HARNESS RACING SA

ANNUAL REPORT
2018-2019

Harness Racing SA

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CHAIRMAN'S REPORT

The 2018/19 season has been a challenging one for harness racing in South Australia.

Harness racing in the state has undergone many changes over recent years, and will continue to face many more, in attempting to remain relevant in an everchanging operating dynamic.

During the season in review, harness racing in SA faced a number of challenges, both internally and externally with these including reduced horse numbers, an aging participative population and, similar to most other jurisdictions, a much diversified and competitive wagering market.

In addition, the HRSA Board also took issue with the administration of the states principal club, the South Australian Harness Racing Club, after it recorded yet another significant operating loss. While racing ultimately returned to the Globe Derby Park venue the Boards concerns nonetheless remain and the club must overcome significant deficiencies if it is to reverse its declining fortunes and contribute positively to harness racing in the state.

However, despite these ongoing challenges, the industry recorded several highlights during the year, these including, another successful Allwood Stud Farm SA Yearling Sale.

To this end HRSA is indebted to the support of Bob and Marilyn Fowler of Allwood Stud Farms who, once again, contributed significantly by supporting, not only the sale, but also the industry in general in SA.

The inaugural running of `The Allwood', South Australia's only Group One race, was conducted in June and one by the classy Courage Under Fire colt Pandering, who was purchased through the 2018 Allwood Stud Farm SA Yearling Sale by prominent Victorian owner Justin Baker. Justin, and his Team of supporters, were on hand to see Pandering storm to victory in the $100,000 event and certainly enjoyed their visit to South Australia for the race.

The state's other major feature, the 2019 TAB South Australian Pacing Cup, this year won in stylish fashion by the Brent Lilley trained Sicario, who in the hands of Gavin Lang stormed through the passing lane to win comfortably.

It was also heartening that after strenuous submissions to state ministers there was an announcement that the State Government would commit some of the monies gained through the introduction of the Point of Consumption Tax, back to the racing industry in the state. This commitment being for a three-year period. We welcome State Governments re-engagement with racing and look forward to greater working relationships with both the Racing Minister and the Government.

One matter flowing from the Ministers repatriation of the POC Tax has been his desire that all governing racing boards in the state, be independently appointed. The HRSA Board welcomes this initiative and is working positively to achieve this outcome.

I would also like to make mention the contribution of the South Australian Country Harness Racing Clubs Association. This association, and its constituent clubs, form the backbone of the SA harness racing industry, and the work and commitment put in by a great many people epitomises what has made harness racing such an indelible part of the Australian sporting and social landscape.

CHAIRMAN'S REPORT (CONTINUED)

Racing

It has been heartening that the Country Clubs have freely embraced the notion of change and the requirement to employ change as a mechanism to help the industry grow in the future.

During the season the Board also adopted the notion of `putting SA first' and to this end changed conditions of our Southern Cross Racing and Breeding Scheme, so to better reward those actively contributing to harness racing in the state. The realities being that SA does not have the `fire-power' of our bigger neighbours and we need to ensure that those actively involved and participating in the state reap the appropriate rewards.

During the 2018/19 season 932 horses competed in 933 races conducted at the 110 meetings held in the state. The total number of starters in races being 8082.

Ryan Hryhorec, for the sixth successive season, was the state's leading trainer recording 75 wins.

Once again, we congratulate Dani Hill in winning the states drivers' championship recording 106 wins. A remarkable effort considering Dani was off the scene for the majority of the second part of the season due to horrific injuries sustained in a race fall at the SA Cup meeting in February.

I would also like to acknowledge the contribution of all those who give of their time and energies to produce a high-quality product in SA.

The commitment and dedication shown by so many within the state who support and promote the sport of harness racing, despite the rewards not being equal of those in other states.

Harness Racing in SA will continue to face challenges and these must be addressed so that the state can remain relevant in today's modern operating environment.

Gary Crocker
CHAIRMAN

'harness racing in SA will continue to face challenges and these must be addressed'"

BOARD OF DIRECTORS

The names and particulars of the Directors of the Company during or since 1 July 2018 to 30 June 2019.

Name	Board meetings attended	Maximum possible to attend
Gary Crocker	11	11
Chris Hartwig	7	8
John Levy	11	11
Roland Roccioletti	10	11
Lauren Giorgio	3	3
Luciana Larkin	3	3
Scott Barclay	7	8

HRSA COMMITTEES

Racing
Gary Crocker(Chair)
Chris Hartwig
David Thuen
Lauren Giorgio
Ross Neal
Oliver Bott

Governance
Roland Roccioletti (Chair)
Lauren Giorgio
Luciana Larkin
John Levy

Finance
Luciana Larkin (Chair)
Gary Crocker
Chris Hartwig
Oliver Bott

Wagering
John Levy (Chair)
Lauren Giorgio
ChrisHartwg
Oliver Bott
Ross Neal

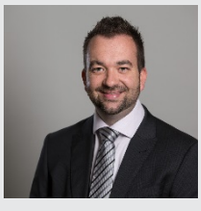
From October 2018
Racing: Gary Crocker (Chair), David Thuen, Ross Neal
Wagering & Finance John Levy (Chair), Scott Barclay, Gary Crocker, Ross Neal
Governance: Roland Roccioletti (Chair), Scott Barclay, John Levy

BOARD OF DIRECTORS

Gary Crocker
Chairman
Director nominated by SACHRCA
Commenced 1 October 2016

John Levy LLB, Grad Dip Management'
Director
Independent Director (Legal)
Commenced 1 October 2011

Roland Roccioletti MAICD, ESCI
Director
Independent Director (Marketing)
Commenced 1 October 2014



Scott Barclay
Director
Independent Director (Business)
Commenced 1 October 2018

Luciana Larkin BA (Accounting) CA, CTA, GAICD
Director
Independent Director (Business)
Commenced 1 October 2015 – October 2018

Lauren Giorgio M.HlthSc (Hons), PhD
Director
Director nominated by SAHRC
Commenced 1 October 2015-October 2018

Chris Hartwig BA (Accounting) MAICD
Director
Independent Director (Business)
Commenced 1 July 2012 – March 2019

CEO'S REPORT

The 2018/19 season presented many challenges for the harness racing industry in South Australia. Increased competition from an ever-expanding sports betting offering, coupled with the nationwide decrease in horse numbers, has continued to contribute to the erosion of harness racing's standing in the overall wagering landscape. Additionally, the drought experienced by NSW and Queensland has driven up costs for those invested in the industry and the cost of keeping a horse has gone beyond the reach of some within our industry.

These factors, together with our ageing participant population represent significant challenges for the future, not only here in SA, but also nationally.

Therefore, and in consequence, the industry will need to innovate, diversify and adapt to ensure that we meet the challenges confronting us in an ever-changing operating environment.

State Government

It was very heartening, that after a significant hiatus, the State Government, in June announced a funding package for the South Australian racing industry.

This outcome follows many hours of negotiations and submissions and importantly recognizes racing contribution to the Government by way of the Point of Consumption Tax (POC) which was imposed in 2017.

The Ministers announcement has provided surety of funding for the next three years and recognises the impact the Point of Consumption has had on the racing industry in South Australia.

However, while the repatriation of the tax, by way of the Minister's grants is very much appreciated, the reality is that as a consequence of the tax the punter is being disadvantaged and therefore is looking at other modes of betting (sports) in order to seek a better return on investment. Consequently, HRSA will continue to campaign for the POC rate to be reduced to better position SA with respect to our neighboring states.

HRSA Board

In conjunction with the Racing Ministers funding announcement came the requirement, that in order to access the funding package announced, all codes would be required to amend their constitutions to provide for a fully independent board of directors. Such directors being endorsed by the Minister. Additionally, further constitutional changes were required to provide for a Directors Selection Panel (DSP) which were created to select and recommend directorship applicants to the Board.

The consequences for HRSA being that the historic South Australian Harness Racing Club and South Australian Country Harness Racing Club Association board positions were retrenched and migrated to two additional independent directorships.

I would personally like to thank out going Board Chairman Mr Gary Crocker for his support and guidance during his period on the Board. Gary has been instrumental in introducing many initiatives during his time on the Board and his contributions will be missed.

SAHRC

During the season the Board took issue with the governance of the South Australian Harness Racing Club, where, in consequence, racing was shifted away from Globe Derby Park for an eight-week period. After negotiation the impasse was settled and racing returned to Globe Derby, however while racing has returned to the venue there still exists concern with the fortunes of the club and the pathway for the future at the venue.

As an aside, I would like to thank all clubs which, many at short notice, assisted by conducting meetings outside their normal compliment. This assistance was very much appreciated.

CEO'S REPORT (CONTINUED)

SA TAB/Wagering

The TAB acquisition of UBet gained significant traction throughout the season with all UBet agencies in the state being rebranded with the TAB logo. These changes having enhanced the TAB brand with our borders.

However, notwithstanding the cosmetic changes made, the expected benefits have not materialised, with the primary frustration being the delay in the amalgamation of interstate pools. This being a widely promoted benefit when the acquisition of Ubet was being sold to the industry.

SA desperately needs enhanced betting pools to encourage investment whereby punters can receive meaningful returns on their investment. We look forward to affirmative progress in the coming year to better position ourselves for the future.

One positive taken from the wagering dynamic is the growth in corporate income and the contribution this now makes to our revenue streams.

As most will be aware, the corporates (Sportsbet, Betfair, Ladbrokes, BetEasy etc.) are extremely active in the overall wagering matrix, and given the disadvantages of the Intercode Agreement, the migration away from pari-mutuel (the tote) wagering to corporate is only seen as being positive for harness racing in the state.

Additionally, with greater importance now being demanded by the younger punters, as to guaranteed returns, it is anticipated that the corporates will continue to grow in importance over the coming years.

Handicapping

Whilst handicapping has been covered in the Racing Managers report, it is important to recognize the impact, albeit at an early stage, that the introduction of the ratings-based system has had on revenues. This being that in the months of July and August the number of horses starting at odds of $1.50 or shorter reduced by 65%. Resultantly this translated to greater than normal returns from the corporate bookmakers. As stated, while we are very much in the infancy of the ratings migration, the indications are nonetheless very promising.

Australian Drivers Championship

In November we again hosted the Australian Divers Championship with the outcome not known until the last race in the series, where Todd McCarthy from NSW prevailed by the barest of margins. The event has become a regular attraction to our racing calendar, being shared biennially, with Tasmania. Our representatives Dani Hill and Ryan Hryhorec acquitted themselves extremely well, however luck on the night just didn't fall their way.

We have an opportunity to move forward like never before"

Clubs

During the season I had the pleasure of visiting all clubs and attending either the club's AGM or Committee meeting.
I thank all clubs for the invitation and it was clearly obvious that an incredible amount of work is being done, on a voluntary basis, to ensure that all venues are presented in excellent condition for racing.
I wish to congratulate all Club Committee's for their untiring, and sometime thankless, contributions to the SA harness racing industry.
With respect to club facilities it was particularly pleasing that the Mount Gambier club's long-overdue lighting upgrade was completed. This project has proved extremely frustrating for the club, however after much angst the club now has state-of-the-art lighting for its front straight, replacing the old lights which have served to illuminate the track since 1958.
Additionally, the season also saw the Gawler track undergo significant enhancement. The Committee of the Gawler HRC have worked diligently to improve the facility to a point where race meetings can be conducted without the need to obtain special license. While at season end sign-off had not been obtained, the majority of the work required for such had been attended to and full sign-off is expected prior to Christmas.

Summary.

Finally, when assessing the overall position of harness racing in South Australia there is no mistaking that the industry is challenged. We are challenged by our size; we are challenged by a low horse population, challenged by an ageing participative demographic and significantly challenged by a vastly diversified wagering dynamic.

However, these challenges can be overcome and the real opportunity exists to put in place structures which will see not only the industry remain relevant, but also grow.

But as previously stated, in order to progress we will need to embrace change- something racing has never been good at.

We will never revert to the halcyon days of the past but we can stride forward with purpose and remain a significant player in the overall harness racing dynamic.

We have an opportunity to move forward like never before and I look forward to working with you make the harness racing in South Australia great again.

Ross Neal
CHIEF EXECUTIVE OFFICER

STEWARDING & INTEGRITY

It is my pleasure to present the Integrity Department report for the 2018/19 racing season.

I write this report having commenced the role at the start of September 2018, taking over from Ross Neal after his appointment as the HRSA CEO.

I would like to take this opportunity to thank Ross and the HRSA Board for having the confidence in my ability to fill this important role within the Harness Racing industry. Ross has been a tremendous support to me in the first 12 months, he has provided assistance and direction when needed which has enabled me to fill the role adequately.

It is imperative I acknowledge the input of the Stewards department throughout the past year and I have been ably assisted by Aron Quinton who continues to develop as a Steward and Starter. We now have an excellent group of Stewards that assist on a part time basis which include Peter Lawrence from the HRSA racing office and an industry participant for many years, with a great understanding of the sport, along with Graham Loch who has been a Chairman of Stewards in the thoroughbred industry and the harness racing industry and finally Ian Devitt who has returned to the Stewarding ranks after some time away from the sport.

Operations

The 2018/19 season again had a variety of race day and non-race day issues. Like previous seasons there were a number of prohibited substance results, two horses returned TC02 adverse results and two trainers had high levels of Arsenic present in their horses. Unfortunately, these results draw unwanted attention to the harness racing sport and it is imperative, moving forward, that we strive to make our sport as drug free as it can be. As every time a horse tests positive this has a detrimental impact on the reputation of harness racing.

Once again Stewards had to deal with several conduct related issues that occurred in the stabling area and on track which is disappointing. Stewards will continue to remind participants that holding a licence in harness racing will always remain a privilege not a right, and all those engaging in unacceptable behaviour need to think before they act and conform to the highest standards of both behaviour and professionalism.

Stewards have conducted forty-five stable inspections throughout the 2018/19 season but on twenty occasions no one was present at the property, the stables were revisited however it was still not possible to gain access, this can be attributed to more trainers in today's economic climate have full time employment.

STEWARDING & INTEGRITY (CONTINUED)

Whip

The whip continues to be a point of contention and Harness Racing Australia have made it abundantly clear that more work needs to be done in respect to whip use, as a consequence Stewards have adjusted the penalties applied to drivers who fail to apply the whip in the approved manner and this appears to have achieved the desired result with improvement in whip use but there is still room for further improvement.

Racing

The quality of our product continues to be a work in progress and initiatives that have been put in place by Ross Neal and David Thuen have resulted in larger field sizes, less short priced favourites and more attractive wagering but the pool of horses continues to be a concern. Once again the Racing Office along with the CEO are looking at ways to attract more horses to SA and stimulate the breeding industry however it may take some time to reverse the trend.

The Stewards will continue to work with trainers and drivers to ensure we meet to time restraints put on harness racing by our broadcasting partners as it is imperative that we are shown on the premier Sky Channel station and we are not afforded the luxury of running late, however on occasions we are shifted to the second station through no fault of our own.

In summary it has been a challenging twelve months but if Stewards continue to apply the appropriate sanctions to individuals who are in breach of the rules or portray the sport in a bad light, as well as the initiatives that have been introduced by HRSA, along with the assistance provided by the state government there is an opportunity for the sport to move forward.

Simon Ewen
CHAIRMAN OF STEWARDS

"it is imperative that we are shown on the premier Sky Channel station…."

RACING OPERATIONS

During the 2018-19 racing season 114 TAB and Sky Racing covered harness racing meetings were conducted in South Australia. This was a decrease from the previous year, where 146 meetings were conducted. The decision to decrease the number of meetings conducted was made in August 2018 after the number of horses in the racing population became insufficient to conduct 3 satisfactory TAB race meetings on a regular basis in the preceding months. As a result, average field sizes for meetings conducted throughout the 2018-19 season increased, as did the average number of races conducted at each meeting. The positive flow on from this was that races became more competitive and the amount of money wagered per race increased.

The venues which conducted race meetings in 2018-19 were: Globe Derby Park, Port Pirie, Mount Gambier, Kapunda, Victor Harbor, Strathalbyn and Gawler. Port Pirie also hosted the Kadina Cup Meeting.

Significantly, the Gawler Harness Racing Club conducted the Gawler Cup meeting at their own venue for the first time since moving to their current location in 2008. The day was a great success and the Club should be very proud of their recent achievements

In early 2019 Harness Racing Australia announced that the national Class based handicapping system which had been in place for many years was going to be replaced by a national Ratings based handicapping system. The rationale behind the change was that in the class based system horses were taking too long to drop back a grade, or in the case of some horses (eg. C0-C1 horses) were unable to drop back at all. Horses 'stuck' in these grades were unable to find suitable races and were being lost prematurely to the industry. The Ratings based handicapping system was presented as a more 'fluid' system, with horses moving up or down the scale after each start. The idea being that in particular those horses previously stuck in a certain grade will find a suitable level of racing far quicker and remain in the racing population much longer than previously. It was also presented that the rating of a horse will be more reflective of the current ability of a horse rather than the historic performances of a horse as is the case under the class system

On May 1 all horses in the racing population were assigned a National Rating. During the months of May and June races were still programmed using the class based system, however the national rating of each horse competing during this period was changing according to their performances. From July 1 the class system will no longer be used and will be replaced with the ratings system.

The Ratings Based Handicapping System will present an exciting new challenge for both the Racing Office and participants alike, as we learn how to use this new system.

I would like to acknowledge the efforts of Peter Lawrence in the Racing Office and Carolyn McCusker in Registration. Also, a big thank you goes to Kathryn Nicolai, Aron Quinton, Leanne Ewen and Simon Ewen for their assistance throughout the year.

Finally, I wish to thank Chief Executive Officer Ross Neal for his continued support and guidance, along with The Directors of HRSA.

RACING OPERATIONS (CONTINUED)

Racing

South Australia's premier race night on the calendar for season 2018/19 was once again the SA Cup Night. In a move away from the traditional timeslot of early January, the 2019 TAB South Australian Pacing Cup was held on Saturday February 9 at Globe Derby Park. The shift was made to avoid clashing with the Victorian Country Cups Circuit and it also coincided with the 2019 Allwood Stud Farm SA Yearling Sale.

The race was won by the Brent Lilley trained and Gavin Lang driven Sicario, with Dikerry for the Andy and Kate Gath combination finishing second and third going to the South East trained Emain Macha for Greg Scholefield, driven by Wayne Hill.

Also conducted on the night was the 2019 Lion Pty Ltd South Australian Trotters Cup. Victory in this race went to McLovin, driven by Kate Gath for husband Andy..

TAB Southern Cross Racing Series

The TAB Southern Cross Series was once again a major highlight of the season. This year the Series was brought forward to May, in both an effort to conduct features at a more favourable time of year and to provide greater continuity of racing opportunities for juveniles. Finals were held on Saturday May 18 at Port Pirie. In 2019 a Final for 2 and 3yo Trotters was introduced.

Winners for 2019 were:

- 2YO Pacing Fillies –Treasure, trained by Emma Stewart, driven by Amanda Turnbull.
- 2YO Pacing Colts & Geldings – Ona Highway Tohell, trained by Emma Stewart driven by Ken Rogers.
- 3YO Pacing Fillies –Shesashark, trained and driven by Dale Afford.
- 3YO Pacing Colts & Geldings –Catch A Moment, trained and driven by Amanda Turnbull
- 2yo Trotters – Bacardi Bindi – trained by Matt Maguire, driven by Ryah Hryhorec.
- 3yo Trotters – Kitsilano, trained and driven by Greg Rogers..

Alabar 2YO Golden Nursery

HRSA in conjunction with SA BOTRA and through the generous sponsorship of Alabar Farms conducted the 2YO Golden Nursery Series. Following a review of the series in 2018, it was determined that the nomination fee required in recent years be abolished for the series in 2019. Heats were conducted at Victor Harbor on April 15, whilst the Final held at Port Pirie on April 27 was won by Wolf Of West Bay for trainer Alyce Finnis and driven by her husband Jayson.

The Allwood

Saturday June 8 2019 saw the inaugural running of 'The Allwood', a $100,000 Group 1 event for 2yo horses which were auctioned for sale at the 2018 Allwood Stud Farm SA Yearling Sale or were non-sale entries. Heats of $10,000 were conducted the previous week where eligible horses competed for a position in the lucrative Final, which was eventually won by Pandering, trained by Emma Stewart and driven by Kima Frenning.

Country Pacing Cups Series

HRSA conducted a Country Pacing Cups Series in 2018/19 with all races being C5 or Better Standing start discretionary handicaps. The winners were:

- STRATHALBYN – Tezz Khora; trained by Jeremy Seal, driven by Michael A Smith.
- VICTOR HARBOR – Emain Macha; trained by Greg Scholefield, driven by Wayne Hill.
- KAPUNDA– Ardens Legacy NZ trained and driven by Dani Hill.
- GAWLER – Bulletproof Boy; trained and driven by Scott Ewen.
- KADINA @ Port Pirie – Ideal World NZ; trained by Aaron Bain, driven by Michael A Smith.
- PORT PIRIE– Whenmechief, trained by Darren Billinger, driven by Greg Rogers.

RACING OPERATIONS (CONTINUED)

Square Trotters

Trotters continue to play an integral role in the South Australian Harness Racing landscape, with at least one race conducted for the square gaiters at the majority of meetings held in SA.

Aside from the SA Trotters Cup, the main features during the year were The Gramel Trotters Cup, taken out by King Of The Roses NZ for Les Harding and Ken Rogers and the Fred Jones Trotters Cup, won by Coolbreeze and Lane Johnson.

A number of Country Trotters Cups were also conducted throughout the state in 2018-19. The winners were:

- STRATHALBYN – King Of The Roses, trained by Les Harding, driven by Danielle Hill.
- VICTOR HARBOR -: King Of The Roses, trained by Les Harding, driven by Danielle Hill.
- MOUNT GAMIBER -: Eoghan Omaille, trained by Daniel Lard, driven by Xavier O'Connor.
- GAWLER -Skyflyer, trained by Chris Neilson, driven by Wayne Hill..
- PORT PIRIE Heezaladiesman, trained and driven by Lane Johnson.
- KAPUNDA –Ten Spanners, trained and driven by Ryan Hryhorec.
-

SA BOTRA

This year SA BOTRA have once again contributed greatly to the SA Harness Racing industry. One facet of their contribution is through the sponsorship of races or series. Races or series conducted with the assistance of SA BOTRA included**:**

- 2018 Sweet Lou @ Woodlands Stud Mares Classic Series, won by Supernova Silvia, trained by Ryan Hryhorec, driven by Anthhony Robinson.
- 2019 SA BOTRA Pacing and Trotters Cup Series – won by That Said trained by Jill Neilson, driven by Danielle Hill and Bachi Boy, trained and driven by Matthew Harding.
- 2019 SA BOTRA South Australian Pacing Derby – won by Major Exclusive, trained by Ted Caruana, driven by Darby McGuigan.
- 2019 SA BOTRA Home Bred Series – won by Supernova Silvia, trained by Ryan Hryhorec, driven by Anthony Robinson..
- Golden Nursery Night.
- BOTRA Battlers Days/Nights
- 4 x monthly BOTRA Bonus Races

Australian Drivers Championship

The Australian Drivers Championships were held at Globe Derby Park on Saturday November 3 2018, with each State selecting two representatives to compete in the series. To have the best drivers in Australia all competing in SA on the one night was a major highlight of the season. South Australia's Representatives were Danielle Hill and Ryan Hryhorec. The series was eventually taken out by Todd McCarthy from New South Wales, with Adam Sanderson from Queensland finishing second and ex South Australian Chris Lewis now representing Western Australia, finishing third.

Young Drivers

The Leading Young Driver in SA for the 2018/19 season was Kaela Hryhorec, with 22 winners. Jayden Brewin finished second with 17 winners, whilst Brodie Webster finished third with 14 winners for the season.

Jayden Brewin was selected to represent SA in the Australasian Young Drivers Championship for the second occasion, which was held in Queensland during November 2018.

David Thuen
RACING OPERATIONS MANAGER

Dani Hill 2018/19

Leading State Driver, Leading Female Driver

PREMIERSHIP WINNERS

Congratulations to the winners of SA Premierships for 2018-19

State Driver – Danielle Hill 106 wins

State Trainer – Ryan Hryhorec 66 wins

Female Driver – Danielle Hill 106 wins

Female Trainer – Claire Goble 21 wins

Young Driver – Kaela Hryhorec 22 wins

State Horse – Saab Magic 12 wins

HRSA FINANCIAL REPORT FOR YEAR ENDING 30 JUNE 2019

ALLWOOD
STUD

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' and
- to effectively market harness racing

Operating Result

The consolidated loss of the company for the financial year amounted to $375.382

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

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

After Balance Date Events

No significant events have occurred after 30 June 2019.

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 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.

HARNESS RACING S.A.
ABN 68 094 559 930

DIRECTOR'S REPORT

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.

Director Scott Barclay

Dated: 19/11/19

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 15 November 2019.

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 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 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

The 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.

4.4 Wagering Committee

The Wagering Committee has been established to closely monitor and analyse wagering trends across both TAB and Corporate bookmaker platforms. This function is integral to maximizing wagering revenues through close liaison with the Racing Committee, and allocation of race dates within budget constraints.

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.

STATEMENT OF FINANCIAL POSITION

STATEMENT OF SURPLUS OR DEFICIT & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Revenues from Ordinary Activities			
TAB Distribution		4,630,977	4 572 757
Other revenue		3,453,151	4 479 853
Total Revenues from Ordinary Activities	**4**	**8,084,128**	**9 052 610**
Operating Expenses			
Racing Expenses		7,065,391	7 894 403
Administration Expenses		988,837	953 633
Borrowing Costs		7,672	13 783
Total Operating Expenditure		**8061,899**	**8 861 819**
Net surplus/(deficit) from Ordinary Activities		**22,229**	**190,791**
Non-Operating Expenses		(8,389)	27,668
Net surplus/(deficit) for the year	**5**	**30,418**	**163,123**
Other comprehensive income for the year		**-**	**-**
Transfer to Reserves & Provisions		**406,000**	
Total comprehensive surplus/(deficit) for the year		**(375,382)**	**163,123**

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash & Cash equivalents	8	756,276	(215,623)
Accounts & Other Receivables	9	267,222	159,773
Other assets	10	271,990	1,179,775
TOTAL CURRENT ASSETS		**1,295,488**	**1,123,925**
NON-CURRENT ASSETS			
Property, Plant & Equipment	11	88,029	118,379
TOTAL NON-CURRENT ASSETS		**88,029**	**118,379**
TOTAL ASSETS		**1,383,517**	**1,242,304**
LIABILITIES			
CURRENT LIABILITIES			
Accounts & other payables	12	858,762	715,571
Borrowings	13	22,280	13,206
Provisions	14	533,186	135,575
Deferred revenue& revenue received in advance	15	-	11,000
TOTAL CURRENT LIABILITIES		**1,414,228**	**875,352**
NON-CURRENT LIABILITIES			
Borrowings	13	12,030	34,310
TOTAL NON-CURRENT LIABILITIES		**12,030**	**34,310**
TOTAL LIABILITIES		**1,426,258**	**909,662**
NET ASSETS		**(42,740)**	**332,642**
Equity			
Retain funds	16	(42,740)	332,642
Total Equity		**(42,740)**	**332,642**

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

	Accumulated Funds $	Total $
Balance at 1 July 2017	169,519	169,519
Comprehensive income		
Net surplus/(deficit) for the year	163,123	163,123
Total comprehensive income for the year attributable to the member of the company	163,123	163,123
Balance at 30 June 2018	**332,642**	**332,642**
Balance at 1 July 2019	332,642	332,642
Comprehensive income		
Net surplus/(deficit) for the year	(375,382)	(375,382)
Total comprehensive income for the year attributable to the member of the company	(375,382)	(375,382)
Balance at 30 June 2019	**(42,740)**	**(42,740)**

STATEMENT OF CASH FLOW

For the financial year ended 30 June 2019

	Note	2019 $	2018 $
Cash Receipts from Operating Activities			
Receipts in the course of operations		7,970,089	9,198,409
Payments in the course of operations		(6,989,808)	(9,463,843)
Interest received		2 145	2,145
Net cash provided by Operating Activities	23(b)	**986,872**	**(263,289)**
Cash Flows from Investing Activities			
Payment for property, plant & equipment		(1,826)	(30,288)
Proceeds from property, plant & equipment		59	10,589
Net cash provided byInvesting Activities		**(1,747)**	**(19,699)**
Cash Flows from Financing Activities			
Proceeds from borrowings		-	28,043
Repayment of borrowings		(13,206)	(23,738)
Net cash provided by Financing Activities		**(13,206)**	**4,305**
Net increase/(decrease) in Cash held		**971,899**	**(278,683)**
Cash and cash equivalents at beginning of year		(215,623)	63,060
Cash and cash equivalents at end of financial year	23(a)	**756,276**	**(215,623)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

The financial statements cover Harness Racing SA as an individual entity. Harness Racing SA is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorized for issue 15 November 2019 by the Directors of the Company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards Reduced Disclosure Requirements. Accounting interpretations and other authoritative pronouncements of the Australian Accounting Standards Board..

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 company is a not-for-profit entitiy for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Going Concern

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.

(b) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding the amount of goods and services tax.

Interest revenue is recognized when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

(c) Income Tax

For the purposes of Australian taxation legislation, the company is exempt from income tax per Division 50 of the Income Tax Assessment Act 1997 and hence no provision for income tax has been recorded.

(d) 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.

(e) 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.

(f) Accounts & other receivables

Accounts & other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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

(l) 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.

(m) Trade and Other Payables
Trade and other payables represent liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognized as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Interest Bearing Liabilities
Debentures, bank loans & other loans are recorded at an amount equal to the net proceeds received. Interest expense is 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.

(o) 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 after 5 years of service.

(p) Goods and services tax

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

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. REVENUE FROM ORDINARY ACTIVITIES

	2019 $	2018 $
Revenue from Ordinary Activities		
Rendering of Services		
TAB Distribution	4,630,977	4 572 757
Government Grant	812,000	471 774
General	503,930	1 244 415
Race Field Fees (Net)	1,963,212	2 621 167
Southern Cross Series	167,419	140 352
	8,077,538	**9 050 465**
Interest Revenue		
Other Entities	6,590	2,145
Total Revenue from Ordinary Activities	**8,084,128**	**9 052,610**

5. NET SURPLUS/(DEFICIT) FOR THE YEAR

Operating Expenditure		
Stakemonies	4,569,914	4 960 008
Racing Expenses	2,029,077	2 573 075
Southern Cross Series	316,400	361 320
Settlement of GRSA claim	150,000	-
Administration Expenses	956,720	915 324
Depreciation Expense	29,659	37 638
Borrowing Cost Expense	7,672	13 783
Loss on disposal of assets	2,458	671
	8,061,899	**8 861 819**
Surplus/(deficit) from Ordinary Activities	22,229	190,791
Non-operating expenses	(8,389)	27,668
	30,618	**163,123**

6. 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.

Directors renumeration	87,737	92 500

The Directors of HRSA Ltd during the course of the year were:
Gary Crocker (Chairman)
John Levy
Roland Roccioletti
Scott Barclay (commenced 1 October 2019
Dr Lauren Giorgio (ceased 30 September 2018)
Luciana Larkin (ceased 30 September 2018)
Chris Hartwig (ceased 30 April 2019)

		2019	2018
		$	$
7.	**REMUNERATION OF AUDITORS**		
	Auditing the Financial Report	11,000	10,800
	Financial assistance - Member Club audits	9,000	11,237
		20,000	**22,037**
8.	**CASH & CASH EQUIVALENTS**		
	Cash at bank	552,880	(214,264)
	Cash on hand	700	700
	Credit card	(3,995)	(2,510)
	Short-term deposits	236,650	451
		756,276	**(215,623)**
9.	**ACCOUNTS & OTHER RECEIVABLES**		
	Accounts receivable	11,481	2,137
	TAB product fee	255,741	157,636
		267,222	**159,773**
10.	**OTHER ASSETS**		
	Accrued income	237,990	1,131,775
	Prepayments	34,000	48,000
		271,990	**1,179,775**
11.	**PROPERTY, PLANT & EQUIPMENT**		
	Computer equipment	271,821	344,529
	Less accumulated depreciation	(261,928)	(327,136)
		9,893	17,393,
	Motor Vehicles	325,502	325,502
	Less accumulated depreciation	(252,487)	(231,309)
		73,015	94,112
	Office equipment	65,906	66,451
	Less accumulated depreciation	(60,785)	(59,577)
		5,121	6,874
	Furniture and fittings	14,938	14,938
	Less accumulated depreciation	(14,938)	(14,939)
		-	-
	Total property, plant and equipment	**88,029**	**118,379**

Movements in the carrying amounts of property, plant & equipment

Balance at 1 Julys	118,379	136,988
Additions	1,826	30,288
Disposals	(2,517)	(11,259)
Depreciation expense	(29,659)	(37,638)
Carrying amount at 30 June	**88,029**	**118,379**

		2019	2018
		$	$
12.	**ACCOUNTS & OTHER PAYABLES**		
	Trade Payables	176,136	116,227
	Other payables	610,673	231,896
	Accrued expenses	71,954	367,448
		858,762	**715,571**
13.	**BORROWINGS**		
	Current		
	Secured Loans	22,280	13,206
		22,280	13,206
	Non-Current		
	Secured Loans	12,030	34,310
		12,030	34,310
		34,310	**47,516**
14.	**PROVISIONS**		
	Employee Entitlements		
	The aggregate employee entitlement liability recognised and included in the financial statements are as follows:		
	Current		
	Provision for employee entitlements	127,186	135,575
	Provision for infrastructure or Strategies Projects	406,000	-
		533,186	**135,575**
15.	**DEFERRED REVENUE & REVENUE RECEIVED IN ADVANCE**		
	Revenue received in advance	-	11,000
		-	11,000
16.	**RETAINED FUNDS**		
	Balance at beginning of year	332,642	169,519
	Net surplus/(deficit) for the year	(375,382)	163,123
		(42,740)	**332,642**

17. ECONOMIC DEPENDENCY

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

18. CONTRIBUTED EQUITY

HRSA Ltd is a company limited by a guarantee of $2 per member. As at 30 June 2019, the number of Members was ten (10).

19. SEGMENT INFORMATION

HRSA Ltd is the controlling body for harness racing in South Australia. The primary object for which the Company exists 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.

20. CAPITAL COMMITMENTS

As at the date of report, HRSA has no capital commitments earmarked for the 2020 financial year.

21. RELATED PARTY DISCLOSURES

Details of Directors' renumeration are disclosed in Note 6. Members of the Company or Board of Directors, or their relatives, may from time to time receive prizemoney for successful horses owned and trained by them. This prizemoney is paid by HRSA Ltd on the same terms and conditions as apply to any other owner or trainer.

22. 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:

	2019 $	2018 $
Financial Assets		
Cash & cash equivalents	523,580	700
Financial Investments	236,650	451
Total financial assets	**760,230**	**1,151**
Financial Liabilities		
Trade & other payables	782,854	564,897
Accrued expenses	71,954	367,448
Total financial liabilities	**854,807**	**932,345**

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.

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.

Price risk

Financial Risk Management - Financial Risk - No Price Risk Exposure

	2019	2018
23. NOTES TO THE STATEMENT OF CASH FLOWS	**$**	**$**
a) Reconciliation of Cash		
Cash	237,350	1,151
Cash at bank/(overdraft & credit card)	518,925	(216,774)
	754,276	**(215,623)**

b) Reconciliation of Net surplus/(deficit) to net cash flows from operating activities

Net surplus/(deficit) for the year	(375,382)	163,123
Depreciation	29,659	37,638
Loss/(Profit) on sale of Fixed Assets	2,458	671
(Increase)/Decrease in Receivables	(107,449)	147,944
(Increase)/Decrease in Other Current Assets	907,784	(824,991)
Increase/(Decrease) in Payables	132,191	235,023
Increase/(Decrease) in Provisions	397,611	(22,697)
	986,871	**(263,289)**

24. 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 management ensure 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.

25. KEY MANAGEMENT PERSONNEL	2019 $	2018 $
Key management remuneration	**400,934**	482,273
Long term salary benefits	**30,897**	42,340
	431,831	**524,613**

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..

26. PROVISIONS & CONTINGENT LIABILITIES

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 owners to a contribution to 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. The scheme is currently under review. The outcome of this review may impact upon the financial statements for future periods

27. SETTLEMENT OF GRSA CLAIM

During the 2018 financial year Racing SA received a Government Grant to compensate for loss of revenue to the racing industry. This grant was apportioned by Racing SA between the three racing codes. Greyhound Racing SA Ltd. (GRSA) challenged the apportionment of this grant and instigated legal action against the directors of Racing SA and Harness Racing SA Ltd. was joined in the action.

This matter has now been settled and as a result, Harness Racing SA Ltd paid compensation Greyhound Racing SA Ltd pursuant to a confidential agreement. This payment could give rise to an insurance claim, however, provision has not been made in these accounts for any potential recovery.

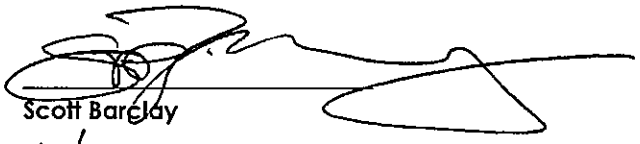
HARNESS RACING S.A.
ABN 68 094 559 930

DIRECTOR'S DECLARATION

In accordance with a resolution of the director of Harness Racing S.A., the director of the company declares that:

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company; and

2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director 

Scott Barclay

Dated: 19/11/19.

TAB

MC
Chartered Accountants ®
Working with you, for you

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

All correspondence to:
PO Box 1236
UNLEY BC SA 5061

AUDIT SERVICES

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, 2019 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, 2019 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 15th day of November, 2019

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

Level 1, Suite 5,
102 Greenhill Road,
UNLEY. S. AUST. 5061

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AUDIT SERVICES

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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, 2019 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 15th day of November, 2019

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

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

2018 / 2019

2018/19 Horse of the Year—EMAIN MACHA