ANNUAL REPORT 2015/16

HARNESS RACING SA LTD

HARNESS RACING SA

INNOVATION DISTINGUISHES BETWEEN...

A LEADER AND A FOLLOWER

(STEVE JOBS)

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MARK CAREY
CHAIRMAN

CHAIRMAN'S REPORT

The South Australian 2015/16 racing year has been another challenging year for the Code with a number of positive initiatives that have improved Harness Racing's position in South Australia and a number of challenges that countered some of the positive growth in our industry.

The Board's major focus has been to increase wagering on our product and, as a result, management have introduced a range of marketing initiatives to increase wagering of SA Harness Racing.

This year saw many highlights with Member Clubs conducting excellent events during the year including:

- The SAHRC Summer Carnival was run at Globe Derby Park in January 2016. A host of prominent interstate trainers again attended the night with former South Australian Geoff Webster trained, and Greg Sugars driven pacer Flaming Flutter winning the $100,000 UBET SA Cup. The Kevin Watson trained and Nathan Jack driven 3YO pacer Brallos Pass was successful in the Group 3 SA Pacers Derby whilst the Group 2 SA Trotters Cup went to the Brett Lilley trained trotter Leannes Boy NZ.

- The Southern Cross series returned to Globe Derby Park in July 2016. This provided owners and breeders the opportunity to share in significant prizemoney for the two and three year olds that were eligible for the Series.
- The Country Cups throughout the year were well supported with Gawler, Port Pirie, Mt Gambier, Victor Harbor, Kapunda, Strathalbyn, Whyalla and Kadina all conducting feature Cup events which were well supported and keenly contested.
- The BOTRA Golden Nursery again proved to be an outstanding night for owners of juvenile horses and all credit to the BOTRA Committee who raised in excess of $50,000 in sponsorship to host the night and provided attractive and substantial prizemoney.
- The SA Square Trotters Carnival held in May/June provided an entertaining carnival series culminating with the SA Trotters Derby and the time honored Gramel Series.

From HRSA's administration point of view there were many positive achievements and outcomes during the year:

- Continued restructuring of SA harness racing dates and prizemoney.
- Continued implementation of the Integrity Report recommendations
- Increased sponsorship for the Harness Code
- Continued focus on wagering initiatives.

In the next 12 months we will see the SA Racing Industry finalise negotiations with UBET and the State Government with respect to the exclusivity arrangements for UBET to operate in this State. This is a 'one off' opportunity to increase financial support to the Racing Industry in this State. The "clawback" in which the industry received upfront funding following the sale of the TAB in 2000 with the amount to be repaid over the next 15 years, finally concluded at the end of the 2015/16 financial

year. This will result in additional funding for Harness Racing.

The Code's mission is to grow a strong and vibrant harness racing industry by developing a compelling racing product for our target markets, increasing participation, promoting racing excellence and integrity, generating revenue growth from wagering, and maximising returns to its stakeholders. Despite the many challenges, harness racing is a well-established industry that provides both a livelihood and passionate participation for many people across the State.

New Strategic Plan

In February 2016, HRSA developed a new Strategic Plan for the next five years. In an era of ongoing challenges for our code, the Strategic Plan will establish a framework and clear direction for the code to grow in South Australia. Two of the key objectives for our industry include the establishment of a strong financial base to enable increased investment in areas including prizemoney and racing infrastructure, as well as establishing a new governance model for harness racing in South Australia that meets the needs of the industry going forward.

One of the most significant challenges for the code is to develop innovative racing and wagering products. The competition for the punting dollar is becoming increasingly crowded, particularly with the influx of sports betting. Therefore new racing and wagering initiatives are critical if we are to grow our financial revenue base, which will enable our code to invest in key areas including prizemoney.

The HRSA Strategic Plan identified seven (7) guiding principles that the Board and management will focus on to ensure the long-term success and viability of the code. The guiding principles are as follows:

1. Racing Product
2. Wagering
3. Horse Population
4. Integrity & Animal Welfare
5. Financial Sustainability
6. Participation
7. Communication & Consultation

In developing the strategic intent of these key guiding principles, it was determined and agreed that each principle would be developed against three specific metrics, namely; Challenge, Objective and Strategies.

Challenges

Whilst there has been a great deal of competitive racing and wonderful performances by participants, South Australian harness racing continues to face some significant challenges. Wagering turnover remains soft, industry funding continues to be threatened by wagering leakage, our fan base is stagnant or diminishing, breeding numbers continue to be a concern and there are issues with Sky Channel programming and later start times.

However we have been undertaking a number of initiatives on a range of fronts

to improve the situation for our code. This includes a number of new wagering initiatives in partnership with UBET, continued enhancements to our wagering website, improvements in our racing KPIs including average field sizes and a reduction in the number of short priced favourites. On the marketing side, the trots will be returning to the Royal Adelaide Show in 2016. We also have a well resourced and professional integrity regime which includes a considered and ethical equine welfare agenda.

There is now more competition for the leisure dollar than 20 years ago with people having a greater range of leisure pursuits to choose. These are contributing factors, but we must ask ourselves if we are doing enough to meet the challenges we face.

Acknowledgements

I would like to acknowledge and thank the following:

- Fellow Directors, Chris Hartwig, John Levy, Peter Marshall, Roland Roccioletti, Des Stanbury and newly appointed Directors Luciana Larkin and Lauren Giorgio, who have individually and collectively contributed to the progress of the industry and the work of the Board.
- The Presidents, Secretaries and Committee members together with the kindred bodies, much of it voluntary, who actively represent the interests of participants, owners, breeders, trainers and drivers.
- The Board could not function effectively without the dedication of management and staff of Harness Racing SA. We are conscious of the contribution that they make not only to the work of the Board but to the industry generally.
- HRSA values the support it receives from its key stakeholders including the Government of South Australia, UBET, Sky Channel, Harness Racing Australia and the numerous communities in which we conduct racing in South Australia.

Finally, on behalf of the Board, I also extend my appreciation to John Lewis, our Chief Executive, his management team and staff of Harness Racing SA for their hard work, support and assistance.

MARK CAREY
CHAIRMAN

BOARD OF DIRECTORS

The names and particulars of the Directors of the Company during or since 1 July 2014* - 30 June 2016

(*2014/15 particulars omitted from the 2014/15 Annual Report)

Name	Board meetings attended	Maximum possible to attend
Mark Carey	24	24
John Levy	22	24
Chris Hartwig	20	24
Roland Roccioletti	18	22
Lauren Giorgio	9	9
Luciana Larkin	9	9
Des Stanbury (until 30 Sept 2015)	13	14
Peter Marshall (until 28 Sept 2015)	13	14

Mark Carey Assoc Dip Business MAICD

Chairman
Director Nominated by SACHRCA
Commenced 9 May 2012

John Levy LLB, Grad Dip Management, GDLP, FITA

Director
Independent Director (Legal)
Commenced 1 October 2011

Chris Hartwig BA (Accounting) MAICD

Director
Independent Director (Finance)
Commenced 1 July 2012

Roland Roccioletti MAICD, ESCI

Director
Independent Director (Marketing)
Commenced 1 October 2014

Lauren Giorgio B.HlthSc (Hons), Ph.D

Director
Director Nominated by SAHRC
Commenced 1 October 2015

Luciana Larkin BA (Accounting), CA,CTA,GAICD

Director
Independent Director (Business)
Commenced 1 October 2015

HRSA COMMITTEES

Racing

Mark Carey	Chair
Chris Hartwig	
John Lewis	
Peter Lawrence	
David Thuen	Secretary

Finance

Chris Hartwig	Chair
Luciana Larkin	
Mark Carey	
John Lewis	
Oliver Bott	Secretary

Governance

John Levy	Chair
Roland Roccioletti	
Mark Carey	
John Lewis	Secretary

Marketing

Roland Roccioletti	Chair
Lauren Giorgio	
Mark Carey	
John Lewis	Secretary

HRSA ADVISORY COMMITTEE

Industry Advisory Committee (IAC)

Bronte Giorgio	Chairman, SAHRC
Ray Holberton	SAHRC
Leah Harvey	Country Clubs
Toby Ryan	Country Clubs
Anne Mowday	SAHRC
David Jolly	SA BOTRA Rep
Phil Wood	Country Clubs Rep

STRATEGIC PLAN

The HRSA Strategic Plan identified seven (7) guiding principles that the Board and management will focus on to ensure the long-term success and viability of the code.

In developing the strategic intent of these key guiding principles, it was determined and agreed that each principle would be developed against three specific metrics, namely; Challenge, Objective and Strategies.

Racing Product

To present a vibrant, innovative and engaging racing product to existing and new customers. To enhance brand awareness and appeal of the harness racing product.

Wagering

Grow wagering revenue by presenting a professional, attractive and exciting racing product in South Australia.

Horse Population

To invest and promote breeding incentives and horse ownership as key stimulants to growing the harness racing industry.

Integrity and Animal Welfare

To be recognised as a national leader in animal welfare and integrity measures.

Financial Stability

To increase financial returns through an elevated revenue generation and cost control model that will enable increased stakemoney, debt reduction and investment in infrastructure.

Participation

To increase participation levels in South Australia including reducing the barriers to entry across all levels of the industry.

Communication & Consultation

To ensure industry participants are fully engaged and consulted including a shared understanding and ownership of the HRSA Strategic Plan.

JOHN LEWIS BA LLB GDLP
CHIEF EXECUTIVE OFFICER

CEO'S REPORT

Wagering

At the conclusion of the 2015/16 financial year, the total wagering revenue received by harness racing in South Australia was $9.2m compared to $9.6m for the previous financial year. The total wagering revenue is received from two sources - UBET (Product Fees) and interstate wagering operators and corporate bookmakers (Race Field Fees). There was a reduction in revenue from both sources - Product Fees of $125,000 (market share finished at 11.56%) and Race Field Fees of $332,000.

The main contributing factor to this reduction was the decision by Sky Racing to reduce the number of race meetings on Sky 1 on Friday and Saturday nights, which was further compounded by their decision to start (and finish) our race meetings later on those nights, which collectively reduced wagering turnover and revenue.

However one of the most interesting facts is the change in the paradigm of where our wagering growth is coming from. In 2009 the revenue from interstate wagering operators and corporate bookmakers was around 20% of our total wagering revenue. In 2016, it now represents nearly 40% of our total revenue. Conversely in 2009, revenue from UBET (then UNITAB) represented 80% of total revenue and has declined to 60% in 2016.

Interestingly 94% of the total wagering turnover on the SA harness racing product is generated through interstate TABs, corporate bookmakers and betting exchanges. Therefore only 6% of all turnover on our code locally is wagered through our local wagering operator - UBET.

As stated earlier, our wagering revenue is heavily dependent on the coverage provided by Sky Racing. In relation to Sky 1 race meetings, the securing of an additional 14 Sky 1 race meetings annually on Saturday nights from 1 April 2016 (40 in total annually) was a significant 'win' for our code. However the battle continues to achieve earlier start times and more Sky 1 meetings on an annual basis.

There is no doubt that the proliferation of greyhound race meetings in recent years continues to have a significant impact on our code's revenue base. However despite the recent negative publicity relating to animal welfare issues, greyhound wagering remains strong – they continue to have saturation coverage on Sky Racing, as their product is extremely inexpensive to produce and their races last little more than 30 seconds. This is compounded by the 'floating' market share model in SA which disproportionately favours greyhound racing at the expense of the other horse codes which are more expensive to conduct and simply don't have the revenue bases to put on more race meetings and further saturate Sky Racing and hence the wagering market. Therefore only a full review and ultimately changes to the Racing Distribution Agreement will address this anomaly. This will not only require the support of all racing codes, but also the full and total support of the State Government.

Therefore we have focussed on the specific areas of our business we can control in order to grow our wagering. These initiatives have included:

- increasing average field race sizes;
- optimising the number of races on Sky 1 race meetings;
- reducing the number of short priced favourites;
- wagering initiatives including guaranteed trifecta pools, guaranteed quadrella pools, and 'money back' when your horse finishes 2nd or 3rd;
- SA's only dedicated wagering website featuring speed maps, form analysis, 'blackbookers' and trial reviews;
- Regular meetings with Sky Racing (including a meeting next week);
- Regular meetings with UBET to increase harness wagering initiatives (including meetings with CEO Robbie Cooke); and
- Regular meetings with Sky Racing to improve race meeting scheduling.

Additionally we are intending to trial a new form of racing, 'Hotshots' in 2017 which will feature shorter, faster racing, eight horses per race, promotion of drivers as the 'heroes' including drivers or barrier colours, drivers nicknames, coloured sulky wheels, new bet types and a significant marketing and promotional commitment. This is clearly focussed on increasing off course revenue.

Operating Profit

For the third consecutive year, HRSA posted an operating profit. This was still achieved despite the decline in wagering revenue. As stated earlier the significant overall growth in revenue from race field fees (interstate wagering operators and corporate bookmakers) has become an important revenue stream for our code.

HRSA Secures Major Sponsorship with UBET

In FY 2015/16, Harness Racing SA (HRSA) were delighted to announce a major sponsorship agreement with its principal wagering provider, UBET. The three year agreement with UBET includes the exclusive naming rights to the winning posts of all harness racing venues across South Australia, as well as naming rights to the SA Pacing Cup, SA Trotters Cup and all country cups. The agreement with UBET reflects the strong partnership between the two organisations and also UBET's strong commitment to harness racing across South Australia. Most importantly all of the sponsorship revenue in the new partnership with UBET will be paid to all clubs that conduct racing at their venues.

SAHRC Agreement

In August 2015, following a meeting between HRSA and the SAHRC, both organisations agreed to actively work together to establish a longer term agreement for racing at Globe Derby Park.

Subsequently in mid 2016, HRSA was pleased to announce that new agreements were formally signed between HRSA and the SAHRC regarding the securing of longer term

arrangements for racing and additional significant financial support for the SAHRC and Globe Derby Park.

The new agreements included:

- Licence and Racing Dates Agreement;
- Memorandum of Lease ('Head Lease'); and
- Memorandum of Underlease ('Sub Lease').

HRSA will also be taking over responsibility for all race day staff from 1 September 2016. The new agreements will result in an additional $250,000 in annual financial support for the SAHRC.

The Licence and Racing Dates Agreement formalises HRSA authority to conduct race meetings at Globe Derby Park for a six year period from 1 July 2016. Previously there was no formal authority granted to HRSA to conduct racing at Globe Derby Park.

Further, HRSA secured a 'Head Lease' of the race track and race facilities at Globe Derby Park from 1 July 2016. The head lease is a 'registered' lease and importantly provides certainty to the harness racing industry regarding the right to continue racing at Globe Derby Park. The Memorandum of Underlease ('Sub Lease') commence on 1 July 2016 and sub leases the facility back to the Club.

Overall the new agreements recognise the importance of Globe Derby Park as the home of harness racing in South Australia, as well as providing certainty for industry participants and additional financial security for the SAHRC.

Integrity and Animal Welfare

Following a number of significant changes in integrity and animal welfare in the previous 12 months including being the first racing authority in South Australia to introduce a prohibition threshold for the substance Cobalt as both an equine performance enhance and welfare threat as well as the appointment of an Animal Welfare Officer, the commitment in these areas was enhanced in 2015/16.

Importantly as part of its ongoing commitment to animal welfare, and in particular its support of retired standardbreds, Harness Racing SA announced a historic partnership with Chapel Lodge Standardbred Rescue and Rehabilitation, a not-for-profit charity. Located on 21 acres in Lewiston, South Australia, Chapel Lodge works closely with the harness racing industry in re-homing horses to transition from racing to pleasure riding. They have re-homed approximately 80 horses over the past four years, and this partnership with HRSA will assist Chapel Lodge in sustaining this most important and valued service.

Chapel Lodge also provide services for horses that have either been abandoned or neglected. Currently Chapel Lodge have around 32 horses under their care, with a range of support and services provided including foster care, veterinary and farrier support as well as feed and transport, horse education and insurance. As part of the partnership, HRSA will provide direct funding assistance to Chapel Lodge in order to meet its ongoing commitments.

Importantly the partnership with Chapel Lodge reflects HRSA's ongoing commitment to animal welfare and life after racing for retired standardbred horses

Regional Industry Forum & Season Launch

HRSA formally launched the 2015/16 harness racing season at Mt Gambier on Wednesday 26 August 2015 and also conducted an industry forum. The HRSA Board also held a Board meeting in Mt Gambier on the afternoon preceding the season launch. The season launch in a major regional centre such as the South-East was a reflection of the importance of harness racing in the South East and the outstanding work of the Mt Gambier Committee in promoting racing in the region. The forum also provided an opportunity for our industry participants to be briefed on a range of industry matters, and raise issues of concern for their respective regions. HRSA Directors and Management were present at the launch and industry forum.

Pinery Bushfires Appeal

Following the devastation caused by the Pinery Bushfires in late 2015, HRSA launched a major fundraising appeal for industry participants impacted by the fires. The HRSA Board approved $10,000 in funding towards the bushfire appeal for those industry participants and families affected by the bushfires.

The fires had a devastating impact on a number of harness racing participants and their families, and this financial support established an important base in providing some much needed assistance to those affected.

HRSA established an account to receive financial donations to assist industry participants who had been affected by the bushfires, and the response from both the industry and the community was overwhelming with nearly $40,000 raised for the bushfire appeal.

Gawler Racing Facility Progresses

The development of the harness racing facility at Gawler progressed throughout 2015/16 including several meetings with Mr Peter Bain (Gawler HRC President) and the Member of Light, Hon Tony Piccolo. In 2015 the HRSA Board provided its approval for the conduct of race trials at Gawler – this was a significant development for the both the club and the code, and also an important step forward towards the ultimate objective of racing at the facility.

The HRSA Chair of Stewards provided a report to the Club regarding what infrastructure would be required for the conducting of trials and in late 2015, HRSA met with the Member for Light, Hon Tony Piccolo and senior staff from the Light Regional Council regarding the facility. At that meeting HRSA reiterated its support of the conducting of trials at Gawler and also confirmed that the venue could also be utilised for the conduct of harness racing meetings. We reminded the attendees that racing at Gawler only ceased due to the compulsory acquisition of the previous race facility by the State Government. Therefore it was only appropriate that HRSA provides whatever support it can for the Gawler HRC including the possible resumption of racing.

HRSA Board Appointments

Following the recommendation of the Special Industry Committee, the HRSA Board appointed Luciana Larkin (Business) as an Independent Director and also appointed Lauren Giorgio (SAHRC) as a Director with experience in the harness racing industry for three year terms. Ms Larkin is a Partner with Tregloans Chartered Accountants, and is also an experienced company director. Dr Giorgio is a Research Scientist employed at Flinders Partners and her family have a long involvement in harness racing.

The Board also farewelled Mr Peter Marshall (Business) and Mr Des Stanbury (SAHRC) as Directors. Mr Marshall made an outstanding contribution to the Board and the SA Harness Racing Industry over a period of 25 years, and is a former SAHRC President and Club Life Member. Mr Stanbury was first appointed to the Board in 2007, and during his tenure was a highly committed and excellent Industry Director including as Chairman of the Board's Racing Committee. Mr Stanbury is a former Committee Member of the SAHRC and a Life Member.

JOHN LEWIS
CHIEF EXECUTIVE OFFICER

BARBARA SCOTT
CHAIR OF STEWARDS

STEWARDING & INTEGRITY

Animal Welfare

Animal welfare continues to be at the forefront of all stewarding and integrity actions. The issues identified in the greyhound industry and the subsequent action by the NSW Government to legislate to ban greyhound racing in NSW from June 2017 has resulted in a renewed focus on animal welfare in the harness racing industry.

Harness racing can learn from the findings of the Special Commission into the Greyhound Industry, and use those findings to strengthen existing animal welfare strategies.

An increased focus on equine welfare initiatives has highlighted the need for a clearer understanding and improved regulation of Standardbreds as they move through various stages of their career and life beyond racing. Lifecycle tracking will give the ability to track and trace our Standardbreds and collect accurate data, including why some horses do not make the racetrack as well as life after racing decisions.

Our social licence to operate requires the ongoing acceptance or approval of the local community and other stakeholders involved in the industry. This ongoing acceptance is reliant on transparent processes, policies and procedures regarding animal welfare.

Stable inspections are an essential tool for the protection of the welfare of horses. Stable inspections that are rigorous and relatively frequent provide an important means of monitoring and ensuring compliance with animal welfare standards. Stewards have continued to increase the number of stable inspections conducted and intend to conduct stable inspections for all 230 trainers in South Australia at least annually.

Of those inspections completed, there were minor issues identified as requiring action. These included where the trainer failed to keep a Log Book of Treatments (20 trainers) and trainers failing to lodge a stable return for an un-named horse (6 trainers).

A stable inspection rating system has been introduced to provide an easily understood and standard criterion for Stewards when assessing a trainers stables. This rating will allow Stewards to appropriately assess any breach and manage any risk. The severity of the breach will influence the type of direction and/or penalty applied and the timeframe given to the trainer to correct it.

Stewards have continued to promote Life After Racing options for owners and trainers. While many owners and trainers take a whole of life approach and are proactive in privately re-homing horses, the option of utilising Chapel Lodge for re-training and re-homing Standardbreds is available for trainers and owners in South Australia. Stewards have worked closely with Chapel Lodge to implement a data recording system so we can accurately report

on life after racing opportunities for our retired racehorses. In the past years, several pacers that have experienced great success on the racetrack have now been re-trained and re-homed. These include Conte Centovalli (prizemoney $234,204) and Strike Up The Band ($206,548). Of course any Standardbred can be re-trained and re-homed, not just those that are successful on the racetrack.

Licencing

A licencing policy was introduced to ensure those persons applying for a licence for the first time or those renewing licences are fully cognisant of the rules and their animal welfare obligations. As part of the licencing process, first time applicants are required to attend an interview with Stewards. The granting of a licence places an obligation on a person to act within the rules of harness racing, therefore HRSA may grant a licence for such period and under such terms and conditions as it thinks fit and may refuse a licence without assigning any reason whatsoever. HRSA may vary or amend the licencing criteria at any time, require additional information to accompany a licence application, impose terms and conditions on the granting of a licence and take into account any other matter it considers relevant in determining a licence application. These actions may be taken to ensure

i) the integrity of racing activities conducted as part of the code
ii) the safety of persons involved in racing or training registered horses, and
iii) the welfare of horses whilst involved in racing or training.

To assist our young and concession drivers including providing a pathway for participants from Pony Trots, Stewards implemented a concession driver mentoring program. This program was aimed at Grade B and Grade C drivers and was designed to educate and inform in a number of areas, such as rules, policies, Stewards procedures and processes, good drives and bad drives, form, personal presentation and managing pressure and disappointment. Guest speakers included leading drivers Ryan Hryhorec and Dani Hill who provided valuable insight and advice on their pre-race preparations and decision making during a race. Adelaide Crows player Josh Jenkins spoke on being the best, managing social media, and managing stress and nerves. Several drivers spent race nights with the Stewards observing what goes on behind the scenes and their decision making processes. This was a successful initiative that will be made available to future drivers.

Raceday Integrity

Stewards partnered with the bet monitoring service Global Sports Integrity who work with major betting operators (bookmakers and betting exchanges) to monitor and detect any unusual betting on harness racing in South Australia. The importance of regulation and integrity in harness racing cannot be underestimated and the availability of a diverse range of markets and the liquidity of those markets can result in people attempting to secure a profit by corrupt means. Global Sports Integrity and Stewards work closely on raceday to monitor betting and this valuable information often continues post race day when investigations are

conducted into betting-related race-fixing.

Social Media

Stewards would like to acknowledge the promotion of harness racing in South Australia by some trainers and drivers using social media. Dani Hill (@danihillracing), Wayne Hill (@waynehillracing) and Jon Kingston-Mayne (@jkingstonmayne) are all active on twitter with information on their upcoming starters and post race reports. This not only promotes harness racing in South Australia but provides valuable information to the public that creates an emotional connection to the industry. Love it or hate it, social media is part of life and this instant information can be beneficial. Stewards also use twitter for raceday information including change of tactics, driver changes and late scratchings (@HRSA_RaceDay).

Achievements

Stewards would also like to acknowledge the achievement of several personal milestones. Dani Hill and Wayne Hill both had career best driving seasons. Wayne Hill drove 6 winners in one meeting at Victor Harbor in December 2015 which placed him in the company of Kerryn Manning, David Harding, Gary Hall Jnr and Gavin Lang who had in the past, all driven six winners at one meeting. Mark Billinger and Dani Hill both drove five winners at one meeting and Ryan Hryhorec was the only South Australian trainer listed in the top 20 trainers nationally. Congratulations.

Swabs

There were 1215 swabs taken from horses during the season. Of these:

- 817 were pre-race
- 398 were post race

FINES

There were 100 fines imposed. Of these:

- 18% were for whip related offences
- Fines totalled $17 050.

SUSPENSIONS

There were 58 suspensions imposed. Of these:

- 40 were for driving related offences.

DISQUALIFICATIONS

There were 7 disqualifications These were:

- Under Rule 231(e), 187(5), 231(2), 187(3), 187(1) – misconduct and being deliberately obstructive of stewards
- Under Rule 190(1), (2) & (4) prohibited substance
- Under Rule 190(3) – prohibited substance
- Under Rule 231(2) - misconduct
- Under Rule 231(2)- misconduct
- Under Rule 231(2) - misconduct
- Under Rule 218, 231(1) – fail to care for horse properly and misconduct.

APPEALS

There were 13 appeals lodged with 1 yet to be heard and awaiting an appeal date.

Of the 12 appeals set down for hearing by the Racing Appeals Tribunal:

- 11 were dismissed. Of those, 6 had the penalty varied.
- 1 appeal did not proceed as the Racing Appeals Tribunal had no jurisdiction to hear the appeal.

BARBARA SCOTT
CHAIR OF STEWARDS

Elders

DAVID THUEN
RACING OPERATIONS MANAGER

RACING OPERATIONS

During the 2015/16 racing season 158 TAB and Sky Racing covered harness racing meetings were conducted in South Australia at five different venues. These venues being Globe Derby Park, Port Pirie, Mount Gambier, Kapunda and Victor Harbor. Globe Derby Park also hosted two meetings conducted by the Strathalbyn Harness Racing Club and one conducted by the Gawler Harness Racing Club, whilst Port Pirie hosted two meetings conducted by the Whyalla Harness Racing Club and one conducted by the Kadina Harness Racing Club.

This number was reduced from the previous season, where 171 race meetings were conducted. The majority of the reductions came from previously scheduled Sky 2 covered meetings during the summer period. It was felt that due to the current horse population, these meetings were no longer required. Furthermore, these meetings were impacting on the quality and size of the Sky 1 covered meetings around them.

Horse numbers and field sizes were once again the greatest challenge faced by the Racing Office during the season. Despite these challenges, field sizes and numbers were able to be kept at or above the level requested by Sky Racing. As a result, HRSA has been able to negotiate a new contract with Sky Racing. This contract has increased the number of Saturday meetings in South Australia to be covered on Sky Racing 1 from a minimum of twenty six per year to forty.

I would like to thank Peter Lawrence and Sue Gilbert for their efforts in the Racing Office in helping to achieve this result. Further acknowledgement must also go to Kathryn Nicolai and Leanne Galgey for the support they have provided to the Racing Office, along with the Stewards Panel.

Following an industry driven meeting, a Handicapping Sub Committee has been created. This committee comprise of passionate industry participants. Their feedback has been well received by the Racing Office and used as a valuable tool when programming races during this season.

Finally, I wish to thank the Directors of HRSA & Chief Executive Officer, John Lewis for their continued support throughout the season.

RACING

South Australia's premiere race night on the calendar for season 2015/16 was the SA Cup Night. The 2016 Ubet South Australian Pacing Cup was held at Globe Derby Park on Saturday January 9. In a closely fought out contest with less than ten metres separating the first seven runners, Flaming Flutter after being forced to sit outside of the leader for the majority of the event prevailed. Flaming Flutter is trained by former South Australian Geoff Webster and was driven by another former South Australian Greg Sugars. Second in the event went to Hotasel, trained and driven by another former South Australian in John Justice. Third placing was taken by Crusader Acey, trained by Brent Lilley and driven by Anthony Butt.

Other features on the night were the 2016 SA BOTRA South Australian Pacers Derby, won by the Mark Watson trained, and Nathan Jack driven, Brallos Pass and the 2016 Ubet South Australian Trotters Cup was won by the Brent Lilley trained and Anthony Butt driven Leannes Boy NZ.

Sky Racing Southern Cross Racing Series

The Sky Racing Southern Cross Series was once again a major highlight of the season. The Finals were held on Saturday July 30. These races reverted back to Globe Derby Park, after being held at Port Pirie the previous season.

Winners for 2016 were:

2YO Fillies:
Our Celebrity, trained by Emma Stewart, driven by Mark Billinger.

2YO Colts & Geldings:
Stars Of Courage, trained by Ray Holberton, driven by Danielle Hill.

3YO Fillies
Rocknroll Magic, trained by Emma Stewart, driven by Mark Billinger.

3YO Colts & Geldings:
Rap Artist, trained & driven by Mark Billinger.

SA BOTRA Golden Nursery

SA BOTRA, in conjunction with HRSA, conducted the 2YO Golden Nursery series. A total of 112 horses made the one off payment to be eligible for the series. Preludes were conducted on Friday May 13, culminating in Finals held on Saturday May 21. The winners were Our Celebrity (fillies) and Emain Macha (colts & geldings).

Country Cups

The Country Cups were a feature on the South Australian Harness Racing Calendar in the 2015/16 season. The winners were:

- Victor Harbor – Big Gorilla; trained & driven by Ryan Hryhorec.
- Whyalla @ Port Pirie – Some Kinda Tactics NZ; trained by Jon Kingston-Mayne & driven by Ken Rogers.
- Mount Gambier – Smoken Pump Action; trained by Matthew Craven & driven by Peter Craven.
- Kapunda – My Elusive Dream NZ; trained & driven by Peter Borrelli.
- Gawler @ Globe Derby – Mark Dennis NZ; trained by Lance Holberton & driven by Danielle Hill.
- Kadina @ Port Pirie – Some Kinda Tactics NZ; trained by Jon Kingston-Mayne & driven by Ken Rogers.
- Port Pirie – Star Of Dionysis NZ; trained by Andy Gath & driven by Kate Gath.
- Strathalbyn @ Globe Derby – Whats Emma Got; trained by Glenda Fuller & Sharon Newman, & driven by Danielle Hill.

Square Trotters

The highlight of the Trotting season was once again Gramel Night, held at Globe Derby Park on Saturday May 7. Five races on this night were designated to trotters.

The 2016 SA Square Trotters Association Gramel Trotters Cup was won in superb fashion by Pocketfullofcash, overcoming a 40m handicap.

Pocketfullofcash is trained and driven by Paul Fidge. The Trotters Derby was won by former South Australia Geoff Webster with Big Jack Hammer, the 2YO Parker Classic by Down Under Rors, trained by Barry Preston and driven by Ryan Hryhorec and the Legends Final was won by Im Princess Sophie for Ryan Hryhorec.

Apart from the Gramel Night, a series of Country Trotters Cups were held throughout the state.

The winners were:

- VICTOR HARBOR: Pocketfullofcash, trained & driven by Paul Fidge.
- MOUNT GAMBIER: Lochlee Jacob, trained by Ron Praag & driven by Rod Barker.
- KAPUNDA: Joekenn, trained & driven by David Smith.
- STRATHALBYN: Im Princess Sophie, trained & driven by Ryan Hryhorec.
- GAWLER: Pocketfullofcash, trained & driven by Paul Fidge.
- KADINA: Tommy Kay, trained by Alan Cronin & driven by Ken Rogers.

Young Drivers

Michael A Smith took out the SA Leading Young Driver Award for the second year in a row. Michael drove 34 winners for the year in South Australia, one win clear of his nearest rival Jayson Finnis.

In an effort to further promote the up and coming drivers in South Australia, the SA Young/Concession Drivers Challenge was expanded once again this season from a ten race series to an eighteen race series. The winner of the series for the 2015/16 season was Michael Smith. This series is a great promotion of the young and concession drivers in our state, giving drivers more opportunities to showcase their skills to the industry.

Drivers Invitation Series

The Reinswomen's Challenge meeting in 2016 was held on Easter Saturday, March 26. Leading female drivers from Tasmania, Victoria, Western Australia and Queensland competed against South Australia's leading female drivers in a six race series. The eventual winner of the Challenge was Victoria's Lisa Miles. This Challenge once again coincided with the running of the 2016 Ubet South Australian Oaks. Victory in this race went to Flojos Gold, trained and driven by the Mildura based combination of Ian and Luke Watson.

Port Pirie conducted its annual Drivers Invitation Series on Friday June 17. Leading local drivers were joined by former South Australian's Lance Justice and Kate Gath, along with Lisa Miles and Western Australia's Kim Prentice. Victory in this invitational went to the Port Pirie born and raised Kate Gath.

PREMIERSHIP WINNERS

Congratulations to the winners of SA Premierships for 2015/16

- State Driver - Danielle Hill 209 wins
- State Trainer – Ryan Hryhorec 88 wins
- Female Driver – Danielle Hill 209 wins
- Female Trainer – Jill Neilson 36 wins
- Young Driver – Michael A Smith 34 wins
- State Horse – Some Kinda Tactics 13 wins

DAVID THUEN
RACING OPERATIONS MANAGER

THE ASSOCIATIONS

SAHRPA

South Australian Harness Racing Pony Association

Our season commenced in October where we had 23 drivers competing from the age of 6 to 16 years including 3 first season drivers. Mount Gambier had a further 10 drivers.

This season we had two retiring drivers in Kaela Hryhorec and Branden Fuller. Kaela has obtained her licence and to date has driven three winners.

This season the ponies raced at Kapunda twice and once at Port Pirie and Victor Harbor also at the Gawler meeting held at Globe Derby Park.

The country clubs always make the young drivers and their families feel very welcome.

Each month the SAHRPA wrote stories and placed photos in the BOTRA magazine for the industry participants to read.

Also during the season we held a Fun Night for the drivers, family and friends at Inflatable World in Salisbury which proved very popular.

We had our usual sponsors and a few new ones, for which we are very grateful for. We would like to welcome J&B Tree Services on becoming a Major Sponsor for us.

The South Australian Harness Racing Pony Association 2015/2016 Presentation Day was on Sunday, 1 May 2016 held in the Jubilee Room at Globe Derby Park. There was a good attendance of around 120 guests who, including members, families, friends and sponsors attended a BBQ luncheon, with the meat kindly donated by Max Peake and Specialty Foods.

A big thank you goes out to the people who helped on the day.

These young drivers are the future of Harness Racing.

Rachel Maguire, Secretary

SARA

South Australian Reinswomen's Association

This season has been very successful for the female participants in Harness Racing in South Australia. Dani Hill finished the season as leading State Driver with an amazing 209 wins! Lisa Ryan also finished in the top 10 State Drivers. Jill Neilson and Dani Hill both finished in the top 10 State Trainers premiership.

SARA congratulates all female participants in harness racing in South Australia as they are showing that 'the girls' can achieve anything they put their minds to.

SARA welcomes Kaela Hryhorec in her first season as a junior driver. Kaela had an impressive 3 wins in only a few months of driving in the 2015/16 season.

The main event of the 2015/16 season was the Reinswomen's Challenge held on March 26. The 5 South Australian representatives were: Lisa Ryan, Leah Harvey, Gina Bell, Dani Hill and Angela Chapman. The other states were

represented by Ellen Tormey, Erin Holloway, Natalie Emery, Lauren Jones, Brittany Graham and the winner, Lisa Miles. All of the challenge competitors showed excellent skills and an impressive commitment to making the night the great success that it was. SARA is grateful to the sponsors that contributed to ensuring the Challenge went ahead and to HRSA for their support and organisation of the event.

Thank you to all that have supported SARA in the 2015/16 season. We are looking forward to another successful season in 2016/17!

Kathy Pickering, Secretary

SA BOTRA

South Australian Breeders Owners Trainers & Reinspersons Association

I accepted the position of President in October 2015 and have enjoyed the challenge.

I would like to thank all those who have worked tirelessly and volunteer their time to support BOTRA. It has been a challenging year. BOTRA has welcomed new committee members and farewelled with regret Michael and Yvonne Bryant, in saying this Michael and Yvonne are still giving generously of their time to help put the magazine together and pitch in and help on our special nights.

Naomi Shelbourn resigned from the Treasurer's position half way through the year and handed over the reins to Megan Gee who has stepped up and is doing a great job finding time between driving and training her team to victory. Lois Randall again this year has worked tirelessly on publicity and finding sponsorships, this is an extremely difficult task in this economic climate. Lois has liaised with HRSA, and the clubs, sponsors, media and studs on our behalf all through the year with some very positive results, she is a great asset to BOTRA.

The magazine again this year has been well received by members and comments have been positive, I would like to thank Gary Newton for doing a great job in producing an informative and professional magazine each month, not an easy job as the timeframe to produce it is very short.

February 2016 saw the second of our Yearling Sales with prices being up on the first year and a good crowd in attendance, BOTRA will be holding our third sale in February 2017. This year we started to see the first of our 2015 yearling sale graduates start trialling and racing, three have already won their $1,000 first win bonus.

We held two successful Battlers Nights again this year in August and February.

Christmas in July was again very well attended and Bruce McAvaney was a great speaker, Jimmy Jacques and Bruce kept the crowd well entertained and it was a most enjoyable afternoon and much needed funds were raised from the Stallion Auction.

During November and December we conducted our annual Christmas Raffle and would like to thank everyone for their great support.

BOTRA again this year supported 5RPH's Harness Racing Show with Gary and Ray as presenters and I think we all agree they do a great job.

Golden Nursery night saw many happy faces as most winners had quite a few owners so it was great to see so many people in the winner's circle. The entertainment was well received. We had a Taekwondo demonstration, and two dance routines performed by Alana's Dance Studio which included Courtney Ewen.

BOTRA were called on to chair a meeting of industry participants, it was a positive step to see John Lewis HRSA and Richard Miller SAHRC attend to answer questions from the floor.

The Woodland Stud Mare series was very well received and we are looking at doing it again this year.

Viv Clarke represented BOTRA at the ASBA Conference in Brisbane this year to help form strategies to improve the breeding industry in Australia.

2016 will see our new Trainers, Owners, Drivers and Breeders bonus system start.

BOTRA has also continued to run our popular Sunday Trials BBQs.

In closing – BOTRA remains positive and prepared to work hard to help keep our Industry moving forward.

Thank you again to all those who have supported myself and BOTRA throughout the year.

David Jolly, President

STA

Square Trotters Association

In a year that has seen many areas of our industry under some pressure for various reasons, it is pleasing to be able to report a level of optimism from within the ranks of the square trotting fraternity.

For the first time in many seasons, we have qualified well over ten 2yo trotters this year and, while field numbers were still generally small, numbers suggest that we may be able to sustain 3yo trotters races at some stage over the coming season. Six individual trotters were able to win a race, with feature races going to Down Under Rors and Soh Twisted. Meluna won 4 races and Stairwaytothemoon 3 races.

Outstanding performances from the older horses came from Emilys Vacation with 9 wins including The Pride of Petite, Pocketfullofcash, winner of The Gramel Cup and the very talented 3yo Outback Madge. Unfortunately there has been a shortage of faster class trotters right through the season which has resulted in some of those who were available having to be moved interstate. Hopefully our middle class horses can win their way through the ranks to correct this situation in the short term.

The committee of the Square Trotters have established a sound working relationship with David Thuen at HRSA, and while we agree to disagree occasionally, we have appreciated the assistance afforded especially to our young trotters races, but also to the SA trotters in general. We look forward to working in partnership again this year to the benefit of the industry.

Jeff Procter, President

DIRECTORS' REPORT

HARNESS RACING SA LIMITED ABN 68 094 559 930

Principal Activities

The principal activities of the company during the financial year, in accordance with the company's constitution, were:

- to encourage, promote and conduct the sport of harness racing
- to provide industry control and direction for the harness racing industry
- to effectively market harness racing

Operating Result

The consolidated profit of the company for the financial year amounted to $9,414.

Review of Operations

A review of operations is contained in the reports by the Chairman & Chief Executive Officer within the Annual Report.

Corporate Governance

Refer to the Corporate Governance Statement as contained within the Annual Report.

Significant Changes in State of Affairs

Effective from 29 July 2015, the company entered into agreements with the South Australian Harness Racing Club, providing security of longer term arrangements for racing at the Globe Derby Park venue, as well as additional financial support for the club.

The agreements include a racing licence and race dates agreement, head lease and sub-lease.
The company will also assume responsibility of the employment of club race day staff from 1 September 2016.

After Balance Date Events

No significant events have occurred after 30 June 2016.

Future Developments

The company will continue to operate in the interests of the industry and its shareholders.

Dividends

As the company has been formed as a company limited by guarantee, for the benefit of the harness racing industry in South Australia, no dividend is payable to members.

Indemnities and Insurance Premiums for Directors & Officers

During the financial year, the company paid an insurance premium in respect of a contract insuring the Directors of the company, Company Secretary, Mr John Lewis, and all Executive Officers of the company and of any related body corporate against a liability incurred as such

a Director, Secretary or Executive Officer to the extent permitted by the Corporations Law. The contract of insurance prohibits disclosure to the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer or Auditor of the company or of any related body corporate against a liability incurred as such an Officer or Auditor.

Proceedings on Behalf of Company

No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The auditor has performed no other services during the year, except as otherwise disclosed in the financial statements.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in the Audit Report.

Signed in accordance with the resolution of the Board of Directors

Mark Carey
CHAIRMAN

Chris Hartwig
DIRECTOR

Dated this 28th day of September 2016

CORPORATE GOVERNANCE STATEMENT

1. Introduction

The Board of Harness Racing SA is committed to best practice corporate governance. This Corporate Governance Statement has been produced by the Board as an acknowledgement of its responsibility towards the ongoing maintenance of best practice corporate governance. This Statement is intended to supplement other general documents on the duties and responsibilities of Directors being implemented by HRSA.

This Statement is subject to annual review. This version was adopted by the Board of Directors on 28 September 2016.

2. Board of Directors

2.1 Composition of the Board

The Constitution of HRSA provides for the appointment of six non-executive Directors. Four Directors are appointed on the basis of their qualifications and experience in the competency areas of marketing, law, accounting and commerce, and business management. In addition, one Director is nominated by each of the South Australian Harness Racing Club Incorporated (SAHRC) and the South Australian County Harness Racing Clubs Association Incorporated (SACHRCA).

2.2 Board Responsibilities

The Board of Directors is responsible for monitoring the business and affairs of HRSA, setting of strategic direction, and overseeing the financial position, reporting systems and controls of HRSA. Directors observe conformity with their duties under Corporations law, HRSA's Constitution, and other relevant legislation.

2.3 Tenure

Board members are appointed for a term of three years. Retiring Directors are eligible to stand for re-appointment at the end of their term.

2.4 Director Independence

The Board has adopted the principle that all Directors are independent of Management and free of any business or other relationship with Clubs that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unencumbered and independent judgment.

3. Board Processes

3.1 Directors' Role

Directors understand and acknowledge the division of responsibility between Management and the Board, based on the belief that it is the role of the Board to be strategic and review and for Management to manage and deliver the organisation's objectives. They have also agreed the delegation of authorities to Management, as well as the goals of HRSA, Key Performance Indicators and the Financial Budget. Directors receive reports on a monthly basis of progress against the Financial Budget and Key Performance Indicators, as well as other management reports and regular control reports.

3.2 Directors' Commitment

Directors are required to understand the principles and standards of the harness racing industry generally and are expected to acquire the appropriate information and expertise to understand the general nature of the industry for which they are responsible.

All Directors must contribute to the establishment of clear strategic direction for HRSA and are expected to act consistently with these objectives and policies within that strategic direction once adopted.

Directors are required to exercise care and diligence in carrying out their duties, and to make judgments in good faith, and in what they believe to be in the best interests of HRSA and the harness racing industry in South Australia.

Directors are expected to serve on Board Committees. They are also expected to be willing to serve in areas where their expertise is of value in the decision making process.

Regular monthly reports are presented to Directors by Management. In addition to understanding and critically evaluating the contents of these reports, it is an obligation on Directors to enquire about any areas where they may have concerns and seek clarification until such concerns are satisfactorily resolved

3.3 Board Meetings

The Board meets monthly or more regularly if required. Board papers are made available in advance of meetings and Directors are encouraged to seek additional information from the Chief Executive Officer, if further clarification is needed prior to the meeting. Notwithstanding, as a rule, the appropriate place for all discussions of Board matters to take place is in the scheduled Board or Committee meetings. It is the obligation of the Chairman to ensure that Board meetings are conducted in such a way that all questions can be put and satisfactorily resolved and points of view can be discussed and documented.

4. Board Committees

The Board has established formal

CORPORATE GOVERNANCE STATEMENT

Committees to advise and guide the Board, and to assist in decision-making, oversight and control. Board Committee members are elected at the first Board meeting following the Annual General Meeting. Representatives of Management attend Committee meetings as required and Committees have written Terms of Reference. The minutes of all Board Committee meetings are tabled at the next Board meeting and any recommendations are considered therein.

The Board may establish further ad hoc committees as the need arises.

The Board Committees that currently exist are:

4.1 Governance Committee

The Governance Committee has the responsibility to ensure good corporate governance practices are adhered to and to monitor the respective roles of the Board and the Chief Executive Officer, including their performance in these roles. The Governance Committee will also develop and maintain succession planning, remuneration and recruitment strategies for Board and Chief Executive Officer functions, risk management and reporting practices of Harness Racing SA.4.2.

4.2 Finance Committee

The Finance Committee has the responsibility of assisting the Board in fulfilling its responsibilities relating to the accounting, auditing and statutory practices of HRSA.

4.3 Racing Committee

A Racing Committee has been established including detailed Terms of Reference which have been ratified by the Board. The general responsibilities of the Racing Committee will be the development and monitoring of strategy in relation to the optimisation of race dates, allocation of race meetings and programming of races.

5. Risk Management

The Board monitors the operational and financial performance of HRSA through regular reporting against budget and key performance measures. Policies and controls are developed and reviewed to minimise operational, financial, health and safety, and other areas of risk, and to ensure compliance with regulatory and community standards. In addition, risks are identified and managed through the audit program and by Management, and monitored by the Finance Committee. Insurance coverage of key operational risks is a necessary element of risk management. A Risk Management Register is in place and annually reviewed.

6. Business Conduct

6.1 Ethical Standards

The Board plays a key role in upholding the core values of HRSA and the harness racing industry and promoting high standards of corporate and business ethics, maintaining the highest standards of conduct and confidentiality in relation to all its dealings. These are reflected in the Board's Code of Conduct and its strict conformance to all relevant external regulations and legislation.

6.2 Conflicts of Interest

Part 2D of Corporations Law obliges Directors to disclose to the Board any actual or potential conflicts of interest. Further, in most instances, it restricts the voting rights of the affected Director in relation to matters in which there is an actual or potential conflict.

7. Communication

The Board aims to ensure Member Clubs and key stakeholders are kept informed of all developments impacting the affairs of HRSA and the harness racing industry and to provide appropriate information to assess the performance of the organisation and the industry. Information is provided in the Annual Report, regular newsletters, HRSA's website and specific letters as required when it is deemed information should be notified.

8. Corporate Social Responsibility

HRSA supports environmental initiatives in its daily activities with regard to waste management and energy conservation.

OLIVER BOTT FIPA MBA FAIM CPMgr JP

FINANCE MANAGER

FINANCIALS

The 2015/2016 financial year concluded with a small operating surplus for the third straight year, despite the drop in wagering revenue.

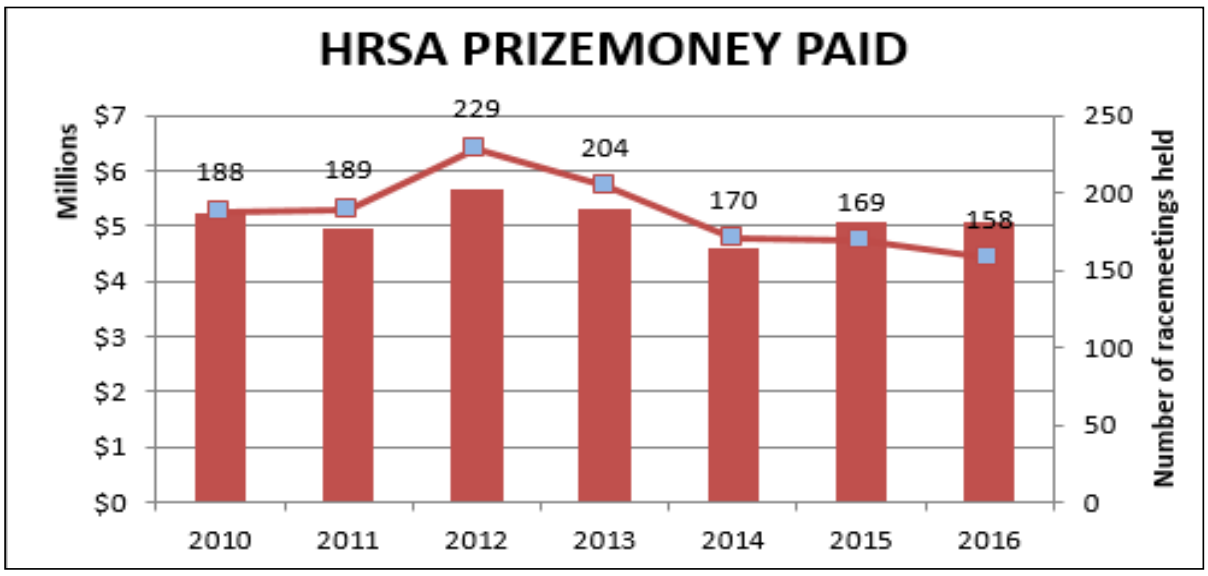
Prizemoney paid again exceeded $5 million, representing 90% of TAB distribution, and 64% of combined TAB Product Fee & Net Race Field Fees income – the highest since the 2012/2013 financial year.

Racing expenditure increased as a result of the takeover of the SA Harness Racing Club's racing operations in July 2015, incorporating responsibility of racing staff, head lease and sub-lease.

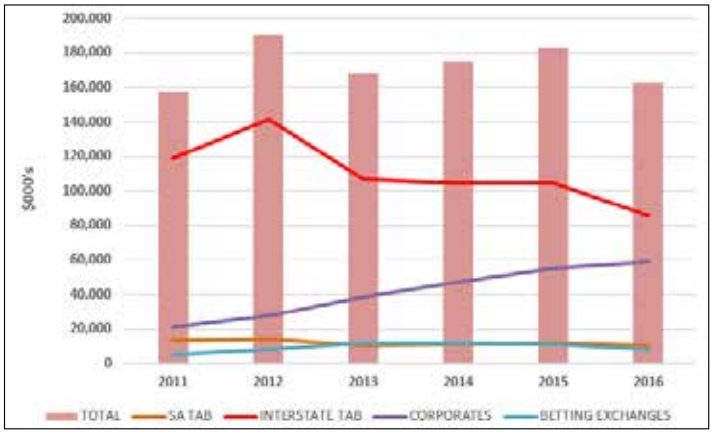
In July 2015, HRSA successfully implemented the Technology One finance system, which mirrors the same system used by Harness Racing Victoria. This has improved functionalities available to participants, as well as streamlining transmission of stakemoney statements via the email facility.

I wish to thank the Board of HRSA and Chief Executive Officer John Lewis, for their on-going support throughout the year, as well as the assistance of Kathryn Nicolai in the Finance Department.

OLIVER BOTT
FINANCE MANAGER

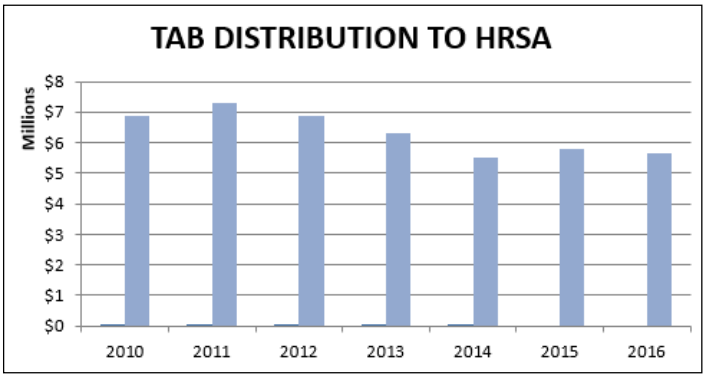


HARNESS RACING WAGERING TURNOVER ON SA PRODUCT BY OPERATOR

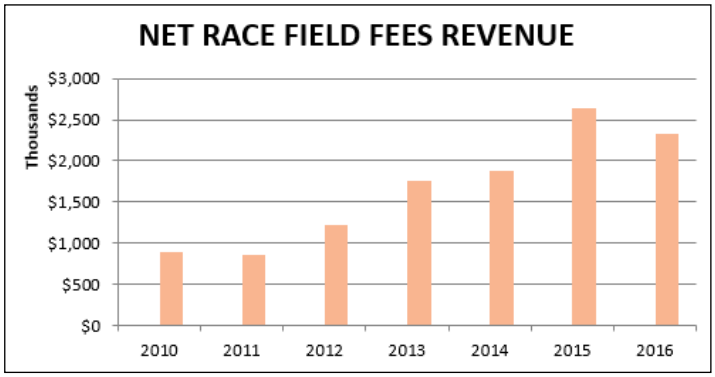


$000's	2011	2012	2013	2014	2015	2016
TOTAL	158,020	190,675	168,063	174,925	182,842	162,785
SA TAB	12,933	13,871	10,415	11,065	11,626	10,034
INTERSTATE TAB	119,199	141,297	107,023	104,375	104,683	85,461
CORPORATES	20,922	27,480	38,893	47,383	55,546	58,839
BET. EXCHANGES	4,966	8,027	11,732	12,102	10,987	8,451

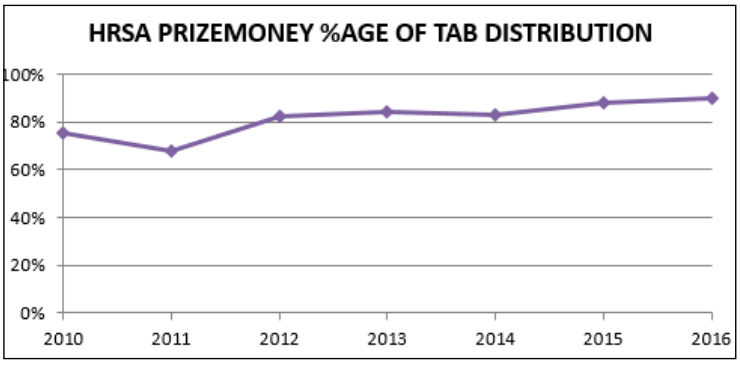
TAB DISTRIBUTION TO HRSA



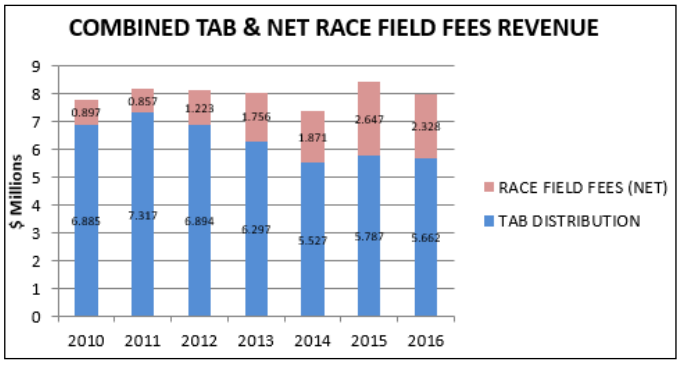
NET RACE FIELD FEES REVENUE



HRSA PRIZEMONEY %AGE OF TAB DISTRIBUTION



COMBINED TAB & NET RACE FIELD FEES REVENUE



STATEMENT OF FINANCIAL PERFORMANCE

For the financial year ended 30 June 2016

	Notes	2016	2015
Revenues from Ordinary Activities		**$**	**$**
TAB Distribution		4 699 424	4 817 145
Other Income		3 978 362	4 224 740
Total Revenues from Ordinary Activities		**8 677 786**	**9 041 885**
Operating Expenses			
Racing Expenses		7 716 891	7 529 243
Administration Expenses		1 124 666	1 253 765
Borrowing Costs		11 466	18 372
Total Operating Expenses		**8 853 022**	**8 801 380**
Net Profit/(Loss) from Ordinary Activities	4	**(175 236)**	**240 505**
plus Transfer from Provisions		200 000	0
less Non-Operating Expenses		15 350	18 042
less Transfer to Provisions		0	200 000
Net Profit/(Loss) after Non-Operating Expenses		**9 414**	**22 463**

STATEMENT OF FINANCIAL POSITION

As at financial year ended 30 June 2016

	Notes	2016	2015
Current Assets		**$**	**$**
Cash		1 325	1 638
Receivables	7	336 821	357 189
Other	8	291 039	353 284
Total Current Assets		**629 185**	**712 111**
Non-current Assets			
Property, Plant & Equipment	9	165 212	221 765
Total Non-current Assets		**165 212**	**221 765**
Total Assets		**794 397**	**933 876**
Current Liabilities			
Payables & Revenue Received in Advance	10	720 251	445 895
Borrowings	12	21 611	8 437
Interest Bearing Liabilities	11	1 364	207 031
Provisions	13	74 951	243 425
Total Current Liabilities		**818 176**	**904 788**
Non-current Liabilities			
Payables & Revenue Received in Advance	10	23 471	46 943
Provisions	13	0	16 175
Borrowings	12	12 464	35 099
Total Non-current Liabilities		**35 936**	**98 217**
Total Liabilities		**854 112**	**1 003 005**
Net Assets		**(59 715)**	**(69 129)**
Equity			
Retained Profits/(Accumulated Losses)	14	(59 715)	(69 129)
Total Equity		**(59 715)**	**(69 129)**

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2016

	Retained Profits/ (Accumulated Losses)	TOTAL
	$	$
Balance at 1 July 2014	**(91 592)**	**(91 592)**
Profit attributable to members	22 463	22 463
Balance at 30 June 2015	**(69 129)**	**(69 129)**
Profit attributable to members	9 414	9 414
Balance at 30 June 2016	**(59 715)**	**(59 715)**

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2016

	Notes	2016	2015
Cash Receipts from Operating Activities		**$**	**$**
Receipts in the course of operations		8 696 438	8 987 071
Payments in the course of operations		(8 463 754)	(8 946 012)
Interest received		1 716	4 396
Net cash provided by/(used in) Operating Activities	21(b)	**234 400**	**45 455**
Cash Flows from Investing Activities			
Payment for Plant & Equipment		(3 411)	(37 205)
Proceeds from sale Plant & Equipment		0	3 732
Net cash provided by/(used in) Investing Activities		**(3 411)**	**(33 473)**
Cash Flows from Financing Activities			
Proceeds from borrowings		0	24 743
Repayment of borrowings		(25 636)	(112 675)
Repayment of interest bearing liabilities		0	0
Net cash provided by/(used in) Financing Activities		**(25 636)**	**(87 932)**
Net increase/(decrease) in Cash held		**205 353**	**(75 950)**
Cash at beginning of financial year		(205 392)	(129 442)
Cash at end of financial year	21(a)	**(39)**	**(205 392)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Framework

The financial statements of Harness Racing S.A. Limited ("Company") are a general purpose financial report, that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Directors have determined that Harness Racing S.A. Limited is permitted to apply the Tier 2 reporting requirements (Australian Accounting Standards - Reduced Disclosure Requirements) as set out in AASB 1053 Application of Tiers of Australian Accounting Standards because it is a private sector entity that does not have public accountability.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Going Concern

Notwithstanding the deficiency of net assets, the financial statements have been prepared on a going concern basis.

The Directors have given consideration to the position of the company and have formed the opinion that it is appropriate to prepare the financial statements in accordance with the going concern concept.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements and have been consistently applied unless otherwise stated:

(a) Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

(b) Income Tax

No provision for income tax has been raised, as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(c) Impairment of Assets

At the end of each reporting period the entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(d) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(e) Trade Receivables

Trade receivables are recognised at amounts due less an allowance for uncollectable amounts. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance is made for doubtful debts where there is objective evidence that the company will not be able to collect all amounts due according to the original terms.

(f) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the entity commits to purchase or sells the asset. Accounting policies for each category of investment and other financial assets subsequent to initial recognition are set out below.

Loans and receivables

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

Impairment losses are measured as the difference between the investment's carrying amount and the present value of the estimated future cash flows. The cash flows are discounted at the investment's original effective interest rate. Impairment losses are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative

financial assets that are either not capable of being classified into other categories of financial assets, due to their nature, of they are designated as such by management. They comprise investment in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Such assets are subsequently measured at fair value.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through profit or loss. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through profit or loss where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in profit or loss.

The fair value of quoted investments is determined by reference to Securities Exchange quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

(g) Fair Values

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price for financial assets is the current bid price and the quoted market price.

Due to their short-term nature, the fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

(h) Property, Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to the present values in determining the recoverable amounts.

Depreciation is calculated on property, plant & equipment, including freehold buildings but excluding land and investment properties. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

The following estimated useful lives are used in the calculation of depreciation;

Motor Vehicles 4 years
Plant & equipment 2-5 years

(i) Leases

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the entity prior to the end of the reporting period and which were unpaid at the end of the reporting period. These amounts are unsecured and have 30-60 day payment terms.

(k) Interest Bearing Liabilities

Debentures, bank loans & other loans are recorded at an amount equal to the net proceeds received. Interest expense in recognised on an accrual basis. Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

(l) Employee Benefits

Wages, Salaries and Annual Leave

Liabilities for wages and salaries (including non-momentary benefits) and annual leave are recognised in respect of the employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and are measured at the present value of expected future payments to be made in respect of the services provided by employees to the end of the reporting period. Long service leave accrues from 7 years of service.

(m) GST

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The amount of GST payable to the taxation authority is included as part of payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financial activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates, judgements and assumptions

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the entity.

3. SUBSEQUENT EVENTS

There have been no events after balance date that would have a significant effect on the financial statements.

4. PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities included the following items of revenue and expenditure -

		2016 $	2015 $
a)	**Revenue from Ordinary Activities**		
	Rendering of Services		
	TAB Distribution	4 699 424	4 817 145
	Government Tax Relief	962 552	970 063
	General	546 708	483 017
	Race Field Fees (Net)	2 328 322	2 646 708
	Southern Cross Series	139 063	120 557
		8 676 070	9 037 490
	Interest Revenue		
	Other Entities	1 716	4 395
	Total Revenue from Ordinary Activities	**8 677 786**	**9 041 885**
b)	Operating Expenditure		
	Stakemonies	5 080 267	5 090 768
	Racing Expenses	2 408 939	2 177 485
	Southern Cross Series	227 685	260 990
	Administration Expenses	1 064 702	1 174 433
	Depreciation Expense	59 964	76 289
	Borrowing Cost Expense	11 466	18 372
	Loss on disposal of assets	0	3 043
	Total Operating Expenses	**8 853 022**	**8 801 380**
	Profit/(Loss) from Ordinary Activities	(175 236)	240 505
	Plus transfer from Provisions	200 000	0
	Less non-operating expenses	15 350	18 042
	Less transfer to Provisions	0	200 000
	Net Profit/(Loss)	**9 414**	**22 463**

		2016	2015
		$	$
5.	**DIRECTORS REMUNERATION**		
	The aggregate of income paid or payable, or otherwise made available in respect of the financial year, to all Directors of the Company, directly or indirectly, by the Company or by any related party.	92 500	92 500
	The Directors of HRSA Ltd during the course of the year were:		
	Mark Carey (Chairman) Chris Hartwig John Levy Roland Roccioletti Des Stanbury (until 30 September 2015) Lauren Giorgio (from 1 October 2015) Peter Marshall (until 30 September 2015) Luciana Larkin (from 1 October 2015)		
6.	**REMUNERATION OF AUDITORS**		
	Auditing the Financial Report	10 275	9 880
	Other	0	6 751
7.	**CURRENT RECEIVABLES**		
	TAB Product Fee	303 891	321 342
	Other Receivables	32 929	35 846
	Total Current Receivables	**336 821**	**357 188**
8.	**OTHER CURRENT ASSETS**		
	Accrued Income	291 039	337 606
	Prepayments	0	15 677
	Total Other Current Assets	**291 039**	**353 283**
9.	**PROPERTY, PLANT & EQUIPMENT**		
	Gross Carrying Amount		
	Opening Balance	743 576	743 271
	Additions	3 411	37 204
	Disposals	0	(36 899)
	Closing Balance	746 987	743 576
	Accumulated Depreciation		
	Opening Balance	521 811	475 647
	Disposals	0	(30 125)
	Depreciation Expense	59 964	76 289
	Closing Balance	581 775	521 811
	Written down value of Property, Plant & Equipment	**165 212**	**221 765**
10.	**PAYABLES AND REVENUE RECEIVED IN ADVANCE**		
	Current		
	Trade Payables	86 113	96 711

		2016	2015
		$	$
	Other Payables	206 669	154 216
	Accrued Expenses	412 470	189 968
	Revenue Received in Advance	15 000	5 000
	Total Current Payables and Revenue Received in Advance	**720 251**	**445 895**
	Non-Current		
	Other Payables	23 471	46 943
	Total Non-Current Payables and Revenue Received in Advance	**23 471**	**46 943**
11.	**INTEREST BEARING LIABILITIES**		
	Current		
	Bank Overdraft	1 364	207 031
		1 364	**207 031**
12.	**BORROWINGS**		
	Current		
	Secured Loans	21 611	8 437
	Non-Current		
	Secured Loans	12 464	35 099
13.	**PROVISIONS**		
	Provision for Future Marketing Expenses	0	200 000
	Employee Entitlements		
	The aggregate employee entitlement liability recognised and included in the financial statements are as follows:		
	Current	74 950	43 425
	Non-Current	0	16 175
	Total Provisions	**74 950**	**259 600**
14.	**RETAINED PROFITS**		
	Balance at beginning of financial year	(69 129)	(91 592)
	Net Profit/(Loss)	9 414	22 463
	Balance of Retained Profits	**(59 715)**	**(69 129)**

15. ECONOMIC DEPENDENCY

A significant volume of the Company's revenue is derived from UBET Pty Ltd, as a monthly Product Fee under the current Racing Distribution Agreement.

16. CONTRIBUTED EQUITY

HRSA Ltd is a company limited by a guarantee of $2 per member. As at 30 June 2016, the number of members was eleven (11).

17. SEGMENT INFORMATION

HRSA Ltd is the controlling body for harness racing in South Australia. The primary object for which the Company is established is for the encouragement of harness racing in SA. This includes the regulation and control of the harness racing code, and conduct of harness racing meetings within SA.

18. CAPITAL COMMITMENTS

As at the date of report, HRSA has no capital commitments earmarked for the 2017 financial year.

19. RELATED PARTY DISCLOSURES

Details of Directors' remuneration are disclosed in Note 5. Members of the Company or Board of Directors, or their relatives, may from time to time receive prizemoney for successful horses owned or trained by them. This prizemoney is paid by HRSA Ltd on the same terms and conditions as apply to any other owner or trainer.

20. FINANCIAL RISK MANAGEMENT

The main risks the company is exposed to through its financial statements are credit risk, liquidity risk and market risk consisting of interest rate risk.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2016	2015
	$	$
Financial Assets		
Cash & cash equivalents	0	0
Financial Investments	625	938
Total financial assets	**625**	**938**
Financial Liabilities		
Trade & other payables	292 781	250 927
Accrued expenses	412 470	189 968
Total financial liabilities	**705 251**	**440 895**

Financial risk management policies

The Board has overall responsibility for the establishment of the Company's financial risk management framework. This includes the development of policies covering specific areas such as credit risk, liquidity risk and market risk. Risk management policies and systems are reviewed regularly to reflect changes in market conditions of the Company's activities.

The day-to-day risk management is carried out by the Company's finance function under policies and objectives which have been approved by the Board. The Finance Manager has been delegated the authority for designing and implementing processes which follow the objectives and policies. The Board receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below -

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company and arises principally from the Company's receivables.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored monthly
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;

Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

Financial guarantee liabilities are treated as payable on demand since the Company has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability maturity analysis - Non-derivative
The timing of expected outflows is not expected to be materially different from contracted cash flows.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

i. Interest rate risk: Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows.
ii. Price risk: Financial Risk Management - Financial Risk - No Price Risk Exposure

		2016	2015
		$	$
21.	**NOTES TO THE STATEMENT OF CASH FLOWS**		
a)	**Reconciliation of Cash**		
	Cash	1 325	1 638
	Bank overdraft	(1 364)	(207 031)
		(39)	**(205 393)**
b)	**Reconciliation of Net Profit/(Loss) to net cash flows**		
	from operating activities -		
	Net Profit/(Loss)	9 414	22 463
	Depreciation	59 964	76 289
	Loss/(Profit) on sale of Fixed Assets	0	3 043
	(Increase)/Decrease in Receivables	20 368	(50 419)
	(Increase)/Decrease in Other Current Assets	62 245	(23 327)

		2016	2015
		$	$
	Increase/(Decrease) in Payables	250 883	(164 617)
	Increase/(Decrease) in Provisions	(168 474)	182 022
		234 400	**45 454**
c)	**Financing Facilities**		
	Bank overdraft - amount used	1 364	207 031
	Bank overdraft - amount unused	248 636	42 969

22. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

Management controls the capital of the Company to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. The Board and managementensure that the overall risk management strategy is in line with this objective.

The Company's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing the Company's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debt levels. There have been no changes to the strategy adopted by management to control capital of the Company since the previous year.

	2016	2015
	$	$
23. KEY MANAGEMENT PERSONNEL		
Key management remuneration	478 357	498 796
Long term salary benefits	45 444	32 242
Total key management remuneration	**523 801**	**531 038**

Unless otherwise disclosed, transactions between related parties (including key management personnel) are on conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with a non-related party at arm's length in the same circumstances.

	2016	2015
	$	$
24. PROVISIONS & CONTINGENT LIABILITIES		
The Board of Harness Racing SA have identified an amount earmarked towards marketing initiatives for the following year of report.	0	200 000

SA Mare Owners' Scheme (SAMOS)

Harness Racing SA Ltd provides incentives to the owners of winning mares in the form of certificates, which entitle the owner to a discount to a contribution on service fees incurred at participating studs.

Where the liability arising from the issue of these certificates can be reasonably estimated, a provision has been included in these financial statements.

A contingent liability exists, however, in relation to other certificates where a future obligation arises, which cannot be measured with sufficient reliability to enable a provision to be made.

As at 30 June 2016, 1084 SAMOS certificates had been issued, of which 268 had been redeemed.

DIRECTORS' DECLARATION

HARNESS RACING SA LIMITED

ABN 68 094 559 930

In accordance with a resolution of the Directors of Harness Racing SA Ltd, the Directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:

   (a) Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and

   (b) Give a true and fair view of the financial position of the Company as at 30th June 2016 and its performance for the year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that Harness Racing SA Limited will be able to pay its debts as and when they become due and payable.

Mark Carey
CHAIRMAN

Chris Hartwig
DIRECTOR

Dated this 28th day of September 2016

MC Chartered Accountants
Working with you, for you

DIRECTORS

BARRIE M. MANSOM FCA, CTA, JP

AILEEN POWELL CA, CTA

CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

All correspondence to:
PO Box 1236
UNLEY BC SA 5061

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF

HARNESS RACING S.A. LIMITED

Report on the Financial Report

We have audited the financial statements of Harness Racing S.A. Limited, ("the Company") for the year ended 30th June, 2016 consisting of:-

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to and forming part of the financial statements

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. 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.

Auditor's 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 – Reduced Disclosure Requirements of the Australian Accounting Standards Board. 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 auditor's judgment, 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 directors, as well as evaluating the overall presentation of the financial report.

We believe that 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 the *Corporations Act 2001* and Australian professional ethical pronouncements.

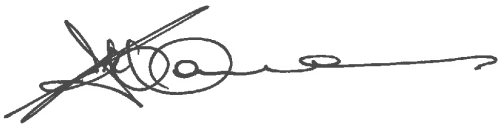
Audit Opinion

In our opinion, the financial report of Harness Racing S.A. Limited is in accordance with the *Corporations Act 2001* including:-

i. giving a true and fair view of the Company's financial position as at the 30th June, 2016 and of its performance for the year ended on that date;

ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

Dated this 23rd day of September, 2016



BARRIE M. MANSOM
Principal of the firm of
MC, Chartered Accountants

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UNLEY BC SA 5061

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF HARNESS RACING S.A LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30th June, 2016 there has not been any:-

1. Contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

2. Contraventions of any applicable code of professional conduct in relation to the audit.

Dated this 23rd day of September, 2016

BARRIE M. MANSOM
Principal of the firm of
MC, *Chartered Accountants*

Level 1, 102 Greenhill Road,
UNLEY. S. A. 5061

MEMBER CLUBS AND ASSOCIATIONS

MEMBER CLUBS

South Australian Harness Racing Club
Port Pirie Harness Racing Club
Mount Gambier Harness Racing Club
Victor Harbor Harness Racing Club
Kapunda Harness Racing Club
Strathalbyn Harness Racing Club
Whyalla Harness Racing Club
Gawler Harness Racing Club
Yorke Peninsula Harness Racing Club
Port Augusta Harness Racing Club
Franklin Harbor Harness Racing Club

ASSOCIATIONS

SA Breeders Owners Trainers Reinspersons Association Inc (SA BOTRA)
SA Reinswomen's Association (SARA)
SA Square Trotters Association (STA)
SA Country Harness Racing Clubs Association (SACHRCA)
South Australian Harness Racing Pony Association (SA PONY TROTS)

HARNESS RACING SA

Harness Racing SA Ltd
1 Globe Derby Drive
Globe Derby Park SA 5110