Photo Finish Expenses		
	Sky Video	1,443,637	1,411,881
	Photo Finish	134,577	130,725
	Total	1,578,214	1,542,606
(m)	Bad Debts		
	Bad Debts Written Off	795	(44)
	Movement in Provision	-	-
	Total	795	(44)
	Current provisions provide adequate cover for any risk in bad debts.		
(n)	Other Expenses		
	Bank Charges	14,058	13,684
	Legal and Audit Fees	35,279	69,110
	Couriers	4,475	9,695
	Subscriptions	-	4,459
	Benevolent Fund Expenses	12,962	3,340
	Sundry Expenses	43,912	82,361
	Total	110,686	182,649
(o)	Amalgamation Expenses		
	Interest on the \$2m NSW Government Loan. Refer Note 12.	65,746	75,003
	Total	65,746	75,003

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
6	CASH		
	Cash at Bank	78,945	117,336
	Cash on Hand. The entity has an overdraft limit of \$250,000 at the bank (2013: \$250,000) - unused at year end.	-	280
	Total	78,945	117,616

7	DEPOSITS		
	Future Fund	10,418,453	12,246,000
	Other Deposits	466,722	454,602
	Total	10,885,175	12,700,602

8	RECEIVABLES		
	Trade Debtors	1,010,187	1,547,290
	Less provision for Doubtful Debts	(39,082)	(39,082)
	NSW Racing Pty Ltd	9,587,785	8,774,492
	Related Party	63,891	224,691
	Other Debtors	-	2,306
	Total	10,622,781	10,509,697

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

9	OTHER CURRENT ASSETS		
	Prepayments	9,168	-
	Funeral Certificates	1,440	1,440
	Total	10,608	1,440

10	LAND		
	Black Hill (Beresfield)	950,398	950,398
	Total	950,398	950,398

In the year ended 30 June 2008 HRNSW acquired ownership of a parcel of land at 167 Lenaghans Drive, Black Hill at no significant reciprocal cost to HRNSW. The asset was brought to account at the value determined by an independent valuer of \$950,000. The asset is subject to a Memorandum of Understanding to ensure that any commercial benefit arising from any possible future sale will be restricted to use in the Hunter region.

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

	Freehold land	Freehold Buildings	Computer Equipment	Furniture & Fittings	Other Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
11	PROPERTY PLANT & EQUIPMENT						
As at 1 July 2012							
Cost or fair value	1,725,067	1,443,356	678,485	30,825	377,136	-	4,254,868
Accumulated depreciation	-	(155,325)	(600,157)	(20,689)	(199,380)	-	(975,551)
Net Book Value	1,725,067	1,288,031	78,328	10,136	177,756	-	3,279,318
Year ended 30 June 2013							
Opening Net Book value	1,725,067	1,288,031	78,328	10,136	177,756	-	3,279,318
Additions	-	-	83,242	-	42,277	-	125,519
Depreciation charge	-	(65,531)	(62,440)	(5,068)	(56,606)	-	(189,645)
Disposals	-	(81,053)	(140,818)	-	(25,175)	-	(247,046)
Depreciation on disposals	-	81,053	140,817	-	25,175	-	247,045
Closing net book amount	1,725,067	1,222,500	99,130	5,068	163,427	-	3,215,191
At 30 June 2013							
Cost or fair value	1,725,067	1,362,303	620,909	30,825	394,238	-	4,133,342
Accumulated depreciation	-	(139,803)	(521,780)	(25,757)	(230,811)	-	(918,151)
Net Book Value	1,725,067	1,222,500	99,130	5,068	163,427	-	3,215,191
Year ended 30 June 2014							
Opening Net Book value	1,725,067	1,222,500	99,130	5,068	163,427	-	3,215,191
Additions	1,418,677	-	35,288	-	6,385	174,689	1,635,039
Acquisition of a business	-	-	-	-	-	-	-
Depreciation charge	-	(65,530)	(44,916)	(5,068)	(49,586)	(32,031)	(197,131)
Disposals	-	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-	-
Closing net book amount	3,143,744	1,156,970	89,502	-	120,226	142,658	4,653,099
At 30 June 2014							
Cost or fair value	3,143,744	1,362,303	656,197	30,825	400,623	174,689	5,768,381
Accumulated depreciation	-	(205,333)	(566,696)	(30,825)	(280,397)	(32,031)	(1,115,282)
Net Book Value	3,143,744	1,156,970	89,502	-	120,226	142,658	4,653,099

On 1 July 2009 HRNSW acquired the net harness assets of the former Greyhound and Harness Racing Regulatory Authority ("GHRA"). As part of the transition net Property, Plant and Equipment assets of \$1,614,908 were transferred to HRNSW for nil consideration.

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
12	PAYABLES		
	Australian Taxation Office	35,081	173,068
	Prize Money Payments	213,325	498,528
	HRNSW Distribution	3,832,542	4,007,693
	Other creditors	2,984,385	2,900,294
	Related parties	846,818	2,463,541
	Loan - NSW Government	203,003	193,336
	Total	8,115,154	10,236,460

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

13	PROVISION FOR EMPLOYEE BENEFITS		
	Annual Leave	263,938	325,430
	Long Service Leave	294,950	230,465
	Total	558,888	555,895

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

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

14	BENEVOLENT FUND		
	Interest earned	7,683	8,619
	Other Revenue	-	-
	Less Administration expenses	(65)	(151)
	Less Disbursements	(12,897)	(3,189)
	Operating Surplus (Deficiency)	(5,279)	5,279
	Accumulated Surplus - Brought Forward	205,279	200,000
	Accumulated Surplus - Carried Forward	200,000	205,279

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

	2014	2013
	\$	\$
14	BENEVOLENT FUND (Continued)	
Represented by:		
Cash	4,457	7,533
Investments	200,000	194,000
Loans Receivable	-	2,306
Trade Receivables	-	-
Transferable Funeral Certificates	1,440	1,440
Payables	(5,897)	-
Net Assets	200,000	205,279

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

15	NON CURRENT PAYABLES	
Loan - NSW Government. Refer to Note 12 above.	918,572	1,121,575
Total	918,572	1,121,575

	SASS 30-Jun-14	SANCS 30-Jun-14	SSS 30-Jun-14	TOTAL 30-Jun-14
16	SUPERANNUATION COMMITMENTS			
Member Numbers				
Contributors	2	2	0	0
Deferred benefits	0	0	0	0
Pensioners	0	0	0	0
Pensions fully commuted	0	0	0	0
Superannuation Position for AASB 119 purposes	A\$	A\$	A\$	A\$
Accrued liability (Note 1)	766,213	103,363	0	869,576
Estimated reserve account balance	(884,378)	(139,370)	0	(1,023,748)
1. Deficit/(surplus)	(118,166)	(36,007)	0	(154,172)
2. Future Service Liability (Note 2)	94,385	41,205	0	135,591
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	14,242	4,340	0	18,582
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	(103,924)	(31,667)	0	(135,591)

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

AASB 119 Disclosure items

Fund Information AASB 119 – Paragraph 139 (a)(i)

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

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

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

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

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

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

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

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

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

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

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

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

Description of risks - Para 139(b)

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

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

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

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

Description of significant events - Para 139(c)

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

SASS Financial Year to 30 June 2014	SANCS Financial Year to 30 June 2014	SSS Financial Year to 30 June 2014	TOTAL Financial Year to 30 June 2014
A\$	A\$	A\$	A\$

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

Net Defined Benefit Liability/(Asset) at start of year	(98,342)	(30,809)	0	(129,151)
Current service cost	24,798	4,025	0	28,823
Net Interest on the net defined benefit liability/ (asset)	(4,071)	(1,230)	0	(5,301)
Past service cost	0	0	0	0
(Gains)/losses arising from settlements	0	0	0	0
Actual return on Fund assets less Interest income	(112,006)	(10,934)	0	(122,940)
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	28,841	6,981	0	35,822
Actuarial (gains)/losses arising from liability experience	60,195	(940)	0	59,255
Adjustment for effect of asset ceiling	14,242	4,340	0	18,582
Employer contributions	(17,580)	(3,101)	0	(20,680)
Net Defined Benefit Liability/(Asset) at end of year	(103,924)	(31,667)	0	(135,591)

SASS Financial Year to 30 June 2014	SANCS Financial Year to 30 June 2014	SSS Financial Year to 30 June 2014	TOTAL Financial Year to 30 June 2014
A\$	A\$	A\$	A\$

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

Fair value of Fund assets at beginning of the year	756,769	121,233	0	878,002
Interest income	27,381	4,412	0	31,793
Actual return on Fund assets less Interest income	112,006	10,934	0	122,940
Employer contributions	17,580	3,101	0	20,680
Contributions by participants	11,135	0	0	11,135
Benefits paid	(36,303)	0	0	(36,303)
Taxes, premiums & expenses paid	(4,190)	(309)	0	(4,499)
Transfers in	0	0	0	0
Contributions to accumulation section	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the year	884,378	139,370	0	1,023,748

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

	SASS Financial Year to 30 June 2014	SANCS Financial Year to 30 June 2014	SSS Financial Year to 30 June 2014	TOTAL Financial Year to 30 June 2014
	A\$	A\$	A\$	A\$
Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)				
Present value of defined benefit obligations at beginning of the year	658,427	90,424	0	748,851
Current service cost	24,798	4,025	0	28,823
Interest cost	23,310	3,182	0	26,493
Contributions by participants	11,135	0	0	11,135
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	28,841	6,981	0	35,822
Actuarial (gains)/losses arising from liability experience	60,195	(940)	0	59,255
Benefits paid	(36,303)	0	0	(36,303)
Taxes, premiums & expenses paid	(4,190)	(309)	0	(4,499)
Transfers in	0	0	0	0
Contributions to accumulation section	0	0	0	0
Past service cost	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of defined benefit obligations at end of the year	766,213	103,363	0	869,576

	SASS Financial Year to 30 June 2014	SANCS Financial Year to 30 June 2014	SSS Financial Year to 30 June 2014	TOTAL Financial Year to 30 June 2014
	A\$	A\$	A\$	A\$
Reconciliation of the effect of the Asset Ceiling - Para 140(a)(iii)				
Adjustment for effect of asset ceiling at beginning of the year	0	0	0	0
Change in the effect of asset ceiling	14,242	4,340	0	18,582
Adjustment for effect of asset ceiling at end of the year	14,242	4,340	0	18,582

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

Fair value of Fund assets - Para 142

All Pooled Fund assets are invested by 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.

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)
As at 30 June 2014				
Short Term Securities	2,452,755	1,572,615	880,140	-
Australian Fixed Interest	2,365,014	10,928	2,354,086	-
International Fixed Interest	880,529	-	880,529	-
Australian Equities	11,738,636	11,494,549	241,423	2,664
International Equities	10,953,329	8,172,677	2,780,531	121
Property	3,272,986	894,113	692,296	1,686,577
Alternatives	6,329,410	565,401	4,897,152	866,857
Total*	37,992,659	22,710,283	12,726,157	2,556,219

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

As at	30-Jun-14
Short Term Securities	6.5%
Australian Fixed Interest	6.2%
International Fixed Interest	2.3%
Australian Equities	30.9%
International Equities	28.8%
Property	8.6%
Alternatives	16.7%
Total	100.0%

*Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around \$2.2 billion, giving an estimated assets totalling around \$40.2 billion.

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

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

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

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 include as at 30 June 2014 of \$173.9 million in NSW government bonds.

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30-Jun-14
Discount rate	3.57% pa
Salary increase rate (excluding promotional increases)	2.27% pa to 30 June 2015, then 2.5% pa to 30 June 2018, 3.0% pa from 1 July 2018 to 30 June 2023, and 3.5% pa thereafter
Rate of CPI increase	2.5% pa
Pensioner mortality	As per the 2012 Actuarial Investigation of the Pooled Fund

Sensitivity Analysis - Para 145

The entity's total defined benefit obligation as at 30 June 2014 under several scenarios is presented below.

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

	Base Case	Scenario A	Scenario B
		-1.0% discount rate	+1.0% discount rate
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	869,576	916,917	828,608

	Base Case	Scenario C	Scenario D
		+0.5% rate of CPI increase	-0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	869,576	869,576	869,576

	Base Case	Scenario E	Scenario F
		+0.5% salary increase rate	-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	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$)	869,576	891,932	848,581

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

	Base Case	Scenario G	Scenario H
	A\$	+5% pensioner mortality rates	-5% pensioner mortality rates
Defined benefit obligation (A\$)	869,576	869,576	869,576

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

Asset-Liability matching strategies - Para 146

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

Funding arrangements - Para 147(a)

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

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

Surplus/Deficit

The following is a summary of the 30 June 2014 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 30-Jun-14	SANCS 30-Jun-14	SSS 30-Jun-14	TOTAL 30-Jun-14
	A\$	A\$	A\$	A\$
Accrued benefits	674,750	81,797	0	756,547
Net market value of Fund assets	(884,378)	(139,370)	0	(1,023,748)
Net (surplus)/deficit	(209,628)	(57,573)	0	(267,202)

Contribution Recommendations

Recommended contribution rates for the entity are:

SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
A\$	A\$	A\$
0.0	0.0	0.0

Economic assumptions

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

Weighted-Average Assumptions

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

Expected contributions - Para 147(b)

	SASS Financial Year to 30 June 2015	SANCS Financial Year to 30 June 2015	SSS Financial Year to 30 June 2015	TOTAL Financial Year to 30 June 2015
	A\$	A\$	A\$	A\$
Expected employer contributions	0	0	0	0

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

The weighted average duration of the defined benefit obligation is 8 years.

AASB 119 Disclosure items

Impact of New AASB119 with respect to the Financial Year to 30 June 2014.

Financial Year to 30 June 2014

	Previous AASB 119				Current AASB 119
	SASS	SANCS	SSS	Total	Total
	A\$	A\$	A\$	A\$	A\$
Service cost	21,330	3,468	0	24,799	28,823
Net Interest (current AASB119 only)	n/a	n/a	n/a	n/a	(5,301)
Interest Expense (previous AASB119 only)	23,344	3,190	0	26,534	n/a
Expected return on assets (previous AASB119 only)	(62,045)	(10,001)	0	(72,047)	n/a
Superannuation expense/(income) in P&L	(17,371)	(3,343)	0	(20,714)	23,522
Actuarial (gains) losses on liabilities	93,269	6,590	0	99,859	95,077
Return on assets excluding amounts included in P&L [^]	(78,142)	(5,345)	0	(83,487)	(122,940)
Change in the effect of asset ceiling	15,770	4,691	0	20,461	18,582
Amount recognised in other comprehensive income (OCI)	30,897	5,936	0	36,833	(9,282)
Total recognised in P&L and OCI	13,526	2,593	0	16,119	14,240

[^] This item is the actual return on assets in excess of expected return on assets under the previous AASB119 standard, and in excess of interest income under the current AASB119 standard.

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

Impact of New AASB119 on the statement of financial position as at 30 June 2014.

	Previous AASB 119				Current AASB 119 *
	SASS	SANCS	SSS	Total	Total
	A\$	A\$	A\$	A\$	A\$
Net Defined Benefit Liability	(89,014)	(27,124)	0	(116,138)	(135,591)

30 June 2013 Superannuation Restated Under The Revised AASB119 Standard As Comparative Information For 30 June 2014 AASB119 Disclosures

	SASS 30-Jun-13	SANCS 30-Jun-13	SSS 30-Jun-13	Total 30-Jun-13
Member Numbers				
Contributors	2	2	0	
Deferred Benefits	0	0	0	
Pensioners	0	0	0	
Pensions Fully Commuted	0	0	0	
Superannuation Position for AASB 119 purposes	A\$	A\$	A\$	A\$
Accrued liability (Note 1)	658,427	90,424	0	748,851
Estimated reserve account balance	(756,769)	(121,233)	0	(878,002)
1. Deficit/(surplus)	(98,342)	(30,809)	0	(129,151)
2. Future Service Liability (Note 2)	93,689	36,701	0	130,391
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	0	0	0	0
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	(98,342)	(30,809)	0	(129,151)

Note 1:

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

Note 2:

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

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

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

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

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

All the Schemes are closed to new members.

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

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

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

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

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

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

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

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

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

Description of risks - Para 139(b)

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

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

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

Description of significant events - Para 139(c)

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

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

	SASS 1 July 2012 to 30 June 2013	SANCS 1 July 2012 to 30 June 2013	SSS 1 July 2012 to 30 June 2013	Total 1 July 2012 to 30 June 2013
	A\$	A\$	A\$	A\$
Net Defined Benefit Liability/(Asset) at beginning of the period	2,963	494	0	3,457
Current service cost	26,518	4,449	0	30,967
Net Interest on the net defined benefit liability/(asset)	(266)	(48)	0	(314)
Past service cost	0	0	0	0
(Gains)/losses arising from settlements	0	0	0	0
Actual return on Fund assets less Interest income	(114,596)	(13,769)	0	(128,365)
Actuarial (gains)/losses arising from changes in demographic assumption	(85)	(332)	0	(417)
Actuarial (gains)/losses arising from changes in financial assumptions	(37,638)	(8,908)	0	(46,546)
Actuarial (gains)/losses arising from liability experience	48,079	(8,579)	0	39,500
Adjustment for effect of asset ceiling	0	0	0	0
Employer contributions	(23,317)	(4,116)	0	(27,433)
Net Defined Benefit Liability/(Asset) at end of the period	(98,342)	(30,809)	0	(129,151)

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

	SASS 1 July 2012 to 30 June 2013	SANCS 1 July 2012 to 30 June 2013	SSS 1 July 2012 to 30 June 2013	Total 1 July 2012 to 30 June 2013
	A\$	A\$	A\$	A\$
Fair value of Fund assets at beginning of the period	623,771	93,788	0	717,559
Interest income	18,238	2,747	0	20,985
Actual return on Fund assets less Interest income	114,596	13,769	0	128,365
Employer contributions	23,317	4,116	0	27,433
Contributions by participants	11,113	0	0	11,113
Benefits paid	(29,385)	0	0	(29,385)
Taxes, premiums & expenses paid	(4,881)	6,812	0	1,932
Transfers in	0	0	0	0
Contributions to accumulation section	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the period	756,769	121,233	0	878,002

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

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

	SASS	SANCS	SSS	Total
	1 July 2012 to 30 June 2013			
	A\$	A\$	A\$	A\$
Present value of defined benefit obligations at beginning of the period	626,734	94,282	0	721,016
Current service cost	26,518	4,449	0	30,967
Interest cost	17,972	2,699	0	20,671
Contributions by participants	11,113	0	0	11,113
Actuarial (gains)/losses arising from changes in demographic assumptions	(85)	(332)	0	(417)
Actuarial (gains)/losses arising from changes in financial assumptions	(37,638)	(8,908)	0	(46,546)
Actuarial (gains)/losses arising from liability experience	48,079	(8,579)	0	39,500
Benefits paid	(29,385)	0	0	(29,385)
Taxes, premiums & expenses paid	(4,881)	6,812	0	1,932
Transfers in	0	0	0	0
Contributions to accumulation section	0	0	0	0
Past service cost	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of defined benefit obligations at end of the period	658,427	90,424	0	748,851

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

	SASS	SANCS	SSS	Total
	1 July 2012 to 30 June 2013			
	A\$	A\$	A\$	A\$
Adjustment for effect of asset ceiling at beginning of the period	0	0	0	0
Change in the effect of asset ceiling	0	0	0	0
Adjustment for effect of asset ceiling at end of the period	0	0	0	0

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

Fair value of Fund assets - Para 142 As at 30 June 2013

Asset Category	As at 30-Jun-13	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)
	A\$	A\$	A\$	A\$
Short Term Securities				
Australian Fixed Interest				
International Fixed Interest				
Australian Equities		Information Not Available		
International Equities				
Property				
Alternatives				
Total				

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

As at	As at 30-Jun-13
Australian equities	30.4%
Overseas equities	26.1%
Australian fixed interest securities	6.9%
Overseas fixed interest securities	2.2%
Property	8.3%
Cash	13.1%
Other	13.0%
Total	100.0%

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

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

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30-Jun-13
Discount Rate	3.80% pa
Salary Increase Rate (excluding promotional increases)	2.25% for 2013/2014 (2.95% for PSS); 2.25% pa for 2014/2015; 2.00% pa for 2015/2016 to 2019/2020; 2.50% pa thereafter
Rate of CPI Increase	2.50% pa
Pensioner Mortality	as per the 2012 Actuarial Investigation of the Pooled Fund

Sensitivity Analysis - Para 145

The entity's total defined benefit obligation as at 30 June 2013 under several scenarios is presented below.

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

	Base Case	Scenario A	Scenario B
		-1.0% discount rate	+1.0% discount rate
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$'000)	N/A	N/A	N/A

	Base Case	Scenario C	Scenario D
		+0.5% rate of CPI increase	-0.5% rate of CPI increase
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$'000)	N/A	N/A	N/A

	Base Case	Scenario E	Scenario F
		+0.5% salary increase rate	-0.5% salary increase rate
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$'000)	N/A	N/A	N/A

	Base Case	Scenario G	Scenario H
		+5% pensioner mortality rates	-5% pensioner mortality rates
Defined benefit obligation (A\$'000)	N/A	N/A	N/A

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

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.

Funding arrangements - Para 147(a)

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

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

Surplus/Deficit

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

	SASS 30-Jun-13	SANCS 30-Jun-13	SSS 30-Jun-13	TOTAL 30-Jun-13
	A\$	A\$	A\$	A\$
Accrued benefits*	595,580	75,685	0	671,266
Net market value of Fund assets	(756,769)	(121,233)	0	(878,002)
Net (surplus)/deficit	(161,188)	(45,548)	0	(206,736)

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

Contribution recommendations

Recommended contribution rates for the entity are:

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

Economic assumptions

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

Expected contributions - Para 147(b)

	SASS Financial Year to 30 June 2014	SANCS Financial Year to 30 June 2014	SSS Financial Year to 30 June 2014	TOTAL Financial Year to 30 June 2014
	A\$	A\$	A\$	A\$
Expected employer contributions	21,115	3,833	0	24,947

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

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

17. Contingent Assets and Liabilities

There are no known contingent assets.

18. Commitments

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

Commitments for minimum lease payments in relation to Non-cancellable operating leases are payable as follows:

	2014	2013
	\$	\$
Due within one year	24,409	49,414
Later than one year but not later than two years	12,903	8,363
Total	37,312	57,777

19. Financial Risk Management

Overview

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

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

	2014	2013
	\$	\$
20	NOTE TO THE STATEMENT OF CASH FLOWS	
Represented By		
Reconciliation of Net Cash from Operating Activities to Surplus / (Deficit) for the Year		
Surplus for the year	2,027,378	205,127
Depreciation and Amortisation	197,131	189,645
Operating Profit before changes in Working Capital Provisions	2,224,509	394,772
Changes in Assets and Liabilities		
Change in Trade and Other Receivables	(113,084)	2,109,280
Change in Prepayments and Other Assets	(9,168)	32,354
Change in Trade and Other Payables	(2,121,306)	(6,246,926)
Change in Employment Benefits	2,993	54,414
Net Cash (Used in) / Provided by Operating Activities	(16,056)	(3,656,106)

21. Events Occurring after the Reporting Period

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

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

except that

- (i) The CEO of Harness Racing NSW has resigned and will finish on the 22nd August 2014. The board has appointed a new CEO who will commence on the 1st September 2014.

END OF AUDITED FINANCIAL STATEMENTS

Financial Statements

Harness Racing Industry Fund

Contents

Members' Declaration	115
Auditor's Report	116
Statement of Profit or Loss and Other Comprehensive Income	117
Statement of Financial Position	118
Statement of Changes in Equity	119
Statement of Cash Flows	119
Notes to the Financial Statements	120



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 2014.

In the opinion of the Members of the entity: –

- (a) The accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the entity's financial position as at 30 June 2014 and its performance for the financial year ended on that date, and
- (b) There are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due, and
- (c) The financial statements also comply with International Financial Reporting Standards as disclosed in Note 2 (a).

Signed in accordance with a resolution of the Members at Bankstown, dated 26 September 2014:



Rex Horne
Chairman



Chris Edwards
Member

Independent Auditors' Report to the Members of Harness Racing Industry Fund

Report on the Financial Report

We have audited the accompanying financial report of Harness Racing Industry Fund (the 'entity') which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the members' declaration.

Members' Responsibility for the Financial Report

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

Auditors' Responsibility

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

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

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditors' opinion on the financial report.

In our opinion:

- (a) the financial report of Harness Racing Industry Fund:
 - (i) Gives a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
 - (ii) Complies with Australian Accounting Standards (including the Australian Accounting Interpretations).
- (b) The financial report of the entity also complies with International Financial Reporting Standards as disclosed in note 2(a).

K S Black & Co
Chartered Accountants



Sam Danieli
Registered Company Auditor
Sydney

Dated: 27 October 2014

Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2014

		2014	2013
	Note	\$	\$
Revenue from Continuing Operations			
HRNSW Distribution	3 (a)	2,324,567	2,372,058
Race Fields - Contribution to Breeding Schemes		515,000	511,660
Race Fields - Contribution to Marketing Expenses		149,000	273,518
Foal and Sire Registration Fee	3(b)	1,130,465	764,146
HRA Breeders Incentive		268,125	-
Interest Earned		126,846	49,030
Fee Revenue	3 (c)	62,860	72,908
Sponsorship Revenue		320,720	280,532
Other Income	3 (d)	273,992	289,493
Total Revenue		5,171,576	4,613,345
Expenses from Continuing Operations			
Prizemoney Subsidies	4 (a)	1,441,120	920,905
Breeders' Bonus Incentive Certificates		886,878	652,726
Grants and Other Subsidies	4 (b)	1,009,652	757,163
Breeders Challenge Blue		268,125	-
Harness Racing Australia and RISE Expenses		464,489	461,879
Sponsorship Distribution		250,000	200,000
Carnival of Cups	4 (c)	613,561	604,566
Management Fee and Other Expenses	4 (d)	185,393	187,245
Total Expenses		5,119,217	3,784,483
Surplus for the Year		52,359	828,862
Comprehensive Income			
Other Comprehensive income		-	-
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		52,359	828,862

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2014

		2014	2013
	Note	\$	\$
Assets			
Current Assets			
Cash and Cash Equivalents	5	46,468	27,914
Deposits	6	1,881,708	2,114,894
Other Receivables	7	1,786,996	1,713,925
Other Current Assets	8	10,830	20,332
Total Current Assets		3,726,002	3,877,065
Total Assets		3,726,002	3,877,065
Liabilities			
Current Liabilities			
Payables	9	959,669	942,609
Income Received in Advance	10	634,362	704,497
Provision for Unredeemed Breeders Bonus	11	656,500	568,500
Total Current Liabilities		2,250,531	2,215,606
Non-Current Liabilities			
Income Received in Advance	10	355,616	593,964
Total Non-Current Liabilities		355,616	593,964
Total Liabilities		2,606,147	2,809,570
Surplus Net Assets		1,119,854	1,067,495
Equity			
Accumulated Surplus		1,119,854	1,067,495
Total Equity		1,119,854	1,067,495

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the financial year ended 30 June 2014

		2014	2013
	Note	\$	\$
Cash Flows from Operating Activities			
Cash receipts from HRNSW, Participants and Others		5,411,295	4,714,212
Interest from Investments and Bank Accounts		126,846	49,030
Payments to Suppliers and Participants		(5,446,517)	(3,973,571)
Net Cash Provided By / (Used in) Operating Activities	12	91,624	789,671
Cash Flows From Investing Activities			
Proceeds from / (Payments for) Investments		(73,070)	(797,173)
Net Cash Used in Investing activities		(73,070)	(797,173)
Net Increase / (Decrease) in Cash and Cash Equivalents Held		18,554	(7,503)
Cash and Cash Equivalents at the Beginning of the Year		27,914	35,417
Cash and Cash Equivalents at the End of the Year	5	46,468	27,914

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the financial year ended 30 June 2014

	2014	2013
	\$	\$
Total Equity at the beginning of the financial year	1,067,495	238,633
Total Comprehensive Income	52,359	828,862
Total Equity at the end of the financial year	1,119,854	1,067,495

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2014

1. Statement of Accounting Policies

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

(a) Reporting Identity

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

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

(b) Revision of Accounting Estimates

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

(c) Cash and Cash Equivalents

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

(d) Breeders' Bonus Incentive Certificates

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

(e) Sires' Stakes and Breeders Challenge Registration

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

(f) Income Tax

Industry Funds has been recognised by the Australian Taxation Office as a not-for-profit entity and is not subject to income tax.

(g) Revenue Recognition

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

• HRNSW Distributions

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

• Interest Earned / Financial Income

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

• Other Income

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

• Foal and Sire Registration Fees

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

(h) Goods and Services Tax (GST)

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

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

i) New Standards and Interpretations not yet adopted

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

j) Financial Instruments

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

Cash and cash equivalents comprise cash balances and call deposits.

k) Finance Income and Expenses

There are no finance expenses.

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

l) Impairment

Financial assets.

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

2. Basis of Preparation

a) Statement of Compliance

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

b) Basis of Measurement

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

c) Functional and Presentation Currency

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

d) Statement Use of Estimates and Judgements

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
3	OPERATING INCOME		
(a)	HRNSW Distribution		
	Funds totalling 6% (FY 2013: 6%) of the TAB. Distribution were provided by HRNSW.	1,992,486	2,033,192
	Carnival of Cups Funding - 1% (FY2013: 1%)	332,081	338,866
	Total	2,324,567	2,372,058
(b)	Foal and Sire Registration Fee		
	Breeders Challenge Income	1,016,276	608,064
	Foal Registration Fee	114,190	156,082
	Total	1,130,465	764,146
(c)	Fee Revenue		
	Fine Income from HRNSW	62,860	72,908
	Total	62,860	72,908
(d)	Other income		
	Reimbursement of Expenses by HRNSW	120,446	118,242
	Awards Night Income	99,618	102,080
	All Other	53,928	69,171
	Total	273,992	289,493
4	OPERATING EXPENSES		
(a)	Prize Money Subsidies		
	Trotters Foundation	79,500	46,000
	Breeders Challenge	1,307,620	797,905
	Sprint Series	54,000	77,000
	Total	1,441,120	920,905

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
4	OPERATING EXPENSES (CONTINUED)		
(b)	Grants & Other Subsidies		
	Marketing and Media	281,937	107,093
	NSW Mini Trotting Association	16,668	21,506
	Breeders Challenge Rugs & Trophies	24,965	28,723
	Breeders Challenge - Other Expenses	47,218	39,130
	Bred In The Blue	26,762	-
	NSW Rising Stars Series	14,097	18,388
	Young Drivers	-	10,022
	Racing Support	56,700	58,300
	Interdominion Marketing Expenses	369,578	273,518
	Industry Research	7,000	832
	Industry Associations	1,978	6,477
	Awards Night	105,009	91,308
	Trots TV	34,598	31,284
	iForm	4,158	23,042
	Integrity Related Expenditure	-	6,833
	Miscellaneous	18,982	40,707
	Total	1,009,652	757,163
(c)	Carnival of Cups		
	Prize Money and related Expenditure	613,561	604,566
	Total	613,561	604,566
(d)	Management Fee and Other Expenses		
	Managemnt Fees Paid to HRNSW	178,000	174,000
	Bank and Audit Fees	7,393	13,245
	Total	185,393	187,245
<p>A management fee is paid to HRNSW for the provision of services. Services provided include the administration of the Breeders Challenge Series. Management Fees are re-charged to Industry Funds on a specific identification basis by HRNSW. Other expenses incurred were bank charges and audit fees \$7,393 (2013: \$13,245).</p>			
5	Cash		
	Cash at Bank - CBA	45,339	26,816
	Cash at Bank - ING	1,129	1,098
	Total	46,468	27,914

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
6	Investments		
	Deposits with Bank	1,881,708	2,114,894
	Total	1,881,708	2,114,894
7	Receivables		
	Due from Related Party - HRNSW	840,921	1,266,772
	Due from Clubs	156,060	10,088
	Due from Other	790,015	437,065
	Total	1,786,996	1,713,925
8	Other Current Assets		
	Prepayments	10,830	20,332
	Other	-	-
	Total	10,830	20,332
9	Payables		
	Payable to Clubs	35,270	28,875
	Payable to Related Party - HRNSW	-	1,576
	Prize Money	816,205	817,129
	Payable to Other Creditors	108,194	95,029
	Total	959,669	942,609
10	Income Received In Advance		
	Current Liabilities	634,362	704,497
	Non Current Liabilities	355,616	593,964
	Total	989,978	1,298,461
11	Provision for Unredeemed Breeders' Bonus Incentive Certificates		

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
12	Notes to the Statement of Cash Flows		
	Surplus for the year	52,359	828,862
	Surplus before changes in Working Capital Provisions	52,359	828,862
	Change in Trade and Other Receivables	233,184	79,888
	Change in Other Assets	9,502	27,965
	Change in Trade and Other Payables/Other Liabilities	17,060	(199,593)
	Change in Unredeemed Bonus Incentive Certificates	-	-
	Change in Income in Advance	(220,482)	52,549
	Net Cash Provided By / (Used In) Operating Activities	91,624	789,671

13 Financial Risk Management

Overview

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

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

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

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

END OF AUDITED FINANCIAL STATEMENTS

Financial Statements

Harness Racing Racecourse Development Fund

Contents

Members' Declaration	127
Auditor's Report	128
Statement of Profit or Loss and Other Comprehensive Income	129
Statement of Financial Position	130
Statement of Changes in Equity	131
Statement of Cash Flows	131
Notes to the Financial Statements	132

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 2014.

In the opinion of the Members of the entity: –

- (a) The accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the entity's financial position as at 30 June 2014 and its performance for the financial year ended on that date, and
- (b) There are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due, and
- (c) The financial statements also comply with International Financial Reporting Standards as disclosed in Note 2 (a).

Signed in accordance with a resolution of the Members at Bankstown, dated 26 September 2014:



Rex Horne
Chairman



Chris Edwards
Member

Independent Auditors' Report to the Members of Harness Racing Racecourse Development Fund

Report on the Financial Report

We have audited the accompanying financial report of Harness Racing Racecourse Development Fund (the 'entity') which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the members' declaration.

Members' Responsibility for the Financial Report

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of APES 110: Code of Ethics for Professional Accountants. We confirm that the independence declaration provided to the Members of Harness Racing New South Wales on 26 September 2014, would be in the same terms if provided to the Members as at the date of this Auditor's report.

Auditors' opinion on the financial report.

In our opinion:

- (a) the financial report of Harness Racing Racecourse Development Fund:
 - (i) Gives a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
 - (ii) Complies with Australian Accounting Standards (including the Australian Accounting Interpretations).
- (b) The financial report of the entity also complies with International Financial Reporting Standards as disclosed in note 2(a).

K S Black & Co
Chartered Accountants



Sam Danieli
Registered Company Auditor
Sydney

Dated: 27 October 2014

Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2014

		2014	2013
	Note	\$	\$
Revenue from Continuing Operations			
HRNSW Distribution	3 (a)	664,162	677,731
Interest earned		1,115,966	1,364,443
Other Income	3 (b)	436,019	549,506
Total Revenue		2,216,148	2,591,680
Expenses from Continuing Operations			
Administration Expenses		6,477	5,829
Grants Made	4 (a)	1,414,304	133,569
New Track Expenses	4 (b)	5,321,145	850,856
Country Election Promise Grants	4 (c)	328,018	1,062,211
Training Centre Funding	4 (d)	694,929	293,296
Refund to State Government	4 (e)	(61,580)	(13,550)
Integrity Expenditure - Subsidy to HRNSW	4 (f)	31,836	148,601
Total Expenses		7,735,129	2,480,812
Surplus for the Year		(5,518,981)	110,868
Comprehensive Income			
Other Comprehensive income		-	-
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		(5,518,981)	110,868

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2014

		2014	2013
	Note	\$	\$
Assets			
Current Assets			
Cash and Cash Equivalents	5	23,839	3,456
Deposits	6	23,517,204	28,698,605
Loans Receivables	7	5,000	5,000
Other Receivables	8	720,231	1,313,603
Other Current Assets		-	-
Total Current Assets		24,266,275	30,020,664
Non-Current Assets			
Loans Receivable	7	237,597	239,390
Total Non Current Assets		237,597	239,390
Total Assets		24,503,871	30,260,054
Liabilities			
Current Liabilities			
Payables	9	235,754	472,955
Total Current Liabilities		235,754	472,955
Total Liabilities		235,754	472,955
Net Assets		24,268,118	29,787,099
Equity			
Accumulated Surplus		24,268,118	29,787,099
Total Equity		24,268,118	29,787,099

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the financial year ended 30 June 2014

		2014	2013
	Note	\$	\$
Cash Flows from Operating Activities			
Cash receipts from HRNSW, Participants and Others		1,862,908	996,827
Interest from Investments and Bank Accounts		1,115,966	1,364,443
Payments to Suppliers and Participants		(8,141,685)	(3,301,159)
Net Cash (Used in) / Provided by Operating Activities	13	(5,162,810)	(939,889)
Cash Flows From Financing Activities			
Loans Repaid		1,793	(6,625)
Net Cash (Used In) / Provided by Financing Activities		1,793	(6,625)
Cash Flows From Investing Activities			
Proceeds from / (Payments for) Investments		5,181,400	854,104
Net Cash Provided by / (Used In) Investing Activities		5,181,400	854,104
Net (Decrease) / Increase in Cash and Cash Equivalents Held		20,383	(92,410)
Cash and Cash Equivalents at the Beginning of the Year		3,456	95,866
Cash and Cash Equivalents at the End of the Year	5	23,839	3,456

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the financial year ended 30 June 2014

	2014	2013
	\$	\$
Total Equity at the beginning of the financial year	29,787,099	29,676,231
Total comprehensive Income	(5,518,981)	110,868
Total Equity at the end of the financial year	24,268,118	29,787,099

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2014

1. Statement of Accounting Policies

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

(a) Reporting Identity

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

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

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

(b) Revision of Accounting Estimates

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

(c) Cash and Cash Equivalents

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

(d) Grants

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

- (a) The club/association carries out its activities in such a manner as to jeopardise its financial position or;

- (b) The club/association disposes of freehold property on which the improvements (the subject of the financial assistance) are located.

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

(e) Income Tax

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

(f) Revenue Recognition

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

• HRNSW Distributions

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

• Interest Earned / Financial Income

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

• Other Income

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

(g) Goods and Services Tax (GST)

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

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

h) New Standards and Interpretations not yet adopted

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

i) Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables. Cash and cash equivalents comprise cash balances and call deposits.

• Deposits

Deposits consist of held-to-maturity investments placed with various banks.

• Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

j) Impairment

Financial assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

2. Basis of Preparation

a) Statement of Compliance

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

The financial statements were approved by the Board of HRNSW on 26 September 2014.

b) Basis of Measurement

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

c) Functional and Presentation Currency

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

d) Statement Use of Estimates and Judgements

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

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
3	OPERATING INCOME		
(a)	HRNSW Distribution		
	Funds totalling 2% (FY 2013: 2%) of the TAB Distribution were provided by HRNSW	664,162	677,731
	Total	664,162	677,731
(b)	Other Income		
	(i) Grant From NSW Government - Country Election promise	-	520,000
	(ii) Other Income	436,019	29,506
	Total	436,019	549,506

(i) As part of the Coalition campaign at the 2011 NSW State Election a promise of a \$5M grant was made to country racing should the coalition win government. The \$5M was apportioned between the three racing codes and HRNSW was allocated \$650,000 for use at its country based venues. \$130,000 was received in FY2012 and a further \$520,000 was received in FY2013. In addition to the government grant, HRNSW resolved to use \$1.2M of the monies received from the sale of Harold Park on track infrastructure and equipment. During the year to 30 June 2014 HRNSW RDF paid out \$328,018 in grants and related expenditure - refer Note 4(c).

(ii) Recovery of legal fees from Sportsbet, Betfair and HRNSW relating to Race Fields court case.

4	OPERATING EXPENSES		
(a)	Grants Made		
	Grants - Clubs	41,139	8,050
	Grants - HRNSW - Funding for purchase of Tamworth Land	1,351,492	-
	Grants - HRNSW - Funding for purchase of Equipment	21,673	125,519
	Total	1,414,304	133,569
(b)	Specific Track Expenses		
	Tamworth	61,580	13,550
	Menangle Park Training Centre	265,903	147,695
	Menangle Park Retention Barn	302,000	-
	Bathurst	4,109,202	644,521
	Newcastle	300,044	17,250
	Penrith	38,258	12,923
	Wagga Wagga	61,941	7,650
	Hawkesbury	156	7,267
	Goulburn	101,600	-
	Consulting Expenses relating to Track Developments	80,460	-
	Total	5,321,145	850,856

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

	2014	2013
	\$	\$
4	OPERATING EXPENSES	
(c) Country Election Promise Grants		
Purchase of equipment and track upgrades	328,018	1,062,211
Total	328,018	1,062,211
(d) Training Centre Funding		
Expenditure on various tracks throughout the state	694,929	293,296
Total	694,929	293,296
(e) Potential Refund to State Government		
Potential Refund to State Government	(61,580)	(13,550)
Total	(61,580)	(13,550)
<p>Accrual of potential refund to NSW State Government if Tamworth showground is purchased rather than developing a harness track at the proposed new site.</p> <p>Amount represents grant of \$300,000 less expenses incurred to date. Amount remaining is \$45,742.</p>		
(f) Integrity Expenditure - Grant to HRNSW		
Subsidy to HRNSW for corruption inquiry related expenses	31,836	93,823
Integrity Assets Purchases	-	54,778
Total	31,836	148,601
5	CASH	
Cash at Bank	23,839	3,456
Total	23,839	3,456
6	DEPOSITS	
Investments - Bank Term Deposits	23,517,204	28,698,605
Total	23,517,204	28,698,605
7	LOANS RECEIVABLE	
Balance at the Beginning of the year	244,390	237,765
Loans made during the year	3,207	6,625
Loans repaid during the Year	(5,000)	-
Balance at the End of the Year	242,597	244,390
Balance due within one year	5,000	5,000
Balance Due Longer than one year	237,597	239,390
Total	242,597	244,390

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

		2014	2013
		\$	\$
8	OTHER RECEIVABLES		
	HRNSW	181,141	838,214
	Accrued Interest on Bank Investments	154,501	395,994
	Australian Taxation Office	326,274	-
	Other	58,315	79,395
	Total	720,231	1,313,603
9	PAYABLES		
	HRNSW - Investigation Expenses	31,836	-
	NSW Government	45,742	107,322
	Clubs	-	15,273
	Other	158,176	350,359
	Total	235,754	472,954

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

10. Contingent Liabilities & Commitments For Expenditure

(a) Emergency Integrity Fund

During the 2011/12 financial year the Board of HRNSW determined that \$1.0m would be set aside from the Racecourse Development Fund for an Emergency Integrity Fund to investigate allegations of corruption.

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

A contingent liability of up to \$407,073 therefore remains.

(b) Country Racing Election Promise Grants

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

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

HRNSW wrote to all clubs, excluding the Principal Club, requesting details of their requirements for plant, equipment, track and facility upgrades. The Board of HRNSW has determined that it would supplement the NSW Government's grant of \$650,000 with further grants of approximately \$1.2m. The total amount to be spent on equipment is therefore around \$1,900,000.

To date a number of trucks and tractors have been purchased and delivered to clubs. Repairs to buildings and tracks have also been carried out.

A contingent liability of \$63,451 remains.

(c) Training Centre Funding

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

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

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

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

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

(d) Capital Expenditure

In addition to 10(c) above, the board has resolved to allocate \$16.0m for expenditure on certain infrastructure in FY2015 including \$4.0m for the training centre at Menangle, \$3.6m for the construction of a new track at Tamworth, \$3.6m for the construction of a new track at Wagga and \$1.5m for completion of the track at Bathurst.

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

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

2014	2013
\$	\$

11 CONTINGENT ASSETS

(a) Interest Free Interminable Loans

The RDF and its predecessor have made Interest Free Interminable Loans (IFIL). These loans are not repayable except in the exceptional circumstances which are described in Note 1(d). The loans subject to this condition as at 30 June 2014 amount to:

Carried Forward from Previous Years	24,423,973	24,423,973
IFILs made during the year	-	-
Repayments made during the year	-	-
Balance at the end of the Financial Year	24,423,973	24,423,973

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

12 FINANCIAL ASSISTANCE PAYMENTS AND COMMITMENTS OUTSTANDING

Club	Project	Commitment B/Forward from 30-Jun-13	Funding Withdrawn Not used	Funding Approved 2013/14	Payments Made 2013/14	Commitment Outstanding 2013/14
Newcastle	Awning cover for Mini Trots			13,355	13,355	
Bathurst	Semaphore board	-	-	23,119	23,119	-
Total		-	-	36,474	36,474	-

Assistance for projects \$50,000 and over

Projects	Interest Free	Commitment B/Forward from 30-Jun-13	Funding Withdrawn Not used	Funding Approved 2013/14	Payments Made 2013/14	Commitment Outstanding 2013/14
	Interminable Loans	-	-	-	-	-
	Loans	-	-	-	-	-
	Grants	-	-	-	-	-
Total		-	-	-	-	-

Assistance for projects under \$50,000

Projects	Interest Free	Commitment B/Forward from 30-Jun-13	Funding Withdrawn Not used	Funding Approved 2013/14	Payments Made 2013/14	Commitment Outstanding 2013/14
	Interminable Loans	-	-	-	-	-
	Loans	-	-	-	-	-
	Grants	-	-	36,474	36,474	-
Total		-	-	36,474	36,474	-
Total All Assistance		-	-	36,474	36,474	-

Notes to the Financial Statements (Continued)

For the financial year ended 30 June 2014

	2014	2013
	\$	\$
13	NOTES TO THE STATEMENT OF CASH FLOWS	
Surplus for the Year	(5,518,981)	110,868
Operating Profit before changes in Working Capital Provisions	(5,518,981)	110,868
Change in Trade and Other Receivables	593,372	(321,650)
Change in Other Assets	-	620
Change in Trade and Other Payables	(237,200)	(729,727)
Net Cash (Used In) / Provided By Operating Activities	(5,162,810)	(939,889)

14. Financial Risk Management

Overview

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

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

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

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

END OF AUDITED FINANCIAL STATEMENTS



Harness Racing
NEW SOUTH WALES

