

HARNESS RACING VICTORIA
ANNUAL REPORT 2009



HARNESS RACING VICTORIA

Mission

“To develop a vibrant Harness Racing Industry that promotes participation, integrity and racing excellence, grows wagering and maximises returns to its stakeholders.”

Goals and Objectives

Our goals and key objectives are to create a vibrant and sustainable harness racing industry by:

- Maximising returns to participants and remain a market leader.
- Improving the product and brand.
- Increasing harness wagering turnover and market share.
- Building a business that is stronger and more financially viable.
- Increasing the professionalism of the sport.

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Report To The Minister

The Hon. Rob Hulls MP Minister for Racing

Dear Minister,

On behalf of the Board I present this report on the current state of the industry, including a review of the 2008/09 financial year and the challenges we face in coming years.

The 2008/09 season will be remembered as the year that the Harness Racing Industry in Victoria finally developed its own home, Tabcorp Park in Melton. After a number of years in the planning, the acquisition of land and obtaining the necessary permits and licenses, construction finally commenced on the site in mid 2007.

In less than two years, the \$46m construction of the complex was completed on schedule and opened for business on March 5 2009. Racing followed soon after with the opening race day on Sunday, July 5.

The opening of Tabcorp Park represents the completion of a lifelong dream for the industry and is the commencement of a new era for harness racing in Victoria. It is the culmination of a significant contribution by many parties.

The venue has been developed as the result of a strong partnership between HRV, the Shire of Melton and Tabcorp. The Shire of Melton has been very positive and supportive of the development and on behalf of the industry I sincerely thank the Shire for providing this once in a lifetime opportunity.

The industry should also acknowledge the financial and corporate support of Tabcorp, including a \$7m naming rights package which enabled HRV to complete the project to a high standard.

The Board also acknowledges the work of a number of consultants and contractors on the project, principally

- WHAT Architects, who designed the building,
- The external project managers David Langdon,
- Building Contractor Kane Constructions,
- Our track design team of Wayne Edgelo, Mike Snelgrave, Graham Maher and Rob Pongho, delivering an outstanding 1040 metre racing surface,
- Track Builders, Cornfoot Brothers led by Brendan Cornfoot,
- Western Water, who have installed the pipeline for recycled water to be used at the complex.

The project, which has been a co-operative effort between the Board, senior management, staff and a team of contractors and consultants, will deliver strong economic and social benefits to the area, generating the equivalent to 70 full time jobs.

Tabcorp Park is the most significant development in the history of Harness Racing Victoria and provides the foundation for the future growth of harness racing in Victoria. It is a venue that the industry should be proud of.

While the Tabcorp Park development dominated the year, there were other capital projects funded during the year which continued the Board's commitment to improving and upgrading tracks and facilities around Victoria.

In October 2008 you officially opened the new \$1.9m grandstand at the Shepparton track. This new facility has proved to be an enormous bonus for the Club to provide for an enhanced race day experience for patrons and the local community.

The Cobram track upgrade also took place in the second half of 2008. The camber on the bends has been increased from 4% to 12.5% on the revamped 1008 metre circuit at a cost of \$500,000.

Similarly, the Cranbourne track underwent a \$500,000 upgrade by increasing the camber on the turns to 12.5% and was ready for racing in February 2009. The feedback from the industry in respect of the two track upgrades has been very positive.

The Board also announced that the Hamilton track would be upgraded to a 1,000 metre surface and that racing would resume at Hamilton in 2010. The project is to be funded jointly by Harness Racing Victoria, the Government's Racing Infrastructure Fund, the Southern Grampians Shire and the Hamilton Club.

On the subject of tracks the Board also finalised a Memorandum of Understanding with the Mildura City Council to extend the Mildura Club's lease on the Recreation Reserve for a further 10 years to 2022, thereby guaranteeing racing in the district for the long term. As part of the agreement with the Council HRV will spend \$2.5m in upgrading the facilities and the track in 2012/13.

As a result of the successful completion of the Tabcorp Park venue and the quality of the track and facilities that have been built, HRV entered into negotiations with Moonee Valley Racing Club regarding the future of that venue, despite a long term contract to race there 52 times per year.

A mutually agreeable termination of the agreement between HRV and the Moonee Valley Racing Club was reached in May this year, with racing at Moonee Valley to cease in February 2010. The final meeting will be on February 27 preceded by the Hunter Cup meeting on February 6.

HRV once again conducted three premier carnivals during the year:

- i. The Australasian Breeders Crown was hosted by the Bendigo Club in August 2008. In total the Breeders Crown paid out over \$2m in stakes including a record \$1.3m on finals day. Soon after, the Board announced that the 2009 Crown will be held at the industry's new home Tabcorp Park, Melton on August 23, including a record nine Group 1 races, and a record \$1.55m in prizemoney on final's day. A major sponsorship deal was announced whereby Tabcorp will become the naming rights sponsor of the Breeders Crown.
- ii. The 2008 SEW Eurodrive Victoria Cup was a triumph for Victorian pacer, Melpark Major who rose to Grand Circuit prominence with his win. Unfortunately, Melpark Major suffered an injury at home which meant he sadly could not compete in the 2009 Inter Dominion at the Gold Coast.
- iii. The Big6 Hunter Cup was won by the eventual Inter Dominion Champion Mr Feelgood. The 2009 Inter Dominion Trotters Final was won by Sundons Gift which went on to compete in the Elitlopp in Sweden in May.

The Gordon Rothacker Medal was once again the industry's biggest night of the year. History was created when Bruce and Elizabeth Clarke were announced as joint Gordon Rothacker Medallists. Both have been outstanding contributors to harness racing as participants and administrators. The major Club award went to Maryborough which has been an outstanding club for a long period of time having grown the successful Redwood Carnival to one of the premier events on the harness racing calendar.

Another of the industry's favourite events the Pearl Kelly Awards night run by the Angelique Club, was highlighted by the winner of the Award, D'Arne Bellman.

Several of our participants were affected by the Bushfires which ravaged parts of the state in early February. We were fortunate to avoid tragedy in the harness racing industry, however there were many not so fortunate and the harness racing participants around Australia rallied together to support the HRV Bushfire Appeal. HRV was proud to be able to contribute \$115,000 on behalf of the industry to the Red Cross Appeal and our thanks go to all those around the country who contributed.

For the financial year ended 30 June 2009, the consolidated result for the HRV group was a net loss of \$2.406 million. The result in the 2009, which forms the platform for future years, has a number of one-off impacts. After adjusting for the extraordinary items comprising Melton set-up costs, impairment of assets at Moonee Valley and pre 1 January 2009 racefields charges from Interstate controlling bodies, the underlying result before extraordinary items was a profit of \$0.694 million.

Revenue for the year grew by 6.1% from \$62.394 million to \$66.205 million, whilst operating expenses grew by 9.5% from \$62.634 million to \$68.611 million.

During the year we paid out \$33.579 million in stakemoney, up \$0.206 million or 0.6% on the prior year. After adjusting for the Inter Dominion held in Victoria in 2008, the underlying growth in stakemoney was \$1.216 million or 3.8% and provides a more real indicator of returns to the industry year on year.

HRV's share of the wagering market increased from 14.43% to 14.88% during the year.

2012 Wagering Licence

The Board has participated in the formation of the proposed Partnership Agreement between the three codes of racing and the Victorian Government to be submitted to potential wagering operators. The current pari-mutuel wagering licence held by Tabcorp expires in 2012 and we believe the bidding process for the new licence will commence in the latter part of 2009, with a view to appointing a new licensee in 2010 for a term of 12 years from August 2012.

This is one of the most important decisions for the future of the racing industry in Victoria. The Government has chosen to separate the gaming component of industry funding and replace it with a higher rate of return from wagering. The growth in gaming has served the industry well during the current Partnership Agreement with Tabcorp, therefore there is significant risk to industry funding post 2012 by removing our share in gaming. The Government has stated it is committed to a funding model which leaves the racing industry no worse off from 2012, however the Board is concerned that the current wagering environment represents a severe threat to the prospect of the Government receiving bids that will satisfy the 'no worse off' criteria.

Industry Funding

In addition to the uncertainty to industry funding resulting from the 2012 bidding process, there are several other key issues which the Board needs to address in respect to industry funding.

Harness racing revenue has grown substantially over the past 15 years as a direct result of the benefits derived from the pari-mutuel wagering model. This model is now being challenged by the influx of interstate licensed operators, such as corporate bookmakers and betting exchanges.

While the Board understands and accepts the changing nature of wagering, the industry must be aware that any transfer of wagering from the pari-mutuel operator (currently Tabcorp) to any of these wagering operators represents a significant decrease in returns to the industry. It is imperative that these operators are required to pay a fair product fee for the use of harness racing product and the Federal and State Governments have a responsibility to ensure this happens otherwise the funding of racing will be diminished.

Board Changes

During the year there were changes in the composition of the Board. Neale Wheat was appointed to the Board in December 2008 to replace Anne Jacobson. Neale brings a wealth of wagering experience to the Board having been a Senior Finance Executive with Tabcorp. A resignation from the Board also came from John Doherty and I would like to thank John for his contribution during his time on the Board.

The Year Ahead

There are many challenges facing the industry in the coming years. It is hoped that the opening of the Tabcorp Park complex for racing will be a boost for the industry. There are 55 race meetings planned for Melton in 2009/10 and, as many of these meetings are transferred from Moonee Valley, they will prove financially beneficial for the industry.

As a result the Board is in a position to make several stake money announcements for the coming year, including:

- a \$25,000 increase in the SEW Eurodrive Victoria Cup to \$400,000;
- a \$50,000 increase in the Alabar Victoria Derby to \$200,000;
- HRV will again run the Inter Dominion Trotting Championship during the Big6 Hunter Cup Carnival with a grand final stake of \$250,000;
- an announcement of increases in HRV funding for pacers and trotters country cups, meaning that HRV contributions to these events exceeds \$1m for the first time.

The HRV Board extends its appreciation to those below:

- To our premier sponsor, Rob Merola and SEW Eurodrive who during the year committed to an extended three year deal including sponsorship of the SEW Eurodrive Victoria Cup and signage packages at Tabcorp Park among other industry benefits;
- To Tabcorp, as the major sponsor of our premium Carnivals, the Big6 Hunter Cup and the Tabcorp Australasian Breeders Crown;
- To our major business partners Tabcorp, Sky Channel, Sport 927 and the Herald Sun;
- To members of the Pegasus Club who provide excellent industry support.

Finally, on behalf of the Board I would like to thank you Minister, your staff and the Office of Racing for your support during the past year. Victoria continues to be the market leader in harness racing in Australia and the development of Tabcorp Park at Melton and continued improvement to industry infrastructure will ensure Victorian harness racing will continue to be the industry's market leader into the future.



Neil Busse LLB, B.Com
Chairman

2008-2009 Victorian Racing Review

THE 2008/09 racing season will go down as the dawn of a new beginning for harness racing in Victoria.

It was when Harness Racing Victoria finally unveiled its own home – Tabcorp Park at Melton.

The \$46 million facility, that encompasses a seven-day-a-week entertainment complex and 41-room Quality Hotel along with state-of-the-art racetrack, opened for business on March 5.

It hosted its first race meeting, a non-TAB fixture on June 20, with the official grand opening on Sunday, July 5.

Racing is continuing every Friday night and on selected Sundays, with 55 meetings programmed for Tabcorp Park in year one.

Metro Features

FOR many, the enduring memory of Victoria's 2008/09 harness racing season will be Melpark Major's breath-taking SEW-Eurodrive Victoria Cup win.

The Alan Tubbs-trained five-year-old had long been regarded the Garden State's next star performer, but was denied a breakthrough Grand Circuit win in the Miracle Mile in late November.

The son of Iraklis overcame a nightmare outside barrier to look the winner on the home turn only to be cut down late by hometown hero Divisive, who enjoyed a lovely run on the pegs and got the breaks at the right time.

The feature event of Victoria's December Carnival provided Melpark Major with redemption.

From barrier one, a starting position many mistakenly thought would be a hindrance, he showed gate speed almost unimaginable for a horse of his size to lead from go to whoa in the \$375,000 event.

Despite being pressured by headstrong Queensland visitor I Am Sam for the first half of the 2575-metre mobile event, he just kept finding and held off Gotta Go Cullen and Mister Swinger for a stunning 1:55.8 mile rate win.

After the fastest ever lead time (69.4 secs) over 2575m at the Valley, Melpark Major went on to break 29 seconds for all but the second quarter (30.9 secs), including a 56.3-second last half of the final mile.

It will almost certainly live forever as the Moonee Valley 2575m track record.

That's because harness racing will soon cease at the venue that started as Victorian harness racing's metropolitan home in 1976.

HRV was contracted to race at the Moonee Ponds circuit until 2024, but negotiations with the Moonee Valley Racing Club saw a compromise that will see the final harness meeting conducted on February 27, 2010.

One last Hunter Cup will be run there on February 6, 2010, but it is unlikely the farewell event will prove as significant as the 2009 edition.

The 3065-metre marathon, worth \$400,000, provided a glaring example of the changing face of harness racing in this part of the world when won by the Tim Butt-trained, Anthony Butt-driven Mr Feelgood.

Australia's richest handicap race was won by an American import who is trained and driven by a couple of Kiwis.

The 2006 Little Brown Jug winner, who hadn't raced beyond 1609m prior to coming Down Under, overcame a 10m handicap to round up a field of quality rivals.

It wouldn't be the last time he did so in 2009, going on to upset the Blacks A Fake Inter Dominion fairytale when he denied the Queensland champ a fourth-straight crown at Watpac ID09 on the Gold Coast.

But while the Inter Dominion Pacing Championship went north in 2009, the squaregaiters' division remained in Australia's trotting heartland, Victoria.

For the third time in the past five years Moonee Valley hosted the Inter Dominion Trotting Championship Final and for the second time in a row it was won by Chris Lang.

But while he shared the limelight with astute Kiwi horseman Derek Balle after Galleons Sunset won in 2008, Sundons Gift's success on February 7 was all Lang's doing.

The champion trotting trainer ironed out the minor problems that had hampered Sundons Gift since crossing from New Zealand as a young horse to take the leap into superstar status.

The seven-year-old Sundon gelding held off star Kiwi mare One Over Kenny in the \$250,000 event to convince Lang that he was worthy of competing on the world stage.

Sundons Gift might have emerged from his subsequent European trip over the winter winless, but Lang returned home confident he has the horse that might yet break Australia's duck in the world's biggest trotting races.

Skyvalley has been touted as Australian trotting's next big thing and he proved it with one of the most dominant Breeders Crown wins ever seen when he coasted home by more than 32 metres in the 4YO

Trotters Final.

It was one of the star performances on Australasia's richest raceday, Breeders Crown Super Sunday, which closed the season at Tabcorp Park.

Skyvalley provided Chris Lang with a Group 1 double, and consolidated his status as the most successful trainer in Breeders Crown history with six wins, after Let Me Thru claimed the 3YO Trotters Final.

Lang's brother Gavin partnered Kept For Pleasure to an overdue win in the inaugural 4YO Mares Final, while the 4YO Entire and Geldings Final also went the way of a previous Breeders Crown hard-luck story – two and three-year-old runner-up Maffioso.

The Glenn Douglas-trained Make Mine Cullen (3YO Fillies) and Lisa Miles's Led Suitcase (2YO Fillies) were the other local winners for the day.

Unfortunately for the hosts, they were trumped by their Trans-Tasman rivals who won the remaining three Group 1 finals.

Tintin In America upstaged Bonavista Bay and defending champion Captain Joy in the eagerly anticipated 3YO Colts and Geldings Final, Smiling Shard struck a blow for Cran Dalgety in the 2YO Colts and Geldings Final, while Tuhimata Glass overcame an early error to score a memorable win in the 2YO Trotters Final.

The first Group 1s run at Tabcorp Park were the two-year-old Vicbred Super Series deciders.

Rocknrolla was a dominant winner of the fillies' final, Grinnersawinner won the boys' division and Rostevoran the trotters' crown.

Villagem (colts and geldings) and Broadways Best (fillies) won the three-year-old pacing Vicbred titles, which were run at Moonee Valley, while Magic Operative and Wyperfeld won their respective four-year-old pacing finals at the same track.

Conaroyal and I Didn't Do It were the three and four-year-old Vicbred trotting champions for 2008/09.

Country Features

The 2008/09 season saw the continued emergence of the Victorian Country Cup Carnival as a major player on the Australian harness calendar.

Cup programs at Cranbourne, Terang, Ouyen (run at Mildura), Nyah, Wangaratta (at Shepparton) and St Arnaud (at Charlton) all encountered significant attendance increases, while turnover was through the roof.

Off-course turnover remained similar to the previous season, but money wagered on-course was up 15 percent on the previous racing year.

The outstanding racing could be a reason behind that.

As the only Grand Circuit event featured during the Carnival, the \$125,000 PETstock Ballarat Cup on January 31 was again the pick of the bunch.

It went the way of Mister Swinger, who exploded once he got out of a pocket to run down subsequent Hunter Cup and Inter Dominion champion Mr Feelgood.

He also won the Cranbourne and Nyah Cups and ran third at Kilmore to be one of the carnival's standout horses.

But he wasn't the number one performer of the season. That honour went to the Glenn Douglas-trained Bold Cruiser who pipped Mister Swinger for victory in the Melton Saddlery Victorian Country Cup Championship.

He won Group 2 features at Kilmore and Mildura, filled the runner-up stall at both Terang and Geelong and logged a third placing in the Horsham feature to win the prestigious series.

The Melton Saddlery Maori's Idol Trophy Series was an equally thrilling affair.

It saw a win to the now Western Australian-based mare My Missindependent, who held off a late charge from Group 1 winner Just Glorious to secure victory.

Just Glorious needed a top two finish in the series' final leg, the Maryborough Caterers Trotters Cup, to catch My Missindependent but could only manage third placing.

It left the mare, winner of the Ararat and Gunbower Trotters Cups and a second placegetter at Charlton, to claim victory by one point.

The excitement surrounding the Maryborough Trotters Cup added to another enthralling Redwood Classic Day at the home of Victorian trotting.

The Goldfields venue again provided the highlight of the trotting year when it hosted a pair of Group 1s – The Redwood Classic and Victoria Trotters Derby – on July 19.

And they were dominated by the fairer sex.

Arizona Blue became only the second filly since 1990 to win the Derby when she held off Let Me Thru and Carletonhill, while Elusive Charm pulled off an upset win over the boys in The Redwood with Simone Walker in the cart.

Star Performers

Daryl Douglas's achievements during 2008/09 would have attracted a lot more attention if it wasn't for one man...Douglas himself.

Take out the Australasian record 388 winners he drove in 2007/08 and the 352 winners he piloted for the season was easily his second best haul.

But just because he didn't create the headlines of a season ago doesn't mean he didn't impress.

The Bendigo reinsman secured a fourth straight Australian drivers' premiership in a season when he lifted his career tally well beyond 3000 wins.

The 36-year-old notched a fourth career Group 1 in the Dallas Building Victoria Trotters Oaks aboard Aldebaran Dream in June, but the highlight came when he teamed with Make Mine Cullen – who is trained by his brother Glenn – to win a Tabcorp Australasian Breeders Crown final.

He also combined with stable favourite Bold Cruiser to win a trio of Group 2s: the SEW-Eurodrive Kilmore Cup, the Moonee Valley Cup and the Park Douglas Printing Mildura Cup.

Those wins also played a part in Douglas's younger brother Glenn celebrating his best season yet.

While he didn't train as many winners as he did when claiming his maiden Victorian trainers' premiership in 2007/08, he did prepare the most important winner of his career.

Bold Cruiser provided Douglas with his maiden Group 1 success when he won the \$150,000 Tasmanian Cup in December. To cap it off, he also drove him to victory with Daryl opting to drive stablemate Megasmash.

The 35-year-old finished with 131 Victorian winners for the year to secure back-to-back Victorian training titles, while he also brought up his 1000th training

success when Make Mine Cullen won a heat of the Breeders Crown.

But the Douglas boys didn't have all of the awards to themselves.

Lance Justice prepared 27 metro winners to snare his third metropolitan training premiership in the past four years, while Gavin Lang held off Chris Alford by one win to claim a second straight metro drivers' title.

Alford might have missed out on the metro drivers' award, but he still had a stellar 2008/09.

His biggest success came in New South Wales, when he teamed with the Peter Tonkin-trained Maffioso to win the Chariots Of Fire, but he did manage a pair of Victorian Group 1 features thanks to super filly Broadways Best.

The Shannon McLean-trained star claimed the Victoria Oaks-Vicbred Super Series double with Alford in the cart.

Justice didn't win at the elite level in 2008/09, but he registered one of the most satisfying wins of his career when stable star Smoken Up won the Group 2 Shire Of Melton Sprint at the grand opening of Tabcorp Park, Melton.

That venue also provided Justice with the 2500th training success of his career, making him the only modern day horseman to have notched 2500 winners as both trainer and driver.

The Victorian concession drivers' premiership went the way of Nathan Jack for a third straight season after he won 130 races.

It was a red-letter season for the Shepparton reinsman, who is now a dual Group 1 winner, both at Moonee Valley.

He broke his duck aboard Dance Of Life in the Queen Of The Pacific in May and followed up with an Australian Oaks victory aboard Elixir.

Historical Financial Performance Summary

Financial Information	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000
Tabcorp Distributions	48,652	48,264	49,219	46,634	46,383
Capital Development Fund	213	1,159	1,575	1,160	615
Stake Money					
Country Club Contributions	1,086	1,084	1,184	1,210	1,215
HRV Contributions	(32,487)	(32,289)	(31,393)	(30,470)	(27,847)
Country Club Contributions	(1,086)	(1,084)	(1,184)	(1,210)	(1,215)
	(32,487)	(32,289)	(31,393)	(30,470)	(27,847)
Metropolitan Racing					
Income	1,116	2,192	1,132	1,213	1,271
Expenses	(3,468)	(3,641)	(3,283)	(3,125)	(3,004)
	(2,353)	(1,449)	(2,151)	(1,912)	(1,733)
Country Clubs					
Income	482	412	468	420	339
Expenses	(8,796)	(8,588)	(8,686)	(7,530)	(7,407)
	(8,314)	(8,177)	(8,218)	(7,110)	(7,068)
Futurities (Income)					
	2,893	2,615	2,282	2,200	2,074
Racing Administration					
Income	5,680	1,876	2,154	1,750	1,659
Expenses	(4,955)	(4,220)	(3,727)	(3,871)	(4,142)
	725	(2,344)	(1,573)	(2,122)	(2,483)
Marketing					
Income	435	1,265	412	474	325
Expenses	(3,408)	(4,230)	(3,262)	(3,279)	(3,224)
	(2,973)	(2,966)	(2,850)	(2,805)	(2,899)
Tabaret					
	462	449	564	570	570
Org. & Mgt.					
Income	2,941	2,354	467	617	538
Expenses	(9,434)	(5,742)	(4,206)	(3,901)	(4,298)
	(6,493)	(3,387)	(3,739)	(3,284)	(3,760)
Development Fund					
	(2,024)	(2,022)	(3,215)	(2,467)	(2,747)

		2009	2008	2007	2006	2005
Financial Information		\$'000	\$'000	\$'000	\$'000	\$'000
Non Racing Operations						
RISE IT Operations	Income	1,300	930	825	0	0
	Expenses	(1,243)	(1,024)	(922)	0	0
		57	(94)	(97)	0	0
Tabcorp Park	Income	1,798	0	0	0	0
	Expenses	(2,562)	0	0	0	0
		(765)	0	0	0	0
Eliminations	Income	(851)	(205)	(217)	0	0
	Expenses	851	205	217	0	0
		0	0	0	0	0
TOTALS	Total Income	66,206	62,394	60,066	56,248	54,989
	Total Expenses	(68,612)	(62,634)	(59,661)	(55,855)	(53,884)
Profit/(Loss)		(2,406)	(240)	405	392	1,105

Race Meeting Statistics

	2009		2008		
	Aggregate \$000's	Average \$000's	Aggregate \$000's	Average \$000's	Average %
Metropolitan Meetings - All					
Total Meetings	53		52		1.9%
Off Course Tote	40,826	770.3	42,722	821.6	(4.4%)
On Course Tote	5,252	99.1	7,017	134.9	(25.2%)
Bookmakers	2,351	44.4	2,883	55.4	(18.5%)
Attendance	45	0.8	64.9	1.2	(31.1%)
Metropolitan Meetings - Day					
Total Meetings	14		14		0.0%
Off Course Tote	6,843	488.8	7,934	566.7	(13.8%)
On Course Tote	372	26.6	1,052	75.1	(64.6%)
Bookmakers	516	36.9	424	30.3	21.6%
Attendance (Not measured for all meetings)	0.8	0.1	8.3	0.6	(90.7%)
Metropolitan Meetings - Night					
Total Meetings	38		38		0.0%
Off Course Tote	33,983	894.3	34,788	915.5	(2.3%)
On Course Tote	4,848	127.6	5,966	157.0	(18.7%)
Bookmakers	1,807	47.6	2,459	64.7	(26.5%)
Attendance	43.9	1.2	56.5	1.5	(22.3%)
Metropolitan Non-TAB Meetings (Tabcorp Park)					
Total Meetings	1				
Off Course Tote	0	0.0			
On Course Tote	32	31.6			
Bookmakers	28	27.6			
Attendance (Not Measured)	0.0	0.0			
Country Club TAB Meetings - All					
Total Meetings	457		446		2.5%
Off Course Tote	189,671	415.0	192,745	432.2	(1.6%)
On Course Tote	10,443	22.9	10,130	22.7	3.1%
Bookmakers	2,875	6.3	2,022	4.5	42.2%
Attendance	190.9	0.4	196.6	0.4	(2.9%)
Country Club TAB Meetings - Day					
Total Meetings	175		173		1.2%
Off Course Tote	71,545	408.8	72,052	416.5	(0.7%)
On Course Tote	3,177	18.2	3,139	18.1	1.2%
Bookmakers	605	3.5	578	3.3	4.7%
Attendance	54.9	0.3	52.7	0.3	4.2%

	2009		2008	
	Aggregate \$000's	Average \$000's	Aggregate \$000's	Average \$000's
				Average %
Country Club TAB Meetings - Night				
Total Meetings	232		222	4.5%
Off Course Tote	101,189	436.2	103,192	(1.9%)
On Course Tote	6,266	27.0	6,123	27.6
Bookmakers	2,090	9.0	1,295	5.8
Attendance	115.6	0.5	121.3	(4.7%)
Country Club TAB Meetings - Twilight				
Total Meetings	50		51	(2.0%)
Off Course Tote	16,937	338.7	17,501	343.1
On Course Tote	1,001	20.0	869	17.0
Bookmakers	180	3.6	150	2.9
Attendance	20.4	0.4	22.6	(9.8%)
Country Club Non-TAB Meetings				
Total Meetings	2		3	(33.3%)
Off Course Tote	0	0.0	0	0.0
On Course Tote	285	142.3	273	91.0
Bookmakers	129	64.6	171	56.9
Attendance	10.2	5.1	10.5	3.5
Victorian Performance on Victorian Meetings				
Total Meetings	512		501	2.2%
Off Course Tote	230,497	450.2	235,467	470.0
On Course Tote	15,979	31.2	17,421	34.8
Bookmakers	5,356	10.5	5,076	10.1
Attendance	245.8	0.5	272.0	0.5
Victorian Off Course Performance on Interstate/International Meetings				
Total Meetings	1,275		1,070	19.2%
Off Course Tote	313,852	246.2	264,787	247.5
Victorian Performance on All Harness Meetings				
Total Meetings	1,787		1,571	13.7%
Off Course Tote	544,349	304.6	500,253	318.4
On Course Tote	15,979	8.9	17,421	11.1
Total Tote - On and Off Course	560,328	313.6	517,674	329.5
Bookmakers	5,356	3.0	5,076	3.2
Total Betting (Tote plus Bookmakers)	565,684	316.6	522,750	332.7
				8.2%

Report of Operations

Accountable Officer's declaration

In accordance with *Financial Management Act 1994*, I am pleased to present the Report of Operations for Harness Racing Victoria for the year ending 30 June 2009.



N Busse LLB, B.Com - HRV Chairman
15 September 2009

Objectives, Functions and Activities

Harness Racing Victoria is a statutory corporation for which the Minister for Racing is responsible. Established pursuant to the Racing Act 1958, it officially commenced operations as the Trotting Control Board on 1 January 1947. Harness Racing Victoria's function is to administer, develop and promote the sport of harness racing in Victoria.

Our mission is "to develop a vibrant harness racing Industry which promotes participation, integrity and racing excellence, grows wagering and other revenue streams and maximise returns to our stakeholders."

Organisational Structure and Corporate Governance Arrangements

Harness Racing Victoria is led by a seven member Board (currently one vacancy) which reports to the Minister for Racing. It is managed by an Executive team comprising the Chief Executive and six General Managers each responsible for one of HRV's business units.

Minister for Racing – The Hon. Rob Hulls, MP

Members of Harness Racing Victoria Board

Neil Busse – Chairman
Peter Bourke
John Doherty (Resigned 27 April 2009)
Carl O'Dwyer
Stephen Nash
Kate Roffey
Neale Wheat (Commenced 8 October 2008)

Chief Executive – John Anderson

General Manager – Marketing and Events – Lucy Brennan

Lucy Brennan is responsible for Marketing and Promotions, providing direction and support to Country Clubs, Communications, Sponsorship and Media.

Chief Financial Officer – Charles Cutajar

Charles Cutajar leads the Finance and Administration unit and is responsible for Accounting and Finance, Risk Management, Country Club Compliance and Governance and is also the Board Secretary.

General Manager – Products and Wagering – Vaughn Lynch

Vaughn Lynch heads the Strategy and Development team and is responsible for Strategic Planning, the Development Fund, Industry Futures, Breeding, Information Technology and Racing Information Services Enterprise (RISE).

Legal Counsel – Craig Launder

Craig Launder is responsible for Legal matters and Corporate Governance.

General Manager – Racing and Integrity Services – Brant Dunshea

Brant Dunshea heads up the Integrity unit which is responsible for the non-raceday Integrity, Racing operations, Registration and the Investigative functions of HRV.

Chairman of Stewards – Cameron George

Cameron George heads up the raceday integrity functions of HRV, including responsibility for the stewards panel.

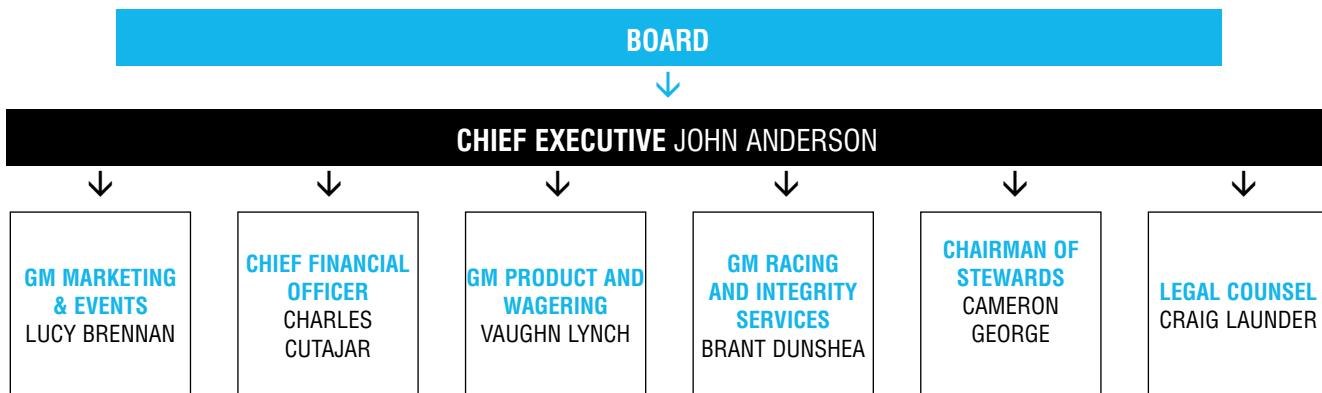
Audit Committee

The Audit Committee consists of the following members:

John Stewart (Chairman- Independent)
Jennifer Labourne (Independent)
Neale Wheat (Board Member)

The main responsibilities of the Audit Committee are to:

- Oversee and advise the HRV Board on matters of accountability and internal control affecting the operations of HRV and registered Country Clubs;
- Assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to the entity's reporting of financial information, application of accounting policies, internal control, risk management, business policies and practices and compliance with applicable laws, regulations, standards and best practice guidelines;
- Review results of the annual external audit and issues raised by the Auditor-General and ensure adequate resolution;
- Provide a structured reporting line for internal audit;
- Improve the quality of internal and external financial reporting for HRV and the Industry as a whole;
- Monitor the financial position and financial performance of Country Clubs and to review the findings and recommendations of the HRV Country Clubs Financial Compliance Officer;
- Assist the Board in reviewing the effectiveness of HRV's internal control environment covering:
 - Effectiveness and efficiency of operations;
 - Reliability of financial reporting;
 - Compliance with applicable laws and regulations.



Other HRV Committees

Strategic Planning Advisory Group – The Strategic Planning Advisory Group is a group external to Management and the Board all with a diverse range of backgrounds and skills from within the Harness Racing Industry. This Group assists HRV to refine and prioritise its strategic objectives.

Finance and Strategic Planning Sub Committee – This Committee is responsible for assisting in discharging the Board's responsibilities in overseeing financial accountability and implementation of the Strategic Plan and Budget.

Marketing Sub Committee – is responsible for the direction and approval of HRV's events, marketing strategies and marketing plan.

Human Resources Sub Committee – This Committee is responsible for determining the Board's remuneration and human resources policies.

Development Fund Sub Committee – The Committee considers and prioritises applications by Clubs to maintain and develop the infrastructure of the Harness Racing Industry and relevant Occupational Health and Safety works.

Programming and Futurities Sub Committee – This Committee determines policy for the programming of races at harness meetings and is responsible for overseeing Victoria's two futurity schemes – the Vicbred Program and Australasian Breeders Crown. It also manages HRV's participation in the Australian Pacing Gold futurity series.

Melton Steering Committee – This Committee was formed following the approval of the Melton Harness Racing and Entertainment Complex project. The Committee is responsible for project guidance, financial oversight, management of the tender process and to make recommendations to the Board on the selection of consultants, contractors, suppliers and other project deliverables as required. This Committee ceased following commencement of trade at the Tabcorp Park complex on 5 March 2009.

Integrity Sub-Committee – This Committee consists of The Chairman, two other Board members and an independent consultant. This Committee determines policies in respect of all issues relating to the integrity of harness racing in Victoria.

Human Resource Management

HRV promotes the personal and professional development of its people in order to achieve ongoing improvements in service delivery and to create satisfying career paths for employees. HRV actively promotes safe work practices, career development, balanced lifestyles and a friendly non-discriminatory working environment.

During the year, HRV offered a range of programs to ensure all staff were equipped with the knowledge and skills required in today's dynamic working environment. Particular focus this year was placed on further developing senior management leadership skills and continuing the accredited vocational training program for Stewards. An accredited training program aimed specifically at track maintenance personnel has also commenced. Employees are also encouraged to extend their professional skills with individual development needs identified as part of the annual performance review cycle.

An extensive recruitment, training and induction program was undertaken to appoint staff for the Tabcorp Park complex.

HRV continues to enjoy a co-operative relationship between employee representation organizations.

Employment and Conduct Principles

HRV complies with the application of the Public Sector Employment and Conduct Principles. The Board has established processes that ensure employment decisions are made on merit, employees are treated fairly and reasonably, equal employment opportunities are provided and employees have a reasonable avenue of redress against unfair or unreasonable treatment.

Occupational Health and Safety

Harness Racing Victoria is committed to ensuring the continuation of a proactive approach in the prevention of injury and illness at its workplaces and in the carrying out its function as the controlling body of harness racing in Victoria.

HRV employs a full time OH&S Manager who reports to the General Manager Product & Wagering.

In meeting the expectations of the organisation and its OH&S obligations, the role addresses the following areas:

- Assistance to HRV staff on rehabilitation and return to work related matters.
- On-going risk assessments covering all active country racing clubs.
- Consultation and development of safety design features for selected race track infrastructure.
- Initial developmental and ongoing support for Tabcorp Park covering employee, racing participants and public OH&S requirements.
- Ongoing development of new and amendments to existing HRV OHS Policies and Procedures.
- Technical research concerning a wide range of OHS related initiatives for future improvement opportunities.

Staff Profile by Position - Full Time

	MALE		FEMALE		TOTAL FULL TIME	
	2009	2008	2009	2008	2009	2008
Executive	8	8	1	1	9	9
Professionals	14	14	1	1	15	15
Paraprofessionals	22	21	1	1	23	22
Clerical Workers	7	6	9	8	16	14
Broadcasters & Country Clubs	7	6	0	1	7	7
TOTAL	58	55	12	12	70	67

In addition, the HRV Board employed 9 part time staff at 30 June 2009 and 36 casual staff were utilised during the year.

HRV Staffing Trends - Full Time

2009	2008	2007	2006	2005
70	67	63	57	54

Financial Review of Operations and Financial Conditions

For the financial year ended 30 June 2009 an operating loss of \$2.41 million was recorded. This loss compares unfavourably to the prior year loss of \$0.24 million. The result in the year was below budget expectations and was largely due to one-off impacts as outlined in the Report to the Minister. After adjusting for these one-off items, the underlying profit result of \$0.7 million was above the budgeted profit of \$0.2 million.

In 2008/09 revenue grew by \$3.8 million or 6.1%. The growth was driven by partial recognition of the Tabcorp sponsorship deal at the Melton Racetrack and Entertainment Complex- Tabcorp Park (\$2.0 million), part year impact from trading at Tabcorp Park (\$1.8 million) and the half year impact of income from HRV's racefields fees (\$3.6 million). This was partly off-set by one-off income generated in 2007/08 associated with the Interdominion (\$1.7 million) and profit on sale of assets (\$1.6 million). Government funding for capital expenditure was also below last year (\$0.9 million).

Tabcorp Revenue recorded a marginal growth of \$0.4 million or 0.8%. Revenue in 2008/09 was negatively impacted by the commencement of charges by Racing Controlling Bodies Interstate for the publication of product by the Victorian TAB. In Victoria, this cost is borne by the Racing Industry with HRV's share of the cost being \$3.2 million. After allowing for this adjustment the underlying growth in Tabcorp income was \$3.6 million or 7.4%.

In 2008/09 HRV received no net benefit from the commencement of charging wagering operators fees for publication/use of the Victorian Harness product. The gross amount charged to wagering operators of \$3.6 million was off-set by HRV's share of the cost incurred to import product from Interstate TABs. Whilst on a full year basis HRV's expect to gain from the revised charging structure, in 2009 this was not the case due to a number of Interstate Controlling bodies commencing their charges from 1 September 2008 whilst HRV commenced its charging regime effective from 1 January 2009.

In 2008/09 Harness Racing Victoria distributed a total of \$33.6 million in stakemoney to owners, trainers, drivers, breeders and studmasters. This level of stakemoney exceeds the record established in 2007/08 being a year in which the Interdominion was conducted in Victoria. After adjusting for the Interdominion underlying stakemoney was \$1.2 million or 3.8% above 2008 levels.

Other expenses from operations of \$35.0 million were up \$5.88 million or 19.7% on the prior year. The three key drivers for the increase in costs were operating costs for Tabcorp Park (\$1.4 million) financing costs associated with the development of Tabcorp Park (\$1.3 million) and recognition of an impairment loss on assets used at Moonee Valley (\$1.0 million).

Cash Assets at 30 June 2009 of \$2.3 million are \$6.4 million lower than the same time last year. In 2007/08 and throughout 2008/09 HRV continued its investment in Tabcorp Park complex which was funded by a combination of debt and equity.

The increase in Total Assets of \$12.3 million from \$47.4 million to \$59.7 million was on the back of \$19.0 million being invested into the Melton Race Track and Entertainment complex which opened for business on 5 March 2009.

During the year HRV drew down (as planned) on its CBA loan facility (as approved by The Department of Treasury and Finance) to partly fund the Melton Race Track and Entertainment Complex. At 30 June 2009, \$24.0 million of the \$29.1 million facility was utilised and this was the key driver for the increase in Total Liabilities. Current liabilities also include \$2.0 million in Melton project expenditure which will also be funded out of the long term debt facility rather than cash assets.

Future outlook

The HRV Board will continue to manage its resources responsibly and strive to maximise returns to stakeholders.

The coming year will again build on the record stakemoney levels established in 2008/09 with the full year impact of stakemoney initiatives introduced during 2008/09 and enhancements planned for 2009/10 expected to deliver an underlying increase in stakemoney of 3.9% compared to 2008/09 after adjusting for the one-off stake money in 2008/09 associated with the APG Series.

A key driver for incremental industry revenue in 2009/10 will be the full year impact of trade at Tabcorp Park. The venue commenced trading on the 5 March 2009 and racing commenced on 5 July 2009. Like most start up operations, revenue in the first four months of trade had not achieved ongoing targeted levels and start-up costs in the early months were also not reflective of the ongoing cost structure for the business. With revenue now increasing to expected levels and the costs of the venue normalising, profits from this operation will have a positive impact of returns to the industry in 2010/11 and beyond.

Disclosure of Major Contracts

No disclosure of major contracts is required by HRV as during the year HRV did not enter into any contracts with a value greater than \$10.0 million.

Freedom of Information

Requests for access to documents under the Freedom of Information Act 1982 are directed to the Board's Freedom of Information Officer, Craig Launder. During 2008/09, one request was received by HRV. Partial access was granted. Internal review was sought in relation to the parts of the documents to which access was refused, and on review the initial decision was affirmed.

Five Year Financial Summary

	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000
Tabcorp Revenue	48,652	48,264	49,219	46,634	46,383
Other Revenue	17,553	14,131	10,847	9,614	8,606
Total Revenue	66,205	62,394	60,066	56,248	54,989
Stake Money Expense	(33,579)	(33,373)	(32,577)	(31,681)	(29,062)
Other Expenses	(35,032)	(29,261)	(27,084)	(24,174)	(24,822)
Net Profit/(Loss)	(2,406)	(240)	405	392	1,105
Cash Assets	2,271	8,680	4,774	10,718	9,091
Total Assets	59,718	47,372	30,403	25,790	23,131
Current Liabilities	(13,797)	(15,496)	(10,511)	(7,245)	(5,171)
Total Liabilities	(44,499)	(29,747)	(12,537)	(13,329)	(7,562)

Compliance with Building Act 1993

Harness Racing Victoria does not own or control any government buildings and is exempt from notifying its compliance with the building and maintenance provisions of the Building Act 1993.

National Competition Policy

The principle of competitive neutrality aims to ensure that Government businesses do not enjoy any net competitive advantage simply by virtue of their public sector ownership. Harness Racing Victoria is not a tax funded general Government service and does not adopt any pricing principles utilising a net competitive advantage. Approximately 73% of HRV's income is derived from Tabcorp Holdings Limited pursuant to a Joint Venture Agreement. Remaining revenue streams are derived from 'arms length' business operations.

Office Based Environmental Impacts

In 2009 HRV established a Resource Smart Committee responsible for the overall implementation of HRV's environmental policy. The objective of the Committee is to reduce the environmental impacts from HRV's operations. The focus in 2008/09 was placed on reviewing the use of paper and also recycling at head office. Additionally, HRV has reviewed its motor vehicle fleet in order to reduce overall fuel usage and is currently trialling the use of a hybrid vehicle. At Tabcorp Park, HRV is utilising A Class recycled water and has implemented light dimming technology for use on the race track.

Whistleblowers

Harness Racing Victoria is committed to the aims and objectives of the *Whistleblowers Protection Act 2001* (the Act). It does not tolerate improper conduct by its employees or officers, nor the taking of reprisals against those who come forward to disclose such conduct.

Harness Racing Victoria recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health or safety or the environment.

Detailed policies and procedures have been established and communicated in order to provide an effective system for reporting disclosures of improper conduct or detrimental action by Harness Racing Victoria or its employees.

	Number	Type
The number and types of disclosures made to the public body during the year	Nil	
The number of disclosures referred to the Ombudsman for determination as to whether they are public interest disclosures	Nil	
The number and types of disclosed matters referred to the public body by the Ombudsman for investigation	Nil	
The number and types of disclosures referred by the public body to the Ombudsman for investigation	Nil	
The number and types of investigations taken over from the public body by the Ombudsman	Nil	
The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body	Nil	
The number and types of disclosed matters that the public body had declined to investigate	Nil	

The number and type of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	Nil	
Any recommendations made by the Ombudsman that relate to the public body	Nil	

Implementation of the Victorian Industry Participation Policy

In October 2003, the Victorian Parliament passed the Victorian Industry Participation Policy Act 2003, which requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy. Departments and public bodies are required to apply VIPP in all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

Contracts commenced to which VIPP applied:

- during 2008/09 HRV did not commence any contracts to which the VIPP applied.

No contracts were completed to which VIPP applied.

Consultancies

During the year, HRV had no consultancies that cost in excess of \$100,000 excluding GST.

There were 12 consultancies during the year where the fees payable for each consultancy was less than \$100,000. The total cost of these consultancies was \$145,428 excluding GST.

Additional Information Available On Request

In compliance with the requirements of the Ministerial Directions of the Minister for Finance, details in respect of the information items below have been retained by HRV and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the Freedom of Information requirements, if applicable).

- a) A statement that declarations of pecuniary interests as completed by all relevant officers;
- b) Details of publications produced by HRV and where they can be obtained;
- c) Details of changes in prices, fees, charges, rates and levies charged by HRV for its services;
- d) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- e) Details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the Report of Operations

Attestation on compliance with the Australian/New Zealand Risk Management Standard

I, Charles Cutajar certify that Harness Racing Victoria has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (or equivalent designated standard) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The audit committee verifies this assurance and that the risk profile of Harness Racing Victoria has been critically reviewed within the last 12 months.

C Cutajar
Chief Finance and Accounting Officer
Harness Racing Victoria
15 September 2009

Reporting on Consultation

Harness Racing Victoria has established proper procedures for consultation with harness racing industry participants in accordance with section 44B of the *Racing Act 1958*.

Section 44C requires HRV to include in its Annual Report details of its consultation meetings and decisions made following consultation with harness racing industry participants.

Meetings were held during 2008/09 on 12 August 2008, 18 November 2008 and 7 April 2009 (combined meeting) with the following bodies.

- Association of Victorian Country Harness Racing Clubs Inc (AVCHRC)
- Harness Racing Owners Association Inc (HROA)
- Victorian Harness Racing Trainers and Drivers Association Inc (VHRT&DA)
- Victorian Standardbred Breeders and Studmasters Association Inc (VSB&SA)

The matters arising out of those meetings are provided in the table below:

Association	Issues Discussed	Decision/Outcome
AVCHRC VHRT&DA VSB&SA HROA	HRV advised that a review of the National Handicapping System was being undertaken to create uniformity between all State Controlling Bodies and to provide longevity for the racehorse population	Outcomes of the Review: <ul style="list-style-type: none"> • The metropolitan threshold was increased to \$15,000 effective 1 September 2008. • Field limits would be maximised to provide more flexibility for placement of horses.
AVCHRC VHRT&DA VSB&SA HROA	Owners are not allowed access to the horse stalls when their horse is competing without written approval of the trainer. Access is currently denied due to the Horse Movement Policy.	HRV in conjunction with the Bendigo Harness Racing Training Centre provided OH&S Accreditation Training throughout Victoria for interested owners. This accreditation allows owners to enter horse stalls when their horses were competing.
AVCHRC VHRT&DA	The future of harness racing at Moonee Valley and how many race meetings would be held at Melton.	55 race meetings will be conducted at Melton for the 2009/10 season. Harness meetings will cease at Moonee Valley in February 2009.
AVCHRC	AVCHRC requested HRV's view on the sponsorship agreement between Bettfair and the Melbourne Racing Club.	HRV reinforced its commitment to its joint venture partner Tabcorp who fund 85% of the industry's revenue.
AVCHRC VHRT&DA HROA	A Trials Review was conducted in conjunction with feedback from Country Clubs.	Country Clubs are free to nominate their trial starters fee. HRV would not support a fee for drivers at trials.
VHRT&DA VSB&SA	HRV advised that a National Database would be operational in 2009. This will unify the states' controlling bodies into one operating database	The National Database commenced operation late May 2009.
VHRT&DA	VHRT&DA requested an update on HRV's plans for Bacchus Marsh HRC.	HRV advised that Bacchus Marsh was a potential future training venue which would complement Melton. Discussions taking place with the Moorabool Council.
VHRT&DA	VHRT&DA requested that sectional time requirements be relaxed for CO horses on smaller tracks.	Approval for sectional times to be relaxed for on tracks 900 metres or less has been implemented.
VHRT&DA	VHRT&DA proposed that licensees should have the option of paying for their license in instalments.	HRV advised there would be several administrative and software changes required and non-payment of license fees is a current problem. This would possibly increase if a flexible payment option was available.
VHRT&DA	VHRT&DA advised that NSW stakes were now being paid back to last for unplaced runners and asked HRV to reconsider paying stakemoney to last place.	HRV advised they would look at the NSW policy, but unlikely to change.
VHRT&DA	VHRT&DA raised concerns over certain Racing Analytical Services Ltd (RASL) procedures.	HRV advised that there was a great deal of misinformation within the industry concerning RASL and the integrity and credibility of RASL is beyond challenge and should be supported by the VHRT&DA.
VSB&SA	HRV to investigate the most suitable way for the VSB&SA to provide enhanced racing opportunities designed specifically for mares and fillies.	HRV entered into a sponsorship deal with VSB&SA.

The following issues were discussed with all groups:

- The progress of the Melton Complex
- Overview of the Wagering Re-Licensing process
- HRV advised that it will increase funding for Trotters Cups from \$6,000 to \$8,000
- HRV advised that the Harness Card would be maintained for season 2009/10 and a full review would be undertaken with regard to its ongoing viability
- Metropolitan field size limits would increase from 1 July 2009

Meetings were held with the Victorian Bookmakers Association Ltd on 12 August 2008 and 9 December 2008:

Issues discussed at those meetings were:

- Race Field Legislation
- Bookmakers Reform Working Party
- Betting deductions
- Bookmakers' Levy Payment
- Bookmakers' State Legislation

Disclosure index

The annual report of Harness Racing Victoria is prepared in accordance with all relevant Victorian legislations. This index has been prepared to facilitate identification of HRV's compliance with statutory disclosure requirements.

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FRD 22B	Objectives, functions, powers and duties	10
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FRD 10	Disclosure Index	15
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Key Industry Statistics

	2009	2008	2007	2006	2005	2004	2003
Meetings (TAB)	509	498	505	493	498	500	490
Meetings (Non-TAB)	3	3	4	11	13	15	26
Races	4,122	4,088	4,375	4,076	4,158	4,189	4,248
Horses raced	4,458	4,442	4,672	4,612	4,637	4,598	4,713
Nominations	55,512	57,787	58,392	56,413	58,660	57,088	61,976
Starters	38,633	38,827	40,295	39,549	39,698	38,828	40,511
Drivers	887	878	847	930	950	912	971
Trainers	1,478	1,497	1,443	1,542	1,540	1,520	1,551
Stablehands	1,751	1,672	952	1,281	1,300	1,265	
Sires	114	108	113	101	109	121	120
Foals	2,849	2,707	3,018	2,839	3,049	2,718	3,088
Namings	1,689	2,169	2,308	1,785	1,831	1,583	1,657
Services	5,042	4,876	4,473	4,617	4,198	4,550	4,257

HARNESS RACING VICTORIA / FINANCIAL STATEMENTS 2009



Operating Statement

for the Financial Year ended 30 June 2009

Notes	Consolidated Entity		Parent Entity	
	2009 \$'000	2009 \$'000	2008 \$'000	
INCOME				
Tabcorp Income		48,652	48,652	48,264
Other Revenue from ordinary activities		17,553	15,307	14,131
Total Income	2	66,205	63,959	62,394
EXPENSES				
Stakemoney expense		(33,579)	(33,579)	(33,373)
Employee Benefits		(7,922)	(6,083)	(6,332)
Depreciation and Amortisation expense		(1,330)	(1,182)	(784)
Finance Costs		(1,461)	(1,461)	(149)
Other expenses from ordinary activities		(24,319)	(23,352)	(21,996)
Total Expenses	2	(68,611)	(65,657)	(62,634)
Net Result for the Period	18	(2,406)	(1,698)	(240)

The above Operating Statements should be read in conjunction with the accompanying notes included on pages 22 to 53

Balance Sheet

as at 30 June 2009

		Consolidated Entity	Parent Entity	
	Notes	2009 \$'000	2009 \$'000	2008 \$'000
CURRENT ASSETS				
Cash and cash equivalents	24(a)	2,271	1,469	8,680
Receivables	4	5,245	5,341	3,278
Other Financial Assets	5	81	631	348
Inventories	7	60	-	-
Other	6	256	179	96
Total Current Assets		7,913	7,620	12,402
NON-CURRENT ASSETS				
Property, Plant and Equipment	8	50,444	50,286	33,538
Other Financial Assets	5	147	147	219
Investments	9	1,082	1,950	1,082
Intangible Assets	10	132	-	132
Total Non-Current Assets		51,805	52,383	34,970
TOTAL ASSETS		59,718	60,003	47,372
CURRENT LIABILITIES				
Payables	11	8,587	8,235	10,451
Provisions	12	1,394	1,274	1,231
Interest Bearing Liabilities	13	294	294	-
Prepaid Income	14	1,708	1,613	2,126
Other	15	1,814	1,802	1,688
Total Current Liabilities		13,797	13,218	15,496
NON-CURRENT LIABILITIES				
Interest Bearing Liabilities	13	24,060	24,060	7,166
Prepaid Income	14	4,402	4,402	4,965
Provisions	12	177	143	139
Other	15	2,063	2,063	1,981
Total Non-Current Liabilities		30,702	30,668	14,251
TOTAL LIABILITIES		44,499	43,886	29,747
NET ASSETS		15,219	16,117	17,625
EQUITY				
Contributed Capital	16	9,174	9,174	9,174
Reserves	17	3,371	3,371	3,371
Accumulated Surplus	18	2,674	3,572	5,081
TOTAL EQUITY		15,219	16,117	17,625

The above Balance Sheets should be read in conjunction with the accompanying notes included on pages 22 to 53

Statement of Changes in Equity

for the Financial Year ended 30 June 2009

Notes	Consolidated Entity		Parent Entity	
	2009 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
Total Equity at the beginning of the financial year		17,625	17,625	17,866
Effect of preparing consolidated financial statements:				
Accumulated Surplus*		-	190	-
Restated total equity at the beginning of the financial year		17,625	17,815	17,866
Net Result for the Period	18	(2,406)	(1,698)	(240)
Total Equity at the end of the financial year		15,219	16,117	17,625

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes included on pages 22 to 53

* During the 2006/07 financial year, HRV acquired the ownership interest it did not own in the RISE Pty Ltd joint venture and elected not to prepare consolidated financial statements on the basis that the effect of not preparing consolidated financial statements was immaterial. With HRV preparing consolidated financial statements for the first time in 2008/09, management has made the determination that it will not re-state the financial information reported in the previous financial year in respect to its controlled entity RISE Pty Ltd. Instead, it has adjusted for the effect of not preparing consolidated financial statements prospectively.

Cash Flow Statement

for the Financial Year ended 30 June 2009

Notes	Consolidated Entity		Parent Entity	
	2009	2009	2008	2008
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts from operations	62,919	60,140	70,362	
Payments to suppliers, employees & industry	(66,445)	(63,823)	(56,413)	
Interest received	295	292	583	
Interest paid	(1,461)	(1,461)	(149)	
Net cash from/(used in) operating activities	24(b)	(4,692)	(4,852)	14,382
Cash flows from investing activities				
Payments for property, plant and equipment	(19,259)	(19,166)	(22,432)	
Proceeds from the sale of property, plant and equipment	-	-	7,219	
Loans granted	-	(550)	-	
Net cash from/(used in) investing activities	(19,259)	(19,716)	(15,213)	
Cash flows from financing activities				
Proceeds from loan repayments	354	354	169	
Proceeds from Interest Bearing Liabilities	17,188	17,188	7,166	
Repayment of Interest Bearing Liabilities	-	-	(2,600)	
Net cash from/(used in) financing activities	17,542	17,542	4,736	
Net Increase/(decrease) in cash held	(6,409)	(7,026)	3,905	
Cash and cash equivalents at the beginning of the financial year	8,680	8,680	4,774	
De-recognition of Controlled Entity Assets*	-	(185)	-	
Cash and cash equivalents at the end of the financial year	24(a)	2,271	1,469	8,680

The above Cash Flow Statements should be read in conjunction with the accompanying notes included on pages 22 to 53

* With HRV preparing consolidated financial statements for the first time in 2008/09, management has made the determination that it will not re-state the financial information reported in the previous financial year in respect to its Controlled Entity RISE Pty Ltd.

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following explains the significant accounting policies that have been adopted in the preparation of this financial report by Harness Racing Victoria ("the Parent entity") as an individual entity and the consolidated entity of the Parent and its Controlled Entities (referred to as "the Group" or "Consolidated entity").

(a) Reporting entity information

The Parent entity is a statutory body established pursuant to section 39(1) of the Racing Act 1958. It is a statutory authority for which the Minister for Racing is responsible.

It controls HRV Management Ltd, Melton Entertainment Trust and RISE Pty Ltd. HRV Management Ltd acts as the corporate trustee of the Melton Entertainment Trust, the sole beneficiary of which is the Parent entity. Melton Entertainment Trust commenced trading on 5 March 2009.

Consolidated financial statements have been prepared for the first time for the year ended 30 June 2009.

During the 2006/07 financial year, HRV acquired the ownership interest it did not own in the RISE Pty Ltd joint venture and elected not to prepare consolidated financial statements on the basis that the effect of not preparing consolidated financial statements was immaterial. With HRV preparing consolidated financial statements for the first time in 2008/09, management has made the determination that it will not re-state the financial information reported in the previous financial year in respect to its controlled entity RISE Pty Ltd. Instead, it has adjusted for the effect of not preparing consolidated financial statements prospectively. Melton Entertainment Trust commenced operations during the year. Accordingly, no comparatives have been shown for the Consolidated entity.

(b) Objectives and Funding

The Parent entity's objectives are to administer, develop and promote Harness Racing in Victoria. The Parent entity is self-funded and utilises the revenues it derives to fund expenses incurred.

(c) Basis of preparation

The financial report is a general purpose financial report which has been prepared on an accruals basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards ("AAS"), which includes the Australian Accounting Standards issued by the *Australian Accounting Standards Board* ("AASB"), Interpretations and other mandatory professional reporting requirements.

The financial report also complies with relevant Financial Reporting Directions ("FRD") issued by the Department of Treasury and Finance, and relevant Standing Directions ("SD") authorised by the Minister for Finance.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented for the year ended 30 June 2008.

(d) Basis of consolidation

Controlled Entities

The consolidated financial statements comprise the financial statements of the Parent entity and its subsidiaries (refer to Note 30) as at 30 June 2009. Subsidiaries are all those entities over which the Parent entity has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent entity controls another entity.

The financial statements of the Controlled Entities are prepared for the same reporting period as the Parent entity, using consistent accounting policies. The assets, liabilities, incomes and expenses of all controlled entities of the Parent entity have been included at the values shown in their audited Annual Financial Reports. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Parent entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Parent entity. Investments in subsidiaries are accounted for at cost in the individual financial statements of the Parent entity.

(e) Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Group and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions that existed at the reporting date. Note disclosure is made about events between the balance date and the date statements are authorised for issue where the events relate to a condition which arose after the reporting date and which may have a material impact on the results in subsequent years.

(f) Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on the gross basis. The GST components of cash inflows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow. Commitments and contingent assets or liabilities are presented on a gross basis.

(g) Income Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Revenue is recognised for the major business activities as follows:

- Tabcorp Distributions and Commissions are brought to account in the financial year that such amounts are earned by the Group.
- Fees charged to licensed wagering operators are brought to account in the financial year in which the race meeting on which the fee was charged is conducted.
- Acceptance and scratching fees are brought to account after the race that they relate to is conducted.
- Sponsorship Revenue is recognised in the same accounting period in which the sponsorship services are performed by the Group.
- Racing Fees are brought to account in the accounting period in which the related service is performed.
- Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset.
- Profits/(losses) on the sale of property, plant and equipment are recognised when the Group relinquishes control of the asset.
- Rental income is recognised over the period of the related rental.
- Industry contributions received relating to a particular futurity series are carried forward in the Balance Sheet until the year that each series is conducted when they are brought to account in the Operating Statement as revenue. Fees and contributions received prior to 30 June 2009, for futurity series to be conducted in 2009/2010 are brought to account as a Current Liability. Fees and contributions received for series to be run after 30 June 2010 have been recorded as a Non-Current Liability.
- Gaming Commission revenue is recognised each day based on the share of entitlement of gaming expenditure by customers.
- Motel room rental revenue is recognised on each night of guest stay.
- Function income is recognised on the date of the event.
- Food, beverage and sale of goods revenue are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of sale.

(h) Expenses

Grants and Other Payments

Grants and other payments to third parties are recognised as an expense in the reporting period in which they are paid or payable.

Employee Benefits

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions. These are recognised when incurred, except for contributions in respect of defined benefits plans.

Superannuation

Defined benefit plans

The amount charged to the operating statement in respect of defined benefit superannuation plans represent the contributions made by the Group to the superannuation plan in respect to the current services of current the Group's staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The Department of Treasury and Finance centrally recognises the defined benefit liability or surplus of most Victorian government employees in such funds.

The amount charged to the operating statement in respect of defined benefit superannuation plans represents the accrual of benefits during the reporting period.

Depreciation and Amortisation

Depreciation and amortisation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation and they have not changed from the previous year.

- Buildings (40 years)
- Moonee Valley Improvements under leasehold (refer below)
- Plant & Equipment
 - Motor Vehicles (7-10 years)
 - Computers & Computer Equipment (3-6 years)
 - Furniture & Fittings (2-8 years)
 - Equipment (2-15 years)
 - Library (8 years)
 - Timing & Photo Finish Equipment (10 years)
 - Office Improvements (5-8 years)
 - Software (3-10 years)

With the exception of the Moonee Valley Improvements assets, no changes were made to the useful life of the Group's fixed assets.

The useful life of the Moonee Valley assets was revised to 8 months effective 1 July 2009 after an agreement was reached with the Moonee Valley Racing Club ("MVRC") for HRV to discontinue harness racing at Moonee Valley. As a result of the agreement reached, HRV also impaired the affected assets by \$1.021 million.

Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred and include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowing;
- finance lease charges;

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

Impairment of Assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- inventories;
- financial assets; and
- non-current assets held for sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

During the year, the Group assessed the carrying value of the Moonee Valley Improvements assets after an agreement was reached with the Moonee Valley Racing Club (MVRC) for HRV to discontinue Harness Racing at Moonee Valley effective 27 February 2010. The value of the impairment amounted to \$1.021 million and is reflected in Note 2 and 8 of the financial statements. The recoverable amount was calculated using the value in use method based on the expected net proceeds to be generated by HRV from holding race meetings at MVRC during July 2009 to February 2010. The amount was not discounted.

(i) Assets

All non-current assets controlled by the Group are reported in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and deposits at call with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Receivables

Receivables consist predominately of debtors in relation to goods and services, accrued investment income and GST input tax credits recoverable.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

Investments

The investment in Radio 3UZ Unit Trust has been recognised at cost instead of fair value as required by *AASB 139 Financial Instruments: Recognition and Measurement* because the fair value of this investment cannot be determined and measured reliably. The Group's investment in Radio 3UZ Unit Trust consists of an 18% unitholding in this trust which fully owns all of the issued shares in 3UZ Pty Ltd. 3UZ Pty Ltd operates commercial radio station Sport 927 and a network of regional relay stations.

Radio 3UZ Unit Trust is an unlisted trust and its units are not readily traded in an open market. The value of the Broadcasting licence (which is an intangible asset) owned by 3UZ Pty Ltd is extremely difficult to measure reliably because of the infrequent sale of radio broadcasting licences. Accordingly, the Group's investment in Radio 3UZ Unit Trust has been brought to account at cost.

Details in relation to Investments are disclosed in Note 9.

Other Financial Assets

The Group classifies its other investments where applicable in the following categories:

- Financial Assets at fair value through profit or loss,
- Loans and receivables,
- Held to Maturity Investments, and
- Available for Sale Financial Assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. The Group's financial assets are limited to cash, receivables and loans.

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost,

using the effective interest method, less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected useful life of the financial asset, or where appropriate, a shorter period.

Property, plant and equipment

Land and buildings are measured initially at cost, then subsequently at fair value less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Revaluations of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with FRD 103D. This revaluation process normally occurs every five years, as dictated by timelines in FRD103D which sets the next revaluation to occur on 30 June 2010, or earlier should there be an indication that fair values are materially different from the carrying value. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to equity in the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised as income in determining the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not transferred to accumulated surplus on de-recognition of the relevant asset.

Leases

(i) The Group as a lessee

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease. The Group is not a party to any finance leases.

(ii) The Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Rental income from operating leases are recognised on a straight-line basis over the term of the relevant lease.

Intangible assets

Goodwill arising from business combinations

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment is determined by assessing the recoverable amount of the goodwill. Impairment losses recognised for goodwill are not subsequently reversed.

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Inventories

Inventories including raw materials and finished goods are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Food and Beverages – purchase cost on a first-in, first-out basis. The cost of purchase comprises the purchase price, transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Liabilities

Payables

Payables consist predominately of creditors and other sundry liabilities. Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid, and arise when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

Interest Bearing Liabilities

Interest bearing liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risk of uncertainties surrounding the obligation. Where a provision is estimated using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employee Benefits

(i) Wages and salaries, annual leave and long service leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rates expected to apply at the time of settlement inclusive of on costs and are recognised as current liabilities.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date inclusive of on costs.

(ii) Classification of employee benefits as current and non-current liabilities

Employee benefit provisions are reported as current liabilities where the Group does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefit provision can include both short-term benefits, that are measured at nominal values, and long-term benefits, that are measured at present values.

Employee benefit provisions that are reported as non-current liabilities also include long-term benefits such as non vested long service leave (i.e. where the employee does not have a present entitlement to the benefit) that do not qualify for recognition as a current liability, and are measured at present values.

(iii) Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and long service leave accrued while on long service leave taken in service) are recognised and included with provisions for employee benefits.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

(k) Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value.

(l) Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

(m) Development Fund

Development Fund Liabilities are brought to account as expenses and a liability is recognised in the year that the funding is approved by the Group and the Group has an obligation to make payment to external parties.

(n) Country Club Contributions to Stakemoney

Country Club Contributions to Stakemoney are brought to account as revenue in the Operating Statement. These amounts are then distributed as Stakemoney, which is recognised as an expense in the Operating Statement.

(o) Cash flow statement

For the purpose of the cash flow statement, cash and cash equivalents comprises cash on hand, cash at bank, bank overdrafts and deposits at call and highly liquid investments with short periods to maturity that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(p) Foreign Currency

The Group utilises a New Zealand bank account for the purpose of collecting Futurities Fees from New Zealand owners and breeders. The balance of this account is converted into Australian Dollars at year end using the current exchange rate for that date. The gain or loss arising from movements in the exchange rate is brought to account in the Operating Statement.

(q) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Parent entity's functional and presentation currency.

(r) Rounding of amounts

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

(s) Income Tax

The Parent entity is Income Tax Exempt.

RISE Pty Ltd is also exempt from income tax pursuant to Division 50 of the *Income Tax Assessment Act 1997*.

As HRV Management Ltd does not trade, no tax balances have been recognised in respect HRV Management Ltd.

Distributions from the Melton Entertainment Trust to HRV are tax exempt.

(t) Critical Accounting estimates and assumption:

In the application of AAS's, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The directors evaluate estimates and judgments based on historical knowledge and best available current information. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The estimates and assumptions made concerning the future will by definition seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of Non-Financial Assets Other than Goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations.

If an impairment trigger exists the recoverable amount of the asset is determined. Management does not consider that the triggers for impairment testing have been significant enough and as such these assets have not been tested for impairment in this financial period.

Impairment of Goodwill

The factors used are outlined in note 10 of the financial statements.

Estimation of Useful Lives of Assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets are assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(u) Change in Accounting Policies

In accordance with Victorian Government Financial Reporting Direction 103D 'Non-Current Physical Assets', Harness Racing Victoria measures plant and equipment assets at fair value from 1 July 2008. Previously these assets were measured at cost. This change in accounting policy is required to ensure that Victoria's Whole of Government financial report complies with the requirements of AASB1049 *Whole of Government and General Government Sector Financial Reporting*. As this change is the initial application of a policy to revalue assets in accordance with AASB116 *Property, Plant and Equipment* the change, where applicable, is treated as a revaluation in the current year.

(v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting period. The Group has not, and does not intend to, adopt these standards early. The Group's assessment of those standards and interpretations which are applicable to the Group is summarised below:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB Standards 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 and Interpretations 9 and 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These Standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, the impact on HRV is not able to be determined. Changes to accounting requirements include:

- acquisition costs incurred in a business combination will no longer be booked to goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- a gain or loss of control will require the previous ownership interests to be re-measured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to HRV's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is in substance no change to HRV interests, parent entities inserted above existing companies shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of re-organisation.

HRV will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the Parent's share of net assets acquired or whether to change so that goodwill recognised will also reflect that of the non-controlling interest.

- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefine the composition of financial statements including the inclusion of a statement of comprehensive income. There will be

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

- no measurement or recognition impact on HRV. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007–6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has yet to determine the impact of applying this standard.
- AASB 2008–2: Amendments to Australian Accounting Standards — Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132 and AASB 139 and Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro rata share of net assets only upon liquidation. This is expected to impact the financial statements of the Melton Entertainment Trust but management has yet to assess the full impact which this standard will have on the Melton Entertainment Trust.
- AASB 2008–5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) and AASB 2008–6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2008–6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]*. These are additional to those in AASB 2008–5 above. This Standard amends AASB 1 and AASB 5 to include requirements relating to a sale plan involving the loss of control of a subsidiary. The amendments require all the assets and liabilities of such a subsidiary to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation. No changes are expected to materially affect the Group.
- AASB 2009–2 Amendments to Australia Accounting Standards – improving Disclosures about Financial Instruments. The standard enhances the AASB 7 financial instrument disclosures and its full impact is being assessed.

HRV does not anticipate early adoption of any of the above reporting requirements and does not expect them to have any material effect on its financial statements.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

	Consolidated Entity	Parent Entity	
	2009 \$'000	2009 \$'000	2008 \$'000
2. Operating Result			
The Operating Statement consists of the following income and expense items:			
INCOME			
Tabcorp Income	48,652	48,652	48,264
Other Income			
Racefield Fees	3,625	3,625	-
Bookmakers Licence Levy and Fielding Fees	61	61	48
Sky Channel International Rights Fees	317	317	320
Racetrack & Entertainment Complex	1,767	-	-
RISE IT Charges	869	-	690
Sponsorship Income	2,700	2,700	1,229
Electronic Gaming Machine Levy	213	213	1,159
Registration Fees - Licences, Foal Notifications, Stallion Fees, Imports, Exports, Leases, Ownerships Transfers, DNA Testing etc	1,219	1,219	1,029
Nomination, Acceptance and Scratching Fees	443	443	657
Country Club Contributions to Stakemoney	1,092	1,092	1,084
Country Club Service Fees	111	111	66
Interdominion Marketing Levy & Interstate Contributions	42	42	842
Moonee Valley Admissions, Group Bookings and Racebook Sales	253	253	535
Moonee Valley Catering Profits/(Losses)	36	36	30
Futurities Income			
- Vicbred Revenue	694	694	781
- Breeders Crown	1,395	1,395	1,352
- Australian Pacing Gold Subsidies	787	787	469
- G Board & Co/Ausco Subsidies	17	17	13
Harness Card Sales, Harness Racer Subscriptions and Advertising	653	653	680
Leasing income- Junction Tabaret	462	462	449
Leasing income- Racetrack & Entertainment Complex (Tabcorp Park)	-	340	-
Management & Service Fee	60	143	-
Profit on Sale of Assets (Note 2a)	-	-	1,603
Interest Income	295	292	583
Other Administration and Racing Income	293	293	341
Other Marketing Revenue - Calendar Sales, Social Functions, Big Screen External Hiring and Promotional Goods	149	119	171
Total Other Income	17,553	15,307	14,131
TOTAL INCOME	66,205	63,959	62,394

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

	Consolidated Entity	Parent Entity	
	2009 \$'000	2009 \$'000	2008 \$'000
Note 2 Operating Result (Continued)			
EXPENSES			
Stakemoney			
Moonee Valley Stakes	9,020	9,020	9,760
Country Stakes	20,132	20,132	19,280
Drivers Fees	1,090	1,090	1,050
Vicbred Win Bonuses	1,589	1,589	1,598
Vicbred Breeder Bonuses	656	656	600
Country Club Contributions to Stakemoney	1,092	1,092	1,084
Total Stakemoney	33,579	33,579	33,373
Depreciation and Amortisation Expense (Note 8)	1,330	1,182	784
Permanent & Casual Employment Costs	7,922	6,083	6,332
Finance Costs	1,461	1,461	149
Other Expenses			
Payments to Country Clubs	5,684	5,684	5,343
Moonee Valley Expenses			
- MVRC Casual Wages	511	511	632
- MVRC Administration Costs	254	254	199
- MVRC Cleaning Contract	272	272	193
- MVRC Rental	89	89	117
- MVRC Service Charges	162	162	135
- MVRC Light & Power Charges	106	106	111
- MVRC Racecourse Preparation Charges	159	159	97
- Track Maintenance	55	55	83
- Facebook Printing Costs	92	92	120
- Ambulance, Vet, Doctor, Landline Hire & Other	125	125	167
- Other MVRC - Audio, Security, Insurance, R&M and Sundry	240	240	226
Development Fund (Note 19)	2,024	2,024	2,022
Marketing Expenses - TV, Radio, Advertising/Promotion, Big Screen, Sponsorship and Entertainment Expenses	2,133	2,107	3,191
Herald Sun - Publication of Fields and form Comment	984	984	958
On Course TV and Stewards Video Patrol	2,155	2,155	1,931
Sport 927 Deficit Funding and Direct Activity Costs	514	514	241
RASL Swab Analysis	422	422	452
Photo Finish & Timing Services	467	467	425

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 2 Operating Result (Continued)

	Consolidated Entity		Parent Entity
	2009 \$'000	2009 \$'000	2008 \$'000
Freezebranding Costs, DNA Testing & Other Racing & Registration Expenses	491	491	348
HRA Funding & Expenses	393	393	305
Bio/OH&S Security Costs/Feature Race Security	240	240	468
Harness Racer Printing Costs	249	249	222
Appeal Costs and Legal Fees	305	299	342
Stewards Travel Expenses	154	154	176
Interdominion Subsidy	85	85	-
Bendigo Training Centre	41	41	40
Rental & Outgoings	720	720	849
Telephone & Facsimile, Printing & Stationery, FBT, Postage	616	577	589
Motor Vehicle Expenses	299	299	239
Computer	444	346	422
Insurance - HRV and Country Clubs	336	336	275
Administration and Consultancy Expenses	158	150	125
Board Members & Staff Travel Expenses	210	177	170
Board Members Remuneration	137	137	122
Cost of goods sold	412	-	-
Entertainment Complex Supplies	103	-	-
Management & Service Charges	-	150	-
Bank Charges	61	54	46
Audit Fees (Note 3)	74	49	49
Bad and Doubtful Debt Expense	16	16	17
Sulky Fund	92	92	42
Melton Transitional Expenses	307	307	15
Other - Light & Power, Taxi & Courier, Sundries, Supplies, Repairs & Maintenance, Cleaning, Rates and Taxes, Staff Training, Photo-Copier, Security etc	907	547	491
Impairment of fixed assets	1,021	1,021	-
Total Other Expenses	24,319	23,352	21,996
TOTAL EXPENSES	68,611	65,657	62,634

2(a). Profit/(Loss) on Sale of Assets

Gross Proceeds	-	-	7,513
Less Incidental cost of disposal	-	-	(294)
Carrying amount of assets disposed	-	-	(5,616)
Profit/(Loss) on sale of assets	-	-	1,603

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

3. Remuneration of Auditors

	Consolidated Entity		Parent Entity	
	2009 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
Victorian Auditor General's Office - Audit of the Financial Report	45		20	15
Moore Stephens - Internal Audit Services	29		29	33
Total Remuneration of Auditors	74		49	49

4. Receivables

Current

Trade Receivables (i)	1,975	2,165	2,137
Provisions for doubtful debts(a)	(54)	(54)	(49)
	1,921	2,111	2,088
Tabcorp distribution receivable	2,096	2,096	631
Sundry debtors	15	-	-
Goods and Services Tax (GST) Recoverable	343	277	483
Accrued Income	870	857	76
	3,324	3,230	1,190
Total Current Receivables	5,245	5,341	3,278

Notes: (i) the average credit period on sale of goods and services is 30 days. Generally, interest is not charged on outstanding receivables. A provision has been made for estimated irrecoverable amounts from the sales of goods and services. This has been determined by reference to an individual account by account assessment. The increase in provision was recognised in the operating result for the current financial year.

(a) Movement in the Allowance for doubtful debts

Balance at the beginning of the year	(49)	(49)	(34)
Amounts recovered during the year	8	8	4
(Increase) / decrease in allowance recognised in profit or loss	(18)	(18)	(19)
Reversal of provision for receivables written off during the year as uncollectable	5	5	-
Balance at end of the year	(54)	(54)	(49)

(b) Aging analysis of receivables

Please refer to table 26.2 in Note 26 for the aging analysis of receivables

(c) Nature and extent of risk arising from receivables

Please refer to Note 26(c) for the nature and extent of credit risk arising from receivables

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

	Consolidated Entity		Parent Entity	
	2009	2009	2008	
	\$'000	\$'000	\$'000	
5. Other Financial Assets				
Current				
Loan - Geelong Harness Racing Club Inc	63	63	34	
Loan - Ballarat Harness Racing Club Inc	-	-	297	
Loan - Shepparton Harness Racing Club Inc	4	4	3	
Loan - Terang Harness Racing Club Inc	6	6	6	
Loan - Southern Speedways Light Harness Racing Club Inc	8	8	8	
Loan - HRV Management Ltd ATF Melton Entertainment Trust	-	550	-	
Total Other Current Financial Assets	81	631	348	
Non Current				
Loan - Geelong Harness Racing Club Inc	130	130	184	
Loan - Shepparton Harness Racing Club Inc	2	2	6	
Loan - Terang Harness Racing Club Inc	6	6	12	
Loan - Southern Speedways Light Harness Racing Club Inc	9	9	18	
Total Other Non-Current Financial Assets	147	147	219	
Total Other Financial Assets	228	778	567	

(a) Aging analysis of other financial assets

Please refer to table 26.2 in Note 26 for the aging analysis of other financial assets

(b) Nature and extent of risk arising from other financial assets

Please refer to Note 26(c) for the nature and extent of risk arising from other financial assets

6. Other Current Assets

Prepayments	256	179	96
Total Other Current Assets	256	179	96

7. Inventories

Food at cost	20	-	-
Beverage at cost	40	-	-
Total Inventories	60	-	-

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

8. Property, Plant and Equipment

Consolidated Entity

2008/09 Year	Freehold Land 30-Jun-05 Valuation	Freehold Land 30-Jun-07 Valuation	Freehold Land 30-Jun-09 (at cost)	Building (at cost)	Moonee Valley Improvements	Plant and Equipment	Melton Project (a) (at cost)	Total
Gross Carrying Amount								
Balance as at 30 June 2008	893	3,500	-	1,217	2,449	6,413	25,435	39,906
Reclassification of opening balances	-	-	-	-	-	-	-	-
Add back classified as held for sale at 30 June 08	-	-	-	-	-	-	-	-
Additions	-	-	119	-	-	170	18,969	19,259
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Depreciation adjustments (from revaluations)	-	-	-	-	-	-	-	-
Net Revaluation Increments	-	-	-	-	-	-	-	-
Balance as at 30 June 2009	893	3,500	119	1,217	2,449	6,583	44,404	59,164

Accumulated Depreciation

Balance as at 30 June 2008	-	-	-	(223)	(1,308)	(4,838)	-	(6,369)
Less depreciation reclassified as held for sale at 30 June 08	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	(1,021)	-	-	(1,021)
Depreciation Expense	-	-	-	(184)	(120)	(376)	(650)	(1,330)
Balance as at 30 June 2009	-	-	-	(406)	(2,449)	(5,214)	(650)	(8,720)

Net Book Value

As at 30 June 2009	893	3,500	119	810	-	1,369	43,754	50,444
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Note: (a) Melton Project expenditure reflects construction of the Race track and Entertainment Complex.

Parent Entity

2008/09 Year

Gross Carrying Amount

Balance as at 30 June 2008	893	3,500	-	1,217	2,449	6,413	25,435	39,906
De-recognition of Subsidiary Assets*	-	-	-	-	-	(2,293)	-	(2,293)
Add back classified as held for sale at 30 June 08	-	-	-	-	-	-	-	-
Additions	-	-	119	-	-	77	18,969	19,166
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Depreciation adjustments (from revaluations)	-	-	-	-	-	-	-	-
Net Revaluation Increments	-	-	-	-	-	-	-	-
Balance as at 30 June 2009	893	3,500	119	1,217	2,449	4,197	44,404	56,778

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 8 Property, Plant and Equipment (Continued)

	Freehold Land 30-Jun-05 Valuation	Freehold Land 30-Jun-07 Valuation	Freehold Land 30-Jun-09 (at cost)	Building (at cost)	Moonee Valley Improvements	Plant and Equipment	Melton Project (a) (at cost)	Total
Accumulated Depreciation								
Balance as at 30 June 2008	-	-	-	(223)	(1,308)	(4,838)	-	(6,368)
De-recognition of Subsidiary Assets*	-	-	-	-	-	2,078	-	2,078
Less depreciation reclassified as held for sale at 30 June 08	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	(1,021)	-	-	(1,021)
Depreciation Expense	-	-	-	(184)	(120)	(228)	(650)	(1,182)
Balance as at 30 June 2009	-	-	-	(406)	(2,449)	(2,987)	(650)	(6,493)
Net book value								
As at 30 June 2008	893	3,500	-	994	1,141	1,575	25,435	33,538
As at 30 June 2009	893	3,500	119	810	-	1,210	43,754	50,286
2007/08 Year								
Gross Carrying Amount								
Balance as at 30 June 2007	893	3,500	-	41	2,442	7,375	3,223	17,474
Reclassification of opening balances	-	-	-	1,141	-	(1,141)	-	-
Add back assets classified as held for sale at 30 June 07	2,000	-	3,550	286	-	40	-	5,876
Additions	-	-	-	34	7	179	22,212	22,432
Additions through acquisition of entities	-	-	-	-	-	-	-	-
Disposals	(2,000)	-	(3,550)	(286)	-	(40)	-	(5,876)
Depreciation adjustments (from revaluations)	-	-	-	-	-	-	-	-
Less classified as held for sale at 30 June 08	-	-	-	-	-	-	-	-
Net Revaluation Increments	-	-	-	-	-	-	-	-
Balance as at 30 June 2008	893	3,500	-	1,217	2,449	6,413	25,435	39,906
Accumulated Depreciation								
Balance as at 30 June 2007	-	-	-	(42)	(1,184)	(4,370)	-	(5,596)
Less depreciation of assets classified as held for sale at 30 June 07	-	-	(178)	(71)	-	-	-	(248)
Disposals	-	-	185	76	-	-	-	261
Increase through acquisition of entities	-	-	-	-	-	-	-	-
Depreciation Expense	-	-	(7)	(186)	(123)	(468)	-	(784)
Written back on reclassification as held for sale	-	-	-	-	-	-	-	-
Balance as at 30 June 2008	-	-	-	(223)	(1,308)	(4,838)	-	(6,368)
Net Book Value								
As at 30 June 2007	893	3,500	-	-	1,258	3,006	3,223	11,878
As at 30 June 2008	893	3,500	-	994	1,141	1,575	25,435	33,538

Note:

(a) Melton Project expenditure reflects construction of the Race track and Entertainment Complex.

* With HRV preparing consolidated financial statements for the first time in 2008/09, management has made the determination that it will not re-state the financial information reported in previous financial year in respect to its subsidiary RISE Pty Ltd.

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Note 8 Property, Plant and Equipment (Continued)

	Consolidated Entity		Parent Entity	
	2009	2009	2008	2008
	\$'000	\$'000	\$'000	\$'000
Aggregate Depreciation and Amortisation allocated during the year was as follows:				
Buildings		-	-	7
Building Improvements	184	184	187	
Moonee Valley Improvements	120	120	122	
Plant and Equipment	376	228	468	
Melton Complex	650	650	-	
	1,330	1,182	784	
Value of Freehold Land and Buildings				
Freehold Land at 2005 Independent Valuation - 28-52 Ferris Rd Melton	893	893	893	
Freehold Land at 2007 Independent Valuation - 92-134 Abey Road Melton (Parcel A)	3,500	3,500	3,500	
Freehold Land at cost (10% Deposit)- 92 -134 Abey Road Melton (Parcel B)	119	119	-	
	4,512	4,512	4,393	

Land at 28-52 Ferris Rd Melton was purchased on 1 February 2005 and was brought to account at its fair value (net market value) as determined by the Valuer General.

Land at 92-134 Abey Road (Parcel A) Melton was purchased on 16 March 2007 and was revalued at 30 June 2007 by Rodney L. Stephen, F.A.P.I of Matheson Stephen Valuations. This valuation was performed by analysis of comparable land sales following appropriate adjustments for location, zoning, availability of services and other matters that impact upon the utility and value of the property.

Land at 92-134 Abey Road (Parcel B) settled on 14 July 2009. At 30 June 2009 HRV had paid a 10% deposit.

9. Investments

Investment in subsidiaries - at cost *		-	868	-
Shares in radio 3UZ Pty Ltd - at cost	2	2	2	2
Units in radio 3UZ Unit Trust - at cost	1,080	1,080	1,080	1,080
Total Investments	1,082	1,950	1,082	

* refer to note 30 for the listing of subsidiaries

The Group's investment in Radio 3UZ Unit Trust has been brought to account at cost from 1 July 2005 on adoption of AASB 132 "Financial Instruments: Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement". The investment in Radio 3UZ Unit Trust has been brought to account at cost instead of fair value in accordance with AASB 139 Financial Instruments: Recognition and Measurement as at 1 July 2005 because the fair value of this investment cannot be measured reliably. The Group's investment in Radio 3UZ Unit Trust consists of an 18% unitholding in this trust, which fully owns all of the issued shares in 3UZ Pty Ltd. 3UZ Pty Ltd operates a commercial radio station Sport 927 and a network of regional relay stations.

Radio 3UZ Unit Trust is an unlisted trust and its units are not readily traded in an open market. The value of the Broadcasting licence (which is an intangible asset) owned by 3UZ Pty Ltd is extremely difficult to measure reliably because of the infrequent sale of radio broadcasting licences in Australia. As an accurate fair value of this investment cannot be measured reliably, the Group's investment in Radio 3UZ Unit Trust has been brought to account at its cost value of \$1.08m.

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

	Consolidated Entity	Parent Entity	
	2009	2009	2008
	\$'000	\$'000	\$'000
10. Intangible Assets			
Goodwill	132	-	132
Total Intangible Assets	132	-	132
Opening balance	-	132	132
Re-classified (to) Investment in subsidiaries *	-	(132)	-
Re-classified due to preparation of consolidated financial statements for the first time *	132	-	-
Closing Balance	132	-	132

* During the 2006/07 financial year, HRV acquired the 50% ownership interest it did not own in the RISE Pty Ltd joint venture and elected not to prepare consolidated financial statements on the basis that the effect of not preparing consolidated financial statements was immaterial. With HRV preparing consolidated financial statements for the first time in 2008/09, management has made the determination that it will not re-state the financial information reported in previous financial year in respect to its subsidiary RISE Pty Ltd. Instead, it has adjusted for the effect of not preparing consolidated financial statements prospectively.

HRV's intangible is limited to goodwill which has a indefinite life.

(a) Description of the Group's goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer to section (b) of this note).

(b) Impairment test for goodwill

The recoverable amount of the goodwill balance has been determined using a value in use calculation, with reference to the present value of cash flow projections over a period of four years. The cash flows are discounted using a discount rate as listed below. Management has determined the value in use on plans prepared for the cash generating unit. These plans use a combination of contracted and historical weighted average growth rates to project revenue. Costs are determined by taking into account historical factors as well as estimated weighted average inflation rate which are consistent with inflation rates applicable to the CGU.

(c) Key assumptions used

Growth rate used	4%
Discount rate used	6%

(d) Impact of possible changes in key assumptions

Even after allowing for a 50% reduction in the projected growth rate in revenue, the goodwill is still not impaired.

11. Payables

Current Payables			
Trade Creditors	5,828	5,719	5,388
Development Fund accruals	184	184	768
Sundry creditors and accruals	2,575	2,332	4,295
Total Current Payables	8,587	8,235	10,451

(a) Maturity analysis of payables

Please refer to table 26.3 in Note 26 for the aging analysis of payables

(b) Nature and extent of risk arising from payables

Please refer to Note 26(e) for the nature and extent of risks arising from payables

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

	Consolidated Entity	Parent Entity	
	2009	2009	2008
	\$'000	\$'000	\$'000
12. Provisions			
Current			
Employee Benefits (a)	1,345	1,227	1,231
Statewide Sulky Fund (i)	47	47	-
Bonus Points Liability (i)	2	-	-
Total Current Provisions	1,394	1,274	1,231
Non-Current			
Employee Benefits (a)	177	143	139
Total Non Current Provision	177	143	139
Total Provisions	1,571	1,417	1,370
(a) Employee Benefits			
Current			
Annual Leave Entitlements	661	587	538
Long Service Leave Entitlements	684	640	693
	1,345	1,227	1,231
Current employee benefits that are expect to be:			
Utilised within 12 months after the end of the reporting period	573	516	494
Utilised more than 12 months after the end of the reporting period	772	711	737
	1,345	1,227	1,231
Non-Current			
Long Service Leave Entitlements	177	143	139
	177	143	139
Total Provisions	1,522	1,370	1,370

Note: (i) Represents the establishment of new provisions charged to the operating statement in 2009

13. Interest Bearing Liabilities

Current			
Secured - CBA Overdraw	133	133	-
Secured - CBA Loan Facility	161	161	-
	294	294	-
Non-Current			
Secured - CBA Long-term loan	24,060	24,060	7,166
	24,060	24,060	7,166
Total Interest Bearing liabilities	24,354	24,354	7,166

(a) Maturity analysis of interest bearing liabilities

Please refer to table 26.3 in Note 26 for the aging analysis of interest bearing liabilities

(b) Nature and extent of risk arising from interest bearing liabilities

Please refer to Note 26(e) for the nature and extent of risks arising from interest bearing liabilities

(c) Defaults and breaches

During the current and prior year, there were no defaults and breaches of any of the loans

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

	Consolidated Entity	Parent Entity
	2009	2008
	\$'000	\$'000
Note 13 Interest Bearing Liabilities (Continued)		
(d) Facilities HRV has access to the following financing facilities:		
Secured Loan	29,100	29,100
Financial Guarantee	150	150
Business Card limit	79	39
Total Facilities Amount	29,329	29,289
Amount of Facility Unused (1)	4,980	4,940
		21,934

(1) Since 30 June 2009 a further \$3,688k of the unused facilities were drawn down.

Security over the \$29,100k CBA loan facility comprises;

- A Guarantee unlimited as to the amount by HRV Management Ltd supported by a Registered Company Charge by HRV Management Ltd; and
- A registered Mortgage by Harness Racing Victoria over commercial property situated at Melton (Lot 2 Ferris Rd Melton South, Victoria and Lot 1 92-134 Abey Rd Melton South, Victoria).

There are no financial covenants attached to the \$29,100k CBA loan facility.

14. Prepaid Income

Current			
Tabcorp Melton Sponsorship	1,140	1,140	2,035
Tabcorp Harness Racing Sponsorship Agreement	272	272	-
Other revenue invoiced in advance	296	201	91
	1,708	1,613	2,126
Non-Current			
Tabcorp Melton Sponsorship	3,825	3,825	4,965
Tabcorp Harness Racing Sponsorship Agreement	577	577	-
	4,402	4,402	4,965
Total Prepaid Income	6,109	6,015	7,091

15. Other Liabilities

Current			
Vicbred fees invoiced in advance	286	286	229
Breeders Crown fees invoiced in advance	1,462	1,462	1,407
Other	66	54	52
	1,814	1,802	1,688
Non-Current			
Vicbred fees invoiced in advance	66	66	37
Breeders Crown fees invoiced in advance	1,997	1,997	1,943
	2,063	2,063	1,981
Total Other Liabilities	3,877	3,865	3,668

16. Contributed Capital

Contributed Capital	9,174	9,174	9,174
	9,174	9,174	9,174

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

	Consolidated Entity		Parent Entity	
	2009	2009	2008	2008
	\$'000	\$'000	\$'000	\$'000
17. Reserves				
Asset Revaluation Reserve				
Balance at beginning of financial year		3,371	3,371	3,371
Balance at end of financial year		3,371	3,371	3,371

The asset revaluation reserve arises on the revaluation of non-current assets.

18. Accumulated Surplus

Accumulated Surplus at the beginning of the financial year		5,081	5,081	5,321
Effect of preparing consolidated financial statements:*		-	190	-
Restated Balance and beginning of financial year		5,081	5,271	5,321
Net Operating Profit/(Loss)		(2,406)	(1,698)	(240)
Accumulated Surplus at the end of the financial year		2,674	3,572	5,081

* During the 2006/07 financial year, HRV acquired the ownership interest it did not own in the RISE Pty Ltd joint venture and elected not to prepare consolidated financial statements on the basis that the effect of not preparing consolidated financial statements was immaterial. With HRV preparing consolidated financial statements for the first time in 2008/09, management has made the determination that it will not re-state the financial information reported in previous financial year in respect to its subsidiary RISE Pty Ltd. Instead, it has adjusted for the effect of not preparing consolidated financial statements prospectively.

19. Development Fund

On the incorporation of Tabcorp Holdings Limited, HRV formed a development fund for the purpose of providing the industry with a source of income to fund capital projects. Income allocated to the fund and associated expenses are included in the Operating Statement.

During the year ended 30 June 2009 expenditure on the following projects was incurred. No comparative for 2008 is shown due to the nature of the program. Each year the projects receiving funding change therefore making any comparative not applicable.

		2009
		\$'000
Bacchus Marsh	Track Resurfacing	(1)
	Master Plan	12
Ballan	Track Resurfacing	2
Ballarat	New Judges Tower Stairway	15
	Grandstand Repairs	15
Bendigo	Track & Lighting Upgrade	29
	Maximum Demand Tariff 08/09	46
Charlton	Concrete Retaining Walls Charlton HRC	10
Cobram	Public Segregation & OH&S Fencing	(14)
	Grandstand	3
	Track Conditioner, Tractor, Water Tank Pump	26
	Track Upgrade	379
Cranbourne	Track Upgrade	332

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Note 19 Development Fund (Continued)

		2009 \$'000
Geelong	Relocate High Voltage Conductors	5
	Stormwater Harvesting	11
	Stormwater Harvesting Initiative	26
	Maximum Demand Tarriff 08/09	41
Kilmore	Joint Code Capital Projects Contribution	25
	Water Truck	54
Maryborough	Water Truck	55
Mildura	Replacement Water Truck	30
Sebastian	Reimburse half share Track Resurfacing	1
Shepparton	Parade Ring Securitiy Fencing	7
	Grandstand	83
Stawell	Water Truck	5
	Flora & Fauna Survey	18
Warragul	Contribution towards Tractor Purchase	7
	Water Truck	15
Yarra Valley	Replacement Mobile Barrier	4
HRV Projects	Earth Restivity	1
	Head On Towers	1
	Anti Slip Treatment of External Staircases	32
	Track Maintenance Supervisor	62
	Photo Finish & Timing System Upgrade 08/09	69
	RASL Research & Equipment	130
	Track Maintenance Program	180
	Development Fund Expenses	310
Total Development Fund Expenses		2,024

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

20. Responsible Persons

Names Responsible persons in accordance with Financial Reporting Direction 21 of the Financial Management Act 1994, during the reporting period were:

Responsible Minister, The Hon, Rob Hulls, MP, Minister for Racing

The remuneration of the Minister is disclosed in the annual report of the Department of Premier & Cabinet.

Governing Board:

Neil Busse (Board Chairman)

Peter Bourke

John Doherty (Resigned 27 April 2009)

Carl O'Dwyer

Stephen Nash

Kate Roffey

Neale Wheat (Appointed 7 October 2008)

Accountable Officer:

John Anderson, Chief Executive

The following persons were directors of the subsidiaries:

Neil Busse	Philip Bentley
Dougall McBurnie	Neale Wheat
Carl O'Dwyer	Katherine Joel
Cesare Tizi	John Anderson
Kate Roffey	Shane Gloury

Remuneration

Remuneration received and receivable by responsible persons excluding the Minister in connection with the management of the Group is shown below in their relevant income bands.

Consolidated Entity	Total 2009	Base 2009
Income Range		
\$0 - \$9,999	2	2
\$10,000 - \$19,999	5	5
\$20,000 - \$29,999	3	3
\$50,000 - \$59,999	1	1
\$200,000 - \$209,999	0	1
\$220,000 - \$229,999	1	0
	\$'000	\$'000
Total Remuneration Received or due and receivable by all responsible persons was:	440	423

Base remuneration is exclusive of bonus payments, long service leave, redundancy payments and retirement benefits

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 20 Responsible Persons (Continued)

Remuneration

Remuneration received and receivable by responsible persons excluding the Minister in connection with the management of the Parent Entity is shown below in their relevant income bands.

Parent entity

Income Range	Total 2009	Base 2009	Total 2008	Base 2008
\$0 - \$9,999	1	1	1	1
\$10,000 - \$19,999	4	4	4	4
\$20,000 - \$29,999	1	1	1	1
\$40,000 - \$49,999	0	0	1	1
\$50,000 - \$59,999	1	1	0	0
\$200,000 - \$209,999	0	0	0	1
\$210,000 - \$219,999	0	1	0	0
\$220,000 - \$229,999	0	0	1	0
\$230,000 - \$239,999	1	0	0	0
	\$'000	\$'000	\$'000	\$'000
Total Remuneration Received or due and receivable by all responsible persons was:	377	359	352	334

Base remuneration is exclusive of bonus payments, long service leave, redundancy payments and retirement benefits

21. Executive Officers Remuneration

The numbers of executive officers, other than Responsible Persons, whose total remuneration exceeded \$100,000 during the reporting period, are shown below in their relevant income bands:

Consolidated Entity

Income Range	Total 2009	Base 2009
\$100,000 - \$109,999	1	1
\$110,000 - \$119,999	1	1
\$120,000 - \$129,999	2	3
\$130,000 - \$139,999	3	2
\$140,000 - \$149,999	2	1
	\$'000	\$'000
Total Remuneration for the reporting period of executive officers included above amount to:	1,165	1,095

Base remuneration is exclusive of bonus payments, long service leave, redundancy payments and retirement benefits

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Note 21 Executive Officers Remuneration (Continued)

Parent Entity Income Range	Total 2009	Base 2009	Total 2008	Base 2008
	\$'000	\$'000	\$'000	\$'000
\$100,000 - \$109,999	1	1	0	0
\$110,000 - \$119,999	0	0	1	1
\$120,000 - \$129,999	2	3	1	2
\$130,000 - \$139,999	3	2	2	2
\$140,000 - \$149,999	2	1	1	0
Total Remuneration for the reporting period of executive officers included above amount to:	1,049	979	653	627

Base remuneration is exclusive of bonus payments, long service leave, redundancy payments and retirement benefits

22. Related Party Transactions

(a) Parent Entity

The Parent Entity within the Group is Harness Racing Victoria.

(b) Subsidiaries

Details and ownership interests in subsidiaries of the Parent Entity are set out in Note 30. Details of related party transactions with entities within the Group and outstanding balances as at period end are set out below. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.

	Consolidated Entity		Parent Entity	
	2009	2009	2009	2008
	\$'000	\$'000	\$'000	\$'000
Transactions:				
RISE IT & Other Charges to HRV	-		361	205
Rental Charges (Tabcorp Park)	-		340	-
Management Charges/Expense Recoveries from/to Subsidiaries	-		150	-
Finance Charges on loans	-		13	-
Balances:				
Other Financial Assets	-		550	-
Accounts Receivable	-		487	39
Accounts Payable	-		266	-
Other Current Liabilities	-		10	(1)

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad and doubtful debts due from related parties.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 22 Related Party Transactions (Continued)

Details regarding the lease agreement between HRV and the Melton Entertainment Trust are set out in **Note 25**.

(a) Key management personnel

Disclosures relating to responsible persons and executive officers are set out in **Notes 20** and **21** respectively.

(b) Transactions with related parties

- (i) Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.
- (ii) John Anderson (Chief Executive Officer) is a director of Vic Racing Pty. Ltd. This company is an industry body and is not personal or family related.
- (iii) Charles Cutajar (Chief Finance and Accounting Officer) is a director of Racing Products Victoria Pty. Ltd. This company is an industry body and is not personal or family related.
- (iv) On 15 March 1994, the Victorian Racing Industry entered into a Memorandum of Understanding to create an unincorporated joint venture with Tabcorp Holdings Limited. The unincorporated joint venture conducts the businesses of Wagering, Gaming, approved betting compositions and Keno, in Victoria.

Through Vic Racing Pty Ltd, Harness Racing Victoria together with Racing Victoria Ltd and Greyhound Racing Victoria hold an equity interest in the joint venture. Vic Racing Pty Ltd is entitled to 25% of the joint venture profit and must contribute 25% of any joint venture losses.

Through Racing Products Victoria Pty Ltd, the codes supply racing information to the joint venture pursuant to the Racing Program Agreement and Product Supply Agreement, in return for fees.

Income derived from these sources is included as part of "Tabcorp Revenue" in the Operating Statement and **Note 2** to the financial statements.

23. Superannuation Agreements

(a) Funds

- Permanent employees before 1/1/95 - State Superannuation Fund (New Scheme) – Defined Benefit Scheme

HRV's total unfunded superannuation liability in relation to this scheme has been assured and is reflected in the financial statements of the Department of Treasury and Finance.

- Permanent employees after 1/1/95 - VicSuper Pty Ltd or choice of funds – Defined Contribution Scheme

(b) Contributions

State Superannuation Fund contributions are based on the schemes' policies and are dependent upon the election of the staff member. Employer contributions range from 7.3% to 10.2%. The Victorian Superannuation Fund contributions are based on the Commonwealth Government Superannuation Guarantee and Board directives.

	Consolidated Entity		Parent Entity	
	2009	\$'000	2009	\$'000
(c) Contributions made during the financial year:				
State Superannuation Fund				
Employee	26		26	25
Employer	50		50	49
Victorian Superannuation Fund				
Employee	132		132	106
Employer	299		263	300
Host Plus Superannuation Fund				
Employee	2		-	-
Employer	59		-	-

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Note 23 Superannuation Agreements (Continued)

	Consolidated Entity		Parent Entity	
	2009 \$'000	2009 \$'000	2008 \$'000	
Various Other Funds as nominated by the employee				
Employee	60	59	45	
Employer	163	137	105	
Total Contributions				
Employee	220	217	175	
Employer	571	450	454	

All schemes are controlled by outside parties. HRV has no outstanding loans from any Superannuation scheme and all contributions are fully paid.

24. Cash Flow Statement

(a) Reconciliation of cash assets

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Deposits at Call	2,114	1,468	8,678
Cash assets on hand	157	1	1
Closing cash assets balance	2,271	1,469	8,680

(b) Reconciliation of the net result to the net cash from operating activities

Net Result for the Period	(2,406)	(1,698)	(240)
Add/(deduct) non cash items:			

Depreciation /amortisation of non-current assets	1,330	1,182	784
Impairment of non-current assets	1,021	1,021	-
Profit on Sale of Property, Plant and Equipment	-	-	(1,603)
Other non cash items	1	1	4

Change in assets and liabilities:

(Increase)/Decrease in receivables	(1,943)	(2,260)	2,643
(Increase)/Decrease in other current assets	(219)	(85)	151
Increase/(Decrease) in Accounts Payable & Other Liabilities	(2,676)	(3,090)	12,424
Increase/(Decrease) in provisions	200	77	220
Net cash provided by/(used in) operating activities	(4,692)	(4,852)	14,382

(c) Loan Facilities

Details of loan facilities and security granted are detailed in Note 13(d).

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

25. Leases

Disclosure as Lessee

Operating Leases

Operating leases relate to the following items:

- a lease for the ground floor at 740 Mount Alexander Road, Moonee Ponds (to 30 June 2022)
- a lease for office premises at 400 Epsom Rd Flemington (to 31 October 2010)
- a motor vehicle fleet with lease terms ranging between 1 and 5 years
- office equipment with lease terms ranging between 1 and 5 years.

	Consolidated Entity		Parent Entity	
	2009		2009	2008
	\$'000	\$'000	\$'000	\$'000
Non-cancellable operating leases				
Not longer than one year		874	874	876
Longer than 1 year and not longer than 5 years		2,747	2,747	2,699
Longer than 5 years		3,356	3,356	3,588
	6,977	6,977	7,163	

Sub-leasing:

On 3 July 2007 HRV entered into an agreement with the Metropolitan Harness Racing Club to receive annual lease payments of \$448,500 (for 6 years expiring 2 July 2013 with annual increase of 3.5% per annum).

Disclosure as Lessor

Operating Leases

Operating lease relates to the Melton Racetrack and Entertainment Complex owned by HRV, which is leased to the Melton Entertainment Trust. The lease term is for a period of 4 years with annual increase of 3% per annum).

Non-cancellable operating leases

Not longer than one year	-	1,030	-
Longer than 1 year and not longer than 5 years	-	2,930	-
Longer than 5 years	-	-	-
	-	3,960	-

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Note 26. Financial instruments

(a) Significant accounting policies

This note presents information about HRV's financial instrument risk management objectives, policies and processes for measuring and managing risk. The Governing Board is responsible for the establishment and oversight of the risk management framework to identify and analyse the risks faced by the Group. The Governing Board's overall risk management approach seeks to minimise potential adverse effects on the financial performance of the Governing Board. The Governing Board uses different methods to measure different types of risk to which the Group is exposed. These methods include monitoring interest rate and other price risks, ageing analysis for credit risk.

Risk management is carried out by management and reported on an exception basis to the Governing Board. The Governing Board reviews and agrees policies for managing each of these risks in consultation with management and undertakes regular monitoring of the performance of the Group's financial assets and liabilities. The Group does not enter into or trade financial instruments including derivative financial instruments for speculative purposes. The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

(b) Table 26.1: Categorisation of financial instruments

Financial assets	Note	Category	Consolidated Entity		Parent Entity
			2009	2009	2008
			\$'000	\$'000	\$'000
Carrying amount (\$ thousand)					
Cash and cash equivalents	24 a	N/A	2,271	1,469	8,680
Receivables(a)	4	Loans and receivables (at amortised cost)	4,031	4,206	2,795
Other financial assets - loans	5	Loans and receivables (at amortised cost)	228	778	567
Investments	9	Available for sale	1,082	1,950	1,082
Financial liabilities					
Payables (b)	11	Financial liabilities measured at amortised cost	8,587	8,235	10,451
Interest bearing liabilities	13	Financial liabilities measured at amortised cost	24,354	24,354	7,166

Note:

- (a) The amount of receivables disclosed here exclude statutory receivables (GST input tax credit recoverable).
(b) The amount of payables disclosed here include statutory receivables (GST input tax credit recoverable).

(c) Credit risk

Credit risk is managed at the Group level. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from the potential default of counter party on their contractual obligations resulting in financial loss to the Group.

Credit risk is monitored on a regular basis.

Credit risk associated with the Group's financial assets is minimal because the main debtors are key industry stakeholders including Tabcorp, being the Victorian Racing Industry's Joint Venture partner.

Provision of impairment for financial assets is calculated based on past experience.

The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Financial assets that are either past due or impaired

Currently the Group does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following tables discloses the ageing only of financial assets that are past due but not impaired:

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Note 26 Financial instruments (Continued)

Table 26.2a: The Group's interest rate exposure and ageing analysis of financial assets(a)

	Weighted average effective interest rate %	(\$ thousand)										Impaired financial assets	
		Interest rate exposure				Not past due and not impaired	Past due but not impaired						
		Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing		31-60 Days	61-90 Days	91-120 Days	>121 Days			
2009													
Receivables:													
Trade Debtors		1,921	-	-	1,921	983	689	113	75	61	-		
Tabcorp Distribution		2,096	-	-	2,096	2,096	-	-	-	-	-		
Other receivables		15	-	-	15	15	-	-	-	-	-		
Other financial assets:													
Loans	0.1%	228	12	-	216	228	-	-	-	-	-		
		4,260	12	-	4,247	3,322	689	113	75	61	-		

Table 26.2b: The Parent's interest rate exposure and aging analysis of financial assets (a)

2009

Receivables:												
Trade Debtors		2,111	-	-	2,111	898	783	206	165	59	-	
Tabcorp Distribution		2,096	-	-	2,096	2,096	-	-	-	-	-	
Other receivables		-	-	-	-	-	-	-	-	-	-	
Other financial assets:												
Loans	4.9%	778	562	-	216	778	-	-	-	-	-	
		4,985	562	-	4,422	3,772	783	206	165	59	-	
2008												
Receivables:												
Trade Debtors	-	2,088	-	-	2,088	1,711	159	86	38	94	-	
Tabcorp Distribution	-	631	-	-	631	631	-	-	-	-	-	
Other receivables	-	-	-	-	-	-	-	-	-	-	-	
Accrued Income	-	76	-	-	76	76	-	-	-	-	-	
Other financial assets:												
Loans	3.8%	567	315	-	252	270	297	-	-	-	-	
		3,363	315	-	3,047	2,688	456	86	38	94	-	

Note:

(a) Ageing analysis of financial assets excludes statutory financial assets (i.e. GST input tax credit recoverable).

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Note 26 Financial instruments (Continued)

(d) Liquidity risk

Liquidity risk arises when the Group is unable to meet its financial obligations as they fall due. The Group operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of cash reserves.

The Group's exposure to liquidity risk is deemed insignificant based on HRV's business model. Cash for unexpected events is generally sourced from accumulated reserves. If necessary, the HRV group has the capacity to reduce expenditure in the form of stakemoney to manage its liquty.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

The following table discloses the contractual maturity analysis for the Group's financial liabilities:

Table 26.3a: The Group's interest rate exposure and maturity analysis of financial liabilities

	Weighted average effective interest rate %	(\$ thousand)								
		Interest rate exposure				Nominal Amount	Maturity dates ^(a)			
		Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing		Less than 1 month	1-3 Months	3 months - 1 year	1-5 years
2009										
Payables:										
Trade Creditors	-	5,828	-	-	5,828	5,828	4,910	862	56	-
Other payables	-	2,759	-	-	2,759	2,759	2,759	-	-	-
Interest bearing liabilities:										
Secured - CBA Overdraw	15.99%	133	-	133	-	133	133	-	-	-
Secured - CBA Long-term loan	6.97%	24,221	13,550	10,671	-	24,221	161	-	-	24,060
		32,941	13,550	10,804	8,587	32,941	7,962	862	56	24,060

Table 26.3b: The Parent's Interest rate exposure and maturity analysis of finacial liabilities

2009

Payables:										
Trade Creditors	-	5,719	-	-	5,719	5,719	4,605	1,094	20	-
Other payables	-	2,516	-	-	2,516	2,516	2,516	-	-	-
Interest bearing liabilities:										
Secured - CBA Overdraw	15.99%	133	-	133	-	133	133	-	-	-
Secured - CBA Long-term loan	6.97%	24,221	13,550	10,671	-	24,221	161	-	-	24,060
		32,589	13,550	10,804	8,235	32,589	7,415	1,094	20	24,060

2008

Payables:										
Trade Creditors	-	5,388	-	-	5,388	5,388	5,226	163	-	-
Other payables	-	5,062	-	-	5,062	5,062	-	5,062	-	-
Interest bearing liabilities:										
Secured - CBA Long-term loan	8.93%	7,166	4,049	3,118	-	7,166	-	-	-	7,166
		17,617	4,049	3,118	10,451	17,617	5,226	5,225	-	7,166

Note:

(a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Note 26 Financial instruments (Continued)

(e) Market risk

The Group's exposures to market risk are primarily through interest rate risk with only an insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Foreign currency risk

The Parent is exposed to insignificant foreign currency risk through a bank account held in New Zealand dollars used to have New Zealand based participants pay for fees to enter into Victorian based events. The balance of the bank account at any point in time is relatively small and therefore results in minimal exposure. Given the minimal exposure to foreign currency risk the Parent does not actively manage its risk in this area.

The Group's exposure to foreign currency risk is set out in the Table 26.4a

Interest rate risk

Exposure to interest rate risk arises primarily through the Group's interest bearing liabilities. Minimisation of this risk is achieved by entering into a combination of fixed rate and capped variable interest bearing financial instruments.

The Group's exposure to interest rate risk is set out in the Table 26.4a

Sensitivity disclosure analysis

Table 26.4a discloses the impact on net operating result and equity for each category of financial instrument held by the Group at year-end if the below movements were to occur.

* A parallel shift of +1 per cent and -1 per cent in market interest rates (AUD) from year-end rates;

* Proportional exchange rate movement of -5 per cent (depreciation of AUD) and +5 per cent (appreciation of AUD) against the NZD.

Table 26.4a: The Group market risk exposure

Carrying amount		(\$ thousand)								
		Foreign exchange risk				Interest rate risk				
		-5%		5%		-1% (100 basis points)		1% (100 basis points)		
		Net Result	Equity	Net Result	Equity	Net Result	Equity	Net Result	Equity	
2009										
Financial assets:										
Cash and cash equivalents ^(a)	2,271	6	6	(6)	(6)	(20)	(20)	20	20	
Receivables	4,031	-	-	-	-	-	-	-	-	
Other financial assets	228	-	-	-	-	-	-	-	-	
Financial liabilities:										
Payables	8,587	-	-	-	-	-	-	-	-	
Interest bearing liabilities	24,354	-	-	-	-	108	108	(108)	(108)	
Total increase/(decrease)		6	6	(6)	(6)	88	88	(88)	(88)	

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2009

Note 26 Financial instruments (Continued)

Table 26.4b: The Parent market risk exposure

	Carrying amount	(\$ thousand)							
		Foreign exchange risk				Interest rate risk			
		-5%		5%		-1% (100 basis points)		1% (100 basis points)	
		Net Result	Equity	Net Result	Equity	Net Result	Equity	Net Result	Equity
2009									
Financial assets:									
Cash and cash equivalents ^(a)	1,469	6	6	(6)	(6)	(15)	(15)	15	15
Receivables	4,206	-	-	-	-	-	-	-	-
Other financial assets	778	-	-	-	-	-	-	-	-
Financial liabilities:									
Payables	8,235	-	-	-	-	-	-	-	-
Interest bearing liabilities	24,354	-	-	-	-	108	108	(108)	(108)
Total increase/(decrease)		6	6	(6)	(6)	93	93	(93)	(93)
2008									
Financial assets:									
Cash and cash equivalents ^(a)	8,680	2	2	(2)	(2)	(86)	(86)	86	86
Receivables	2,795	-	-	-	-	-	-	-	-
Other financial assets	567	-	-	-	-	-	-	-	-
Financial liabilities:									
Payables	10,451	-	-	-	-	-	-	-	-
Interest bearing liabilities	7,166	-	-	-	-	31	31	(10)	(10)
Total increase/(decrease)		2	2	(2)	(2)	(54)	(54)	75	75

Notes:

(a) Cash and cash equivalents includes AUD\$128k in cash held in a New Zealand bank account (NZD\$159k @NZD/AUD 0.8068 at 30 June 2009).

(f) Fair value

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- * the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- * the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Group considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, because of the precise nature of the financial instruments and the expectation that they will be paid in full.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

27. Contingent Liabilities

Bank Guarantee:

On 1 August 2009, HRV provided a bank guarantee to Clymon Pty Ltd. The bank guarantee is in relation to the leaseback of 740 Mount Alexander Road and is for \$127,655 which represents three months rent on the ground floor. The guarantee expires on 31 July 2010.

Racefields Fees:

Effective 4 September 2008, the Victorian Government passed legislation amending the Gambling Regulation Act 2003 ("GRA") which made it an offence for a wagering service provider ("WSP") to publish, use or otherwise make available Victorian harness race fields without the approval of Harness Racing Victoria ("HRV"). The relevant sections of the GRA expressly enabled Controlling Bodies, including HRV, to impose a fee as the condition of approval.

In 2008/09 HRV's operating statement recognised \$3.625 million in income for fees charged to WSPs in accordance with HRV's racefields policy which came into effect on 1 January 2009.

HRV is directly involved in legal proceedings as respondent to a claim by Sportsbet Pty Ltd filed with the Federal Court of Australia on 15 May 2009 effectively challenging HRV's ability to charge a fee.

Various legal proceedings, either directly involving HRV, or although not directly involving HRV however dealing with racefields fees, are being conducted throughout Australia. Subject to the outcome from the various legal proceedings, if a court ultimately determines that the charging of a fee by HRV was unlawful, HRV may be required to refund a part or all of the fees received by it under this policy.

Joint Venture Arrangements Deed:

Racing Products Victoria Pty Ltd (RPV) acts as agent for the three racing codes in Victoria for the purposes of the Victorian Joint Venture between Tabcorp and the Victorian Racing Industry (VicRacing). Amongst other things, RPV is the vehicle used by the Victorian Racing Industry to supply product to the Joint Venture and in turn receives a fee based on the wagering of product by the Joint Venture.

On 8 May 2009, Tabcorp commenced legal proceedings against RPV seeking to recover fees charged by the controlling bodies in Victoria (including HRV) to Tab Limited for the publication/use by Tab Limited of Victorian racefields under the GRA.

Tabcorp's claim against RPV alleges that RPV was obligated to provide Victorian product to the Tabcorp Group of Companies free of charge under an agreement between Tabcorp and RPV known as the Joint Venture Arrangements Deed. Given that the Victorian controlling bodies have charged Tab Limited under the respective controlling bodies racefields policies, and given that Tab Limited is a subsidiary of the Tabcorp group, Tabcorp is seeking to recover these fees from Racing Products.

The income recognised by HRV in 2008/09 that is subject to this litigation is \$1.295 million. This income forms part of the \$3.625 million in income disclosed as a contingent liability in the Racefields Fees section above.

In the event that HRV was not successful in retaining its income under racefields fees and RPV was not successful in defending its right to charge Tab Ltd fees under racefields, HRV's exposure is capped at \$3.625 million.

Letter of Comfort:

On 28 August 2009, HRV provided the Melton Entertainment Trust (HRV is the sole beneficiary), a letter of comfort stipulating that HRV will support the Trust in meeting its obligations to 30 June 2010. HRV is comfortable that the performance of the Trust will be sufficient for it to meet its external obligations in its own right.

	Consolidated Entity		Parent Entity	
	2009	\$'000	2009	\$'000
28. Commitments for Expenditure				
Capital Expenditure Commitments				
<i>Plant and Equipment</i>				
Payable:				
Not longer than one year	183		183	13,269
Longer than 1 year and not longer than 5 years	-		-	-
Longer than 5 years	-		-	-
	183		183	13,269

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

	Consolidated Entity	Parent Entity	
	2009 \$'000	2009 \$'000	2008 \$'000
Note 28 Commitments for Expenditure (continued)			
Land			
Payable:			
Not longer than one year	1,170	1,170	1,287
Longer than 1 year and not longer than 5 years	-	-	-
Longer than 5 years	-	-	-
	1,170	1,170	1,287
Total Capital Expenditure Commitments (inclusive of GST)	1,353	1,353	14,556
Other Expenditure Commitments			
Moonee Valley (Make Good and Early Exit Fee)			
Payable:			
Not longer than one year	303	303	-
Longer than 1 year and not longer than 5 years	1,760	1,760	-
Longer than 5 years	-	-	-
	2,063	2,063	-
Total Other Expenditure Commitments (inclusive of GST)	2,063	2,063	-
Total Commitments for Expenditure (inclusive of GST)	3,416	3,416	14,556
Less GST recoverable from the Australian Taxation Office	(321)	(321)	(1,323)
Total Capital Expenditure Commitments (exclusive of GST)	3,095	3,095	13,233

29. Subsequent Events

The financial statements were authorised for issue accordance with a resolution of the Board of Directors dated September 2009.

On 14 July 2009 HRV acquired a parcels of land (Lots 1 and 2) situated at 92-134 Abey Rd, Melton South. The total purchase price was \$1,287,000 of which a deposit of \$117,000 had been paid as at 30 June 2009. The balance of \$1,170,000 was disclosed at a commitment in note 28 accompanying the financial statements.

There have been no further subsequent events post balance date that will have a material affect on the operation and financial performance of the organisation.

30. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Name of entity	Country of incorporation	Equity Holding
RISE Pty Ltd	Australia	100%
HRV Management Ltd (company limited by guarantee)	Australia	a
Melton Entertainment Trust	Australia	b

a) Control exists as HRV is the sole member of the company and controls directorship of the company

b) Control exists as HRV is the sole beneficiary of the trust.

ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

We certify that the attached financial statements for Harness Racing Victoria have been prepared in accordance with the Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2009 and financial position of Harness Racing Victoria as at 30 June 2009.

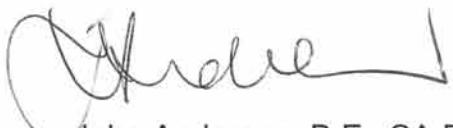
We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.



Neil Busse LLB, B.Com
CHAIRMAN



Neale Wheat, CA
BOARD MEMBER



John Anderson B.Ec CA Dip Ed.
CHIEF EXECUTIVE



Charles Cutajar B.Com CA
CHIEF FINANCE AND ACCOUNTING OFFICER

Melbourne, 15 September 2009

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Harness Racing Victoria

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of Harness Racing Victoria which comprises the operating statements, balance sheets, statements of changes in equity, cash flow statements, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the accountable officer's and chief finance and accounting officer's declaration has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising Harness Racing Victoria and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 30 to the financial statements.

The Board Members' Responsibility for the Financial Report

The Board Members of Harness Racing Victoria are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the Financial Management Act 1994. This responsibility includes:

- establishing and maintaining internal controls 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
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed 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 audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the 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 and the consolidated entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by Board Members as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Level 24, 35 Collins Street, Melbourne Vic. 3000

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Auditing in the Public Interest

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of Harness Racing Victoria for the year ended 30 June 2009. The Board Members of Harness Racing Victoria are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Harness Racing Victoria website.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Harness Racing Victoria and the economic entity as at 30 June 2009 and their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
17 September 2009


 D D R Pearson
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000

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Auditing in the Public Interest





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