



2020

ANNUAL
REPORT

HARNESS
RACING
VICTORIA



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REPORT TO THE MINISTER FOR RACING

The Hon. Martin Pakula MP
Minister for Racing

Chairman's Foreward



On behalf of the Board I present this report on the current state of the industry.

In a difficult year for most, I am proud of the resilience of our industry. Harness Racing Victoria (HRV) was one of the first racing bodies in Australia to implement attendance restrictions to protect the health and wellbeing of industry participants, HRV and racing club staff, and communities throughout Victoria. Thanks to the stringent COVID-19 protocols introduced and the efforts of all in the industry, harness racing was able to continue, sustaining the approximately 4,367 full-time equivalent jobs the sport provides throughout Victoria during a difficult time.

We introduced a regional racing model, limiting participants to participate in one of six regions throughout the state. Not only did the regional racing model allow harness racing the best chance of continuing if a participant tested positive to COVID-19, the re-

gional racing model provided many participants with a greater chance to win races, competing only against other participants from their region.

Like all industries, the COVID-19 pandemic provided an unprecedented challenge for harness racing. As the outbreak began to hit Victoria in March, HRV moved quickly to establish a Business Continuity Team (BCT). This team met daily for several months to establish industry protocols to safely navigate the pandemic. It also met regularly, and as needed, with an industry participants group established to assist HRV to navigate through the COVID-19 crisis.

At the heart of every decision made by HRV during COVID-19 has been the health and wellbeing of our people. Clearly communicating these decisions with industry has been critical.

CEO Dayle Brown initiated regular industry stakeholder meetings shortly after he commenced in the role in November.

These meetings have been ongoing and well received by stakeholder groups and their members. This collaboration has the Victorian harness racing industry functioning strongly as one.

On the racing front, we have made some substantial gains in FY20, running more race meetings, increasing the number of starters per race, reducing the number of fields containing fewer than seven horses, and dramatically reducing (by 28.5%) the number of short-priced favourites (\$1.3 or shorter). These are important key performance indicators, which make our product more attractive to punters and this has shown in wagering performance at the back end of FY20.

The Racing team developed the inaugural Mercury80 (80-second challenge) race series during the 2019-20 summer months, a result of the Rac-

ing Innovations Team comprising members from multiple HRV departments and facilitated by General Manager of Racing Stephen Bell. The Mercury80 races attracted enormous interest, evident from the way the huge crowd reacted on New Year's Eve at Melton as the sprinters turned for home in the 1200-metre event.

The introduction of the Elizabeth Clarke Mares' Triple Crown series, which will take place in late 2020 for the first time, is another wonderful initiative. This series honours a long-time harness racing administrator, passionate advocate for the industry and a former HRV Board member, who has dedicated a lifetime of advocacy to this industry. This series attracts the best pacing mares from throughout Australasia over a three-week period, culminating in the running of the Group 1 Queen of the Pacific.

In the back end of FY20, I am pleased to report strong growth in turnover on HRV races with wagering up 13% year on year on HRV races from 1 March 2020 to 30 June 2020.

This growth helped offset an increase in over-rounds (margins) by wagering service providers and the impact of the Point of Consumption Tax (PoCT), which had initially dulled turnover and race field fees with turnover down 13% year on year for the eight months to 29 February 2020.

For FY20, HRV recorded an overall loss of \$0.4m. Included in this result is \$5m in additional government funding, which helped offset the significant reduction to budgeted Tabcorp Joint Venture distributions and race-field fee revenues, and \$0.8m in profit generated by the partial sale (72%) of RISE to other Australian harness racing state jurisdictions.

Overall revenue for the year decreased by 4.7% to \$85.6m (down from \$89.8m). The majority (67%) of revenue is garnered from wagering, which

at \$57.5m was down on the prior year (\$60.2m). Tabcorp revenues declined by 11.4% (or \$4.7m) to \$36.3m. The revenue garnered from the existing Tabcorp Joint Venture is significantly down on the \$48.3m secured in Year 1 of this agreement (FY13).

During the year HRV paid out \$41.6m in stakemoney (including breeding bonuses), in line with record stakemoney payments the prior year, however before the COVID-19 outbreak we were on track to post another record in stakemoney payments with a budget of \$43.2m. This was not achieved due to the postponement of the Vicbred Super Series and APG series races (to be run in late 2020 and 2021 respectively). HRV, with government support, was able to maintain stakemoney levels to instil confidence in industry and maintain country club funding levels despite significant financial challenges. The \$24m in Emergency Funding Assistance secured from the Victorian Government will be allocated across FY20 and FY21. This support has been very important during a complex year.

Revenue derived from Tabcorp Park was also significantly reduced due to the outbreak of COVID-19 and the lockdown periods.

In our marketing, media and communications space, several exciting developments were introduced in FY20 as HRV continues promoting harness racing to multiple audiences. Our digital streaming channel Trots Vision continues to develop, and this was fast-tracked at the onset of COVID-19 to keep owners unable to attend the races due to restrictions engaged.

The introduction of The Parade Ring at metro Melton meetings and Saturday night regional meetings has proven popular, showcasing the horses and drivers, and promoting wagering and participation. Trots Vision is an important flagship and key driver of traffic to our industry-leading website thetrots.com.au. The audience to thetrots.com.au grew by 50.6% on sessions (from 1,092,198 to 1,645,221) year on year, while pageviews increased by 50.0% from 2,108,454 in FY19 to

HRV is continuing to develop a bold, forward-thinking strategic vision for our industry, which engages both traditional harness racing people and those who are yet to discover our sport.

3,162,157 in FY20. The relationships with our media partners, such as Crocmedia, RSN, Sky Racing and the Herald Sun, continue to garner HRV important mainstream coverage.

The Marketing department also produced successful campaigns for the Country Cups Carnival, Summer of Glory, Gordon Rothacker Medal, Hall of Fame night and pony trots. These events were well attended and provide important opportunities to showcase our industry. HRV Marketing also took on the responsibility of managing sponsorship in FY20, with improved engagement between HRV and its commercial partners and supporters a focus. Ownership is another important area of emphasis for our Marketing team, which is working closely with the Victorian Harness Racing Club on a range of exciting new initiatives.

The harness racing industry also continues to provide an important promotional platform and be a strong contributor for several philanthropic causes.

The Team Teal campaign to raise funds and awareness for ovarian cancer research in February and March has long been a passionate cause for HRV. This year HRV committed \$51,200 thanks to our female drivers winning races during the promotional period. HRV committed \$10,000 to the Victorian Bushfires Relief Fund in January, with Tabcorp Park also donating \$1 from every drink sold at its New Year's Eve meeting to that appeal. HRV also committed over \$15,000 to the Prostate Cancer Foundation of Australia courtesy of a September promotion which saw the PCFA silks displayed in our races.

Sadly, harness racing has lost many dear friends in the past 12 months, including Board member Danny Frawley, who died tragically in September. Danny's sudden passing deeply shocked our industry and all who knew him. After a lengthy and brave battle with illness, we lost champion horseman Gavin Lang in April 2020. Just a month later his father, Graeme, an industry legend, also passed. And in June we lost Rod Osborne to illness. Rod was a man of the highest integrity and a great friend of the industry. Our thoughts are with the families of all dear friends the industry has lost in the past year.

HRV is continuing to develop a bold, forward-thinking strategic vision for our industry, which engages both traditional harness racing people and those who are yet to discover our sport. Everyone in harness racing has a critical role to play on this journey and the current collaboration between HRV and industry will be vitally important in achieving our shared vision.

On behalf of the Board, I would like to thank you Minister for the support that you and your office have provided harness racing during FY20 and we look forward to a prosperous FY21.

Dale G. Monteith
Chairman, Harness Racing Victoria

CEO's Report



Since starting as CEO in November 2019, I have encouraged the team at HRV to think boldly and put everything on the table for consideration when thinking about harness racing's long-term strategic vision.

After I began in the role, my first main task was to listen to the industry; I travelled around Victoria to speak with passionate industry people about what they saw as the most critical issues that HRV needed to focus on as we move forward as an industry together. After the tour, I set about to continuously bring the industry together to help shape our strategic direction and deliver change.

During my tour, I set down a clear framework for growth and reinventing harness racing through innovation and change. As an industry, we should not fear change. We must provide the market with a product that is attractive to consumers, both current and new. This reimagining of our sport is an exciting opportunity. No idea is a bad idea, and I have stressed that all thoughts are welcomed.

We must provide the market with a product that is attractive to consumers, both current and new.

This learning from the tour has helped set the road map for a long-term industry strategic vision, designed to grow harness racing and place the sport back where it belongs to the Victorian mainstream sporting conversation.

In early 2020, COVID-19 emerged in Victoria. We pivoted quickly and introduced a regional racing model to keep our participants safe and well. This model would provide racing with the best chance of continuing if, unfortunately, industry participants tested positive to COVID-19. Our industry rallied and reacted positively to the regional model. I thank them for observing the strict race day protocols that have kept our industry racing through this trying period.

During this time, we continued to innovate. In May 2020, we saw the first trial of three race meetings conducted on consecutive Saturday mornings targeting the North American market so that the US audience market could watch our races and wager on them. These three Saturday mornings were an outstanding success.

Other examples of innovation during this 2019/20 season included the Mercury80 sprint series of races, a data-driven approach to race programming, new mainstream media investment and embracing of digital coverage through Trots Vision, and significant calendar changes to align our best racing to months more conducive to promotion and to attract a crowd post COVID-19. The Vicbred Super Series Finals' move to New Year's Eve at Tabcorp Park Melton will make for a magical night to put our industry in lights. The re-emergence of the premier trotting race, The Great Southern Star, during the Summer of

Glory in 2021 aligns with our international strategy into Europe.

In May 2020, the Office of Racing commissioned an external consultant to undertake a review into the sustainability of the harness racing industry in Victoria. The outputs of this sustainability review (which is expected to be finalised in September 2020) will provide guidance and actions for HRV to consider when formulating the next strategic plan to 2024 for the industry in Victoria.

During my tour of Victoria, I made it very clear to the industry the shackles are well and truly off. The HRV team is committed to listening, collaborating, and thinking big as we strive to build an exciting future for the Victorian harness racing industry.

Finally, thank you to our industry for your resilience during a challenging FY20, which, among other obstacles, has thrown up bushfires and the COVID-19 pandemic. How our industry has responded to this trying year is nothing short of amazing. I am proud of how the industry has responded to these challenges and am incredibly thankful for the collaboration and ongoing communication from all industry representative groups. We are setting the road map to a bright future for the harness racing industry in Victoria.

Dayle Brown
HRV CEO

Mission & Values

To develop a vibrant harness racing industry that promotes participation, integrity and racing excellence, grows wagering and other revenue streams and maximises returns to its stakeholders



Integrity

Ensure actions are not tainted by an actual or perceived conflict of interest



Honesty

Be straightforward, honest and fair in your dealings with people



Accountability

Achieve results through the best use of your skills and experience



Impartiality

Treat all people fairly impartially and honestly without fear or favour



Responsive Service

Provide relevant, quality and timely communication and service to all



Empathy

Maximise the wellbeing of participants

Consultation

In accordance with the Racing Act 1958, HRV has consulted widely with harness racing industry participants to achieve some important outcomes.

The Harness Racing Advisory Council (HRAC) advises the HRV Board on matters concerning harness racing and facilitates consultation between the Board and harness racing participants. Minutes are taken and provided for the Board to review. HRAC members contributed to a significant number of agreed actions being implemented, showing the value of the HRAC process.

The HRAC consists of independent members, HRV Board members and representatives from the following organisations who work together with an 'industry first' focus, with minutes recorded and provided to all attendees for formal approval.

Adam Kilgour, Chair/HRV Board
Peter Watkinson, alternate HRV Board member
Tim Scala, CEO, Trots Club Victoria
Terry Lewis, Harness Breeders Victoria
Carol Bass, Victorian Harness Racing Sports Club (representing Owners)
Lance Justice, Victorian Harness Racing Trainers and Drivers Association
Anne-Maree Conroy, Victorian Square Trotters Association
Maxine Brain
Grant Campbell
Terry Suhan
Clinton Welsh

With forums attended by a mixture of HRV Board and Management representatives, attendees are able to discuss the HRV strategy and any other matter they wished to raise. The members of the HRAC will become important stakeholders as HRV begin to finalise the next strategic plan for the industry in Victoria.



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Racing clubs



28

Race tracks



2,737

Licenced
Participants



\$379.8m

*Direct
Spending



4,495

*Directly
employed in
Harness Racing

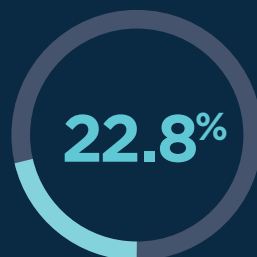


\$573.9m

*Economic
Impacts

Total Value added by Harness Racing

Metro



(\$130.9m)

Regional

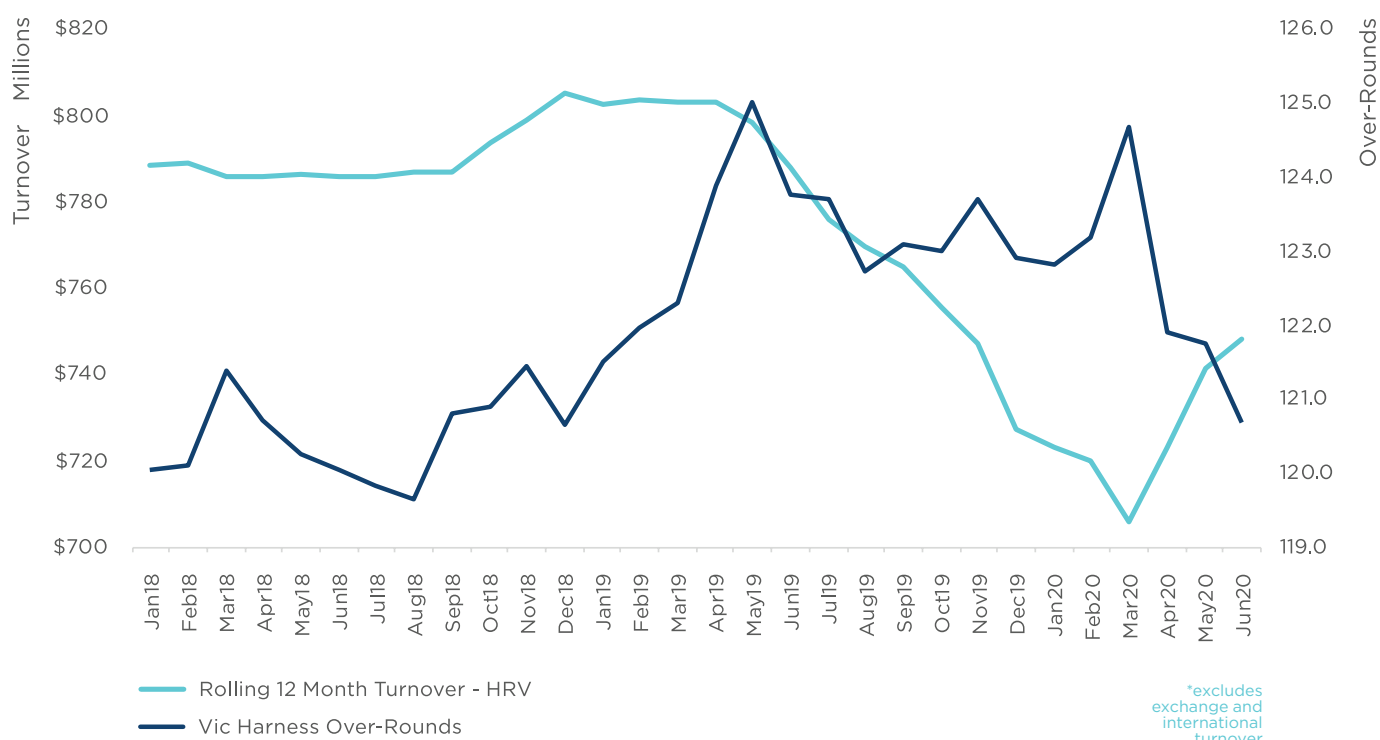


(\$443.0m)

*relates to 2017 data

Financial Performance

HRV Rolling 12 Month Turnover vs Over-Rounds*



The 2020 Financial Year (FY20) was difficult for HRV. The Point of Consumption Tax (PoCT) and increase in over-rounds (margins) by wagering service providers, which dampened turnover and race-field fees in the back half of the FY19, continued to impact on FY20.

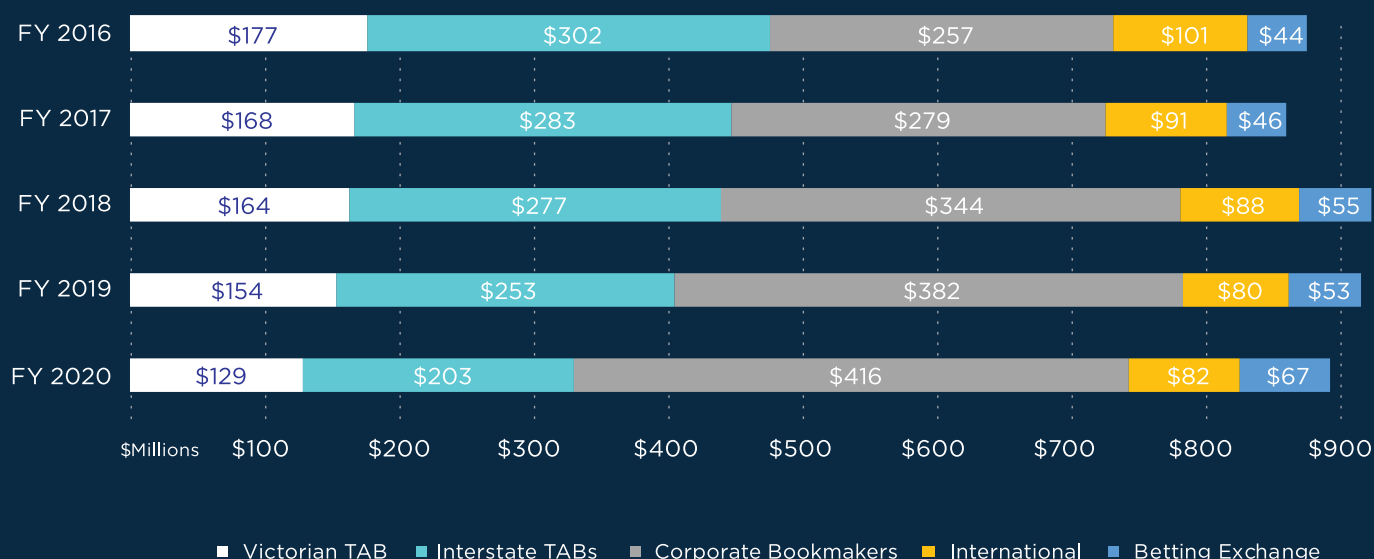
Turnover declined 13% year on year for the eight months to 29 February 2020 (before the onset of COVID-19) with race-field fee revenues heavily impacted. At the end of February, forecasts predicted the full-year decline in race-field fees due to PoCT would be approximately \$4m compared to HRV's FY20 budget.

As the year progressed into March 2020 and the COVID-19 pandemic became a reality it was apparent a larger problem was emerging. With the closure of Victorian retail wagering venues and the lack of sports and international racing betting content, COVID-19 would significantly impact HRV's largest revenue source – Tabcorp JV distributions.

With significant forecast reductions in revenues from Tabcorp and with little revenue being generated from Tabcorp Park Melton (unable to operate under the COVID-19 restrictions) HRV sought assistance from the Victorian Government and was successful in securing \$24m in COVID-19 Emergency Funding Assistance to help HRV navigate through the COVID-19 crisis. The funding, which is allocated across FY20 and FY21, ensures that service levels to the harness racing industry in Victoria can be sustained at budgeted levels and importantly means that there is no reduction in stakemoney or country club funding.

Unexpectedly, the COVID-19 lockdown period delivered some upside to turnover and race-field fees. Between 1 March and 30 June 2020 turnover on HRV races increased by 13%, pushing annual total turnover at 30 June 2020 to \$897m, only 3% lower than the prior year of \$921m, reversing some of the earlier decline in race-field fee revenues.

HRV Turnover



Net Profit/(Loss):

HRV's full year "Net Result" (before revaluations) was a loss of \$0.4m. Included in this result is \$5m in additional government funding, which helped to offset the reduction to budget in Tabcorp JV distributions and race-field fee revenues; and \$0.8m in profit generated by the partial sale (72%) of RISE to the other Australian harness state jurisdictions.

Non-cash revaluations through changes in equity of \$0.6m related to increases to valuations in HRV's investments in RISE of \$0.4m and RSN of \$0.2m.

Financial Review of Operations and Financial Conditions

Five year financial summary

	2020	2019	2018	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Tabcorp revenue	36,300	40,982	43,354	45,159	46,772
Other revenue	49,313	48,817	41,635	37,570	37,304
Total revenue	85,613	89,799	84,989	82,729	84,076
Stake money expense	(41,554)	(41,605)	(39,797)	(39,124)	(39,592)
Other operating expenses	(45,281)	(47,797)	(44,690)	(45,300)	(44,699)
Sale of assets	788	-	-	-	-
Net profit / (loss)	(434)	397	502	(1,695)	(215)
Cash assets	514	2,430	2,652	1,320	993
Total assets	87,407	90,767	81,881	81,682	82,428
Current liabilities	(22,247)	(23,666)	(22,962)	(23,136)	(20,082)
Total liabilities	(37,258)	(40,786)	(42,151)	(42,454)	(41,505)

Revenue:

- Total revenue for the year decreased 4.7% to \$85.6m, down from \$89.8m in the prior year. 67% of the Group's revenues are earned from Wagering (Tabcorp revenues, race-field fees and PoCT) which were \$57.5m, down on prior year of \$60.2m.
- Revenues from RISE represented \$1.4m in the prior year. There are no revenues relating to the RISE business in the current year Comprehensive Operating Statement due to the sale which generated \$0.8m in profit and \$1m in cash inflows for the Group.
- Tabcorp revenues declined by 11.4% or \$4.7m to \$36.3m.
- Before the impact of COVID-19, full-year Tabcorp revenues were budgeted at \$38.3m, a decline of \$2.7m. The impact of COVID-19 on HRV's Tabcorp revenues on HRV's budget was approximately \$2m.
- Race-field fees from other WSPs (such as corporate bookmakers and interstate TABs) were \$0.4m higher than prior year however were \$2.2m lower than budget mainly due to the impact of increased over-rounds as a result of the PoCT. Discussions are ongoing with the Government as to the appropriateness of the PoCT compensation, with the legislated PoCT review required to be tabled in the Victorian Parliament by December 2020.
- Grant income was up \$5.1m due the recognition of a proportion of the \$24m in COVID-19 Emergency Funding Assistance funding in FY20, which has assisted HRV in offsetting the reduction in Tabcorp revenues and race-field fee revenues.
- Revenues from Tabcorp Park Melton were significantly impacted due to the COVID-19 lockdowns introduced across Victoria. However, during the COVID-19 crisis, accommodation facilities at the venue have remained open to cater for the demand driven by local construction projects and the housing of Australian Defence Force personnel who are assisting with Victoria's COVID-19 response. Tabcorp Park has also offered a limited pick-up and delivery food service to the local Melton area, which has enjoyed moderate success.
- Before the impact of COVID-19, as at 29 February 2020, the year to date profit for Tabcorp Park Melton was \$0.1m greater than at the same time in the prior year and was on track to deliver \$0.3m in profit that could be invested back into the industry.



Expenditure:

- Expenditure was managed tightly all year and even more so since the start of the COVID-19 crisis. At the outset of the lockdowns, management implemented several operational cost savings across both HRV and Tabcorp Park Melton.
- At HRV, several FTE positions were deferred, and other discretionary expenditure was reduced. These reductions are estimated to have saved \$0.2m per month between 1 April and 30 June 2020.
- On commencement of the COVID-19 lockdown in March 2020, operational costs were significantly scaled back at Tabcorp Park Melton with most staff stood down on JobKeeper payments only.
- Total expenditure decreased to \$86.8m compared to \$89.4m in 2018-19.
- Expenses from RISE represented \$1.5m in the prior year. There are no RISE expenses in the current year Consolidated Comprehensive Operating Statement due to the sale.
- Stakemoney of \$41.6m was in line with the record stakemoney payments in the prior year, however before the COVID-19 outbreak HRV was on track to post another record in stakemoney payments with a budget of \$43.2m. This was not achieved due to the postponement of the Vicbred Super Series and APG series. The Vicbred Super Series will be run later in 2020 and the APG series will be carried over to 2021.

Balance Sheet:

- Once again HRV's strength is its Net Asset position of \$50.1m, which is underpinned by the value of the land and buildings at Tabcorp Park Melton.
- In late 2019, HRV was successful in reducing the buffer zone on the former landfill on the vacant land from 500m to 50m after several years of monitoring. In addition, the Melton City Council also approved the Cobblebank Urban Design Framework. Therefore, the land outside of the new reduced 50m buffer zone is free from any encumbrances and HRV will be able to capitalise on the commercial value of this land in coming years.
- Cash Assets at 30 June 2020 was \$0.5m, all excess cash has been applied to the Line of Credit within the Treasury Corporation Victoria (TCV) Short Term Line of Credit facility assisting HRV to reduce its interest expense.
- Current Liabilities of \$22.2m have decreased from \$23.7m on prior year with Total Liabilities over the year decreasing to \$37.3m from \$40.8m, mainly driven by the reduction in liabilities as a result of the sale of RISE.
- At 30 June 2020 total debt was \$13.7m down from \$26.2m in the prior year. This is attributable to the prepayment of a portion of the COVID-19 Emergency Funding Assistance funding, with debt levels forecast to return to circa \$28m by June 2021.

Integrity

In a continued effort to enhance the integrity of harness racing in Victoria, HRV developed and implemented several key initiatives in 2019-20.

A three-year integrity road map was developed, which identifies key action items to be achieved over the next three years. HRV also completed, submitted and received endorsement from the Victorian Racing Integrity Board for its annual plan for the next year.

The Melbourne Law School was commissioned on behalf of the University of Melbourne to conduct a world-first study in relation to measuring the effects of corrupt activity, perceptions of corrupt activity and of integrity interventions in harness racing. This study was published on 1 September 2020.

Additional online training modules were developed for the industry, which are

mandatory for all licensed persons as part of the licensing process. The training module is interactive and includes scenarios related to key integrity issues, including race fixing, sexual harassment, drug administration and race-day treatment, and deregistration of standardbreds and animal welfare.

Stewards continued to proactively conduct surveillance and inspections to prevent, deter and detect prohibited pre-race treatment of competing horses. HRV has matters pending at the Victorian Racing Tribunal as a result of the use of both physical and electronic surveillance, including the deployment of unmanned aerial vehicles (drones).

The close working relationship between HRV and the Victoria Police Sports Integrity Intelligence Unit (SIIU) continued, this resulted in a licensed

person being charged with criminal conduct emanating from a harness racing meeting, while HRV awaits the conclusion of an outcome at the County Court regarding three other licensed persons charged with criminal conduct also stemming from a harness race.

Former and current trainers, some of whom have been suspended or disqualified, continue to be utilised by HRV to discuss the impact of past rule breaches on their reputations and careers through the Integrity Matters section at thetrots.com.au, with the aim of promoting positive behaviour for participants.

Animal Welfare

HRV has continued to increase its monitoring of standardbred horses being sold at saleyards and is investigating any horse that may be presented in poor condition. It also engages with Victorian councils and the RSPCA to ensure horses that are being rehomed or sold through the sales are presented in good condition. An agreement has been put in place with Andrew Wilson and Co. to provide identification and sale results for standardbreds sold at each sale. Data is also being received on horses sold through the Pakenham horse sales. The Stewards proactively follow up the registration of all horses sold through saleyards in Victoria.

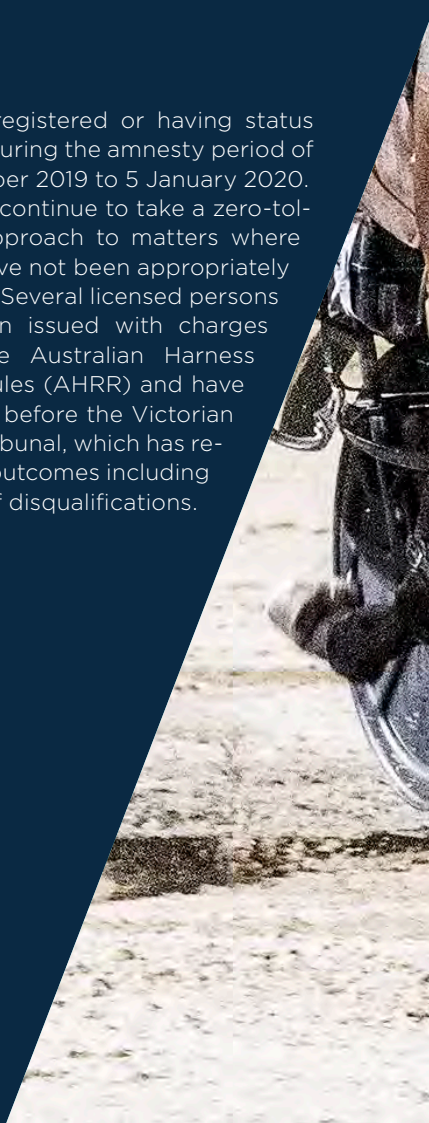
A general welfare inspection is conducted at each stable inspection with internal processes being changed so that welfare inspections are now be-

ing recorded separately to stable inspections. A welfare inspection examines each horse and the conditions in which it is housed. These inspections are conducted by the Animal Welfare Investigative Steward and a veterinarian if necessary.

During the first peak of COVID-19, HRV identified the need to have support measures in place to ensure participants could access agistment during challenging times. A register was subsequently created for agistment properties. It is anticipated this register will be a long-term initiative and will assist others in need when required.

The Harness Racing Australia (HRA) deregistration initiative was successful and involved data cleansing and increased traceability of standardbreds, with 1700 horses in Victoria

being deregistered or having status updates during the amnesty period of 11 November 2019 to 5 January 2020. Stewards continue to take a zero-tolerance approach to matters where horses have not been appropriately cared for. Several licensed persons have been issued with charges under the Australian Harness Racing Rules (AHRR) and have appeared before the Victorian Racing Tribunal, which has resulted in outcomes including periods of disqualifications.





Racing Operations

In FY20, HRV conducted 446 race meetings and 3764 races across 27 venues.

There were fewer races this year, but that can be attributed to COVID-19 restrictions, which capped race meetings at eight races of eight starters to keep our footprint small on race nights and limit the number of participants on course.

FY20 saw a 16% reduction in races with seven or fewer starters and significantly fewer races with short-priced favourites.

There were 29% fewer races with a favourite starting at \$1.30 or shorter, and 25% fewer races with a favourite starting \$1.50 or shorter. The average favourite starting price grew by 7%. All up, 605 drivers and 1006 trainers competed in FY20.

Despite the COVID-19 pandemic, stakemoney was in line with the previous year at \$41.6m. Prior to COVID-19 HRV was on track to deliver a record \$43.2m of stakemoney during FY20. This was not achieved due to the postponement of the Vicbred Super Series to the back end of 2020 and the APG series to be carried over to 2021.

The HRV Racing team had to be incredibly responsive to a fluid environment during the COVID-19 pandemic, quickly devising a successful regional based racing model and having to adjust calendars and programs to suit the horse population during a tricky period.

Racing Operations (Continued)

FY20 Racing Highlights



DEL-RE NATIONAL A.G. HUNTER CUP

King Of Swing (Rocknroll
Hanover-Twist And Twirl)
Trainer: Craig Cross
Driver: Gary Hall Jr
Owner: B V Richardson, M
A Congerton, Go Racing, K A
Hall, G L Moore, S D MacGregor,
R Patriarca, F Patriarca.
Breeder: Breckon Farms Ltd

WHAT THE HILL GREAT SOUTHERN STAR

Tornado Valley (Skyvalley-Begin)
Trainer: Andy Gath
Driver: Kate Gath
Owner: Norm Jenkin
Breeders: P L Gaugler, T M McMillan

PRIDMORE ELECTRICS LADYSHIP CUP

Belle Of Montana
Trainer: Barry Purdon
Driver: Zac Butcher
Owner: Montana Park Pty Ltd
Breeder: Croon Bloodstock Ltd

ALABAR 4YO BONANZA

Lochinvar Art (Modern Art-Ponder In Paris)
Trainer: David Moran
Driver: David Moran
Owner: Kevin Gordon
Breeders: P G Green, M M Green, M A Morris, D R Cordina

PRYDE'S EASIFEED VICTORIA OAKS FINAL

Dr Susan (Bettors Delight-Safedra)
Trainer: C T Dalgety, N Purdon
Driver: Anthony Butt
Owner: Christina Dalgety
Breeder: Christina Dalgety

DOWNBYTHESEASIDE VICTORIA DERBY FINAL

Line Up (Bettors Delight-Beach Parade)
Trainer: Anthony Butt
Driver: Anthony Butt
Owner: E & M Stride
Breeder: Woodlands Stud





BALLARAT PACING CUP

A Gs White Socks (Rock N Roll
Heaven-Atomic Gold)
Trainer: G P Hope, N M Hope
Driver: Greg Sugars
Owner: G P Hope, P G Laboyrie, P I
Baken, V M Robertson, W R Stewart, C
L Stewart, A R Pullar, B E Pullar

PRYDE'S EASIFEED VICTORIA CUP

Bling It On (American Ideal-Alldatglittersisgold)
Trainer: Craig Cross
Driver: Luke McCarthy
Owner: Fleur De Lil Trust, P M O'Shea, Z D
O'Shea, A J Fairley, S K Kilgour, H R Kaplan
Breeder: Harshell Investments Pty Ltd, K Kilgour

FATHER PATRICK @ NEVELE R STUD BREEDERS CROWN 3YO TROTting FILLIES FINAL

Liberty Stride (Muscle Hill-Jasmyns Gift)
Trainer: Phil Williamson
Driver: Anthony Butt
Owner: E & M Stride
Breeder: Beverley Williamson

ALDEBARAN PARK BREEDERS CROWN 2YO TROTting COLTS & GELDINGS FINAL

Ultimate Stride (Love You-One Over Kenny)
Trainer: Phil Williamson
Driver: Anthony Butt
Owner: E & M Stride
Breeder: L E Williams, H R Williams

WOODLANDS STUD BREEDERS CROWN 3YO PACING FILLIES FINAL

No Win No Feed (A Rocknroll Dance-Designer Rose)
Trainer: Craig Cross
Driver: Todd McCarthy
Owner: A J Sinclair, L Flanagan, J Madruga
Breeder: R J Walsh, D Walsh

WHAT THE HIL BREEDERS CROWN 3YO TROTting COLTS & GELDINGS FINAL

Kratos (Majestic Son-Hanover The Gold)
Trainer: J W Dickie, J I Dickie
Driver: Josh Dickie
Owner: M Guerin, A Guerin, J Kirk, B P M Guerin
Breeder: Margaret Lloyd

Racing Operations (Continued)

FY20 Racing Highlights



IRT BREEDERS CROWN

3YO COLTS & GELDINGS PACING FINAL

Max Delight (Bettors Delight-Lady Euthenia)

Trainer: David Aiken

Driver: Todd McCarthy

Owner: Michael Maxfield

Breeder: Peter Lewis

DOWNBYTHESEASIDE BREEDERS CROWN

2YO COLTS & GELDINGS PACING FINAL

Be Happy Mach (Mach Three-Behappysam)

Trainer: Emma Stewart

Driver: Chris Alford

Owner: T S Bunning, T Corbett, I W Delmenico, G W Armstrong,

J G Anderson, A Bensley, P J Armstrong, C Mullins

Breeder: Jetstarr Properties Pty Ltd

ALWAYS B MIKI BREEDERS CROWN

2YO PACING FILLIES FINAL

Maajida (Somebeachsomewhere-Arterial Way)

Trainer: Emma Stewart

Driver: Greg Sugars

Owner: G R Johnson, I G Johnson, L J Johnson, S J Johnson

Breeders: G R Johnson, I G Johnson, L J Johnson, S J Johnson

ALDEBARAN PARK BREEDERS CROWN

2YO TROTTING FILLIES FINAL

Im Ready Jet (Quaker Jet-Im Ready Set)

Trainer: Anton Golino

Driver: Glen Craven

Owner: Yabby Dam Farms Pty Ltd

Breeder: Yabby Dam Farms Pty Ltd

HARAS DES TROTTEURS

VICTORIA TROTTERS DERBY

Majestuso (Majestic Son-Rosemaryz Luck)

Trainer: Andy Gath

Driver: Kate Gath

Owner: Norm Jenkin

Breeder: Alabar (NZ) Ltd

VOLSTEAD

REDWOOD CLASSIC

Ultimate Stride (Love You-One Over Kenny)

Trainer: Phil Williamson

Driver: Anthony Butt

Owner: E & M Stride

Breeders: L E Williams, H R Williams



**ALWAYS B MIKI VICBRED SUPER SERIES
2YO COLTS & GELDINGS PACING FINAL**

Yejele Hammer (Somebeachsomewhere-
Pride Kept Me)

Trainer: Michael Stanley

Driver: Michael Stanley

Owners: D J Martello, S P Noonan, J Martello

Breeder: Rick Hasty

**ART MAJOR VICBRED SUPER SERIES
2YO PACING FILLIES FINAL**

Maajida (Somebeachsomewhere-Arterial Way)

Trainer: Emma Stewart

Driver: Greg Sugars

Owner: G R Johnson, I G Johnson, L J Johnson, S J Johnson

Breeders: G R Johnson, I G Johnson, L J Johnson, S J Johnson

**ROCK N ROLL HEAVEN VICBRED SUPER SERIES
4YO ENTIRES & GELDINGS PACING FINAL**

Tam Major (Art Major-Magic Z Tam)

Trainer: Emma Stewart

Driver: Chris Alford

Owners: B C Edward, V A Edward

Breeders: B C Edward, V A Edward

**ULTIMATE MACHETE VICBRED SUPER SERIES
4YO PACING MARES FINAL**

Pistol Abbey (Western Terror-Art Princess)

Trainer: Emma Stewart

Driver: David Moran

Owner: Lauriston Bloodstock Pty Ltd

Breeder: Matthew Sandblom

**BETTERTHANCHEDDAR VICBRED SUPER SERIES
3YO COLTS & GELDINGS PACING FINAL**

Out To Play (Art Major-Play Ball)

Trainer: Emma Stewart

Driver: Gavin Lang

Owners: W T C Stewart, P S Gleeson

Breeder: Peter Gleeson

**VINCENT VICBRED SUPER SERIES
3YO PACING FILLIES FINAL**

Kualoa (Art Major-Hawaiian Hottie)

Trainer: Emma Stewart

Driver: Chris Alford

Owners: B C Edward, V A Edward

Breeders: B C Edward, V A Edward

Racing Operations (Continued)

KEY INDICATORS	2020	2019	2018	2017	2016	2015	2014	2013
Meetings (TAB)	446	439	432	457	461	455	455	452
Meetings (non TAB)	1	1	1	2	2	2	1	1
Races	3,764	3,857	3,863	3,723	3,830	3,806	3,820	3,814
Horses raced	3,617	3,726	3,819	3,903	3,963	4,058	4,039	4,099
Nominations	48,627	47,713	50,360	48,777	49,051	52,987	51,531	53,344
Starters	31,971	32,324	32,902	33,081	34,129	35,239	35,698	36,843
Drivers	605	639	658	681	723	748	762	815
Trainers	1,006	1,046	1,090	1,141	1,196	1,224	1,247	1,300
Stablehands	1,126	1,085	1,154	1,168	1,174	1,206	1,219	1,271
Sires	45	69	78	67	75	72	79	81
Foals ⁽ⁱ⁾	1,646	1,790	1,784	1,908	1,848	1,865	2,215	2,359
Namings	1,125	1,185	1,145	1,178	1,295	1,440	1,466	1,508
Services	2,443	3,077	3,283	3,274	3,142	2,941	3,369	3,559

(i) Determination of foal is any Vicbred foal, regardless of birth location.

NUMBER OF RACES BY GAIT



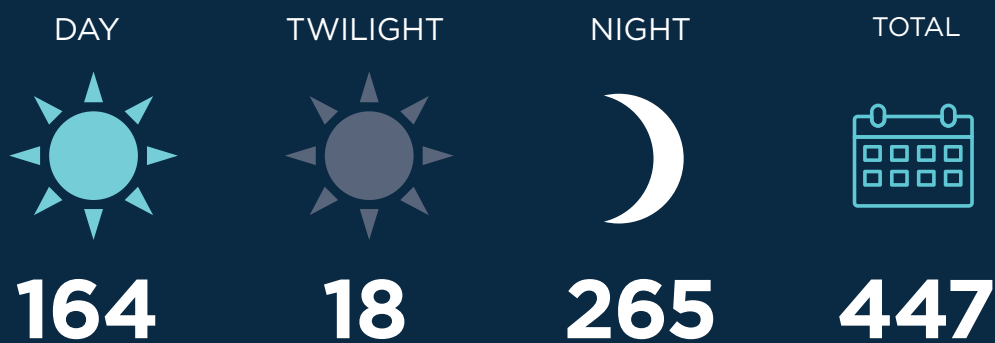
TOTAL STAKE MONEY



\$41.6M

Racing snapshot

Meetings



Races





Marketing, Media & Communications

In 2019-20, our marketing efforts focused on six pillars – media and communications, community and participation, ownership, brand, wagering and sponsorship.

The Marketing and Media/Communications team delivered editorial and promotional coverage across multiple platforms all year round, increasing marketing activity for major events such as the Summer of Glory, Breeders Crown, Vicbred Super Series and Trots Country Cups Carnivals.

Our continued focus was on engagement with existing and, importantly, new audiences using a range of digital, social media and traditional media channels, with increased emphasis on mainstream media.

In addition to engaging with racing radio station RSN regularly, we also aligned with Australia's newest racing radio broadcaster SENTrack. This gave us a platform to showcase our sport to new audiences nationally through enhanced live racing coverage and editorial and promotional content via a daily two-hour panel show Talking Trots on Track.

Further development of the Trots Vision at thetrots.com.au digital channel remained a key focus of the media and communications team and new segments The Parade Ring and TAB Previews were introduced to enhance Friday and Saturday night coverage.

The 2019 Gordon Rothacker Medal night at Crown Palladium was a highlight, with industry legend Robert 'Ginger' Gleeson honoured with HRV's highest individual honour. The Gordon Rothacker Medal is our industry's night of nights and the feedback received for the 2019 edition suggested it was one of the best in recent years.

Other marketing event highlights included the conducting of a successful inaugural Victorian Harness Racing Hall of Fame awards night at Bendigo in November, the staging of the inaugural Trots Country Cups Carnival season launch at Yarra Valley, which attracted mainstream television media coverage via Channels 7 and 10, and a Ballarat Cup barrier draw and super morning outside broadcast on RSN, which featured a live performance of our carnival song Get Set by famed Australian musician Jason Singh from Taxiride.

On the racetrack the Trots Country Cups Carnival once again provided plenty of highlights throughout Victoria. Following an extensive review of past country cup marketing strategies, we created a new campaign encompassing a range of marketing and media activations in collaboration with the country clubs.

The Summer of Glory carnival was a success across all race nights, both from a media viewpoint, with mainstream coverage via the Herald Sun and radio, and a marketing and attendance view, with strong crowds on course across all nights, though the inclement weather for the Hunter Cup and Great Southern Star event kept some at home. Our campaign tagline was 'Get Set', which was both a call to action and a teaser for unveiling our new soundtrack. The innovative Mercury80 sprint series was also run for the first time in the Summer of Glory, featuring on-track activations to engage the crowd and exciting branding. The Own the Moment VIP area at Tabcorp Park Melton was the place to be for owners during the Summer of Glory and improving the on-track owners' experience is an important priority for the marketing team.

A partnership between HRV and MiStable was formed, which was extremely well received by trainers given that improved owner communication must be a key objective to ensure the success of their businesses. This project was an important part of our ownership strategy.

The Pony Trots continue to prove popular at racetracks throughout Victoria. This year we developed a new website, which provides participants the ability to nominate online. Major sponsor Gannons Sportswear was re-signed to support the Pony Trots 2019-20 season.

Responsibility for the management of sponsorship returned to HRV in FY20 and with a new model created to better service existing partners, attract additional sponsors, and identify new revenue streams.

thetrots.com.au

Snapshot

Our website also received a significant refresh, while microsites managed by HRV were consolidated at **thetrots.com.au** to further strengthen and align our brands.

Statistics at **thetrots.com.au** were strong with annual increases across all the main metrics.

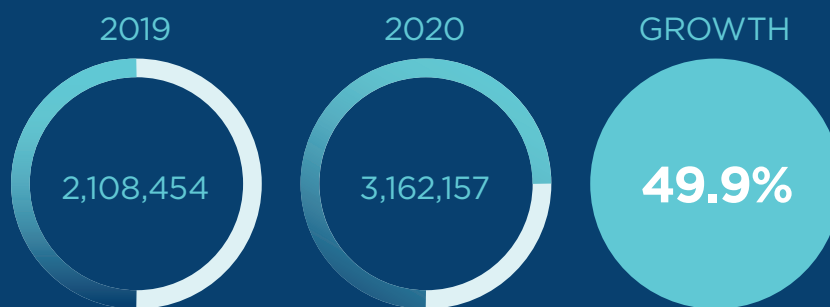
SESSIONS



USERS



PAGEVIEWS



Hero

Harness Education and Rehoming Opportunities (HERO) celebrated the internationalisation of its brand when Harness Racing New Zealand launched a dedicated standardbred re-education and rehoming program under the HERO banner in early 2020.

The exciting development underpinned HERO's position as an industry leader in the facilitation of life-after-racing opportunities for retired pacers and trotters.

A HRV initiative, and with funding support from the State Government, HERO creates pathways for standardbreds which are no longer suitable for racing due to age, injury/illness or lack of ability to move on to a second career beyond the track.

The program, now in its sixth year, has built a proud reputation on the back of best-practice training and responsible rehoming, which fulfils the broader community's equine welfare expectations.

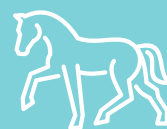
HERO's achievements in 2019/20 extended beyond re-education and placement, however, through partnerships with Victorian Agricultural Shows Limited and the Victorian Endurance Riders' Association, which provide unprecedented competition outlets for standardbred owners.

The program is also an official partner of The Naked Farmer, an innovative social media movement shining the spotlight on mental health in regional and rural areas.

The popular HERO ambassador team, comprising retired racehorses including Arden Rooney (21 wins, \$1m in stakes), Villagem (25 wins, \$626k) and Smudge Bromac (36 wins, \$460k) attended feature race meetings, media and community events to promote standardbred versatility and temperament, and life after racing.

Likewise, the program maintained broad sponsorship reach, a robust social media presence and purpose-built website (hrvhero.com.au) which fostered strong brand recognition and reinforced essential welfare messages.

HERO would like to acknowledge and thank key partners Alabar Bloodstock, DNR Logistics and Bendigo Equine Hospital for their valued ongoing support.



The program, now in its sixth year, has built a proud reputation on the back of best-practice training and responsible rehoming, which fulfils the broader community's equine welfare expectations.



People & Culture

HRV's People & Culture strategy has continued to be shaped by the organisation's change agenda. The key strategic focus in 2020 has been on creating high-performing teams supported by a diverse and inclusive culture, despite challenges that have arisen from the global COVID-19 pandemic.

HRV continues to invest in developing the skills of people in both its own workforce and the industry, supported by a focus on wellbeing, to deliver higher levels of engagement and productivity. The organisation's focus has shifted to ensuring an inclusive culture that attracts and retains the best people and which cultivates diverse views and an inclusive mindset.

COVID-19

During the COVID-19 pandemic, HRV's priority has been the welfare of its people within the workplace and the industry. The HRV Industry Assistance Program continues to provide staff and participants with support related to welfare, mental health and financial support.

Regular virtual CEO staff addresses have been conducted with workforce to ensure employees are receiving updates and support during COVID-19.

HRV staff, clubs and industry participants have been extremely adaptable during the pandemic. Employees who can work from home have done so and the transition has been extremely smooth. The industry's front-line employees and participants have adapted with the introduction of safe working practices and procedures introduced to ensure the industry continues to safely race.

Innovation

In response to COVID-19, the People & Culture team developed and implemented the Business Continuity & Planning intranet page. Ensuring that all employees had access to a central intranet portal to remain informed on updates from Business Continuity Team and People & Culture.

Developing a high-performance culture

HRV's strategy continues to drive superior business decisions, increased innovation, and a more engaged workforce. To further support this, the People & Culture team has launched a series of eLearning modules that relate to wellbeing, risk and compliance, and cyber security via our learning management system. With the support of our learning management system, the People & Culture team can create learning paths for individuals to ensure their learning development needs are successfully met based on their individual requirements.

Delivering wellbeing initiatives for our people

Employees continue to be empowered to research and recommend programs that support health and wellbeing.

While the health and wellbeing program will be implemented over several years, People & Culture is already seeing tangible results with positive feedback from employees regarding changes to lifestyle and health and fitness, along with more energy, productivity and balance in the workplace.

Developing a talent pipeline

With much invested in building talent and leadership, HRV aims to ensure its people continue to be challenged and fulfilled.

An increased focus on internal development has given employees a diverse set of career experiences and stretch projects. With a focus on employee training and development, HRV has provided additional mentoring, training and leadership experiences to accelerate learning for future leaders.

Leadership development

The development of leadership capability has continued to be a priority. A Leadership Development Program has been rolled out to leaders at all levels of the organisation. To support this, an external mentor has been assigned to HRV's Senior Leadership team to encourage effective leadership to benefit employees and industry participants in an adapting environment.

Industry Partnership

The People & Culture team has continued to support the industry club network, providing timely and accurate advice in relation to employee matters, and assisting with problem solving and mediations with the support of Trots Club Victoria.

In addition, the People & Culture team has implemented a range of industry career related incentives such as the 2020-21 Pony Trots Scholarship and creation of a career in Harness Racing Brochure in collaboration with Bendigo Harness Training Centre and Community College Gippsland.

Statement of Expectations

The period covering HRV's Ministerial Statement of Expectations from 1 January 2018 to 30 June 2019 has come to an end, with HRV implementing a number of initiatives which has led to improved administrative timelines, greater frequency of communications and a healthier interaction between HRV and industry participants.

Before the onset of the COVID-19 crisis HRV was well advanced in working with the Office of Racing to renew HRV's Ministerial Statement of Expectations. HRV's Ministerial Statement of Expectations will now be finalised after the Government's sustainability review is completed, ensuring that any recommendations coming out of this review are included in the final version of the Statement of Expectations. In the interim HRV will continue to operate in accordance with the previous Statement of Expectations.





Report of Operations

Statutory Information

In accordance with *Financial Management Act 1994*, I am pleased to present the Report of Operations for HRV for the year ending 30 June 2020.



Dale G Monteith
Chairman
7 October 2020

Objectives, Functions and Activities

HRV 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 maximises returns to our stakeholders".

Organisational Structure and Corporate Governance Arrangements

HRV is led by a seven member Board which reports to the Minister for Racing and an Executive Management Team.

Minister for Racing

The Hon. Martin Pakula, MP

Members Of Harness Racing Victoria Board

Dale G Monteith – Chairman
Dr Catherine Ainsworth – Deputy Chair
Peter Watkinson
Jane Brook
Adam Kilgour
Judy Rothacker (commenced October 2019)
Jack Anderson (commenced May 2020)
Elizabeth Clarke (ceased July 2019)
Danny Frawley (ceased September 2019)

Members of Harness Racing Victoria Executive Management Team

Dayle Brown – Chief Executive Officer
Luke Spano – Chief Financial Officer
Brent Fisher – General Manager, Integrity
Stephen Bell – General Manager, Racing
Andrew English – General Manager, Marketing
John Briffa – General Counsel & Company Secretary
Gayle Harvey – General Manager – Tabcorp Park Melton

Audit and Risk Committee

The Audit and Risk Committee consists of the following members:

David Logan (Chairman)
John Wilkinson (Independent Committee Member)
Dr Catherine Ainsworth (HRV Board Member)

The main responsibilities of the Audit and Risk Committee are to:

- Oversee and advise the HRV Board on matters of accountability and internal control affecting the operations of HRV Group 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 controls;
 - » Risk management; and
 - » Business policies and practices and compliance with applicable laws, regulations, standards and best practice guidelines;
- Review results of the annual external audit and maintain effective communication with external auditors to 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
- Assist the Board in reviewing the effectiveness of HRV's internal control environment covering:
 - » Effectiveness and efficiency of operations;
 - » Reliability of financial reporting; and
 - » Compliance with applicable laws and regulations.

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.

Comparative Workforce Data

The following table discloses the head count of all active HRV employees, employed in the last full pay period in June of the current reporting period (2020), and in the last full pay period of the previous reporting period (2019). The table also discloses the full-time equivalent (FTE) based on total working hours for the full pay period in 2020 and 2019.

	June 2020							June 2019						
	Ongoing						Casual	Ongoing						Casual
	All employees (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)		All employees (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Women	126	63	46	6	50	74	13	131	62	42	9	46	80	16
Men	133	80	68	-	68	65	12	140	77	68	1	68	71	9
Age														
15-24	35	12	7	-	7	28	5	54	18	10	-	10	44	8
25-34	54	35	30	-	30	24	5	51	36	27	-	27	24	9
35-44	46	33	29	2	30	15	3	39	28	25	2	26	12	2
45-54	48	27	22	2	23	24	4	51	29	25	3	26	23	3
55-64	51	29	23	2	24	26	4	48	24	20	5	22	23	2
65+	25	7	3	-	3	22	4	28	4	3	-	3	25	1
Function														
Executives	7	7	7	-	7	-	-	10	10	10	-	10	-	-
Management/ Professional	23	21	20	2	21	-	-	22	20	19	2	20	1	-
Administrative	21	20	19	2	20	1	-	30	26	24	4	26	2	-
Hospitality	99	50	35	2	36	62	14	107	50	27	4	28	76	22
Raceday	109	44	33	-	33	76	11	102	33	30	-	30	72	3
Total employees	259	143	114	6	118	139	25	271	139	110	10	114	151	25

Occupational Health and Safety

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

Subsequent Events

The impact of the COVID-19 pandemic, and corresponding government-imposed operating restrictions, which begun in March 2020, continues to impact the activities of the Group into the new financial year. HRV is closely monitoring and responding to this event as it develops. No other material subsequent events have occurred since balance date.

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, John Briffa. During 2019-20, there were no requests received by HRV.

Compliance with Building Act 1993

HRV 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. HRV is not a tax funded general Government service and does not adopt any pricing principles utilising a net competitive advantage. Approximately 42% of the HRV Group's Income is derived from Tabcorp Holdings Limited pursuant to a Joint Venture Agreement. Remaining revenue streams are derived from 'arms-length' business operations and government grants.

Environmental Impacts

HRV has continued to work with Clubs to identify technological options to reduce energy and greenhouse gas emissions. Examples include the use of active reactor (electronic dimming) technology, the installation of solar panelling and LED venue lighting.

The Club network and HRV continue to work together to provide the most cost effective methods of track maintenance with multiple Clubs using dust suppressants to provide an optimum cushioned surface as well as significant savings in the application of water to tracks and a relative reduction in the diesel consumption used for track machinery.

HRV in conjunction with VRIF continues to support Clubs in the upgrading of water trucks. The purpose built units complete with proficient spray systems and booms have been responsible for a significant decrease in water usage and fuel savings. Clubs also continue to maximise water storage opportunities to assist in reducing the cost of the water supplies.

Office-based environmental impacts

Participant statements are emailed opposed to being printed and sent via traditional mail which results in a dramatic reduction in the use of paper and delivered savings in postage costs. HRV has further reduced its paper usage for RAD Board hearings, if a person pleads guilty to the charge(s) on a summary basis then a summary brief can be prepared opposed to a full brief which represents a 90% reduction in paper required.

HRV has also developed online forms for transfer of ownership and licence renewals further reducing the reliance on paper. Furthermore, participants are offered a discount off their licence fee if they renew online. In 2020-21 HRV will transition more paper-based forms online in an effort to reduce the environmental impact.



Protected Disclosures Act 2012

HRV is committed to the aims and objectives of the Protected Disclosures Act 2012 (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.

HRV 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.

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 HRV 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 discloser 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 (VIPPA), 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 VIPPA in all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

There were no contracts **commenced** in 2019-20 to which VIPPA applied.
There were no contracts **completed** in 2019-20 to which VIPPA applied.

Consultancies

During the year, HRV had three consultancies that cost in excess of \$10,000 excluding GST. The total expenditure incurred during 2019-20 in relation to these consultancies is \$48,400 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose Of Consultancy	Total Approved Project Fee	Expenditure 2019-20 (Excluding GST)	Future Expenditure (Excluding GST)
Benestar	Industry Assistance Program	25,900	25,900	-
Gemba	Breeding Research and Strategy	22,500	22,500	-

Additional Information Available On Request

In compliance with the requirements of the Ministerial Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by HRV and are available to the relevant Ministers, Members of Parliament and the public on request, subject to the provisions of the *Freedom of Information Act 1982*.

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

Attestation for compliance with Ministerial Standing Direction 5.1.4

Harness Racing Victoria Financial Management Compliance Attestation Statement

I, Dale G Monteith, on behalf the Board, certify that Harness Racing Victoria has complied with the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions.



Dale G Monteith
Chairman
Harness Racing Victoria
7 October 2020

DISCLOSURE INDEX

The annual report of HRV is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of HRV's compliance with statutory disclosure requirements.

<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
Ministerial Directions & Financial Reporting Directions		
Report of operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	40
FRD 22H	Purpose, functions, powers and duties	40
FRD 8D	Departmental objectives, indicators and outputs	28
FRD 22H	Key initiatives and projects	10-21
FRD 22H	Nature and range of services provided	40-53
Management and structure		
FRD 22H	Organisational structure	28
Financial and other information		
FRD 8D	Performance against output performance measures	10-13
FRD 8D	Budget portfolio outcomes	26-27
FRD 10A	Disclosure index	34-35
FRD 12B	Disclosure of major contracts	30
FRD 15E	Executive officer disclosures	73
FRD 22H	Employment and conduct principles	29
FRD 22H	Occupational health and safety policy	30
FRD 22H	Summary of the financial results for the year	12
FRD 22H	Significant changes in financial position during the year	12
FRD 22H	Major changes or factors affecting performance	10
FRD 22H	Subsequent events	30
FRD 22H	Application and operation of Freedom of Information Act 1982	30
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	30
FRD 22H	Statement on National Competition Policy	30
FRD 22H	Application and operation of the Protected Disclosure Act 2012	32
FRD 22H	Details of consultancies over \$10 000	33
FRD 22H	Disclosure of ICT expenditure	55
FRD 22H	Statement of availability of other information	33
FRD 24C	Reporting of office based environmental impacts	30
FRD 25C	Victorian Industry Participation Policy disclosures	32
FRD 29C	Workforce Data disclosures	29
SD 5.2	Specific requirements under Standing Direction 5.2	88

<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
Ministerial Directions & Financial Reporting Directions		
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SD 5.2.3	Declaration in report of operations	89
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Declaration		
SD 5.2.2	Declaration in financial statements	88
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	36-87
SD 5.2.1(a)	Compliance with Ministerial Directions	36-87
SD 5.2.1(b)	Compliance with Model Financial Report	36-87
Other disclosures as required by FRDs in notes to the financial statements (a)		
FRD B	Departmental Disclosure of Administered Assets and Liabilities by Activity	72-75
FRD 11A	Disclosure of Ex gratia Expenses	65
FRD 13	Disclosure of Parliamentary Appropriations	39 & 77
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	76
FRD 103H	Non Financial Physical Assets	44
FRD 110A	Cash Flow Statements	39 & 77
FRD 112D	Defined Benefit Superannuation Obligations	76

Note: (a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.

Legislation

Freedom of Information Act 1982

Building Act 1993

Protected Disclosure Act 2012

Carers Recognition Act 2012

Victorian Industry Participation Policy Act 2003

Financial Management Act 1994

CONSOLIDATED COMPREHENSIVE OPERATING STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Notes	Consolidated Entity		Parent Entity	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
CONTINUING OPERATIONS					
INCOME FROM TRANSACTIONS					
Tabcorp income		36,300	40,982	36,300	40,982
Other revenue		49,313	48,817	38,138	34,016
Total income from transactions	2	85,613	89,799	74,438	74,998
EXPENSES FROM TRANSACTIONS					
Stakemoney expense		(41,554)	(41,605)	(41,554)	(41,605)
Employee benefits		(14,804)	(15,838)	(10,958)	(10,329)
Depreciation and amortisation expense		(2,293)	(2,272)	(1,870)	(1,786)
Finance costs		(308)	(582)	(308)	(589)
Other operating expenses		(27,779)	(29,162)	(20,576)	(19,927)
Total expenses from transactions	2	(86,738)	(89,459)	(75,266)	(74,236)
Net result from transactions (net operating balance)		(1,125)	340	(828)	762
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT					
Loss allowance		(15)	94	(11)	27
Loss arising from revaluation of long service leave liability		(82)	(37)	(67)	(40)
Gain/(Loss) on sale of RISE	2(a)	788	-	788	-
Total other economic flows included in net result		691	57	710	(13)
Net result		(434)	397	(118)	749
OTHER ECONOMIC FLOWS - CHANGES IN EQUITY					
Changes in revaluation reserve	17	607	9,853	607	9,853
Total other economic flows - movement in equity		607	9,853	607	9,853
Comprehensive result		173	10,250	489	10,602

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020

		Consolidated Entity		Parent Entity	
	Notes	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents	23(a)	514	2,430	422	1,300
Receivables	4	5,624	6,622	5,207	5,898
Inventories	6	68	110	-	
Other assets	5	1,414	1,183	1,149	899
Total current assets		7,620	10,345	6,778	8,097
NON CURRENT ASSETS					
Property, plant and equipment	8	77,251	78,433	76,756	77,787
Right of use assets	7	208	-	185	-
Receivables	4	-	-	6,355	5,571
Investments	9	1,907	1,237	1,907	1,454
Intangible assets	10	421	752	-	-
Total non-current assets		79,787	80,422	85,203	84,812
TOTAL ASSETS		87,407	90,767	91,981	92,909
CURRENT LIABILITIES					
Payables	11	6,917	6,593	8,595	6,663
Provisions	12	2,578	2,778	2,320	2,282
Interest bearing liabilities	13	556	11,552	556	11,552
Non-interest bearing liabilities	14	139	-	131	-
Prepaid income	15	9,961	664	9,917	388
Other liabilities	16	2,096	2,079	2,090	2,085
Total current liabilities		22,247	23,666	23,609	22,970
NON CURRENT LIABILITIES					
Interest bearing liabilities	13	13,154	14,615	13,154	14,615
Right of use assets	14	55	-	55	-
Prepaid income	15	468	702	468	702
Provisions	12	322	249	237	111
Other liabilities	16	1,012	1,549	1,012	1,554
Total non-current liabilities		15,011	17,115	14,926	16,982
TOTAL LIABILITIES		37,258	40,781	38,535	39,952
NET ASSETS		50,149	49,976	53,446	52,957
EQUITY					
Contributed capital		9,174	9,174	9,174	9,174
Reserves	18	40,350	39,743	40,350	39,743
Accumulated surplus		625	1,059	3,922	4,040
TOTAL EQUITY		50,149	49,976	53,446	52,957

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

<i>Consolidated Entity</i>	Reserves	Accumulated Surplus	Contributed Capital	Total
	\$'000	\$'000	\$'000	\$'000
Notes	17			
Balance at 1 July 2018	29,889	667	9,174	39,730
Net result for the year	-	397	-	397
Other comprehensive income for the year	9,854	(5)	-	9,849
Balance at 30 June 2019	39,743	1,059	9,174	49,976
Net result for the year	-	(434)	-	(434)
Other comprehensive income for the year	607	-	-	607
Balance at 30 June 2020	40,350	625	9,174	50,149

<i>Parent Entity</i>	Reserves	Accumulated surplus	Contributed capital	Total
	\$'000	\$'000	\$'000	\$'000
Notes	17			
Balance at 1 July 2018	29,889	3,291	9,174	42,354
Net result for the year	-	749	-	749
Other comprehensive income for the year	9,854	-	-	9,854
Balance at 30 June 2019	39,743	4,040	9,174	52,957
Net result for the year	-	(118)	-	(118)
Other comprehensive income for the year	607	-	-	607
Balance at 30 June 2020	40,350	3,922	9,174	53,446

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Notes	Consolidated Entity		Parent Entity	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from operating activities					
Receipts from operations		97,169	88,500	85,852	73,521
Payments to suppliers, employees & industry		(84,609)	(85,837)	(72,401)	(71,243)
Interest received		-	(7)	-	-
Interest paid		(318)	(582)	(307)	(589)
Net cash from / (used in) operating activities	23(b)	12,242	2,074	13,144	1,689
Cash flows from investing activities					
Payments for property, plant and equipment		(1,242)	(1,469)	(1,106)	(1,008)
Net cash used in investing activities		(1,242)	(1,469)	(1,106)	(1,008)
Cash flows from financing activities					
Repayment of lease liabilities (principal)		(185)	-	(185)	-
Proceeds from return of capital of investments		(273)	-	(273)	130
Repayment of interest bearing liabilities		(12,458)	(827)	(12,458)	(827)
Proceeds of non-interest bearing liabilities		-	-	-	(300)
Net cash used in financing activities		(12,916)	(827)	(12,916)	(997)
Net increase / (decrease) in cash and cash equivalents held		(1,916)	(222)	(878)	(316)
Cash and cash equivalents at the beginning of the financial year		2,430	2,652	1,300	1,616
Cash and cash equivalents at the end of the financial year	23(a)	514	2,430	422	1,300

The accompanying notes form part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following explains the significant accounting policies that have been adopted in the preparation of these consolidated financial statements by HRV ("the Parent entity") as an individual entity and the consolidated entity of the Parent and its Subsidiaries (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 and Melton Entertainment Trust. HRV Management Ltd acts as the corporate trustee of the Melton Entertainment Trust, the sole beneficiary of which is the Parent entity.

During the 2019/20 year, the Parent entity's ownership of the wholly owned subsidiary Racing Information Services Enterprise Pty Ltd or 'RISE' decreased by 71% following a sale of shares. This change in control resulted in a removal of the entity from consolidation reporting in 2019/20 year, with the prior year reporting presenting the entity as a wholly owned subsidiary.

Furthermore, the Group was impacted this financial year by the COVID-19 pandemic with the Group's activities affected by the government enacted restrictions. The Group has received government support, including a grant to continue supporting the industry at pre-COVID levels. The Group is expecting this event to continue to affect the future financial year.

Its principal address and registered office is:
Harness Racing Victoria
400 Epsom Road
Flemington VIC 3031

(b) Changes in accounting policies

During the 2019/20 year, AASB 15 *Revenue from Contracts with Customers*, AASB1058 *Income of Not-for-Profit Entities* and AASB 16 Leases were adopted by HRV group entities.

HRV has applied AASB 15 to contracts with customers that are enforceable with sufficiently specific performance obligations. As required by AASB 15, HRV disclosed contracts with customers separately from other sources of revenue.

In accordance with AASB 15, the Group has applied the modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Group has applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

The Group has not restated comparative information in relation to the AASB 15 and AASB 1058 adoption. The adoption of AASB 15 and AASB 1058 did not have a material impact on the recognition of revenue.

The Group has adopted AASB 16 Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2019 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low value leases) recognised as operating leases under AASB 117 Leases where the Group is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right of use assets for equipment was measured at its carrying amount as if AASB 16 had been applied since the commencement date, but discounted using the Group's weighted average incremental borrowing rate on 1 July 2019.

The right of use assets for the remaining leases was measured and recognised in the consolidated statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid and accrued lease payments previously recognised at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate
- applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4

Please refer to Note 13 for further information on the impact of AASB 16 implementation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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.

(d) Basis of accounting preparation and measurement

These financial statements are general purpose financial statements which have been prepared on an accruals basis in accordance with the **Financial Management Act 1994** ("FMA"), and applicable Australian Accounting Standards ("AAS"), which include Interpretations, issued by the Australian Accounting Standards Board ("AASB").

Where applicable, those AAS paragraphs applicable to not-for-profit entities have been applied. The financial statements were formally authorised for issue by the HRV Board on 7 October 2020.

The financial statements have 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.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the HRV's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(t).

The accruals basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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 2020 and the comparative information presented for the year ended 30 June 2019.

(e) 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 2020. 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.

In accordance with AASB 10 Consolidated Financial Statements, the sale of the wholly owned subsidiary RISE resulted in a loss of control and deconsolidation in the 2019/20 year. The remaining ownership in RISE held by the Parent entity, is reported as a financial investment at fair value. The net loss on deconsolidation is reported in the Comprehensive Operating Statements.

(f) Scope and presentation of financial statements

Comprehensive Operating Statement

Income and expenses in the Comprehensive Operating Statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of Financial Statements.

'Transactions' and 'other economic flows' are defined by the Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 Cat. No. 5514.0 published by the Australian Bureau of Statistics.

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Scope and presentation of financial statements (continued)

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

The net result is equivalent to profit or loss derived in accordance with AASBs.

Consolidated Balance Sheet

The classification between current and non-current is determined with reference to the operating cycle of HRV, which is presumed to be 12 months, even when they are not expected to be realised and settled within 12 months from reporting date. An exception to this is when HRV does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date, in which case, the liability would be classified as current.

Consolidated Statement of Changes in Equity

The Consolidated Statement of Changes in Equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Consolidated Cash Flow Statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

Rounding of Amounts

Amounts in the financial statements (including the notes) have been rounded to the nearest thousand dollars, unless otherwise stated.

(g) 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 consolidated financial statements for events which occur after the reporting date and before the date the consolidated financial statements are authorised for issue, where those events provide information about conditions that existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the consolidated financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent reporting periods.

(h) 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 as 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.

(i) Income from transactions

In accordance with the requirements of AASB 15 Revenue from Contracts with Customers, the Group's revenue shall be recognised when the Group satisfies a performance obligation by transferring a promised good or service to a customer. In instances where the performance obligation is satisfied over time, the Group has recognised revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The method of measuring the progress has been consistently applied for each performance obligation satisfied over time based on similar performance obligations and similar circumstances. At the end of this reporting period, the Group has remeasured its progress towards complete satisfaction of each performance obligation satisfied over time. Instances where the performance obligation is not satisfied over time, the Group has recognised revenue at the point in time at which the customer obtains control of a promised asset

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Income from transactions (continued)

and the performance obligation is satisfied. When recognising the amount, the Group has considered the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component, non-cash considerations, and consideration payable to a customer

Income is recognised for the major business activities as follows:

- Tabcorp Distributions are brought to account in the financial year that such amounts are earned by the Group.
- Fees charged to wagering service providers 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 Income 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 income 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 final series is conducted when they are brought to account in the Consolidated Comprehensive Operating Statement as revenue. Fees and contributions received prior to 30 June 2020, for futurity series to be conducted in 2020-21 are brought to account as a current liability. Fees and contributions received for series to be run after 30 June 2021 have been recorded as a non-current liability.
- Gaming commission income is recognised when the right to receive the income has been established, generally on a daily basis based on the share of entitlement of gaming expenditure by customers.
- Hotel room rental income is recognised on each night of guest stay.
- Function income is recognised when it is earned (generally when the event is hosted).
- Food, beverage and sale of goods income 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.

- Grants from third parties (other than contribution by owners) are recognised as income in the reporting period in which they are received or become receivable. Where sufficiently specific performance obligations are not met, the income is deferred.
- Amounts received but not earned at year end are recognised as unearned revenue in the Balance Sheet.

(j) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Grants and other payments

Grants and other payments to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or become payable.

Stakemoney payments

Stakemoney expense is recognised in the reporting period in which the race is conducted.

Employee benefits

Employee benefit expenses include all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, redundancy payments and work cover premiums. These are recognised when incurred, except for contributions in respect of defined benefits plans. Employer superannuation expenses in relation to employees who are members of defined benefit superannuation plans are described below.

Superannuation – State superannuation defined benefit plans

The amount recognised in the consolidated Comprehensive Operating Statement in relation to employer contributions for members of defined benefit superannuation plans is simply the employer contributions that are paid or payable to these plans during the reporting period. The level of these contributions will vary depending upon the relevant rules of each plan, and is based upon actuarial advice.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements recognises on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans. DTF's Annual Financial Statements contains more detailed disclosures in relation to these plans.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Expenses from transactions (continued)

Depreciation and amortisation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land, and including right of use assets. 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 methods are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

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

- Buildings (40 years);
- Building Improvements (40 years);
- Track (25 years);
- Plant & Equipment:
 - Motor Vehicles (5-14 years);
 - Computers & Computer Equipment (3-5 years);
 - Furniture & Fittings (2-10 years);
 - Equipment (3-20 years);
 - Library (8 years);
 - Timing & Photo Finish Equipment (10 years);
 - Office Improvements (7 years);
 - Roads (40 years); and
 - Software (3-10 years).

Intangible assets with finite useful lives are amortised as an expense on a systematic (typically straight line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

Interest expense

Interest expense is 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; and
- The increase in financial liabilities and non employee provisions due to the unwinding of discounts to reflect the passage of time.

Other operating expenses

Other operating expenses generally represent the day to day running costs incurred in normal operations.

Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Loss allowance

Loss allowance for financial assets are assessed on a regular basis. Those loss allowances considered as written off by mutual consent are classified as a transaction expense. Loss allowances not written off by mutual consent which are loss allowances provided against receivables are classified as "other economic flows" in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

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 non-financial assets

Goodwill and intangible assets not yet available for use or with indefinite useful lives are tested annually for impairment (as described below) 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;
- Investment properties that are measured at fair value; and
- Non current physical 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 as another economic flow, except to the extent that the write down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in the prior years.

It is deemed that, in the event of the loss or destruction 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. 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.

Net gain / (loss) on financial instruments

Net gain / (loss) on financial instruments includes:

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost;
- Disposals of financial assets.

(k) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Group's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

From 1 July 2019, the Group applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Financial assets at amortised cost

Financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, financial assets are measured at amortised cost using the effective interest method, less any impairment.

The financial assets at amortised cost category includes cash and deposits (refer to Note 1(l)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments 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.

Financial instrument liabilities measured at amortised cost include all payables (excluding statutory payables) and borrowings (including finance lease liabilities).

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated Balance Sheet when, and only when, the Group has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(l) Assets

All assets controlled by the Group are reported in the consolidated Balance Sheet.

Cash and cash equivalents

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For consolidated Cash Flow Statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as interest bearing liabilities on the consolidated Balance Sheet.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Assets (continued)

Receivables

Receivables consist of statutory receivables, which include GST input tax credits recoverable; and contractual receivables, which include mainly debtors in relation to goods and services, loans to third parties and accrued investment income.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

All receivables are recognised initially at fair value plus any directly attributable transaction costs. Contractual receivables are subsequently measured at amortised cost less any impairment.

The Group applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Contractual receivables have been grouped on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Group's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

Investments and other financial assets

Investments are recognised and de recognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss; and
- Financial instruments at fair value through comprehensive income.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. Any dividend or interest earned on the financial asset is recognised in the consolidated Comprehensive Operating Statement as a transaction.

The Group assesses at each end of the reporting period whether a financial asset or group of financial assets is impaired. The Group's financial asset instruments includes: cash and deposits, loans and other receivables and investment in Radio 3UZ unit trust.

Investment in Radio 3UZ unit trust

The Group's investment in Radio 3UZ unit trust consists of an 18% unit holding in this trust, which fully owns all of the issued shares in 3UZ Pty Ltd. 3UZ Pty Ltd, operates commercial radio station Radio Sport National, formerly Sport 927, and a network of regional relay stations. The investment in Radio 3UZ unit trust has been recognised at fair value through comprehensive income as required by AASB 9 Financial Instruments.

As Radio 3UZ unit trust is an unlisted trust and its units are not readily traded in an open market, an independent valuation has been obtained as at 30 June 2020. The independent valuation provided an indicative valuation range for the Radio 3UZ unit trust of between \$7.5m and \$8.5m. The investment has been brought to account based on 18% of the valuation mid-point of \$7.9m.

Investment in RISE

The Group's investment in RISE consists of a 29% ownership, which is owned through issued shares. RISE operates data and systems services for the Australian Harness Racing industry. The investment is recognised at fair value through comprehensive income as required by AASB 9 Financial Instruments.

RISE is an unlisted proprietary limited company and its shares are not readily traded in an open market, so an independent valuation was determined at the time of the investment and change in ownership in February 2020.

Details in relation to investments are disclosed in Note 8.

Financial assets at amortised cost

Term deposits with maturity greater than three months, trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

Under AASB 9, all trade receivables, loans and other receivables as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach. For other loans and receivables, the Group applies the AASB 9 simplified approach to measure expected credit losses based on the change in the expected credit losses over the life of the asset.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Assets (continued)

- The right to receive cash flows from the asset have expired; or
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Impairment of financial assets

From 1 July 2019, the Group has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Group's contractual and statutory receivables.

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial assets, except those measured at fair value through the consolidated Comprehensive Operating Statement, are subject to annual review for impairment.

The Group applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates.

Contractual receivables have been grouped on the basis of shared credit risk characteristics and days past due and select the expected credit loss rate based on the Group's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a loss allowance is recognised when there is objective evidence that the debts may not be collected and loss allowances are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Loss allowances considered as written off by mutual consent.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

Property, plant and equipment

Land and buildings are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

The fair value of plant and equipment is normally determined by reference to the asset's depreciated replacement cost. Existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned. 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 consolidated Comprehensive Operating Statement during the reporting period in which they are incurred.

Revaluations of non current physical assets

After initial recognition, non current physical assets are measured at fair value in accordance with the Financial Reporting Directions (FRDs) issued by the Assistant Treasurer. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations. Any interim revaluations are determined in accordance with the requirements of the FRDs. Annual assessments are undertaken to determine if any material movement has occurred.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Assets (continued)

recognised in "other economic flows – other movements in equity" and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised immediately as other economic flows in the net result, except that the net revaluation decrease is recognised in "other economic flows – other movements in equity" to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

The net revaluation decrease recognised in "other economic flows – other movements in equity" reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and 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. Any asset revaluation surplus is not normally transferred to accumulated funds on de-recognition of the relevant asset.

The capitalisation threshold for non-current physical assets is \$1,000 (excluding GST). The threshold applies to each individual item acquired or constructed. Non-current physical assets with a purchase price and associated costs of acquisition of \$1,000 (excluding GST) and over, are to be capitalised.

Items with a purchase price and associated costs of acquiring the item of less than \$1,000 (excluding GST), are not capitalised but are written off as an expense as acquired.

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 acquirer'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.

Gaming machine entitlements

Intangible assets represent identifiable non-monetary assets without physical substance such as licences, patents,

trademarks, and computer software and development costs (where applicable). In the case of the Trust, intangibles are limited to the amount paid to acquire gaming machine entitlements.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is allocated to intangible assets with finite useful lives on a straight-line basis over the asset's useful life. The useful life of the gaming machine entitlements is August 2012 to August 2022. The amortisation rate used is 10%. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

The value of gaming machine entitlements which are disclosed as an intangible asset have been brought to account based on the historical cost of payments made up to reporting date and the net present value of future payments which are required under the purchase arrangements.

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.

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Liabilities

Payables

Payables consist of:

- Contractual payables, such as accounts payable. Accounts payable 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 in respect of the purchase of those goods and services;
- Statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer Note 1(k)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Interest bearing liabilities

Interest bearing liabilities are initially measured at fair value, being the cost of the interest bearing liabilities, 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 net result over the period of the interest bearing liability using the effective interest rate method.

Unearned Revenue

Monies and deposits received in respect of sponsorships and future bookings are recognised as unearned revenue in the Balance Sheet as the Group is required to provide the service to clients after balance date.

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 liability is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rates that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third

party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Gaming machine entitlements

Gaming machine entitlements liability has been brought to account based on the present value of future payments which are required under the purchase arrangements.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date. HRV has applied AASB 119 Employee benefits.

The standard changed the definition of short-term employee benefits. Short term employee benefits are defined as benefits expected to be wholly settled within twelve months after the end of the reporting period in which the employees render the related service.

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be wholly settled within 12 months of the reporting period are measured at their nominal values.

Those liabilities that are not expected to be wholly settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are wholly settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

Liability for long service leave ("LSL") is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the consolidated financial statements as a current liability, even where the Group does not expect to wholly settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Nominal value-component that the Group expects to wholly settle within 12 months; and
- Present value-component that the Group does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the en-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Liabilities (continued)

titlement until the employee has completed the requisite years of service.

The non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow – other movements in equity'.

(iii) Employee benefits on-costs

Employee benefits on-costs such as payroll tax, workers compensation and superannuation 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 the end of the reporting period are discounted to present value.

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.

Other liabilities

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 consolidated Comprehensive Operating Statement as revenue. Fees and contributions received prior to 30 June 2020, for futurity series to be conducted in 2020-21 are brought to account as a current liability. Fees and contributions received for series to be run after 30 June 2021 have been recorded as a non-current liability.

(n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether:

- (a) The contract involves the use of an identified asset – The asset may be explicitly or implicitly specified in the contract. A capacity portion of larger assets is considered an identified asset if the portion is physically distinct or if the portion represents substantially all of the capacity of the asset. The asset is not considered an identified asset, if the supplier has the substantive right to substitute the asset throughout the period of use.
- (b) The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- (c) The customer has the right to direct the use of the asset throughout the period of use only if either:
 - (i) The customer has the right to direct how and for what purpose the identified asset is used throughout the period of use; or
 - (ii) The relevant decisions about how and for what purposes the asset is used is predetermined and the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Right-of-use asset

A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease Liability

A lease liability is initially measured at the present value of unpaid lease payments at the commencement date of the lease. To calculate the present value, the unpaid lease payments are discounted using the interest rate implicit in the lease if the rate is readily determinable. If the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate at the commencement date of the lease is used. Lease payments included in the measurement of lease liabilities comprise:

- (a) Fixed payments, including in-substance fixed payments;
- (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments varying on account of changes in CPI);

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leases (continued)

- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently, the lease liability is measured at amortised cost using the effective interest rate method resulting in interest expense being recognised as a borrowing cost in the consolidated income statement. The lease liability is remeasured when there are changes in future lease payments arising from a change in an index or rate with a corresponding adjustment to the right-of-use asset. Other situations will lead to a remeasurement including a change in a lease term. The adjustment amount is factored into depreciation of the right-of-use asset prospectively.

(i) The Group as a lessee

The Group leases include property, IT equipment and motor vehicles. The lease contracts are typically for fixed periods of 1-5 years with an option to renew the lease after that date. The leases of IT equipment with contract terms of 1-3 years are either short-term and/or leases of low value items. The leases of motor vehicles are typically for fixed periods of 1-2 years with an option to renew the lease after that date. The Group has elected not to recognise right-of-use assets and lease liabilities for these 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 is recognised on a straight-line basis over the term of the relevant lease.

(o) Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources. Commitments are disclosed at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

(p) Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(q) Country Club contributions to stakemoney

Country Club contributions to stakemoney are brought to account as revenue in the consolidated Comprehensive Operating Statement. These amounts are then distributed as stakemoney, which is recognised as an expense in the consolidated Comprehensive Operating Statement.

(r) Foreign currency translation and balances

Functional and presentation currency
Items included in the consolidated 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.

Transaction and balances

The Group utilises a New Zealand bank account for the purpose of collecting Futurities income from New Zealand owners and breeders. All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

Exchange differences arising on the translation of monetary items are recognised in "other economic flows - other movements in equity" in the consolidated Comprehensive Operating Statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

(s) Income Tax

The Parent entity is Income Tax Exempt.
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 assumptions

In the application of AASBs, judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Critical accounting estimates and assumptions (continued)

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASBs that have significant effects on the consolidated financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the consolidated financial statements.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The financial report is presented in Australian dollars (HRV's presentation currency), which is also its functional currency.

Estimates and judgements 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 be 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 impaired in this financial period.

Impairment of goodwill

The factors used are outlined in Note 9 of the consolidated 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.

Valuation of investment in Radio 3UZ unit trust and RISE

The factors considered are outlined in Note 8 of the consolidated financial statements.

Impact of COVID-19 pandemic

This financial year the COVID-19 pandemic event has impacted the Group and therefore this has been considered where judgements, estimates and assumptions have been made through the reporting. Where management has found a direct and material impact, that impact has been outlined within that corresponding note.

(u) AASBs issued that are not yet effective

Certain new AASBs have been published that are not mandatory for the 30 June 2020 reporting period. Management assesses the impact of all these new standards and measures their applicability and early adoption where applicable. As at 30 June 2020, there are no new standards and interpretations that are applicable to the Group. Standards and Interpretations that are not applicable to the Group have been omitted.

(v) Equity

Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

(w) Going concern

Notwithstanding the net current liability position as at 30 June 2020 of \$16.832m (2019 - \$12.449m) for HRV (the consolidated entity) and \$14.627m (2019 - \$12.724m) for the authority (parent entity), the financial report is prepared on a going concern basis. The Board believes the going concern basis is appropriate, based on the following factors:

- Harness Racing Victoria ('HRV') has a total of \$41.615m unsecured loan facility available from Treasury Corporation Victoria ('TCV') (including a short-term variable line of credit facility of \$30.0m). As at 30 June 2020, only \$13.710 million (2019: \$26.995 million) was drawn down and recorded as liability, with \$29.444 million available to HRV as unused funding facility.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Going concern (continued)

- The Treasurer has provided an irrevocable and unconditional guarantee of up to \$43.9 million that guarantees TCV the due and punctual payment of obligations as set out in the loan agreement if HRV are unable to meet its loan repayment obligations. This guarantee remains in full force and effect until all monies due and payable or contingently due or liable to be paid have been paid or satisfied in full.
- HRV has received \$4m in revenue in relation to COVID-19 pandemic support, with a further \$20m in revenue agreed for the first half of 2020-21 financial year. This grant recognises the impact COVID-19 has on HRV and the activities that are undertaken to support the overall Victorian harness racing industry.
- During 2019-20, the consolidated entity recorded a loss of \$0.434m (2019: profit of \$0.397m) and generated positive cash inflows from operating activities of \$12.634m (2019: cash inflows of \$2.074m) largely as a result of prepaid grant revenues, however the Group also implemented other initiatives to improve revenues, operational profitability and cash flow.

These factors provide the Board with assurance and comfort that the going concern basis is appropriate for HRV in the preparation of this financial report.

NOTE 2. INCOME AND EXPENSES FROM TRANSACTIONS

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
The consolidated Comprehensive Operating Statement consists of the following income and expense items:				
Income				
Tabcorp income	36,300	40,982	36,300	40,982
Other income				
Racefield fees	18,216	17,829	18,216	17,829
Point of consumption tax	3,009	1,429	3,009	1,429
Registered bookmakers fees	5	8	5	8
Gaming commission	5,906	7,471	-	-
Food & beverage	3,412	4,523	-	-
Accommodation	1,046	1,325	-	-
Other venue revenue	272	370	-	-
Sponsorship, advertising & events	1,366	1,785	888	1,124
RISE IT charges	-	1,453	-	-
Grants	11,130	6,031	10,404	5,879
Registration & licensing fees	1,265	1,323	1,265	1,323
Raceday fees	297	348	297	348
Fines & appeals	202	202	202	202
Country Club contributions to stakemoney	483	678	483	678
Futurities income:				
- Vicbred	696	710	696	710
- Breeders Crown	1,173	1,098	1,173	1,098
- Race series subsidies	70	721	70	721
Property	-	-	364	706
Industry programs	7	98	7	98
Management & service fee	158	87	475	636
Other revenue	600	1,328	584	1,227
Total other revenue	49,313	48,817	38,138	34,016
Total income	85,613	89,799	74,438	74,998

NOTE 2. INCOME AND EXPENSES FROM TRANSACTIONS (CONTINUED)

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Expenses				
Stakemoney				
Metropolitan stakes	15,527	15,580	15,527	15,580
Country stakes	21,450	21,395	21,450	21,395
Drivers fees	13	11	13	11
Vicbred win bonuses	3,857	3,671	3,857	3,671
Vicbred breeder bonuses	707	948	707	948
Total stakemoney	41,554	41,605	41,554	41,605
Employee benefits				
Post employee benefits				
Defined contribution superannuation expense	1,173	1,182	835	750
Defined benefits superannuation expense	32	24	32	24
Salaries, wages and long service leave	13,599	14,669	10,091	9,595
Employee benefits	14,804	15,875	10,958	10,369
Depreciation and amortisation expense (refer Note 7 and 9)	2,293	2,272	1,870	1,786
Finance costs	308	582	308	589
Other operating expenses				
Country club funding	5,818	5,254	5,818	5,254
Marketing & sponsorship expenses	1,595	2,687	821	1,204
Vision & audio	3,144	3,226	3,144	3,226
Property costs	2,542	2,661	961	997
Development fund (refer Note 18)	674	962	674	962
Gaming costs	3,043	3,907	-	-
Cost of goods sold	1,095	1,511	-	-
Fields & form comments	742	1,105	742	1,105
Swabs	787	955	787	955
Timing & photo finish	23	41	23	41
Registration	675	688	675	688
Integrity & licensing	843	265	843	265
Communication costs	88	133	44	87
Computer costs	703	717	648	636
Training facilities	40	40	40	40
Insurance	1,081	940	1,051	913
Consulting / legal fees	937	457	927	427
Interest on lease liabilities	1	-	1	-
Operating expenses	3,948	3,613	3,377	3,127
Total other expenses	27,779	29,162	20,576	19,927
Total expenses from transactions	86,738	89,459	75,266	74,236

NOTE 2(A). PROFIT / (LOSS) ON SALE OF ASSETS

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Gross proceeds	942	-	942	-
Carrying amount of assets disposed	(154)	-	(154)	-
Profit / (loss) on sale of assets	788	-	788	-

NOTE 3. REMUNERATION OF AUDITORS

Victorian Auditor-General's Office - audit of the financial report	75	66	35	32
Internal audit	36	39	36	39
Other audit services	2	8	-	-
Total remuneration of auditors	113	113	71	71

NOTE 4. RECEIVABLES

Current

Contractual				
Trade receivables (a)	518	940	519	639
Provisions for doubtful debts	(63)	(112)	(60)	(106)
Net trade receivables	455	828	459	533
Accrued income	520	939	271	808
Net accrued income	520	939	271	808
Tabcorp distribution receivable	4,315	4,315	4,315	4,315
Commission / distribution receivable	142	142	-	-
Intercompany receivables	-	95	-	-
Sundry debtors				
Statutory				
Goods and services tax (GST) recoverable	192	303	162	242
Net other receivables	4,649	4,855	4,477	4,557
Total current receivables	5,624	6,622	5,207	5,898
Non current				
Contractual				
Intercompany receivables	-	-	6,355	5,571
Total non-current receivables	-	-	6,355	5,571
Total receivables	5,624	6,622	11,562	11,469

NOTE 4. RECEIVABLES (CONTINUED)

Receivables are subject to impairment loss assessment in accordance with AASB 9's expected credit loss model. The impairment loss allowance is increased / decreased accordingly with the impairment expense recognised in the net result as an 'other economic flow included in net result'.

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. HRV holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. HRV applies AASB 9 for measurement of the statutory receivables and as a result statutory receivables are recognised at fair value plus any directly attributable transaction cost.

	Consolidated Entity		Parent Entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Movement in the provision for loss allowance (a)				
Balance at the beginning of the year	(111)	(206)	(106)	(133)
Amounts recovered during the year	30	131	28	63
(Increase) / decrease in allowance recognised in profit or loss	18	(36)	18	(36)
Reversal of provision for receivables written off during the year as uncollectible	-	-	-	-
Balance at end of the year	(63)	(111)	(60)	(106)

Notes:

(a) Movement in the provision for loss allowances

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. The \$36k increase in provision was recognised in the operating result for the current financial year in accordance with AASB 9 Financial Instruments.

(b) Aging analysis of receivables

Please refer to table 24.2(c) in Note 24 for the aging analysis of receivables.

(c) Nature and extent of risk arising from receivables

Please refer to Note 24(c) and 24.4(a) for the nature and extent of credit risk and market risk arising from receivables.

NOTE 5. OTHER ASSETS - CURRENT

	Consolidated Entity		Parent Entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Prepayments	1,414	1,183	1,149	899
Total other current assets	1,414	1,183	1,149	899

NOTE 6. INVENTORIES

Food at cost	16	36	-	-
Beverage at cost	52	74	-	-
Total inventories	68	110	-	-

NOTE 7. RIGHT OF USE ASSETS

Parent Entity	Right of use	Total
2019-20 Year	\$'000	\$'000
Gross carrying amount		
Balance as at 1 July 2019	-	-
Additions	-	-
Recognition of ROU assets on initial application of AASB 16	185	185
Balance as at 30 June 2020	185	185

Consolidated Entity		
2019-20 Year		
Gross carrying amount		
Balance as at 1 July 2019	-	-
Additions	-	-
Recognition of ROU assets on initial application of AASB 16	208	208
Balance as at 30 June 2020	208	208

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

Consolidated Entity

	Freehold land	Buildings	Building improvements	Plant and equipment	Melton track	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019-20 Year						
Gross carrying amount						
Balance as at 1 July 2019	32,384	41,006	1,251	13,977	2,807	91,425
Additions	-	-	-	970	-	970
Disposals	-	-	-	(2,598)	-	(2,598)
Balance as at 30 June 2020	32,384	41,006	1,251	12,349	2,807	89,797

Accumulated depreciation

Balance as at 30 June 2019	-	(4)	(1,226)	(11,764)	-	(12,994)
Depreciation expense	-	(1,244)	(1)	(692)	(158)	(2,095)
Disposals	-	-	-	2,543	-	2,543
Balance as at 30 June 2020	-	(1,248)	(1,227)	(9,913)	(158)	(12,546)

Consolidated Entity

	Freehold land	Buildings	Building improvements	Plant and equipment	Melton track	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018-19 Year						
Gross carrying amount						
Balance as at 1 July 2018	26,960	40,520	1,251	12,687	3,048	84,466
Additions	-	179	-	1,290	-	1,469
Revaluation	5,424	307	-	-	(241)	5,490
Balance as at 30 June 2019	32,384	41,006	1,251	13,977	2,807	91,425

Accumulated depreciation

Balance as at 1 July 2018	-	(2,461)	(1,225)	(11,101)	(344)	(15,131)
Depreciation expense	-	(1,237)	(1)	(663)	(172)	(2,073)
Revaluation	-	3,694	-	-	516	4,210
Balance as at 30 June 2019	-	(4)	(1,226)	(11,764)	-	(12,994)

Net book value

As at 30 June 2019	32,384	41,002	25	2,213	2,807	78,431
As at 30 June 2020	32,384	39,758	24	2,436	2,649	77,251

NOTE 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Parent Entity

	Freehold land	Buildings	Building improvements	Plant and equipment	Melton track	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018-19 Year						
Gross carrying amount						
Balance as at 1 July 2019	32,384	41,006	1,251	9,518	2,807	86,966
Additions	-	-	-	839	-	839
Balance as at 30 June 2020	32,384	41,006	1,251	10,357	2,807	87,805
Accumulated depreciation						
Balance as at 1 July 2019	-	(5)	(1,226)	(7,949)	-	(9,180)
Depreciation expense	-	(1,243)	(1)	(468)	(158)	(1,870)
Revaluation increments	-	-	-	-	-	-
Balance as at 30 June 2020	-	(1,248)	(1,227)	(8,417)	(158)	(11,050)

Parent Entity

	Freehold land	Buildings	Building improvements	Plant and equipment	Melton track	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2017-18 Year						
Gross carrying amount						
Balance as at 1 July 2018	26,960	40,520	1,251	8,689	3,048	80,468
Additions	-	179	-	829	-	1,008
Revaluation	5,424	307	-	-	(241)	5,490
Disposals / writeoffs	-	-	-	-	-	-
Balance as at 30 June 2019	32,384	41,006	1,251	9,518	2,807	86,966
Accumulated depreciation						
Balance as at 1 July 2018	-	(2,461)	(1,225)	(7,572)	(344)	(11,602)
Depreciation expense	-	(1,237)	(1)	(377)	(172)	(1,787)
Revaluation	-	3,693	-	-	516	4,209
Balance as at 30 June 2019	-	(5)	(1,226)	(7,949)	-	(9,180)
Net book value						
As at 30 June 2019	32,384	41,002	25	1,569	2,807	77,787
As at 30 June 2020	32,384	39,758	25	1,940	2,649	76,756

NOTE 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Consolidated entity		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Aggregate depreciation and amortisation allocated during the year was as follows:				
Buildings at fair value	1,244	1,237	1,244	1,237
Building improvements at fair value	1	1	1	1
Plant and equipment at fair value	664	663	469	377
Melton complex at fair value	158	172	158	172
Gaming entitlements amortisation	198	198	-	-
	2,265	2,271	1,872	1,787

Value of freehold land

Freehold land - 28 - 52 Ferris Rd Melton	3,216	3,216	3,216	3,216
Freehold land - 92 -134 Abey Rd Melton (Lot 1)	18,512	18,512	18,512	18,512
Freehold land - 92 -134 Abey Rd Melton (Lot 2)	10,656	10,656	10,656	10,656
	32,384	32,384	32,384	32,384

Fair Value

Consistent with AASB 13 Fair Value Measurement, HRV determines the policies and procedures for both recurring fair value measurements, such as property, plant and equipment and financial instruments, and for non-recurring fair value measurements, such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, HRV has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTE 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Consolidated Fair Value measurement hierarchy of Assets as at 30 June 2020

The last independent valuation of the land, buildings and track at 28 - 52 Ferris Road Melton and Lot 1 and 2 at 2 -134 Abbey Road Melton was conducted in 2016 by the Department of Environment, Land, Water and Planning on behalf of the Valuer-General Victoria. For financial reporting purpose these valuations were prepared with reference to AASB 116 Property Plant and Equipment; AASB 136 Impairment of Assets; and Victorian Government Policy FRD 103D Non-Current Physical Assets issued by the Department Of Treasury and Finance in March 2009. It is noted that the current replacement cost methodology was applied to the Harness Racing complex and its 25.3 hectares of environment. Given the facility does not have a liquid and active market whilst the residual land (81.7 hectares) has an active and liquid market.

In 2019, management were subsequently required to undertake a management revaluation for the parcels of land being 28 - 52 Ferris Rd Melton and Lot 1 and 2 at 2 -134 Abey Road Melton, after management conducted a fair value assessment to assess whether the asset's carrying value still materially reflects its fair value. Fair value assessments for land and buildings for HRV were accordingly made using separate annual indices for land and buildings supplied by Valuer-General Victoria. The following indices were applied to the 2016 revaluation of Land and Buildings using the Valuer-General's commercial rates:

Land - 20.10%;

Buildings and Track - 10.90%.

In 2020, management conducted a further fair value assessment to assess whether the asset's carrying value still materially reflects its fair value using the annual indices at 20 June 2020 for land and buildings supplied by Valuer-General Victoria. The movement in these indices were land (0.10%) and buildings (0.60%), the insignificant movement in these indices over the 12 months to 30 June 2020 does not require a fair value adjustment.

The revaluation amounts for the different classes of assets have been detailed under Note 17.

The following table highlights classes and types of Assets, the fair value measure, technique and assessment and inputs.

	Carrying amount as at 30 June 2020	Carrying amount as at 30 June 2019	Fair Value measurement at end of reporting period using:					
			Level 1		Level 2		Level 3	
			2020	2019	2018	2017	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land at fair value								
Non specialised land	-	-	-	-	-	-	-	-
Specialised land	32,384	32,384	-	-	32,384	32,384	-	-
Total land at fair value	32,384	32,384	-	-	32,384	26,960	-	-
Buildings at fair value								
Non specialised land	-	-	-	-	-	-	-	-
Specialised land	39,758	41,002	-	-	-	-	39,758	41,002
Total buildings at fair value	39,758	41,002	-	-	-	-	39,758	41,002
Building improvements at fair value								
Non specialised plant and equipment	-	-	-	-	-	-	-	-
Specialised plant and equipment	24	25	-	-	-	-	24	27
Total building improvements at fair value	24	25	-	-	-	-	24	27
Plant, equipment at fair value								
Non specialised plant and equipment	-	-	-	-	-	-	-	-
Specialised plant and equipment	2,436	2,213	-	-	-	-	2,436	2,213
Total plant and equipment at fair value	2,436	2,213	-	-	-	-	2,436	2,213
Melton track fair value								
Non specialised plant and equipment	-	-	-	-	-	-	-	-
Specialised plant and equipment	2,649	2,807	-	-	-	-	2,649	2,807
Total Melton track at fair value	2,649	2,807	-	-	-	-	2,649	2,807

NOTE 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Description of Significant Unobservable Inputs to Level 3 Valuations

Asset class	Valuation technique	Significant unobservable inputs	2019 Range (weighted average)	Observable / unobservable inputs	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised buildings	Current replacement cost.	Direct cost per square metre	\$3500 - \$4000 per square metre (\$3811 per square metre)	The valuation process necessarily involves the use of unobservable inputs given relevant observable inputs are not available. The assets are classified as Level 3 fair value.	A significant increase or decrease in estimated direct cost per square metre of the asset would result in a significant higher or lower valuation.
		Useful life of specialised buildings	37 - 40 years		A significant increase or decrease in estimated useful life of the asset would result in a significant higher or lower valuation.
Buildings improvements	Current replacement cost.	Direct cost per square metre	\$1000 - \$1500 per square metre (\$1,048 per square metre)	Estimation based on assumption that depreciated cost would be a close approximation of fair value.	A significant increase or decrease in estimated direct cost per square metre of the asset would result in a significant higher or lower valuation.
Plant and equipment - Computers	Current replacement cost.	Cost per unit	Weighted average \$500 - \$50,000 per unit (\$14,709 per unit)	Plant and equipment assets are classified as Level 3 fair value measurement.	A significant increase or decrease in estimated cost per unit of the asset would result in a significant higher or lower valuation.
Plant and equipment - Equipment	Current replacement cost.	Cost per unit	Weighted average \$500 - \$500,000 per unit (\$1,125,524 per unit)	Plant and equipment assets are classified as Level 3 fair value measurement.	A significant increase or decrease in estimated cost per unit of the asset would result in a significant higher or lower valuation.
Plant and equipment - Furniture & Fitting	Current replacement cost.	Cost per unit	Weighted average \$100 - \$35,000 per unit (\$187,121 per unit)	Plant and equipment assets are classified as Level 3 fair value measurement.	A significant increase or decrease in estimated cost per unit of the asset would result in a significant higher or lower valuation.
Plant and equipment - Vehicles	Current replacement cost.	Cost per unit	Weighted average \$1,000 - \$500,000 per unit (\$201,468 per unit)	Plant and equipment assets are classified as Level 3 fair value measurement.	A significant increase or decrease in estimated cost per unit of the asset would result in a significant higher or lower valuation.
Plant and equipment - Software	Current replacement cost.	Cost per unit	Weighted average \$1,000 - \$1,800,000 per unit (\$1,069,338 per unit)	Plant and equipment assets are classified as Level 3 fair value measurement.	A significant increase or decrease in estimated cost per unit of the asset would result in a significant higher or lower valuation.
Plant and equipment - Timing equipment	Current replacement cost.	Cost per unit	Weighted average \$1,000 - \$240,000 per unit (\$163,122 per unit)	Plant and equipment assets are classified as Level 3 fair value measurement.	A significant increase or decrease in estimated cost per unit of the asset would result in a significant higher or lower valuation.
Melton Track	Current replacement cost.	Cost per metre	\$2000 - \$3500 per Metre (\$3,221 per metre)	The valuation process necessarily involves the use of unobservable inputs given relevant observable inputs are not available. The assets are classified as Level 3 fair value.	A significant increase or decrease in estimated cost per metre of the asset would result in a significant higher or lower valuation.

NOTE 9. INVESTMENTS

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Investment in subsidiaries - at cost	-	-	-	217
Investment in RISE - at fair value	490	-	490	-
Shares in radio 3UZ Pty Ltd - at fair value	2	2	2	2
Units in radio 3UZ unit trust - at fair value	1,415	1,235	1,415	1,235
Total investments	1,907	1,237	1,907	1,454

Units in Radio 3 UZ unit trust

The Group's investment in Radio 3UZ unit trust consists of an 18% unit holding in this trust, which fully owns all of the issued shares in 3UZ Pty Ltd. 3UZ Pty Ltd, operates commercial radio station Radio Sport National, formerly Sport 927, and a network of regional relay stations. The investment in Radio 3UZ unit trust has been recognised at fair value as required by AASB 9 Financial Instruments.

As Radio 3UZ unit trust is an unlisted trust and its units are not readily traded in an open market, an independent valuation has been obtained as at 30 June 2019. The independent valuation provided an indicative valuation range for the Radio 3UZ unit trust of between \$7.5m and \$8.5m.

The assumptions applied on the valuation are consistent with prior year and are based on the consolidated financial statements provided by 3UZ. The valuation was based on the assumption that:

- There were no material cashflow changes in 2020 compared with 2019 reporting period;
- The non-binding purchase proposal in 2020 provided fair indication of market value of radio licence;
- The revalued property at April 2020 has not materially changed at reporting date; and
- The COVID-19 impact on net revenue at the lowest distribution multiplier of 1.5 there remains adequately cover.

The investment has been brought to account based on 18% of the valuation mid-point of \$7.9m.

Investment in subsidiaries

The Parent entity's 'investment in subsidiaries' is wholly comprised of its investment in Racing Information Services Enterprise Pty Ltd or 'RISE'. RISE owns the proprietary racing software for the harness racing industry across all states and territories in Australia.

In February 2020, the Parent entity sold 71% of its ownership in RISE to harness racing jurisdictions in Australia, moving RISE to a multi-state ownership model. In accordance with AASB 10, the retained interest in RISE is measured at fair value and recognised as a financial asset.

NOTE 10. INTANGIBLE ASSETS

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Goodwill	-	132	-	-
Gaming machine entitlements	1,983	1,983	-	-
Accumulated amortisation	(1,562)	(1,363)	-	-
Total intangible assets	421	752	-	-
Opening balance	752	950	-	-
Re-classified (to) Investment in subsidiaries	(133)	-	-	-
Amortisation	(198)	(198)	-	-
Closing balance	421	752	-	-

(a) Impairment test for gaming machine entitlements

In bringing to account the gaming machine entitlements a discount rate of 6% has been used to discount the future cash flows back to their present value. Directors have concluded that no impairment is required.

NOTE 11. PAYABLES

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current payables				
<i>Contractual - unsecured</i>				
Trade creditors	1,918	3,380	1,720	2,630
Intercompany payables	-	-	2,037	1,211
Development fund accruals	172	210	172	210
Sundry creditors and accruals	4,827	3,003	4,666	2,612
Total current payables	6,917	6,593	8,595	6,663
Total payables	6,917	6,593	8,595	6,663

(a) Maturity analysis of payables

Please refer to table 24.3 in Note 24 for the aging analysis of payables.

(b) Nature and extent of risk arising from payables

Please refer to Note 24.3 for the nature and extent of risks arising from payables.

NOTE 12. PROVISIONS

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Employee benefits				
Annual leave				
Unconditional and expected to wholly settle within 12 months	585	569	486	412
Unconditional and expected to wholly settle after 12 months	357	191	340	166
Long service leave				
Unconditional and expected to wholly settle after 12 months	1,059	1,355	978	1,129
Provisions related to employee benefit on-costs				
Unconditional and expected to wholly settle within 12 months	110	103	81	67
Unconditional and expected to wholly settle after 12 months	222	238	220	213
State-wide sully fund	85	87	85	87
Provision for aggregate insurance	130	208	130	208
Bonus points liability	30	27	-	-
Total current provision	2,578	2,778	2,320	2,282
Non current				
Employee benefits	276	214	203	95
Provisions related to employee benefit on-costs	46	35	34	16
Total non current provision	322	249	237	111
Total provisions	2,900	3,027	2,557	2,393

NOTE 12. PROVISIONS (CONTINUED)

(b) Movement in provisions

	Employee benefits	On-costs	Statewide sulky fund	Bonus points liability	Aggregate insurance	Total
	2020	2020	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Entity						
Opening balance	2,329	376	87	27	208	3,027
Additional provisions recognised	758	105	35	3	50	951
Reductions arising from payments / other sacrifices of future economic benefits	(841)	(107)	(37)	-	(128)	(1,113)
Unwind of discount and effect of changes in the discount rate	31	4	-	-	-	35
Closing balance	2,277	378	85	30	130	2,900
Current	2,001	332	85	30	130	2,578
Non current	276	46	-	-	-	322
Total provisions	2,277	378	85	30	130	2,900
Parent Entity						
Opening balance	1,802	296	87	-	208	2,393
Additional provisions recognised	128	32	35	-	50	245
Reductions arising from payments / other sacrifices of future economic benefits	44	4	(37)	-	(128)	(117)
Unwind of discount and effect of changes in the discount rate	33	3	-	-	-	36
Closing balance	2,007	335	85	-	130	2,557
Current	1,804	301	85	-	130	2,320
Non current	203	34	-	-	-	237
	2,007	335	85	-	130	2,557

NOTE 13. INTEREST BEARING LIABILITIES

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Unsecured - TCV loan facility	556	11,552	556	11,552
	556	11,552	556	11,552
Non current				
Unsecured - TCV loan facility	13,154	14,615	13,154	14,615
	13,154	14,615	13,154	14,615
Total interest bearing liabilities	13,710	26,167	13,710	26,167

(a) Maturity analysis of interest bearing liabilities

Please refer to table 24.3 in Note 24 for the ageing analysis of interest bearing liabilities.

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

Please refer to Note 24.3 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

(d) Facilities

HRV has access to the following financing facilities

Unsecured term facility	43,154	31,615	30,154	31,615
Business card limit	99	99	39	39
Total facilities amount	40,253	31,714	30,193	31,654
Amount of facility unused	29,526	5,530	16,471	5,475

On 29 April 2020, the Treasurer on behalf of the State of Victoria under the *Borrowings and Investment Powers Act 1987* has provided an irrevocable and unconditional guarantee for up to \$43.9m in favour of Treasury Corporation Victoria (TCV) that guarantees TCV the due and punctual payment of obligations as set out in the loan agreement in the event that HRV are unable to meet its obligations under the Unsecured TCV Loan Facility. The guarantee shall be a continuing guarantee and indemnity shall remain in full force and effect until all monies due and payable or contingently due or liable to be paid have been paid or satisfied in full.

NOTE 14. RIGHT OF USE LIABILITIES

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Not longer than one year	139	-	131	-
Non-Current				
Longer than 1 year and not longer than 5 years	55	-	55	-
Total non-cancellable right if use leases	194	-	186	-

NOTE 15. UNEARNED REVENUE

Current				
Tabcorp Melton sponsorship	234	351	234	351
Other revenue invoiced in advance	9,727	313	9,683	37
	9,961	664	9,917	388
Non current				
Tabcorp Melton sponsorship	468	702	468	702
	468	702	468	702
Total unearned revenue	10,429	1,366	10,385	1,090

NOTE 16. OTHER LIABILITIES

Vicbred income invoiced in advance	695	695	695	695
Breeders Crown income invoiced in advance	1,173	1,172	1,172	1,172
Other	228	212	223	218
	2,096	2,079	2,090	2,085
Non current				
Vicbred fees invoiced in advance	86	157	86	157
Breeders Crown fees invoiced in advance	653	1,284	653	1,284
Other	273	108	273	113
	1,012	1,549	1,012	1,554
Total other liabilities	3,108	3,628	3,102	3,639

NOTE 17. RESERVES

	Consolidated Entity		Parent Entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Revaluation reserve				
Balance at beginning of financial year	39,743	29,889	39,743	29,889
Changes on valuation of investments	607	155	607	155
Changes on valuation of freehold land	-	5,424	-	5,424
Changes on valuation of building	-	4,275	-	4,275
Balance at end of financial year	40,350	39,743	40,350	39,743

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

NOTE 18. DEVELOPMENT FUND

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 consolidated Comprehensive Operating Statement.

During the year ended 30 June 2020 expenditure on the following projects was incurred. No comparative for 2019 is shown due to the nature of the program. Each year the projects receiving funding change therefore making any comparative not applicable.

		2020 \$'000
Bacchus Marsh	Redevelopment	303
HRV	Track maintenance supervisor	49
	Track maintenance program	203
	Consultants	23
	Maximum Demand	44
	Flexible Poles	52
Total development fund expenses		674

NOTE 19. RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the Financial Management Act 1994 (FMA), the following disclosures are made regarding responsible persons for the reporting period.

Responsible Minister:

The Minister for Racing is The Hon. Martin Pakula, MP.

Governing Board:

Dale G Monteith – Chairman
Dr Catherine Ainsworth – Deputy Chair
Peter Watkinson
Jane Brook
Adam Kilgour
Judy Rothacker
Jack Anderson

Accountable Officer:

Dayle Brown - Chief Executive Officer

The following persons were directors of the subsidiaries:

Dale G Monteith – Chairman
Dr Catherine Ainsworth – Deputy Chair
Peter Watkinson
Jane Brook
Adam Kilgour
Judy Rothacker (commenced October 2019)
Jack Anderson (commenced May 2020)
Elizabeth Clarke (ceased July 2019)
Daniel Frawley (ceased September 2019)

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Group and HRV during the reporting period was in the range: \$310,000 - \$319,999 (\$310,000 - \$319,999 in 2018-19).

Total remuneration, by \$10,000 band, for responsible persons		
Income band	2020	2019
\$0 to \$10,000	3	-
\$10,001 to \$20,000	1	1
\$20,001 to \$30,000	4	5
\$30,001 to \$40,000	-	1
\$60,001 to \$70,000	2	1
\$220,001 to \$230,000	1	-
\$310,001 to \$320,000	-	1
Total number	11	9
Total remuneration \$ ('000)	498	551

NOTE 20. EXECUTIVE OFFICERS REMUNERATION

Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Remuneration of executive officers	Total remuneration	
Parent Entity	2020	2019
Remuneration	\$'000	\$'000
Short-term benefits	1,297	1,285
Post-employment benefits	112	113
Other long-term benefits	19	81
Termination benefits	110	1
Total remuneration (i)	1,538	1,480
Total number of executives (ii)	8	8
Total annualised employee equivalent (AEE) (iii)	7	7

Remuneration of executive officers	Total remuneration	
Consolidated	2020	2019
Remuneration	\$'000	\$'000
Short-term benefits	1,546	1,618
Post-employment benefits	136	143
Other long-term benefits	33	92
Termination benefits	110	1
Total remuneration (i)	1,825	1,854
Total number of executives (ii)	9	10
Total annualised employee equivalent (AEE) (ii)	8	9

- Remuneration represents the expenses incurred by the entity in the current reporting period for the employee, in accordance with AASB 119 *Employee Benefits*.
- The total number of executive officers includes persons who meet the definition of key management personnel (KMP) under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure.
- Annualised employee equivalent is based on the time fraction worked during the reporting period.

NOTE 21. RELATED PARTY TRANSACTIONS

Parent entity

The parent entity within the Group is HRV.

Subsidiaries & related party transactions

The following entities have been consolidated into the Group's financial statements pursuant to the determination made by the Assistant Treasurer under section 53(1)(b) of the Financial Management Act 1994 (FMA):

- HRV Management Ltd;
- Melton Entertainment Trust (MET); and

Related parties of the Group include:

- All key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- All cabinet ministers and their close family members; and
- All departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on arm's length basis.

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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Transactions with MET & RISE Pty Ltd				
Rental income	-	-	364	706
Goods and services provided to HRV	-	-	270	549
Finance interest income	-	-	-	443
Balances:				
Other financial assets	-	-	6,355	5,571
Other current liabilities	-	-	2,037	1,211

Details of the lease agreement between HRV and the Melton Entertainment Trust are outlined in Note 25.

- Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated;
- Luke Spano (Chief Financial Officer) is a Director of Vic Racing Pty. Ltd. This company is an industry body and is not personal or family related;
- On 15 August 2012, the Victorian Racing Industry commenced an unincorporated joint venture with Tabcorp Holdings Limited. The unincorporated joint venture conducts the businesses of wagering, gaming and approved betting competitions in Victoria through VIC Racing Pty Ltd, HRV together Racing Victoria Ltd and Greyhound Racing Victoria hold an equity interest in the joint venture. Vic Racing Pty Ltd is entitled to 50% of the joint venture and must contribute 50% 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 Racing Information Agreement, in return for fees. Income derived from these sources is included as part of "Tabcorp Income" in the Operating Statement and Note 2 to the financial statements.

NOTE 21. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel information (KMP)

The KMP of HRV is detailed below:

Governing Board:

Dale G Monteith – Chairman
Dr Catherine Ainsworth – Deputy Chair
Peter Watkinson
Jane Brook
Adam Kilgour
Judy Rothacker (commenced October 2019)
Jack Anderson (commenced May 2020)
Elizabeth Clarke (ceased July 2019)
Daniel Frawley (ceased September 2019)

Accountable Officer:

Dayle Brown (Chief Executive Officer)

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

Remuneration of KMP	Total remuneration	
Parent Entity	2020	2019
Remuneration	\$'000	\$'000
Short-term benefits	456	499
Post-employment benefits	34	37
Termination benefits	-	-
Other long-term benefits	8	5
Total remuneration (i)	498	541
Total number of KMP (ii)	8	8

The following persons were directors of the subsidiaries:

Dale G Monteith – Chairman
Dr Catherine Ainsworth – Deputy Chair
Peter Watkinson
Jane Brook
Adam Kilgour
Judy Rothacker (commenced October 2019)
Jack Anderson (commenced May 2020)
Elizabeth Clarke (ceased July 2019)
Daniel Frawley (ceased September 2019)

Remuneration of KMP	Total remuneration	
Consolidated	2020	2019
Remuneration	\$'000	\$'000
Short-term benefits	456	512
Post-employment benefits	34	37
Termination benefits	-	-
Other long-term benefits	8	5
Total remuneration (i)	498	555
Total number of KMP (ii)	8	9

NOTE 22. SUPERANNUATION ARRANGEMENTS

All schemes are controlled by outside parties. HRV has no outstanding loans from any of the named schemes and all contributions are full paid.

Employees of the Group are entitled to receive superannuation benefits and the Group contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary. The Group does not recognise any defined benefit liability in respect of the plan(s) because it has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the consolidated Comprehensive Operating Statement of the Group. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Group are as follows:

(a) Funds

- Permanent employees before 1 January 1995 - State Superannuation Fund (New Scheme) - Defined Benefit Scheme.
- Permanent employees after 1 January 1995 - 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 (including defined benefits) range from 9.5% to 10.3%. The Victorian Superannuation Fund contributions are based on the Commonwealth Government Superannuation Guarantee and Board directives.

(c) Employer contributions made during the financial year:

	Consolidated Entity		Parent Entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
State superannuation fund	32	24	32	24
Victorian superannuation fund	322	327	306	246
Host Plus superannuation fund	243	259	41	28
Various other funds as nominated by the employee	614	596	488	476
Total contributions	1,211	1,206	867	774

NOTE 23. CONSOLIDATED CASHFLOW STATEMENT

For the purposes of the consolidated 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 consolidated Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents				
Deposits at call	468	2,127	422	1,300
Cash assets on hand	46	303	-	-
Closing cash and cash equivalents balance	514	2,430	422	1,300
(b) Reconciliation of the net result for the year to the net cash from operating activities				
Net result for the year	(434)	397	(118)	749
Add / (deduct) non-cash items:				
Depreciation / amortisation of non-current assets	2,293	2,272	1,870	1,786
Profit on sale of property, plant and equipment	(788)	-	(788)	-
Loss allowance	(15)	(94)	(11)	(27)
Change in assets and liabilities:				
(Increase) / decrease in receivables	1,530	513	1,153	(959)
(Increase) / decrease in other current assets	(189)	(473)	(252)	(359)
Decrease in other non-current assets	-	-	-	-
Increase / (decrease) in accounts payable & other liabilities	9,651	(839)	11,126	318
Increase / (decrease) in provisions	194	298	164	181
Net cash provided by / (used in) operating activities	12,242	2,074	13,144	1,689

(c) Loan Facilities

Details of loan facilities and security granted are detailed in **Note 12(d)**.

NOTE 24. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

This note presents information about the Group'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 Group. 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, and 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'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 risk management 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 consolidated financial statements. The Group's financial instruments are limited to those listed in Table 24.1.

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Table 24.1: Categorisation of financial instruments

	Note	Cash and deposits	Financial assets measured at fair value through other comprehensive income (FVOCI) \$'000	Financial assets at amortised cost (AC) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
2020						
Contractual financial assets						
Cash and deposits	25(a)	514	-	-	-	514
Receivables						
Receivables (i)	4	-	-	5,432	-	5,432
Investments						
Investments (iii)	9	-	1,907	-	-	1,907
Total contractual financial assets		514	1,907	5,432	-	7,853
Contractual financial liabilities						
Payables (ii)	11	-	-	-	6,917	6,917
Borrowings						
Interest bearing liabilities	13	-	-	-	13,710	13,710
Total contractual financial liabilities		-	-	-	20,627	20,627
2019						
Contractual financial assets						
Cash and deposits	25(a)	2,430	-	-	-	2,430
Receivables						
Receivables (i)	4	-	-	6,319	-	6,319
Investments						
Investments (iii)	9	-	1,237	-	-	1,237
Total contractual financial assets		2,430	1,237	6,319	-	9,986
Contractual financial liabilities						
Payables (ii)	11	-	-	-	6,593	6,593
Borrowings						
Interest bearing liabilities	13	-	-	-	26,167	26,167
Total contractual financial liabilities		-	-	-	32,760	32,760

Note:

- (i) The amount of receivables disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable).
- (ii) The amount of payables disclosed here exclude statutory amounts (e.g. GST payables).
- (iii) Investments in subsidiaries are recorded cost, less impairment.

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk

Credit risk arises from the contractual financial assets of the Group, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. 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 contractual financial assets is minimal because the main debtor is Tabcorp, being the Victorian Racing Industry's Joint Venture partner. For debtors other than Tabcorp, it is the Group's policy to only deal with entities assessed as being credit worthy and to obtain sufficient collateral or credit enhancements where appropriate. In addition, the Group does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Group's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Group will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Credit risk is managed at the Group level. Credit risk arises from the contractual financial assets of the Group, which comprise cash and cash equivalents, and 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 measured at fair value and monitored on a regular basis.

Except as otherwise detailed in the following tables, the carrying amount of contractual financial assets recorded in the consolidated 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.

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

Table 24.2a: Credit quality of the Group's contractual financial assets that are neither past due nor impaired

		Financial institutions	Credit rating of financial institution	Other	Total
	Note	\$'000		\$'000	\$'000
2020					
Contractual financial assets					
Cash and cash equivalents	25a	468	AA-	46	514
Receivables	4	-	-	5,432	5,432
Investments	9	-	-	1,907	1,907
Total contractual financial assets		468	-	7,385	7,853
2019					
Contractual financial assets					
Cash and cash equivalents	25a	2,127	AA-	303	2,430
Receivables	4	-	-	6,319	6,319
Investments	9	-	-	1,237	1,237
Total contractual financial assets		2,127	-	7,859	9,986

Table 24.2b: Credit quality of the Parent's contractual financial assets that are neither past due nor impaired

		Financial institutions	Credit rating of financial institution	Other	Total
	Note	\$'000		\$'000	\$'000
2020					
Contractual financial assets					
Cash and cash equivalents	25a	422	AA-	-	422
Receivables	4	-	-	11,562	11,562
Other financial assets - loans	5	-	-	-	-
Investments	9	-	-	1,907	1,907
Total contractual financial assets		422	-	13,469	13,891
2019					
Contractual financial assets					
Cash and cash equivalents	25a	1,300	AA-	-	1,300
Receivables	4	-	-	11,227	11,227
Other financial assets - loans	5	-	-	-	-
Investments	9	-	-	1,454	1,454
Total contractual financial assets		1,300	-	12,681	13,981

At balance date, HRV Group held cash with ANZ Banking Group. Standard and Poor's Credit Rating is the Short Term Cash Rating for the Financial Institution as at 4 March 2019.

Contractual 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.

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 table discloses the ageing only of financial assets that are past due but not impaired:

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

The following table discloses the ageing only of financial assets that are past due and not impaired:

Table 24.2c: The Group's interest rate exposure and ageing analysis of financial assets (i)

	Weighted average effective interest rate	Carrying amount	Interest rate exposure			Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Fixed interest rate	Variable interest rate	Non- interest bearing		31-60 days	61-90 days	91-120 days	>121 days	
			\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	
2020											
Cash and cash equivalents	0.2%	514		468	46	514	-	-	-	-	-
Receivables:											
Trade debtors		455	-	-	455	498	146	92	6,771	-	-
Tabcorp distribution		4,315	-	-	4,315	4,315	-	-	-	-	-
Accrued income		520	-	-	520	520	-	-	-	-	-
Other receivables		142	-	-	142	142	-	-	-	-	-
Investments:											
Investment in subsidiaries		490			490	490					
Investment in 3UZ Pty Ltd		1,417	-	-	1,417	1,417	-	-	-	-	-
Total		7,853	-	468	7,385	7,896	146	92	6,771	-	-
2019											
Cash and cash equivalents	0.1%	2,430	-	2,127	303	2,430	-	-	-	-	-
Receivables:											
Trade debtors	-	828	-	-	828	317	187	98	226	-	-
Tabcorp distribution	-	4,315	-	-	4,315	4,315	-	-	-	-	-
Accrued Income	-	939	-	-	939	939	-	-	-	-	-
Other receivables	-	237	-	-	237	237	-	-	-	-	-
Other financial assets:											
Loans	-	-	-	-	-	-	-	-	-	-	-
Investments:											
Investment in 3UZ Pty Ltd	-	1,237	-	-	1,237	1,237	-	-	-	-	-
Total		9,986	-	2,127	7,859	9,475	187	98	226	-	-

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

Table 24.2d: The Parent's interest rate exposure and ageing analysis of financial assets (i)

	Weighted average effective interest rate	Carrying amount	Interest rate exposure			Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Fixed interest rate	Variable interest rate	Non- interest bearing		31-60 days	61-90 days	91-120 days	>121 days	
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020											
Cash and cash equivalents	0.2%	422	-	422	-	422	-	-	-	-	-
Receivables:											
Trade debtors	-	459	-	-	459	261	82	23	130	-	-
Tabcorp distribution	-	4,315	-	-	4,315	4,315	-	-	-	-	-
Accrued income	-	271	-	-	271	271	-	-	-	-	-
Intercompany debtors	-	6,355	-	-	6,355	-	174	61	65	6,623	-
Investments:											
Investment in subsidiaries	-	490	-	-	490	490	-	-	-	-	-
Investment in 3UZ Pty Ltd	-	1,417	-	-	1,417	1,417	-	-	-	-	-
Total		13,729	-	422	13,307	7,176	256	84	195	6,623	-
2019											
Cash and cash equivalents	0.1%	1,300	-	1,300	-	1,300	-	-	-	-	-
Receivables:											
Trade debtors	-	533	-	-	533	260	152	12	109	-	-
Tabcorp distribution	-	4,315	-	-	4,315	4,315	-	-	-	-	-
Accrued income	-	808	-	-	808	808	-	-	-	-	-
Intercompany debtors	-	5,571	-	-	5,571	169	221	193	3,527	1,461	-
Other financial assets:											
Loans	-	-	-	-	-	-	-	-	-	-	-
Investments:											
Investment in subsidiaries	-	217	-	-	217	217	-	-	-	-	-
Investment in 3UZ Pty Ltd	-	1,237	-	-	1,237	1,237	-	-	-	-	-
Total		13,981	-	1,300	12,681	8,306	373	205	3,636	1,461	-

Note:

Note: (i) Ageing analysis of financial assets excludes statutory amounts (e.g. GST input tax credit recoverable).

d) Liquidity risk

Liquidity risk arises when the Group is unable to meet its financial obligations as and when 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, makes 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.

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

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

Table 24.3a: The Group's interest rate exposure and maturity analysis of financial liabilities (ii)

	Weighted average effective interest rate	Interest rate exposure					Maturity dates (i)			
		Carrying amount	Fixed interest Rate	Variable interest rate	Non- interest bearing	Nominal amount	Less than 1 month	1-3 mths	3 mths – 1 year	1-5 years
	%	‘\$000	‘\$000	‘\$000	‘\$000	‘\$000	‘\$000	‘\$000	‘\$000	‘\$000
2020										
Payables:										
Trade creditors	-	1,918	-		1,918	1,918	1,210	(9)	2,713	-
Other payables	-	4,999	-	-	4,999	4,999	4,999	-	-	-
Interest bearing liabilities:										
Unsecured - TCV loan facility	1.4%	13,710	-	13,710	-	13,710	-		556	13,154
Total		20,627	-	13,710	6,917	20,627	6,209	(9)	3,269	13,154
2019										
Payables:										
Trade creditors	-	3,380	-		3,380	3,380	3,234	136	9	-
Other payables	-	3,213	-	-	3,213	3,213	3,213	-	-	-
Interest bearing liabilities:										
Unsecured - TCV Loan facility	1.4%	26,167	-	26,167	-	26,167	-	-	11,552	16,077
Interest bearing liabilities:										
Total		32,760	-	26,167	6,593	32,760	6,447	136	11,561	16,077

Note:

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

(ii) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

Table 24.3b: The Parent's interest rate exposure and maturity analysis of financial liabilities (ii)

	Weighted average effective interest rate	Interest rate exposure					Maturity dates (i)			
		Carrying amount	Fixed interest Rate	Variable interest rate	Non-interest bearing	Nominal amount	Less than 1 mth	1-3 mths	3 mths - 1 year	1-5 years
	%	‘\$000	‘\$000	‘\$000	‘\$000	‘\$000	‘\$000	‘\$000	‘\$000	‘\$000
2020										
Payables:										
Trade creditors	-	1,720	-	-	1,720	1,720	1,771	(1)	(9)	-
Intercompany payables	-	2,037	-	-	2,037	2,037	162	-	-	-
Other payables	-	4,838	-	-	4,838	4,838	4,838	-	-	-
Interest bearing liabilities:										
Unsecured - TCV loan facility	1.4%	13,710	-	13,710	-	13,710	-	-	556	13,154
Total		22,305	-	13,710	8,595	22,305	6,771	(1)	547	13,154
2019										
Payables:										
Trade creditors	-	2,630	-	-	2,630	2,630	2,514	111	5	-
Intercompany payables	-	1,211	-	-	1,211	1,211	141	143	927	-
Other payables	-	2,822	-	-	2,822	2,822	2,822	-	-	-
Interest bearing liabilities:										
Unsecured - TCV loan facility	1.4%	26,995	-	26,995	-	26,995	-	-	11,552	14,615
Total		33,658	-	26,995	6,663	33,658	5,477	254	12,484	14,615

Note:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.
- The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

(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 below.

Foreign currency risk

HRV 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 immaterial and therefore results in minimal exposure. Given the minimal exposure to foreign currency risk HRV does not actively manage its risk in this area.

The Group's exposure to foreign currency risk is set out in the Table 24.4

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Group does not hold any interest bearing financial instruments that are measured at fair value, therefore has nil exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to cash flow 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.

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

Equity price risk

The Group is exposed to a low level equity price risk through its investment in 3UZ unit trust, which is an unlisted entity. Given that the investment's classification as a strategic asset central to the business operation, it is not traded and has been recognised at cost due to the factors outlined in Note 8.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rate risk are set out in Tables 24.2 & 24.3. In addition, the Group's sensitivity to interest rate and foreign exchange risk is also set out in the table 24.4a.

Sensitivity disclosure analysis

Table 24.4 discloses the impact on the Group and parent entity's net operating result and equity for each category of financial instrument held by the Group at year-end if the following 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 24.4a: The Group market risk exposure

	Foreign exchange risk					Interest rate risk			
	-5%		5%			-1%		1%	
						(100 basis points)		(100 basis points)	
	Carrying amount	Net result	Equity	Net result	Equity	Net result	Equity	Net result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020									
Contractual financial assets:									
Cash and cash equivalents ⁽¹⁾	514	19	19	(19)	(19)	(1)	(1)	1	1
Receivables	5,432	-	-	-	-	-	-	-	-
Investments	1,907	-	-	-	-	-	-	-	-
Contractual financial liabilities:									
Payables	6,917	-	-	-	-	-	-	-	-
Interest bearing liabilities	13,710	-	-	-	-	6	6	(6)	(6)
Total impact		19	19	(19)	(19)	5	5	(5)	(5)
2019									
Contractual financial assets:									
Cash and cash equivalents ⁽¹⁾	2,430	-	-	-	-	(3)	(3)	3	3
Receivables	6,319	-	-	-	-	-	-	-	-
Investments	1,237	-	-	-	-	-	-	-	-
Contractual financial liabilities:									
Payables	6,593	-	-	-	-	-	-	-	-
Interest bearing liabilities	26,167	-	-	-	-	116	116	(116)	(116)
Total impact		-	-	-	-	113	113	(113)	(113)

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

Table 24.4b: The Parent market risk exposure

	Foreign exchange risk					Interest rate risk			
	Carrying amount	-5%		5%		-1%		1%	
		Net result	Equity	Net result	Equity	Net result	Equity	Net result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020									
Financial assets:									
Cash and cash equivalents ⁽¹⁾	514	19	19	(19)	(19)	(1)	(1)	1	1
Receivables	5,432	-	-	-	-	-	-	-	-
Investments	1,907	-	-	-	-	-	-	-	-
Financial liabilities:									
Payables	6,917	-	-	-	-	-	-	-	-
Interest bearing liabilities	13,710	-	-	-	-	6	6	(6)	(6)
Total increase / (decrease)		19	19	(19)	(19)	5	5	(5)	(5)
2019									
Financial assets:									
Cash and cash equivalents ⁽¹⁾	1,300	-	-	-	-	(2)	(2)	2	2
Receivables	11,227	-	-	-	-	-	-	-	-
Investments	1,454	-	-	-	-	-	-	-	-
Financial liabilities:									
Payables	6,663	-	-	-	-	-	-	-	-
Interest bearing liabilities	26,167	-	-	-	-	116	116	(116)	(116)
Total increase / (decrease)		-	-	-	-	114	114	(114)	(114)

Note:

(a) Cash and cash equivalents includes AUD\$337,716 in cash held in a New Zealand bank account (NZD\$361,164 @NZD/AUD 1.06943 at 30 June 2020).

(f) Fair value

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

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Group considers that the carrying amount of financial instrument assets and liabilities recorded in the consolidated financial statements to be a fair approximation of their fair values, because of the short term nature of the financial instruments and the expectation that they will be paid in full. The aggregate fair values and carrying amount of financial assets and financial liabilities are disclosed in the Balance Sheet and in the notes to the consolidated financial statements.

Fair value estimates recognised in respect of financial instruments in the Balance Sheet are all estimated and categorised as Level 1.

NOTE 25. CONTINGENT LIABILITIES

Letter of comfort – Melton Entertainment Trust:

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 September 2021. As at balance date HRV believes that the performance of the Trust will be sufficient for it to meet its external obligations in its own right.

NOTE 26. COMMITMENTS FOR EXPENDITURE

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Other expenditure commitments				
Tabcorp gaming solutions service agreement (i)				
<i>Payable:</i>				
Not longer than one year	1,187	1,155	-	-
Longer than 1 year and not longer than 5 years	1,377	2,563	-	-
	-	-	-	-
Total other expenditure commitments (inclusive of GST)	2,564	3,718	-	-
Total commitments for expenditure (inclusive of GST)	2,564	3,718	-	-
Less GST recoverable from the Australian Taxation Office	(233)	(338)	-	-
Total capital expenditure commitments (exclusive of GST)	2,331	3,380	-	-

- (i) On commencement of the gaming arrangements in 2012, the infrastructure, services and functions currently supplied by Tabcorp become the responsibility of the gaming venues.

Freehold land

HRV entered into a Section 173 agreement with the Melton Shire Council on the 26 May 2009 with regard to freehold land held by HRV at 92-134 Abey Road, Melton South (Lot 2). This agreement requires HRV to achieve substantial commencement of construction that must be consistent with the Toolern development plan within 5 years of the date of the agreement (May 2014) and achieve practical completion within 6 years (May 2015). Failing to comply with these obligations may result in the land being retransferred back to the Melton Shire Council.

In November 2012, HRV and Melton Shire Council agreed to extend the time to develop the land with a new substantial commencement date by June 2017 and practical completion date by June 2018. A further extension was agreed to in July 2017 extending the time to 30 June 2021 and 30 June 2022 respectively.

NOTE 27. SUBSEQUENT EVENTS

The Group continues to be impacted by the COVID-19 pandemic event and consequent government-imposed restrictions. This event is expected to impact overall activities and performance of the Group into the new financial year. As such, this will continue to be monitored closely, and acted upon where required, by management as it progresses.

No other material subsequent events have occurred since balance date.

NOTE 28. 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
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.
(b) Control exists as HRV is the sole beneficiary of the trust.

DECLARATION IN THE FINANCIAL STATEMENTS

The attached financial statements for Harness Racing Victoria have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

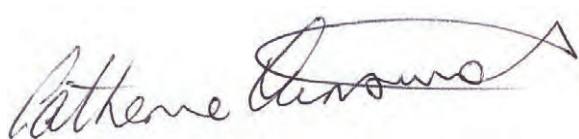
We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Consolidated Balance Sheet, Statement of Consolidated Changes in Equity, Consolidated Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and financial position of the entity at 30 June 2020.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 7 October 2020.



Dale G Monteith
CHAIRMAN



Dr Catherine Ainsworth BVSc (Hons), MVSc, MBA, GAICD
BOARD MEMBER



Dayle Brown
CHIEF EXECUTIVE OFFICER



Luke Spano CPA
GENERAL MANAGER FINANCE

Melbourne, 7 October 2020

Independent Auditor's Report

To the Board of Harness Racing Victoria

Opinion	<p>I have audited the financial report of Harness Racing Victoria (the authority) which comprises the:</p> <ul style="list-style-type: none">• consolidated balance sheet as at 30 June 2020• consolidated comprehensive operating statement for the year then ended• consolidated statement of changes in equity for the year then ended• consolidated cash flow statement for the year then ended• notes to the consolidated financial statements, including significant accounting policies• declaration in the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other information	<p>The Board of the authority is responsible for the other information, which comprises the information in the authority's annual report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion on the other information. However, in connection with my audit of the financial report, my responsibility is to read the other information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the other information, I am required to report that fact. I have nothing to report in this regard.</p>
Board's responsibilities for the financial report	<p>The Board of the authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board are responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
13 October 2020



Simone Bohan
as delegate for the Auditor-General of Victoria

HARNES
RACING
VICTORIA



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