

ANNUAL REPORT

2021

HARNESS
RACING
VICTORIA





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REPORT TO THE MINISTER OF RACING

The Hon. Martin Pakula MP Minister for Racing



Chairman's Foreword

On behalf of the Harness Racing Victoria (HRV) Board, I commend to you this report on the current state of the harness racing industry in Victoria.

Like most racing industries across the globe, the challenges faced by harness racing since the advent of the coronavirus have been immense. As in FY20, the HRV Business Continuity Team (BCT) and Executive Management Team (EMT), with the full support of HRV's kindred bodies, continued to guide the industry through the crisis in FY21. The imperative of continuing to race was achieved by firmly following Government health directions, with the implementation of strict biosecurity protocols, which was supported by clear messaging to industry participants, staff, clubs and stakeholders.

It was only due to the hard work and commitment of our industry participants, staff and clubs, that harness racing was able to continue safely through a very challenging year. Our ability as an industry to be flexible and pivot as required meant we only lost five race meetings due to COVID-19 precautions during FY21. Many industries were not so lucky, and we are extremely thankful that we could continue to operate.

I am pleased to advise HRV recorded a \$2.9m net operating profit for FY21, attributed in a large part to the COVID-19 Emergency Funding Assistance from the Victorian State Government. This meant we could maintain funding levels for country clubs at a time when their revenue was severely impacted through a lack of hospitality income due to COVID-19. It also allowed HRV to pay a record of \$46.9m in stakemoney.

A significant revaluation of the HRV-held land at Melton has resulted

Maintaining growth and finding new ways to excite and attract punters, owners and participants is crucial

in a \$47m increase in land value, which positions HRV to positively capitalise on land surplus to racing needs in the future. HRV will continue to work closely with the Government and City of Melton to unlock this value for the future of harness racing in Victoria.

Importantly Victorian harness racing experienced significant growth in wagering turnover from all licensed wagering operators. Turnover in FY21 surpassed \$1.1billion compared with \$897million in FY20 and the previous highest on record of \$921million in FY19.

As expected, revenue from the VRI's wagering partner Tabcorp fell, largely due to the COVID-19 forced closure of retail TAB venues, by 4.8 per cent in FY21, or \$1.7m. This result could have been far worse if not for the significant increase in digital wagering through the Joint Venture.

HRV's media and digital strategies saw the continued expansion of Victorian harness racing's footprint, with website visits up 33 per cent year-on-year with 4.1m pageviews and social media impressions increased by 65 per cent to over 20million. TrotsVision played a key role in taking the sport to a new audience with innovative content to support harness racing throughout Victoria. In future HRV will be looking

to leverage the TrotsVision coverage to grow interest and wagering on Victorian harness racing, both nationally and internationally.

Importantly the FY21 results from these strategies provide the Board with confidence that Victorian harness racing is attracting a new and bigger audience by engaging more fans, more often. Maintaining growth and finding new ways to excite and attract punters, owners and participants is crucial if we are to attract the next generation of fan to our sport.

A new three-year strategic vision, *TROTS24*, which was the product of extensive collaboration with industry stakeholder groups, was unveiled during the year. Importantly, this shared vision will set the path for growth across several strategic industry areas, with revenue growth a primary focus to deliver financial sustainability for all sectors of the industry and increased prizemoney in the future.

With your ongoing support our industry has embarked on a truly exciting journey of transformation, which will structure HRV and the wider industry to realise its potential in years to come. That potential however can only be realised through a genuinely collaborative approach, with all industry groups working hand in glove to achieve a bold shared vision - *TROTS24*

Minister, on behalf of the HRV Board, thank you for your ongoing support of harness racing in Victoria and we look forward to FY22 with optimism.



Dale G. Monteith
Chairman, Harness Racing Victoria

CEO's Report

The unprecedented challenges presented by a global pandemic have impacted us all. We have been privileged to continue to race while working to strict biosecurity protocols ensuring the safety of our industry. I am immensely proud of how the harness racing industry in Victoria has worked together and collaborated to adapt and embrace the opportunities during this trying period.

We have continued to work closely with industry groups developing and launching the three-year strategic framework *TROTS24*. This framework forms part of our new, exciting long-term vision to deliver revenue growth, financial sustainability, and returns to the industry through an unwavering commitment to excellence and innovation.

Our *TROTS24* strategic framework consists of 11 specific outcomes. Within those outcomes sit several strategic priorities, including:

- Increasing stakemoney
- Increasing wagering turnover on Victorian harness racing
- Growing the number of owners involved in Victorian harness racing and improving the ownership experience
- Increasing Victorian harness racing's international footprint and media coverage
- Positioning Victoria as the desired location for trainers and owners to race their horses
- Growing confidence through a world-class approach to integrity
- Driving world-class welfare initiatives and re-homing more retired racehorses through the HRV HERO program

- Bolstering the breeding industry
- Building regional training hubs
- Providing clear, professional development pathways for all in the industry
- Developing club infrastructure
- Developing TrotsVision as the go-to destination for harness racing content
- Growing raceday attendances

Progress on the strategic priorities has commenced, and several milestones have been reached through this reporting period.

Charlton and Cranbourne training centres were upgraded to accommodate more horses, significantly reducing a barrier to entry for trainers by providing accessible, professional and affordable training infrastructure.

The Geelong Harness Racing Club dining facilities were upgraded and expanded, helping the club deliver a premium race-night experience for patrons.

The HRV HERO program was enhanced with a significant increase in the number of approved re-trainers reducing the waiting time for horses to enter the program by 83 per cent.

Stakemoney increased \$5.4m to a total of \$46.9m. We achieved this through innovation in programming, sponsored race series, and 199 additional races, a 5.3 per cent increase on the previous year, which also drove an increase in the Vicbred bonuses paid of approximately \$1m.

Turnover on Victorian harness racing eclipsed \$1b for the first time, with \$1.1b wagered overall, up 22.8 per cent from FY19/20. Average turn-

over per race increased by 17 per cent, and international turnover grew by 12 per cent. The 2020 Vicbred Super Series Finals meeting was the second most wagered-on Victorian harness racing meeting ever, following the Breeders Crown Finals night in November, which had become the third-highest wagering night for Victorian harness.

We expanded the Vicbred program by introducing a Vicbred Pure component. Vicbred Pure is designed to bolster the Victorian breeding industry by providing incentive for breeders to invest locally. Initial industry feedback has been positive, and the number of mares served in Victoria grew from 1817 in FY20 to 2063 in FY21 (mares served in Victoria grew by 13.5 per cent compared to the national figure of 11.8 per cent for FY21).

The number of active owners in the 2021 racing season reached 4306, up from 3817 the previous year, an increase of 12.8 per cent.

Our international footprint and media coverage domestically and abroad grew in FY21. Website traffic and TrotsVision audience increased by 33 per cent, while our social media channels captured 65 per cent more impressions.

The new Aurora Australis trotting series was designed to draw international focus on Victorian trotting during our summer months. The premier trotting race, the Great Southern Star, moved back to its traditional heats into a final on the same night format during the Summer of Glory, which was an enormous success in FY21.

The New Year's Eve broadcast of Vicbred Super Series finals night on the

**We look to the future
with great optimism
and a steadfast
commitment to
seeing harness racing
in Victoria flourish**

Seven Network was a taste of things to come as harness racing re-emerges into the broader sporting landscape. We are looking forward to when we will be able to have people safely return to experience race day at clubs. We are preparing for this; however, we continue to showcase and promote harness racing through our digital platform TrotsVision.

The release of *TROTS24* places a clear focus on achieving growth across all industry sectors. Growth will ensure that we sustain financial viability, expand our sport, and achieve broader reach, more substantial commercial outcomes, better returns for the industry, and more investment.

In the coming years, we are committed to building an industry based on high performance, accountability, and, most importantly, genuine collaboration; this collaboration is underpinned by a fresh 'Harness Racing in Victoria (HRinV)' approach. This motto will be our ethos to grow our sport.

We look to the future with great optimism and a steadfast commitment to seeing harness racing in Victoria flourish for all involved and look forward to working together as a whole of industry approach on that journey.



Thank you again to everyone in our industry for your ongoing commitment to the sport and each other. The COVID-19 challenges have been immense, and the industry can be proud of its efforts to work through safely to protect each other and the communities in which we race.

Finally, I wish to thank the staff at HRV for working in a flexible hybrid environment while continuing to deliver their roles in supporting the industry.

Dayle Brown
HRV CEO

Report on Operations

In accordance with Financial Management Act 1994, I am pleased to present the Report of Operations for Harness Racing Victoria for the year ended 30 June 2021.

Dale G Monteith

Chairman

15 October 2021

Mission

To deliver the most sought-after and accessible harness racing that produces financial sustainability, ensures clubs are the heart of their communities and provides equal opportunities for all participants to compete.

Vision

To be globally recognised as the home of harness racing in Australia, creating innovative racing and events that are underpinned by our commitment to the highest standard of welfare and integrity across the industry.



Respect

We welcome everyone to share our passion, enjoy and participate in the harness racing industry in Victoria by working together, hearing one another and celebrating our history.



Integrity

We lead honestly and ethically to ensure trust in the harness racing industry in Victoria.



Safety and Wellbeing

We develop, protect and care for the people and horses engaged in the harness racing industry in Victoria.



Excellence

We are accountable for driving high performance and innovation, on and off the track, for the growth of a vibrant and sustainable harness racing industry in Victoria.

TROTS24:

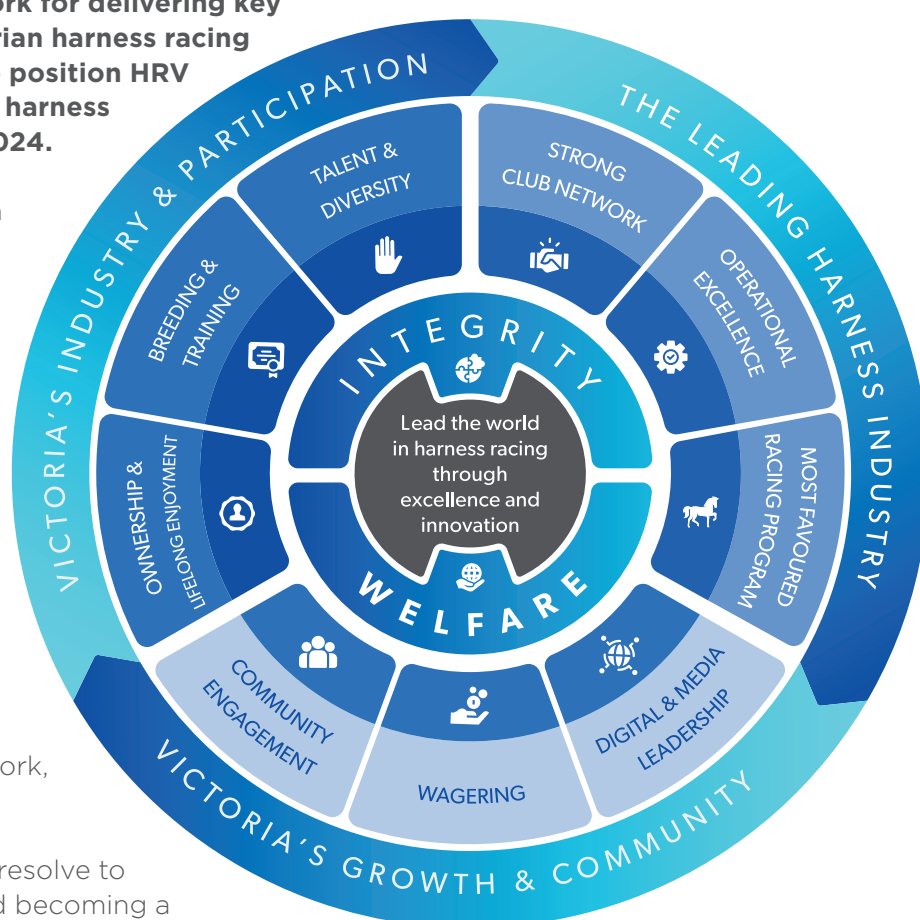
Three-year Strategic Plan

The TROTS24 three-year strategic plan was launched in July 2021 and provides a framework for delivering key outcomes for the Victorian harness racing industry and sets out to position HRV globally as the home of harness racing in Australia by 2024.

TROTS24 targets growth across all industry sectors. The plan sets out a path to deliver financial sustainability for the industry, which will in turn result in increased returns – more prizemoney – to stakeholders.

The *TROTS24* outcomes will be achieved through a new 'Harness Racing in Victoria' (HRinV) ethos, which focuses on teamwork, a significantly increased commitment to industry collaboration and a firm resolve to delivering innovation and becoming a high-performance industry.

The *TROTS24* strategic plan was developed with extensive collaboration across the Victorian harness racing industry and strong support of the Victorian State Government, which has demonstrated its confidence in the harness racing industry with a significant \$24 million announcement in 2020 to help guide industry through the height of COVID-19, and then a further \$4.1 million investment in the 2020-21 budget to support the work of this transformation plan.



Year in Review



Integrity

The ongoing focus for HRV Integrity department is on enhancing the integrity of our industry to ensure a level playing field for all.



Covid-19

The COVID-19 crisis has changed all aspects of the industry and Integrity operations have been at the forefront. HRV introduced strict biosecurity protocols to protect staff, participants and the communities in which we race during the pandemic. Stewards have overseen the policing of these policies, with additional resources attending race meetings since March 2020.

Overall HRV stewards have been extremely pleased with the way in which our industry has worked together to observe all protocols. The fact we have been able to continue racing is testament to those combined efforts.



Initiatives

In a continued effort to enhance the integrity of harness racing in Victoria, HRV developed and implemented a range of key integrity initiatives in 2020-21, including:

- Submitted Annual Plan to the Victorian Racing Integrity Board, identifying key action items to be achieved in next 12 months
- Conducted world-first study together with The University of Melbourne into the impacts of race fixing
- Roles were realigned within the HRV Integrity Department, to increased capacity and capability in integrity related functions including the introduction of a full-time prosecutor, in-house Betting Analyst and a second Deputy Chairman of Stewards (Industry)
- Introduced new policies and amendments to the Australian Harness Racing Rules (AHRR) to ensure increased governance and oversight around drug administration, raceday treatments, animal welfare and the reporting of serious misconduct to HRV
- Developed and completed a new 'Stable Inspection Framework', which outlines processes to be adopted by all Stewards when attending at registered training establishments and conducting stable inspections or animal welfare inspections
- Conducted interviews with current and former trainers, some of whom have been suspended or disqualified, to demonstrate the impact of rule breaches on their reputations and careers. These interviews were published through HRV's Integrity Matters webpage, which has been developed and improved regularly. HRV also continued to promote positive behaviours and conduct as well as educating the industry on animal welfare through the Integrity Matters forum. This platform was also utilised to provide background information on Integrity staff and other industry personnel by asking the question 'What does integrity mean to you?'

Established new Memorandum of Understanding and Service Level Agreements with various Government departments and agencies, to improve the sharing of information between HRV and other stakeholders which will result in improved outcomes for the harness racing industry



Animal Welfare

HRV conducted a review into the operations of HRV HERO and increased the number of program re-trainers by 200 per cent. By September, the waiting time for a retired standardbred horse to enter HRV HERO had reduced by 83 per cent. HRV also developed and introduced a new Equine Welfare Framework to ensure all involved in the industry were maintaining the highest standards in this important area at all times.

An online horse welfare training module was introduced for industry participants and is mandatory for all licensed persons to complete as part of HRV's annual licensing process. HRV also increased resources in animal welfare functions and investigations through the appointment of an animal welfare Investigative Steward and more capacity to promote the HRV HERO program.



Racing Operations

KEY INDICATORS	FY21	FY20	FY19	FY18	FY17
Meetings (TAB)	440	446	439	432	457
Meetings (non TAB)	-	1	1	1	2
Races	3,963	3,764	3,857	3,863	3,723
Horses raced	3,639	3,617	3,726	3,819	3,903
Nominations	50,016	48,627	47,713	50,360	48,777
Starters	35,198	31,971	32,324	32,902	33,081
Drivers	573	605	639	658	681
Trainers	994	1,006	1,046	1,090	1,141
Stablehands	1,159	1,126	1,085	1,154	1,168
Sires	57	50	73	78	67
Foals ⁽ⁱ⁾	1,476	1,698	1,904	1,784	1,908
Namings	1,059	1,125	1,185	1,145	1,178
Services	3,427	2,964	3,644	3,932	4,074

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

(ii) Some of the Key Indicators for prior year may change due to late notifications received.

HRV conducted 440 race meetings and 3963 races in FY21, an increase of 5.3 per cent on FY20.

Overall, 3639 horses raced in Victoria, a 0.6 per cent increase on the previous year, with 35,198 individual starters, a 10 per cent climb.

There were fewer \$4,500 races run in FY21, offset by an increase in the number of \$7,000 races run, contributing to a \$1.7m increase to prizemoney.

Wagering turnover on Victorian harness racing eclipsed \$1b for the first time with a total of \$1.1b.

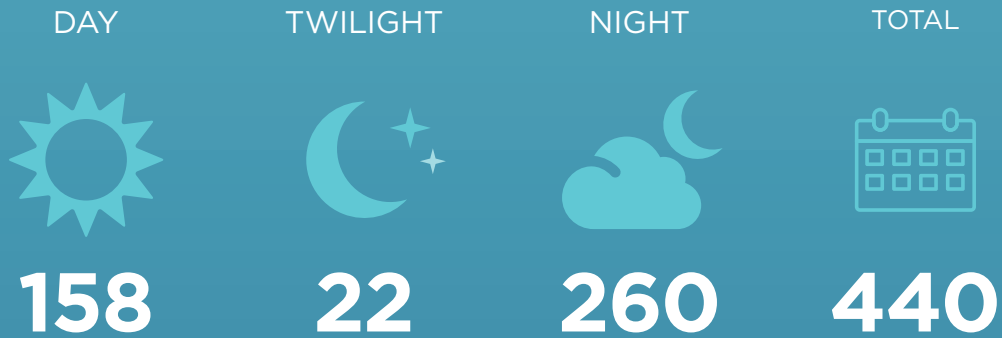
In line with our TROTS24 strategic objective to position Victoria as the desired location for trainers and owners to race their horses, we were pleased to see several significant stables relocate to Victoria in FY21, with more flagging their intention to do so in coming months.

Our change of feature racing schedule, moving the Vicbred Super Series to New Year's Eve and Breeders Crown to November, was a success with both nights among the top-three harness racing meetings in Victorian history based on wagering turnover.

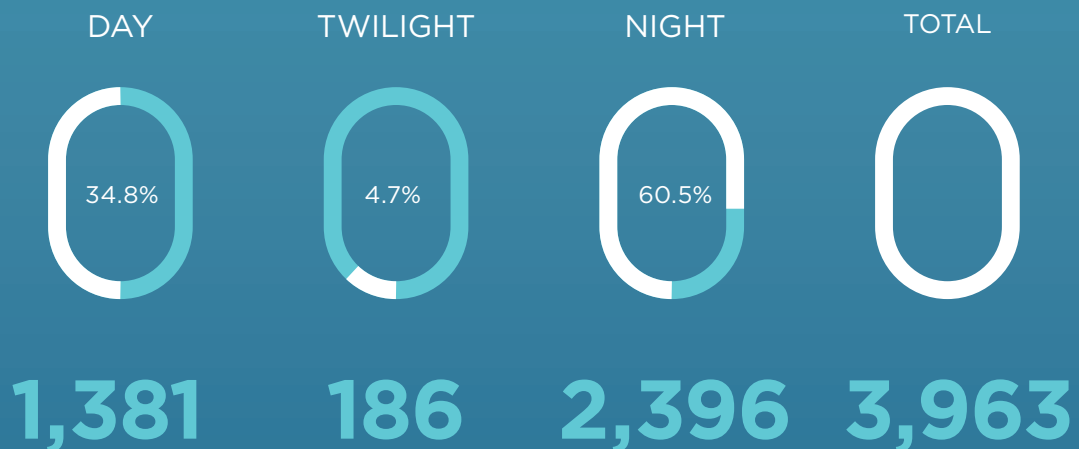
We introduced Vicbred Pure to support the Victorian breeding industry by providing incentive for breeders to invest locally. The number of mares served in Victoria grew from 1817 to 2063 in FY21, while mares served in Victoria grew by 13.5 per cent compared to the national figure of 11.8 per cent for FY21.

Racing Snapshot

Meetings



Races



NUMBER OF RACES BY GAIT



TOTAL
STAKE MONEY

\$41.6M



Year in Review

FY21 Racing Highlights

DEL-RE National A G Hunter CUP

- Lochinvar Art (Modern Art Usa-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

What the Hill Great Southern Star Final

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

Alabar Bloodstock Ladyship Cup

- Our Princess Tiffany NZ (Art Major – Dancing Diamonds)
- Trainer: Dean Braun
- Driver: Chris Alford
- Owner: B J Whitelock, C J Whitelock, P J Creighton, M C Creighton
- Breeder: B J Whitelock, C J Whitelock

DNR Logistics 4YO BonaNZa

- Boots Electric NZ (Somebeachsomewhere – Glenburn Jewel)
- Trainer: Anthony Butt & Sonya Smith
- Driver: Greg Sugars
- Owner: E & M Stride
- Breeder: P J (Paul) Hailes

VHRC Caduceus 3YO Classic

- Bondi Lockdown (Somebeachsomewhere Usa-Without Guile)
- Trainer: Aaron Dunn
- Driver: Aaron Dunn
- Owner: Aaron Dunn
- Breeders: C P Reinehr, M J Reinehr

Benstud Queen of the Pacific

- Speak No Evil (Well Said Usa-Top Tempo NZ)
- Trainer: Amanda Turnbull
- Driver: Amanda Turnbull
- Owner: Lauriston Bloodstock Pty Ltd
- Breeders: Lauriston Bloodstock Pty Ltd

TAB Australian Trotting Grand Prix

- Majestic Man NZ (Majestic Son Ca-Love Hate Revenge (NZ))
- Trainer: Phil Williamson
- Driver: Brad Williamson
- Owner: Griffins Syndicate
- Breeders: N T Bennett, LHR Syndicate

PETstock Ballarat Pacing Cup

- Lochinvar Art (Modern Art Usa-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 Cup

- Lochinvar Art (Modern Art Usa-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

Aldebaran Eagle @ Aldebaran Park Breeders Crown Series 23 (2YO Trotting Fillies) FINAL

- Sangreal (Father Patrick (us)-Solar Flash)
- Trainer: Maree Caldow
- Driver: Daryl Douglas
- Owner: M A Caldow, D J Hall, V J Hall, A R Spalding, C Spalding
- Breeders: M A Caldow, D J Hall, V J Hall, A R Spalding, C Spalding, G J Searle

Skyvalley @ Aldebaran Park Breeders Crown Series 23 (2YO Trotting Colts & Geldings) FINAL

- Watts Up Majestic (Majestic Son Ca-Rainbow Maori)
- Trainer: Chris Svanosio
- Driver: Chris Svanosio
- Owner: Bradley Watts
- Breeders: B J (Bradley) Watts

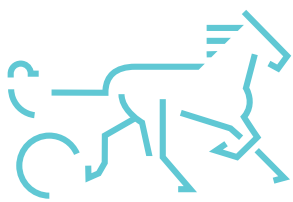
Catanach's Jewellers Breeders Crown Series 22 (3YO Trotting Fillies) FINAL

- Im Ready Jet (Quaker Jet (fra)-Im Ready Set NZ)
- Trainer: A M Golino, J A MacKinnon
- Driver: Jason Lee
- Owner: Yabby Dam Farms Pty Ltd
- Breeders: Yabby Dam Farms Pty Ltd

Catanach's Jewellers Breeders Crown Series 22 (3YO Trotting Colts & Geldings) FINAL

- Cover Of Darkness (Majestic Son Ca-Illawong Moonshine)
- Trainer: Emma Stewart
- Driver: Jodi Quinlan
- Owner: TSR Racing Group, B J Prentice, S J Murray, A C Shelly, S J Watt
- Breeders: Estate of M L Hartnett, K P Hartnett





Year in Review

FY21 Racing Highlights



Captain Crunch Breeders Crown Series 23 (2YO Fillies) FINAL

- Ladies In Red (Mach Three Ca-Kabbalah Karen B Ca)
- Trainer: Emma Stewart
- Driver: David Moran
- Owner: Lauriston Bloodstock Pty Ltd
- Breeders: Lauriston Bloodstock Pty Ltd

VHRC Caduceus Breeders Crown Series 23 (2YO Colts & Geldings) FINAL

- Major Moth (Art Major Usa-Macy Lila)
- Trainer: Clayton Tonkin
- Driver: Damian Wilson
- Owner: L A Parker, I Parker
- Breeders: L A Parker, I Parker

Pryde's Easifeed Breeders Crown Series 22 (3YO Fillies) FINAL

- The Pantheist (Bettors Delight Usa-Paintball)
- Trainer: David Miles
- Driver: Greg Sugars
- Owner: G E Pell, J A Pell
- Breeders: G E Pell, J A Pell

IRT Australia Breeders Crown Series 22 (3YO Colts & Geldings) FINAL

- Zeuss Bromac NZ (Bettors Delight Usa-Zeta Bromac (NZ))
- Trainer: Paul Fitzpatrick
- Driver: Kerry Manning
- Owner: L A Philpott, Bromac Lodge Ltd, Slingsby Holdings Pty Ltd, D L Hardie, S E Welch
- Breeders: Bromac Lodge Ltd, Slingsby Holdings Pty Ltd

Bold Eagle @ Harras Des Trotteurs Victoria Trotters Derby Final

- Pink Galahs (Skyvalley NZ-Sweetasay)
- Trainer: Matthew Craven
- Driver: Matthew Craven
- Owner: C G Lewis, L J Lewis, B R Healy
- Breeders: L J (Laura) Lewis

Volstead Redwood Classic

- Mexicana NZ (Muscle Mass Usa-Pocaro NZ)
- Trainer: Josh Dickie
- Driver: Greg Sugars
- Owner: T G Casey, K Marriott
- Breeders: T G (Trevor) Casey

Skyvalley @ Aldebaran Park Vicbred Super Series (2YO Trotting Fillies) FINAL

- Banglez (Majestic Son Ca-Gypsy Flair)
- Trainer: Emma Stewart
- Driver: Greg Sugars
- Owner: S J Murray, E Crews, R J Letch, K F Shelly, John Anderson Group no. 2, Slim Four Group, H Geraldene, S J Watt, I E Woolridge
- Breeders: D J Poole, S B Poole

Skyvalley @ Aldebaran Park Vicbred super Series (2YO Trotting Colts & Geldings) FINAL

- Dont Care (Used To Me Fra-My Dreamweaver NZ)
- Trainer: Kate Hargreaves
- Driver: Alex Ashwood
- Owner: K P Hargreaves, B T Cairns, J G Mathews, A F Mathews, M Delzotto, B M Palfreyman, D G Carroll, K W Weidenbach, A Mifsud, T Cairns
- Breeders: Yabby Dam Farms Pty Ltd

Aldebaran Eagle @ Aldebaran Park Vicbred Super Series (3YO Trotting Fillies) FINAL

- Majestical Belle (Majestic Son Ca-Avid)
- Trainer: Fred Spiteri
- Driver: Chris Alford
- Owner: Fred Spiteri
- Breeders: Estate of Leo Edward Newbound

Aldebaran Eagle @ Aldebaran Park Vicbred Super Series (3YO Trotting Colts & Geldings) FINAL (Group 1)

- Is That A Bid (Andover Hall (us)-Elusive Charm)
- Trainer: Michael Hughes
- Driver: Rodney Petroff
- Owner: Wells Family Group, S Hurles
- Breeders: D A (David) Scott

Yield Boko @ Aldebaran Park Vicbred Super Series (4YO Trotting Mares) FINAL

- Keayang Livana (Imperial Count Usa-Poignant)
- Trainer: Margaret Lee
- Driver: Jason Lee
- Owner: Levarg Racing Group
- Breeders: K J Newbound Family Trust

Yield Boko @ Alderbaran Park Vicbred Super Series (4YO Trotting Entries & Geldings) FINAL

- Always Ready (Ready Cash (fra)-Class Of Her Own)
- Trainer: A M Golino, J A MacKinnon
- Driver: Jason Lee
- Owner: Yabby Dam Farms Pty Ltd, G Keys, P M Plumb, T M Plumb, S W Laidlaw, T L Gregory, G M Berry, Kaczynski Group, L Martin, 5 Sisters Group
- Breeders: Yabby Dam Farms Pty Ltd





Year in Review

FY21 Racing Highlights



Series (2YO Fillies) FINAL

- Tough Tilly (Captaintreacherous (us)-Beninjurd)
- Trainer: Emma Stewart
- Driver: Kate Gath
- Owner: Benstud Standardbreds, CURE EB
- Breeders: Benstud Standardbreds

The Storm Inside Vicbred Super Series (2YO Colts & Geldings) FINAL

- Kimble (Western Terror Usa-Im Wrongly Accused NZ)
- Trainer: Matthew Craven
- Driver: Matthew Craven
- Owner: C J O'Connor, J M O'Connor
- Breeders: C J O'Connor, J M O'Connor

Rock n Roll Heaven Vicbred Super Series (3YO Fillies) FINAL

- Maajida (Somebeachsomewhere Usa-Arterial Way)
- Trainer: Emma Stewart
- Driver: Greg Sugars
- Owner: G R Johnson, I G Johnson, Estate of L J Johnson, S J Johnson
- Breeders: G R Johnson, I G Johnson, Estate of L J Johnson, S J Johnson

Vincent Vicbred Super Series (3YO Colts & Geldings) FINAL

- Pacifico Dream (Mach Three Ca-Mint Julep)
- Trainer: Andy Gath
- Driver: Kate Gath
- Owner: M Caruana, M Johnson
- Breeders: Harshell Investments Pty Ltd

Art Major Vicbred Super Series (4YO Mares) FINAL

- Our Princess Tiffany NZ (Art Major Usa-Dancing Diamonds (NZ))
- Trainer: Dean Braun
- Driver: Chris Alford
- Owner: B J Whitelock, C J Whitelock, P J Creighton, M C Creighton
- Breeders: B J Whitelock, C J Whitelock

Ultimate Machete Vicbred Super Series (4YO Entries & Geldings) FINAL

- Lochinvar Art (Modern Art Usa-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



Infrastructure

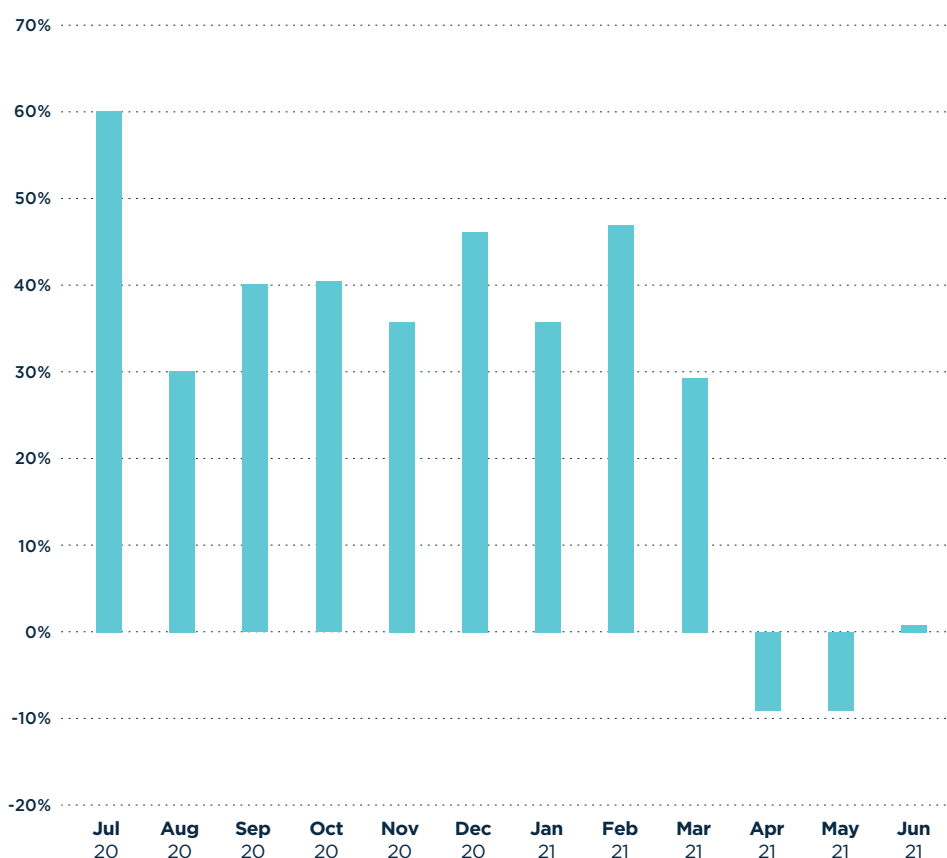
A series of infrastructure projects were completed in FY21. They include:

- Expansion and upgrade of Charlton Training Centre to accommodate up to 80 horses
- Upgrade and expansion of Geelong dining facilities
- Tabcorp Park Melton track resurfaced
- Maryborough track resurfaced
- New water truck for Bendigo
- Kilmore track resurfaced
- Geelong track resurfaced
- Ballarat track resurfaced
- Expansion and upgrade of Cranbourne Training Centre to accommodate 70 horses
- Full re-lamping of Shepparton and Ballarat, and partial re-lamping of Swan Hill.

Wagering

FY21 was another year which the wagering market was positively impacted by COVID-19. As Australian cities exited lockdown and domestic and international sports returned, turnover growth rates remained strong through to the end of March 2021 where we started to lap the COVID-19 increases from 2020.

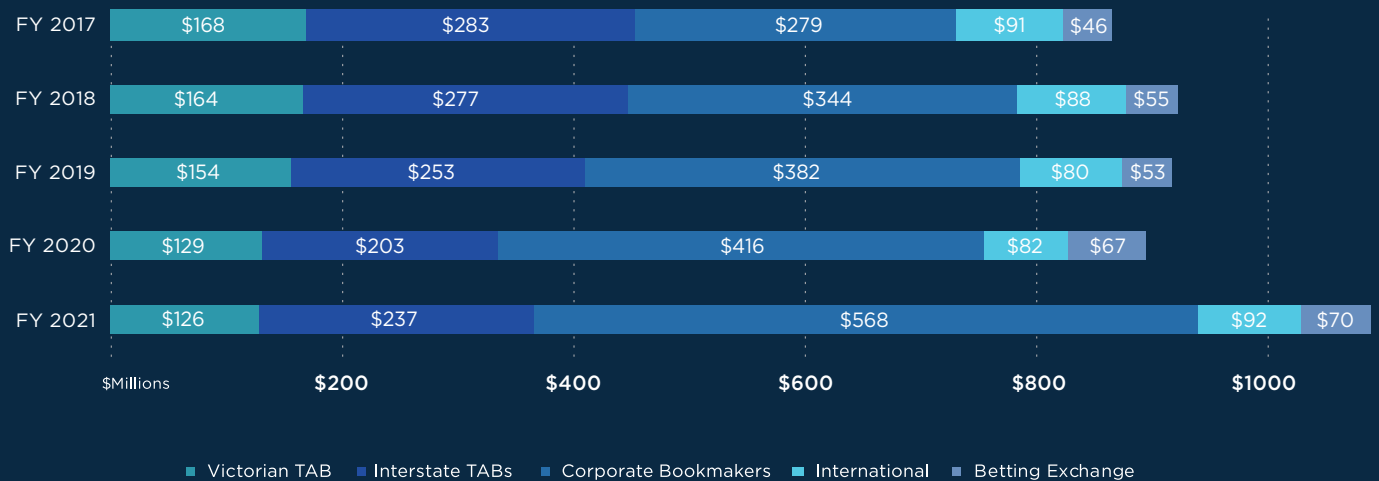
Average HRV Turnover Per Race Growth



Average turnover per race increased by 17 per cent and 199 more races were run in the 12 months to 30 June 2021. This pushed total annual turnover on HRV races to \$1.1b, a growth rate of 22 per cent and the first time that HRV's turnover achieved \$1b.

The shift in some of HRV's major carnivals to later in the year, Breeders Crown to November and the Vicbred finals to December culminating with finals night on New Year's Eve, saw new wagering records set for each of these series and new daily turnover records set for a single HRV race meeting outside the 2018 Inter Dominion final.

HRV Turnover



The overall turnover growth was predominantly driven by corporate bookmakers who grew at 37 per cent. This was at the expense of the Victorian TAB, which declined by 2 per cent due to the COVID-19 lockdowns in Victoria, which saw retail and on-course venues shut for a significant part of the year. Pleasingly, interstate TABs were able to regain some of the turnover declines of prior year resulting from the initial COVID-19 lockdowns. HRV's international strategy continues to show promise with international turnover increasing by 12 per cent.

Marketing, Media & Communications

HRV's marketing operations focus on six key strategic pillars:

- Media/communications
- Community and participation
- Ownership
- Brand
- Wagering
- Sponsorship



Planning for campaigns, events, creative design and buying activities has proven challenging during the COVID-19 pandemic, given unpredictable restrictions and crowds not able to attend race meetings. We have adapted and responded in this environment and turned our primary focus to direct those unable to attend racetracks to our TrotsVision streaming channel and growing media and digital platforms.

We have worked closely with country clubs on increasing regional-based capacity for supporting the conduct of race meetings, and marketing of racing and events to better provide for local communities and regional harness racing clubs.

To help trainers communicate more efficiently and effectively with owners and enhance the ownership experience we have partnered with racing industry software company MiStable.

We continue to work with clubs and industry partners, such as the Victorian Harness Racing Club, to improve the on-course experience for owners attending the races. The VIP experience for owners throughout the Trots Country Cups and Summer of Glory carnivals was further enhanced, with the Own the Moment winning post marquee at Tabcorp Park Melton proving popular.

The junior participation program, Pony Trots, had an interrupted season too and was able to restart in time for feature race meetings over summer. The program was well supported with many returning and new participants enjoying the fun and excitement of raceday action. We are pleased to have secured Hygain as new Pony Trots partner for the 2021 and 2022 racing seasons. Despite the challenging year, the marketing and media teams delivered world-class racing events, including:

Trots Country Cups Carnival

A vastly different Trots Country Cups carnival due to COVID-19 saw nine cup events originally planned for late 2020 rescheduled. Restrictions also necessitated a revision of planned campaign development and the launch of the new season. Several successful cup events were able to proceed, in accordance with government directions, and attendance at each of those events met or exceeded expectations.

Mildura Cup

In line with a wider desire to turn the annual Mildura Cup harness racing carnival into a weeklong event akin to thoroughbred racing's "the Bool" at Warrnambool, HRV produced an extensive media and marketing campaign for the event during April. We partnered with RSN and SENTrack to ensure the trots was front and centre both morning and night throughout the week. This was supported by extensive coverage on HRV channels, including a live panel show from our inaugural 'Launch Party' event. The 'Launch Party' was a particularly successful initiative to bring participants, residents and supporters together in a relaxed and much needed social setting before the racing commenced in earnest. The TrotsVision coverage across all racing nights was also highly successful.



Breeders Crown

Bespoke Breeders Crown hampers were distributed to all trainers and owners on track. These proved extremely popular and an excellent source of product activation for partners and suppliers.

Victoria Cup

Promotional packs were distributed for the 2020 Victoria Cup. The packs were delivered to owners and sponsors to enjoy while watching the races on TrotsVision, creating an "at-home race night experience".

Summer of Glory

The new-look Owners' Paddock/Cocktail Garden was a highlight of the 2021 Summer of Glory, the on-course VIP area a popular addition to the feature race nights. As we were still restricted to a smaller than usual crowd number due to COVID-19 a larger portion of our marketing efforts were directed to promoting our industry-leading digital and media coverage. Additionally, media partners including Herald Sun, Sky Racing, Channel 7, SEN and RSN worked with us to deliver first-class coverage through the Summer of Glory, the coverage underpinned by a national advertising campaign.

Hunter Cup Barrier Draw VHRC Caduceus Night of Nights

HRV worked in collaboration with Caduceus Club and VHRC to present the Hunter Cup Barrier Draw which was taken live by Sky and promoted nationally. HRV also contributed promotional and financial support to VHRC to maximise exposure and attendance for the inaugural Night of Nights event, which was a great success by all measures and created an effective template for the two organisations to collaborate on mutually beneficial events in the future.

Aurora Australis

Victoria is Australia's preeminent trotting jurisdiction. The 'global gait' continues to develop locally each year, providing the industry with an opportunity to expand abroad. HRV introduced a new series titled the Aurora Australis - Southern Lights Championship, which was launched in 2021 but will be taken to the next level in 2022 and beyond. Consisting of six Group 1 race meetings, the Aurora Australis will draw the international trotting spotlight on Victoria. The series will take in the Aldebaran Park Maori Mile at Bendigo and the E.B. Cochran Trotters Cup on Ballarat Cup night. Tabcorp Park Melton will then host the final four legs, namely the V.L. Dullard Trotters Cup, the Great Southern Star series, the Knight Pistol and the Grand Prix. While the Aurora Australis lured the best trotters from Australasia in 2021, it is designed to attract international participation from key global markets in years to come.

Marketing, Media & Communications (Continued)

Sponsorship

A 50 per cent increase in partnership numbers was registered in FY21 and we also had a 93 per cent retention rate of existing sponsors. We are committed to always improving the servicing of our valued sponsors and focused on delivering increased value to those who support the industry.

Community

HRV continued to promote and support significant charitable causes, including:

- Prostate Cancer Foundation of Australia
- WomenCan – Team Teal
- Pacing for Pink (supporting the McGrath Foundation)

Gordon Rothacker Medal

The 2019-20 Gordon Rothacker Medal event was reimagined into an engaging, virtual, online presentation live on TrotsVision in July to celebrate the annual awards ceremony. The live event, hosted by Jason Bonnington and Nikkita Ross, was streamed to 1188 devices on Sunday, July 25, as Paul James and Keith Pratt were announced joint-recipients of the 2019-20 Rothacker Medal.

Digital media

Digital platforms were again improved and expanded, introducing a raft of enhancements to TrotsVision and thetrotts.com.au during the last year. TrotsVision bolstered the broadcast of more race meetings, with all Friday and Saturday night meetings live hosted from the venue, introduced new presenters, feature stories and improved production quality through graphics and camera angles.

Thetrotts.com.au continues to lead the way nationally in the storytelling space, publishing more news and feature content, plus more industry updates than any other Australian harness racing jurisdiction.

Media Partnerships

Media partnerships have been strengthened and expanded in 2020/21 and we have engaged strongly with new free-to-air audiences through mainstream television and radio such as Channel 7 and 3AW, as well as strengthening relationships with Sky Racing, SEN and RSN. Regional media relationships were also bolstered through the launching of state-wide, locally based campaigns promoting the sport, while investing in the important community resource of country media outlets.



Free-to-Air Vicbred Super Series Night on Seven Network

HRV broadcast the 2020 Vicbred Super Series Finals race meeting on the Seven Network for 1.5 hours on New Year's Eve. The broadcast was beamed into five capital cities, Australia wide, and included three strategic pre-recorded colour stories in addition to the exciting VSS20 races. The show was hosted by Andrew Bensley, Jason Bonnington and Kima Frenning on the broadcast desk, with Dan Mielicki in the race callers' box and AFL star Josh Jenkins trackside. The National Live TV Viewing Audience was 23,000 viewers, while the live streaming audience was 2,100 viewers on the Seven Network platform. A national advertising campaign was invested into Seven's capital city markets to promote TrotsVision and the NYE broadcast in the three weeks leading up to the event (mid-late December). We engaged a creative agency to pull together the concept, scripts recording and production of a 30 second and a 15 second TV Commercial. The Paid Media schedule delivered very well, especially in Sydney, Melbourne and Brisbane markets where the delivered audience was approximately double what was planned with approx. 7.5 million audience reach across the three-week campaign.

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.

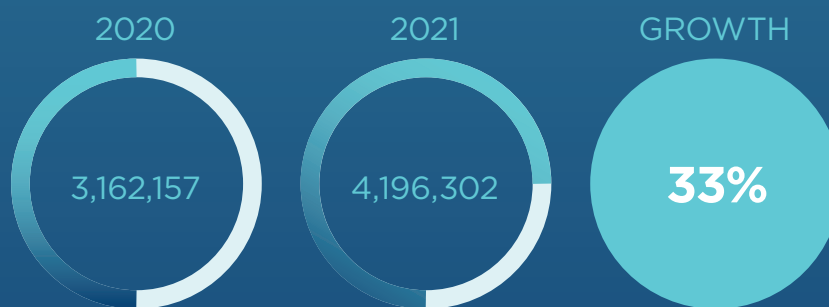
SESSIONS



USERS



PAGEVIEWS





People & Culture



The COVID-19 pandemic changed our working environments like never before. Whether working from home or at the track under significant biosecurity protocols, the Victorian harness racing industry has had to operate vastly differently since March 2020.

Through collaboration and teamwork, the industry has continued to race and our people, including staff, participants and volunteers, have shown enormous flexibility and resilience, observing all protocols initiated in line with government directions to protect each other and the communities in which we operate.

Caring for our people

A primary focus of the People and Culture department has been the health, safety and wellbeing of our people. Our employees were provided tools and ongoing support to continue working from home or at the track during the ongoing COVID-19 pandemic. Those who can work from home have been doing so effectively since March 2020.

Initiatives to enable and support our workforce have included:

- the provision of technology
- personal protective equipment
- training and development webinars
- a dedicated COVID-19 information space at our website, thetrots.com.au
- regular communication and updates led by the CEO
- access to confidential assistance services and resources through our Employee and Industry Assistance Program provided by Benestar

Return to the office

Moving to a largely online working environment with the provision of the Microsoft Teams platform has created several efficiencies for our employees. In-person collaboration will remain an important requirement, as we work towards a hybrid return to the office. We have sought employee feedback through surveys and conversations to inform requirements for systems, processes, supports and working arrangements.

HRV Enterprise Agreement

Throughout the year we have been working with the bargaining representatives on the next iteration of the HRV Enterprise Agreement (EBA). Once implemented, HRV will have a contemporary, transparent and easily referenced EBA for all.



Legal, Risk & Compliance

By far the greatest challenge faced by the Legal, Risk and Compliance department since March 2020 has been COVID-19.

Except for some isolated race meetings, which were cancelled for precautionary reasons, HRV has continued to race throughout the pandemic.

HRV restricted crowds from attending race meetings and implemented several strict racing and training biosecurity protocols, which were continually reviewed. These were developed through extensive consultation with all industry bodies, considering relevant Government directives, guidelines and advice.

The response from the industry has been extremely heartening. The agility shown by staff, participants, volunteers and clubs in implementing protocols and maintaining compliance has allowed racing to continue.

Several ongoing business risks arising from the COVID-19 crisis have included:

- The risk of whole-of-industry or part-of-industry shutdown
- Health and safety risks to employees and participants should an outbreak occur at an industry venue
- Ongoing TAB retail closure risking wagering income
- Clubs facing financial liquidity issues due to inability to open hospitality venues
- Remote working arrangements resulting in increased risks in health and safety of employees

HRV, in consultation with Trots Clubs Victoria (TCV), is developing a new club registration agreement and compliance framework, which is expected to be rolled out in the last quarter of 2021.

Financial Operations

Five year financial summary

	2021	2020	2019	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Tabcorp revenue	34,555	36,300	40,982	43,354	45,159
Other revenue	60,763	49,313	48,817	41,635	37,570
Total revenue	95,318	85,613	89,799	84,989	82,729
Stake money expense	(46,918)	(41,554)	(41,605)	(39,797)	(39,124)
Other operating expenses	(45,484)	(45,281)	(47,797)	(44,690)	(45,300)
Sale of assets	-	788	-	-	-
Net profit / (loss)	2,916	(434)	397	502	(1,695)
Cash assets	1,948	514	2,430	2,652	1,320
Total assets	137,047	87,407	90,767	81,881	81,682
Current liabilities	(23,282)	(22,247)	(23,666)	(22,962)	(23,136)
Total liabilities	(36,507)	(37,258)	(40,786)	(42,151)	(42,454)
Net Position	100,540	50,149	49,981	39,730	39,228

The HRV group's performance for the 2021 financial year was a profit of \$2.9m (before revaluations) and can be mainly attributed to the COVID-19 Emergency Funding Assistance provided by the Victorian Government. The proceeds of the 2021 financial year performance have been applied to pay down HRV's loan facilities and will be drawn upon in the 2022 and 2023 financial years to deliver against the TROTS24 strategic plan.

HRV's net asset position of \$100.5m was driven by the formal non-cash revaluation undertaken this year which recognised a \$47.0m increase in the value of land held by the group and thus significantly increasing the net position.

The net profit achieved this year was a combination of revenue growth and operating expense management, whilst also investing in the industry by increasing stake money expenses and club development funding. The key items are highlighted below:

- \$14.0m of the COVID-19 Emergency Funding Assistance provided by the Victorian Government was recognised in grant revenue during the year and enabled Country Club funding and Stake money levels to be maintained.
- Tabcorp revenues declined by 4.8 per cent or \$1.7m to \$34.6m, due to the extended closure of retail venues in Victoria due to COVID-19, while Racefield fees from corporate bookmakers and interstate TABs were above prior year by 27 per cent or \$5.0m. HRV's PoCT revenues also increase by 33 per cent or \$1.1m.
- Revenue from Tabcorp Park Melton were significantly impacted due to the COVID-19 lockdowns and restrictions. However, this was partly offset during the periods when the venue was able to operate. The

patrons continue to demonstrate their support during the restricted service times through the online delivery services offered.

- Stake money expense (including bonuses) increased by 13 per cent or \$5.4m, to a total of \$46.9m over the 3,963 races during the year. Record Vicbred bonuses were paid out during the year with a total of \$5.7m in bonuses paid. The APG series from 2020 was delayed due to COVID-19 but was successfully run in 2021, with APG contributing \$1.4m in stake money to the series.
- Expenditure was managed closely all year with COVID-19 operational cost savings implemented to assist with the financial impact of the pandemic. Consulting costs increased as a result of the development and implementation of the TROTS24 strategic plan. Employment costs increased by \$0.9m due to the filling of vacant positions from prior year including some key management personnel.
- Cash assets as at 30 June 2021 was \$1.9m with all excess cash 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.
- Total assets have increased this year with the revaluation of the land at Melton increasing by \$47m, recognising the potential for HRV to capitalise on the increasing commercial value of this land in future years.
- Total liabilities of \$36.5m, comprise of \$18m in loans with TCV, with the remaining relating to operating payables and provisions.

Further details of the financial performance and position are outlined in the Financial Statements and accompanying notes sections of this report.



Board of Directors

The Harness Racing Victoria Board of Directors consists of:

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

Board Meeting and Committee Attendance Register

All directors were in attendance at each of the nine board meetings and six extraordinary meetings during the year. The Audit and Risk Committee met five times during the year and were all attended by the Committee members.

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
- Kath McIntosh, 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 were important stakeholders and provided input for the 2024 strategic plan.

Financial Statements

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 now 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.

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 consolidated Comprehensive Operating Statement, consolidated Balance Sheet, consolidated Statement of Changes in Equity, consolidated Cash Flow Statement and accompanying notes, presents fairly the consolidated financial transactions during the year ended 30 June 2021 and the consolidated financial position of the entity at 30 June 2021.

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 15 October 2021.



Luke Spano
Chief Financial Officer
15 October 2021



Dayle Brown
Accountable Officer
15 October 2021



Dale G Monteith
Chairman
15 October 2021

Independent Auditor's Report

To the Board of Harness Racing Victoria

Opinion	<p>I have audited the consolidated financial report of Harness Racing Victoria (the authority) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated balance sheet as at 30 June 2021 • 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 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 positions of the consolidated entity and the authority as at 30 June 2021 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 and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>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 2021, 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 is 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 determines 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 is responsible for assessing the authority and the consolidated entity'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 and the consolidated entity'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 and the consolidated entity'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 and the consolidated entity 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the authority and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the authority and the consolidated entity. I remain solely responsible for my audit opinion.

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
22 October 2021



Simone Bohan
as delegate for the Auditor-General of Victoria

CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	Consolidated Entity		Parent Entity	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
CONTINUING OPERATIONS					
REVENUE AND INCOME FROM TRANSACTIONS					
Tabcorp income		34,555	36,300	34,555	36,300
Other revenue		60,763	49,313	52,709	38,138
Total revenue and income from transactions	2	95,318	85,613	87,264	74,438
EXPENSES FROM TRANSACTIONS					
Stakemoney expense		(46,918)	(41,554)	(46,918)	(41,554)
Employee benefits		(15,677)	(14,804)	(11,969)	(10,958)
Depreciation and amortisation expense	4.1.2	(2,726)	(2,265)	(2,292)	(1,870)
Finance costs		(50)	(308)	(48)	(308)
Other operating expenses		(27,002)	(27,807)	(22,167)	(20,576)
Total expenses from transactions	3	(92,373)	(86,738)	(83,394)	(75,266)
Net result from transactions (net operating balance)		2,945	(1,125)	3,870	(828)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT					
Loss allowance		23	(15)	25	(11)
Loss arising from revaluation of long service leave liability		(52)	(82)	(17)	(67)
Gain/(Loss) on sale of RISE		-	788	-	788
Total other economic flows included in net result		(29)	691	8	710
Net result		2,916	(434)	3,878	(118)
OTHER ECONOMIC FLOWS - MOVEMENT IN EQUITY					
Changes in revaluation reserve	8.1	47,475	607	47,475	607
Total other economic flows - movement in equity		47,475	607	47,475	607
Comprehensive result		50,391	173	51,353	489

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2021

		Consolidated Entity		Parent Entity	
	Notes	2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents	6.3	1,948	514	769	422
Receivables	5.1	7,241	5,624	7,009	5,207
Inventories	5.3	82	68	-	
Other assets		1,862	1,414	1,650	1,149
Total current assets		11,133	7,620	9,428	6,778
NON CURRENT ASSETS					
Property, plant and equipment	4.1	123,289	77,251	122,716	76,756
Right of use assets	4.1.1	322	208	322	185
Receivables		-	-	7,773	6,355
Investments	4.4	2,080	1,907	2,080	1,907
Intangible assets	4.3	223	421	-	-
Total non-current assets		125,914	79,787	132,891	85,203
TOTAL ASSETS		137,047	87,407	142,319	91,981
CURRENT LIABILITIES					
Payables	5.2	6,586	6,917	8,257	8,595
Provisions	5.6/3.1.2	2,861	2,578	2,285	2,320
Interest bearing liabilities	6.1	6,711	556	6,711	556
Right of use liabilities	6.2	249	139	249	131
Unearned revenue	5.4	5,132	9,961	5,101	9,917
Other liabilities	5.5	1,743	2,096	1,736	2,090
Total current liabilities		23,282	22,247	24,339	23,609
NON-CURRENT LIABILITIES					
Interest bearing liabilities	6.1	11,692	13,154	11,692	13,154
Right of use liabilities	6.2	74	55	74	55
Unearned revenue	5.4	-	468	-	468
Provisions	5.6/3.1.2	618	322	574	237
Other liabilities	5.5	841	1,012	841	1,012
Total non-current liabilities		13,225	15,011	13,181	14,926
TOTAL LIABILITIES		36,507	37,258	37,520	38,535
NET ASSETS		100,540	50,149	104,799	53,446
EQUITY					
Contributed capital		9,174	9,174	9,174	9,174
Reserves	8.1	87,825	40,350	87,825	40,350
Accumulated surplus		3,541	625	7,800	3,922
TOTAL EQUITY		100,540	50,149	104,799	53,446

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	Consolidated Entity		Parent Entity	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash flows from operating activities					
Receipts					
Receipts from operations		88,565	97,169	78,960	85,852
Total Receipts		88,565	97,169	78,960	85,852
Payments					
Payments to suppliers, employees & industry		(90,436)	(84,609)	(82,118)	(72,401)
Interest paid		(50)	(318)	(52)	(307)
Total Payments		(90,486)	(84,927)	(82,170)	(72,708)
Net cash (used) / from operating activities		(1,921)	12,242	(3,210)	13,144
Cash flows from investing activities					
Payments for property, plant and equipment		(1,209)	(1,242)	(999)	(1,106)
Net cash used in investing activities		(1,209)	(1,242)	(999)	(1,106)
Cash flows from financing activities					
Repayment of lease liabilities (principal)		(129)	(185)	(137)	(185)
Proceeds from return of capital of investments		-	(273)	-	(273)
Repayment of interest bearing liabilities		4,693	(12,458)	4,693	(12,458)
Net cash from / (used in) financing activities		4,564	(12,916)	4,556	(12,916)
Net increase / (decrease) in cash and cash equivalents held		1,434	(1,916)	347	(878)
Cash and cash equivalents at the beginning of the financial year		514	2,430	422	1,300
Cash and cash equivalents at the end of the financial year	6.3	1,948	514	769	422

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

<i>Consolidated Entity</i>		Reserves	Accumulated Surplus	Contributed Capital	Total
		\$'000	\$'000	\$'000	\$'000
	Notes	8.1			
Balance at 1 July 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
Net result for the year		-	2,916	-	2,916
Other comprehensive income for the year		47,475	-	-	47,475
Balance at 30 June 2021		87,825	3,541	9,174	100,540

<i>Parent Entity</i>		Reserves	Accumulated Surplus	Contributed Capital	Total
		\$'000	\$'000	\$'000	\$'000
	Notes	8.1			
Balance at 1 July 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
Net result for the year		-	3,878	-	3,878
Other comprehensive income for the year		47,475	-	-	47,475
Balance at 30 June 2021		87,825	7,800	9,174	104,799

The accompanying notes form part of these financial statements.

1 ABOUT THIS REPORT

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").

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.

Its principal address and registered office is:

Harness Racing Victoria
400 Epsom Road
Flemington VIC 3031

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Group.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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.

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 and assumptions made by management in applying applicable Australian Accounting Standards ("AAS") that have significant effects on the financial statements and estimates are disclosed in the notes and include the following:

- Fair value of land, buildings, plant and equipment (refer to Note 4.1, 4.2 and 7.3);
- Fair value of financial assets measured at fair value (refer to Note 4.4 and 7.3);
- Defined benefit superannuation expense (refer to Note 3.1.1); and
- Employee provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.1.2)

The consolidated financial statements comprise of the financial statements of the Parent entity and its subsidiaries (refer to the Financial Statements notes above) as at 30 June 2021. Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control is demonstrated. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements. In preparing consolidated financial statements for the Group, all material transactions and balances between consolidated entities are eliminated. All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

2 FUNDING DELIVERY OF OUR SERVICES

Compliance information

These general-purpose financial statements have been prepared on an accruals basis in accordance with the *Financial Management Act 1994* ("FMA"), and applicable AAS, which include Interpretations, issued by the Australian Accounting Standards Board ("AASB"). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. 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.

Going Concern Information

These consolidated financial statements are prepared on a going concern basis. Whilst the net current liability position as at 30 June 2021 of \$12.149m (2020: \$14.627m) for HRV (the consolidated entity) and \$14.911m (2020: \$16.831m) for the authority (parent entity), the Board believe the going concern basis is appropriate based on the following factors:

- HRV (the consolidated entity) 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 \$30m. As at 30 June 2021, only \$18.403m (2020: \$13.71m) was drawn down and recorded as a liability, with \$23.212m available as unused funding facility.
- The Treasurer has provided an irrevocable and unconditional guarantee of up to \$43.9m 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.
- During 2020-21, the consolidated entity recorded a net operating profit of \$2.916m (2020: loss of \$0.434m) and generated positive cash inflows from operating activities of \$1.4m (2020: cash outflows of \$1.916m) largely as a result of grant revenues received as COVID-19 pandemic support. However, the Group has also implemented other initiatives including the new strategy, to improve revenues, operational profitability and cashflow.

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.

The Group is predominantly funded by TABCORP distributions as part of an agreement entered into between the Racing Codes in 2012; Racefields fees from wagering service providers; and grant income from the VRIF contributions to infrastructure. These funds are used to achieve the above stated objectives.

2.1 SUMMARY OF REVENUE AND INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
TABCORP Income	34,555	36,300	34,555	36,300
Racefield Fees Income	23,234	18,216	23,234	18,216
Grant Income	19,322	11,130	17,700	10,404
Other Racing Income	9,725	7,450	9,725	7,450
Gaming and Hospitality Income	6,785	10,636	-	-
Other Income	1,697	1,881	2,050	2,068
Total income from transactions	95,318	85,613	87,264	74,438

Revenue and income that fund delivery of the Group's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

The Group recognises income in accordance with AASB 15 *Revenue from Contracts with Customers*, and AASB 1058 *Income from not-for-profit entities*.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. Revenue is recognised when, or as, the performance obligations for the provision of services to the customer are satisfied. Income from the rendering of services is recognised at a point in time when the performance obligation is satisfied, i.e. when the service is completed. Consideration received in advance of recognising the associated revenue from the customer is recorded as deferred revenue (Note 5.4).

2.2 INCOME FROM TRANSACTIONS

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
TABCORP Income				
Racing Program Fee	8,994	9,223	8,994	9,223
Racing Products Fee	9,036	9,365	9,036	9,365
Vic Racing Industry Benefit (VRIB)	4,962	5,310	4,962	5,310
Vic Racing Joint Venture Profit	4,578	5,140	4,578	5,140
International Income	1,394	1,334	1,394	1,334
Other TABCORP income	5,591	5,928	5,591	5,928
Total TABCORP income	34,555	36,300	34,555	36,300

The Group has a clear contractual obligation to provide racing content with Vic Racing Pty Ltd and Racing Products Pty Ltd, and therefore has determined TABCORP income to be classified as revenue from contracts with customers in accordance with AASB 15.

The Group receives its portion of the income earned on a monthly basis and recognises it in the period that those performance obligations are met.

2.2 INCOME FROM TRANSACTIONS (CONTINUED)

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Racefield Fees Income				
Racefield Fees income	23,234	18,216	23,234	18,216
Total Racefield Fees income	23,234	18,216	23,234	18,216

The Group charges Interstate TABs and Corporate Bookmakers for the use of Racefields, and has determined Racefields income to be classified as revenue from contracts with customers in accordance with AASB 15. These fees are recognised in the period that the performance obligations are met.

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Grant Income				
Infrastructure VRIF Contribution	458	156	458	156
Other VRIF Contribution	282	226	282	226
COVID Support Grant	14,000	4,000	14,000	4,000
Jobkeeper income	1,595	675	-	-
Other Grant income	2,987	6,073	2,960	6,022
Total Grant income	19,322	11,130	17,700	10,404

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.

Victorian Racing Industry Fund (VRIF) contributions are received for programs and works approved by the Government. The Group is required to enter into a contractual agreement and recognises these contributions in the period the performance obligations under the agreement is completed.

2.2 INCOME FROM TRANSACTIONS (CONTINUED)

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other Racing Income				
Point of consumption tax (POCT)	4,333	3,253	4,333	3,253
Registration & licensing fees	1,368	1,264	1,368	1,264
Country club contributions to stakemoney	303	483	303	483
Race-day fees	337	297	337	297
Fines & appeals	237	202	237	202
Industry programs	-	7	-	7
Registered bookmakers' fees	2	5	2	5
Futurities income:				
- Vicbred	678	696	678	696
- Breeders Crown	981	1,173	981	1,173
- Race series subsidies	1,486	70	1,486	70
Total Other Racing income	9,725	7,450	9,725	7,450

Point of Consumption Tax (POCT) was introduced from 1 January 2019 and applies at a rate of 8 per cent of the net wagering revenue derived from all wagering and betting activity by customers located in Victoria. From the 1st July 2021, the rate increased from 8 per cent to 10 per cent of net wagering revenue.

Industry contributions received relating to a particular futurity series are carried forward in the consolidated 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 2021, for futurity series to be conducted in 2021-22 are brought to account as a current liability. Fees and contributions received for series to be run after 30 June 2022 have been recorded as a non-current liability.

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Gaming and Hospitality Income				
Gaming commission	4,116	5,906	-	-
Food & beverage	1,781	3,412	-	-
Accommodation	736	1,046	-	-
Other venue revenue	152	272	-	-
Total Gaming and Hospitality income	6,785	10,636	-	-

Gaming machine commission income is calculated as turnover less returns to players. The income is recognised when the right to receive the income has been established, generally on a daily basis.

Food and beverage 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.

Accommodation rental income is recognised on each night of guest stay.

2.2 INCOME FROM TRANSACTIONS (CONTINUED)

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other Income				
Sponsorship, advertising & events	1,416	1,366	1,416	888
Property	-	-	374	364
Management & service fee	30	27	30	475
Other revenue	251	488	230	341
Total Other income	1,697	1,881	2,050	2,068

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. Property (rental) income is recognised over the period of the related rental. Amounts received but not earned at year end are recognised as unearned revenue in the consolidated Balance Sheet.

3 COST OF DELIVERING OUR SERVICES

This note provides an account of the expenses incurred by the Group in delivering services and outputs. In note 2, the funds that enable the provision of services were disclosed and in this note, the cost associated with provision of services are recorded.

3.1 EXPENSES INCURRED IN DELIVERY OF SERVICES

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Stakemoney payments	46,918	41,554	46,918	41,554
Employee benefits	15,729	14,819	11,986	10,969
Racing expenses	15,008	13,887	15,008	13,887
Administration expenses	8,469	9,713	6,248	6,908
Gaming and hospitality expenses	2,618	4,403	-	-
Transformation expense	934	-	934	-
Total expenses incurred in delivery of services	89,676	84,348	81,094	73,318

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

3.1 EXPENSES INCURRED IN DELIVERY OF SERVICES (CONTINUED)

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Stakemoney Payments				
Feature race stakes	10,953	9,107	10,953	9,107
Metropolitan stakes	7,427	5,673	7,427	5,673
Country stakes	22,703	22,104	22,703	22,104
Compensation payments	9	13	9	13
Vicbred win bonuses	4,380	3,857	4,380	3,857
Vicbred breeder bonuses	1,316	707	1,316	707
Trophies	130	93	130	93
Total Stakemoney payments	46,918	41,554	46,918	41,554

Stakemoney expense is recognised in the reporting period in which the race is conducted. These payments are provided to participants as rewards to incentivise involvement in the industry.

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Racing Expenses				
Country club funding	5,718	5,818	5,718	5,818
Vision & audio	3,460	3,296	3,460	3,296
Development fund (refer Note 6.4)	2,084	674	2,084	674
Fields & form comments	884	742	884	742
Swabs	831	787	831	787
Timing & photo finish	7	23	7	23
Registration	581	638	581	638
Integrity & licensing	283	913	283	913
Race day operations	704	619	704	619
Horse welfare program	422	342	422	342
Other racing expense	34	35	34	35
Total Racing expenses	15,008	13,887	15,008	13,887

Racing expenses consists of the costs to administer, develop and promote harness racing. Development fund 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.

3.1.1 EMPLOYEE BENEFITS IN COMPREHENSIVE OPERATING STATEMENT

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Employee Benefits in comprehensive Operating statement				
Post employee benefits				
Defined contribution superannuation expense	1,119	1,179	842	835
Defined benefits superannuation expense	56	32	56	32
Salaries, wages and long service leave	14,554	13,608	11,088	10,102
Total Employee expenses	15,729	14,819	11,986	10,969

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.

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.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Group is demonstrably committed to 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.

3.1.2 EMPLOYEE BENEFITS IN BALANCE SHEET

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current Provisions				
Employee benefits				
Annual leave				
Unconditional and expected to wholly settle within 12 months	653	585	545	486
Unconditional and expected to wholly settle after 12 months	341	357	312	340
Long service leave				
Unconditional and expected to wholly settle after 12 months	980	1,059	898	978
Provisions related to employee benefit on-costs				
Unconditional and expected to wholly settle within 12 months	276	110	244	81
Unconditional and expected to wholly settle after 12 months	56	222	52	220
Total current provision	2,306	2,333	2,051	2,105
Non current				
Employee benefits	528	276	491	203
Provisions related to employee benefit on-costs	90	46	83	34
Total non current provision	618	322	574	237
Total provisions	2,924	2,655	2,625	2,342

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

3.1.2 EMPLOYEE BENEFITS IN BALANCE SHEET (CONTINUED)

	Consolidated Entity	Parent Entity
	2021	2020
	\$'000	\$'000
Reconciliation of movement in provision		
Opening balance	2,655	2,342
Additional provisions recognised	866	851
Reductions arising from payments/other sacrifices of future economic benefits	(649)	(586)
Unwind of discount and effect of changes in the discount rate	52	17
Closing balance	2,924	2,625
Current	2,306	2,105
Non-current	618	574
	2,924	2,625

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and accumulating long service 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 undiscounted 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.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the consolidated Statement of Comprehensive Income as it is taken.

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised and included with provisions for employee benefits.

Long service leave

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

Unconditional LSL is disclosed in 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:

- Undiscounted 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 entitlement 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'.

3.1.3 SUPERANNUATION CONTRIBUTIONS

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.

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Employer contributions made during the financial year:	\$'000	\$'000	\$'000	\$'000
State superannuation fund	50	32	50	32
Victorian superannuation fund	315	322	306	306
Host plus superannuation fund	200	243	49	41
Various other funds as nominated by the employee	610	614	493	488
Total contributions	1,175	1,211	898	867

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.

3.2 OTHER OPERATING EXPENSES

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Administration Expenses:	\$'000	\$'000	\$'000	\$'000
Property costs	2,255	2,542	1,013	961
Marketing & sponsorship expenses	2,033	1,595	1,729	821
Insurance	1,656	1,081	1,315	1,051
Computer costs	816	703	743	648
Consulting / legal fees	509	937	501	927
Staff travel and motor vehicle expense	453	500	450	497
Printing and stationery costs	125	153	94	119
Audit fees	112	96	69	54
Communication costs	82	88	36	44
Bank fees	51	70	25	30
Finance costs	50	308	48	308
Donations	37	64	36	59
Other expenses	313	1,519	214	1,337
Loss allowance	(23)	16	(25)	11
Training facilities	-	40	-	40
Interest on lease liabilities	-	1	-	1
Total Administration expenses	8,469	9,713	6,248	6,908

Other administrative expenses are recognised as they are incurred and reported in the financial year to which they relate.

3.2 OTHER OPERATING EXPENSES (CONTINUED)

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Gaming and Hospitality Expenses:				
Gaming costs	1,840	3,043	-	-
Cost of goods sold	584	1,095	-	-
Venue costs	194	265	-	-
Total Gaming and Hospitality expenses	2,618	4,403	-	-

Gaming and hospitality expenses are recognised as they are incurred and reported in the financial year to which they relate.

When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related income is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

The Group controls property, plant, equipment and intangibles and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Group to be utilised for delivery of those outputs.

4.1 PROPERTY, PLANT AND EQUIPMENT

	Gross Carrying Value		Accumulated Depreciation		Net Carrying Amount	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets at Fair Value:						
Freehold land	80,100	32,384	-	-	80,100	32,384
Buildings	38,943	41,006	-	(1,248)	38,943	39,758
Melton track	1,817	2,807	-	(158)	1,817	2,649
Total	120,860	76,197	-	(1,406)	120,860	74,791
Assets at Cost						
Leasehold improvements	1,538	1,251	(1,231)	(1,227)	307	24
Plant and equipment	11,760	12,349	(9,638)	(9,913)	2,122	2,436
Total	13,298	13,600	(10,869)	(11,140)	2,429	2,460
Total Property, Plant and Equipment	134,158	89,797	(10,869)	(12,546)	123,289	77,251

The following tables are subsets of buildings, and plant and equipment by right-of-use assets and service concession assets.

4.1.1 RIGHT-OF-USE ASSETS

	Gross Carrying Value		Accumulated Depreciation		Net Carrying Amount	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Gross Carrying amount and accumulated depreciation						
Motor Vehicles	322	207	-	-	322	207
Equipment	-	1	-	-	-	1
Total	322	208	-	-	322	208

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. 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.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

4.1.2 DEPRECIATION AND AMORTISATION

Aggregate depreciation and amortisation allocated during the year was as follows:

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Buildings at fair value	1,251	1,244	1,251	1,244
Leasehold improvements at fair value	328	1	272	1
Plant and equipment at fair value	791	664	611	469
Melton complex at fair value	158	158	158	158
Gaming entitlements amortisation	198	198	-	-
Total	2,726	2,265	2,292	1,872

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. 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.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

	Useful life (years)
Buildings	40
Roads	40
Track	25
Plant & equipment	3 to 10
Motor vehicles	5 to 14
Computer hardware	3 to 5
Computer software	3 to 5
Furniture & fittings	2 to 10
Leasehold improvements	7
Office improvements	7

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Group obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

4.1.3 RECONCILIATION OF MOVEMENT

	Freehold Land	Buildings	Leasehold	Plant and Equipment	Melton Track	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Opening Balance	32,384	39,758	24	2,436	2,649	77,251
Additions	-	176	611	478	-	1,265
Revaluations	47,716	260	-	-	(674)	47,302
Disposals	-	-	-	(1,043)	-	(1,043)
Depreciation	-	(1,251)	(328)	(791)	(158)	(2,528)
Accumulated Depreciation Disposal	-	-	-	1,042	-	1,042
Closing Balance	80,100	38,943	307	2,122	1,817	123,289
2020						
Opening Balance	32,384	41,002	25	2,213	2,807	78,431
Additions	-	-	-	970	-	970
Revaluations	-	-	-	-	-	-
Disposals	-	-	-	(2,598)	-	(2,598)
Depreciation	-	(1,244)	(1)	(692)	(158)	(2,095)
Accumulated Depreciation Disposal	-	-	-	2,543	-	2,543
Closing Balance	32,384	39,758	24	2,436	2,649	77,251

At 30 June 2021, the Group's Freehold Land, Buildings and Melton Track fair values were formally reviewed. Valuations were undertaken in accordance with the Valuer-General Victoria on behalf of the Group and performed by Ernest and Young valuation specialist. The valuation was made in conformance with the requirements of the Australian Property Institute code of ethics. The method applied to the valuation is consistent with previous measurement methodology. The valuation was undertaken in recognition of the COVID-19 pandemic and the impact it has had on the market uncertainty. The valuer considered this market uncertainty and the significant valuation uncertainty.

4.2 PROPERTY

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Value of freehold land	\$'000	\$'000	\$'000	\$'000
Freehold land - 28 - 52 Ferris Rd Melton	9,620	3,216	9,620	3,216
Freehold land - 92 -134 Abey Rd Melton (Lot 1)	40,910	18,512	40,910	18,512
Freehold land - 92 -134 Abey Rd Melton (Lot 2)	29,570	10,656	29,570	10,656
Total	80,100	32,384	80,100	32,384

Property is initially recognised at cost. Subsequent to initial recognition at cost, properties are revalued to fair value with changes in the fair value recognised as other economic flows in the comprehensive operating statement in the period that they arise. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties.

4.3 INTANGIBLE ASSETS

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Gross Carrying Amount	\$'000	\$'000	\$'000	\$'000
Gaming machine entitlements	1,983	1,983	-	-
Accumulated amortisation	(1,760)	(1,562)	-	-
Total opening balance	223	421	-	-

Accumulated Depreciation, Amortisation and Impairment

Opening balance	421	752	-	-
Re-classified (to) Investment in subsidiaries	-	(133)	-	-
Amortisation	(198)	(198)	-	-
Closing balance	223	421	-	-

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.

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.

4.4 INVESTMENTS AND OTHER FINANCIAL ASSETS

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Non-Current Investments	\$'000	\$'000	\$'000	\$'000
Investment in RISE - at fair value	663	490	663	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	1,415	1,415	1,415
	2,080	1,907	2,080	1,907

Investment in subsidiaries

The Group's investment in Racing Information Services Enterprise Pty Ltd ('RISE') consists of 29% shareholding ownership. RISE owns and operates the proprietary racing software for the harness racing industry across all states and territories in Australia. The investment in RISE has been recognised at fair value as required by AASB 9 *Financial Instruments*.

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.

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Profit / (loss) on sale of RISE				
Gross proceeds	-	942	-	942
Carrying amount of assets disposed	-	(154)	-	(154)
Profit / (loss) on sale of assets	-	788	-	788

The Group's 29% investment was independently valued at 30 June 2021. The fair value was based on net assets including intellectual property, and consistent with the sale methodology in 2021.

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 2020. The independent valuation provided an indicative valuation range for the Radio 3UZ unit trust of between \$7.5m and \$8.2m.

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 2021 compared with 2020 reporting period;
- The non-binding purchase proposal in 2021 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.

	RISE	3UZ	Total
	\$'000	\$'000	\$'000
2021			
Opening Balance	490	1,417	1,907
Net gains / (losses) from fair value adjustments	173	-	173
Closing Balance	663	1,417	2,080
2020			
Opening Balance	-	1,417	1,417
Net gains / (losses) from fair value adjustments	490	-	490
Closing Balance	490	1,417	1,907

At 30 June 2021, an independent valuation was received across the Group's investments, by professional valuers with suitable qualifications and experience in financial investment valuations.

5 OTHER ASSETS AND LIABILITIES

This note sets out those assets and liabilities that arose from the Group's controlled operations

5.1 RECEIVABLES

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Receivables				
Contractual				
Trade receivables	2,204	518	2,101	519
Loss allowances	(40)	(63)	(35)	(60)
Accrued income	2,904	2,093	2,931	1,844
Tabcorp distribution receivable	2,012	2,742	2,012	2,742
Commission / distribution receivable	161	142	-	-
Intercompany receivables	-	-	7,773	6,355
Statutory				
Goods and services tax (GST) recoverable	-	192	-	162
Total receivables	7,241	5,624	14,782	11,562
Represented by:				
Current receivables	7,241	5,624	7,009	5,207
Non-current receivables	-	-	7,773	6,355

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.

Reconciliation of Movements in Loss Provisions	Total \$'000
2021	
Opening Balance	(63)
Additional provisions recognised	-
Increase / (decrease) in allowance recognised in profit or loss	23
Reversals of provision for receivables written off during the year as uncollectible	-
Closing Balance	(40)
Current	(40)
Non-current	-
2020	\$'000
Opening Balance	(111)
Additional provisions recognised	30
Increase / (decrease) in allowance recognised in profit or loss	18
Reversals of provision for receivables written off during the year as uncollectible	-
Closing Balance	(63)
Current	(63)
Non-current	-

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 sale of goods and services. The increase in provision was recognised in the operating result for the current financial year in accordance with AASB 9 Financial Instruments.

5.2 PAYABLES

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Contractual				
Trade creditors	1,486	1,918	1,331	1,720
Intercompany payables	-	-	2,419	2,037
Development fund accruals	1,636	172	1,636	172
Sundry creditors and accruals	3,247	4,827	2,664	4,666
Statutory				
Goods and services tax (GST) recoverable	217	-	207	-
Total payables	6,586	6,917	8,257	8,595
Represented by:				
Current payables	6,586	6,917	8,257	8,595
Non-current payables	-	-	-	-

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid; and
- **statutory payables**, that 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 contracts.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on trade creditors or sundry creditors.

Maturity analysis of contract payables (a)	Maturity dates (i)					
	Carrying amount	Nominal amount	Less than 1 month	1-3 mths	3 mths - 1 year	1-5 years
2021	'\$000	'\$000	'\$000	'\$000	'\$000	'\$000
Payables:	6,586	6,586	1,697	-	4,889	-
Total	6,586	6,586	1,697	-	4,889	-
2020						
Payables:	6,917	6,917	6,209	(9)	717	-
Total	6,917	6,917	6,209	(9)	717	-

(a) Maturity analysis is presented using the contractual undiscounted cash flows.

5.3 INVENTORIES

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Food at cost	15	16	-	-
Beverage at cost	67	52	-	-
Total inventories	82	68	-	-

Inventories held for consumption are measured at the lower of cost and net realisable value.

5.4 UNEARNED REVENUE

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Venue Naming Rights	352	234	352	234
Other revenue invoiced in advance	4,780	9,727	4,749	9,683
Total current unearned revenue	5,132	9,961	5,101	9,917
Venue Naming Rights	-	468	-	468
Total non-current unearned revenue	-	468	-	468
Total unearned revenue	5,132	10,429	5,101	10,385

Deferred revenue is made up of amounts received for sponsorships, accommodation bookings and government grants, where performance obligations have not yet been met, as per AASB 15.

5.5 OTHER LIABILITIES

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current other liabilities				
Vicbred income invoiced in advance	606	695	606	695
Breeders Crown income invoiced in advance	516	1,173	516	1,172
Other current liabilities	621	228	614	223
Total other current liabilities	1,743	2,096	1,736	2,090
Non-current other liabilities				
Vicbred income invoiced in advance	144	86	144	86
Breeders Crown income invoiced in advance	633	653	633	653
Other non-current liabilities	64	273	64	273
Total other non-current liabilities	841	1,012	841	1,012
Total other liabilities	2,584	3,108	2,577	3,102

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

Industry contributions received relating to a particular futurity series are carried forward in the consolidated 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 2021, for futurity series to be conducted in 2021-22 are brought to account as a current liability. Fees and contributions received for series to be run after 30 June 2022 have been recorded as a non-current liability.

5.6 OTHER PROVISIONS

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current other assets				
State-wide sulky fund	84	85	84	85
Provision for insurance claim	290	-	-	-
Provision for aggregate insurance	150	130	150	130
Bonus points liability	31	30	-	-
Total current provision	555	245	234	215
Total non-current provision	-	-	-	-
Total other provisions	555	245	234	215

Other provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the 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 a discount rate that reflects the time, value of money and risks specific to the provision.

Reconciliation of movements in other provisions	State-wide sulky fund	Bonus points liability	Insurance claim	Aggregate insurance	Total
2021	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance	85	30	-	130	245
Additional provisions recognised	36	1	290	102	139
Reductions arising from payments other sacrifices of future economic benefits	(37)	-	-	(82)	(119)
Unwind of discount and effect of Changes in the discount rate	-	-	-	-	-
Closing Balance	84	31	290	150	555
Current	84	31	290	150	555
Non-current	-	-	-	-	-
2020					
Opening Balance	87	27	-	208	322
Additional provisions recognised	35	3	-	50	88
Reductions arising from payments other sacrifices of future economic benefits	(37)	-	-	(128)	(165)
Unwind of discount and effect of Changes in the discount rate	-	-	-	-	-
Closing Balance	85	30	-	130	245
Current	85	30	-	130	245
Non-current	-	-	-	-	-

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.

6 HOW DO WE FINANCE OUR OPERATIONS

This note provides information on the sources of finance utilised by the Group during its operations, along with interest expenses (cost of borrowings) and other information related to financing activities of the Group.

This note includes disclosures of balances that are financial instruments.

6.1 BORROWINGS

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Unsecured – TCV loan facility	6,711	556	6,711	556
Total current borrowings	6,711	556	6,711	556
Unsecured – TCV loan facility	11,692	13,154	11,692	13,154
Total non-current borrowings	11,692	13,154	11,692	13,154
Total borrowings	18,403	13,710	18,403	13,710

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost unless the Group elects to irrevocably designate them at fair value through profit or loss at initial recognition.

Defaults and breaches

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

Maturity analysis of borrowings	Maturity dates (i)					
	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 mths \$'000	3 mths - 1 year \$'000	1-5 years \$'000
2021						
Unsecured – TCV loan facility	18,403	18,403	-	-	6,711	11,692
Total	18,403	18,403	-	-	6,711	11,692
2020						
Unsecured – TCV loan facility	13,710	13,710	-	-	556	13,154
Total	13,710	13,710	-	-	556	13,154

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).

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.

6.2 LEASES

Leasing Activities

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.

Right-of-use assets

The right-of-use assets are presented above in note 4.1.1

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Right-of-use liabilities				
Not longer than one year	249	139	249	131
Longer than one year	74	55	74	55
Total right-of-use liabilities	323	194	323	186

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.

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 a change in a lease term. The adjustment amount is factored into depreciation of the right-of-use asset prospectively.

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.

6.3 CASH FLOW INFORMATION AND BALANCES

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.

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash and cash equivalents				
Deposits at call	1,697	468	768	422
Cash on hand	251	46	1	-
Closing cash and cash equivalents balance	1,948	514	769	422

Due to the Group's investment policy and funding arrangements, the Group does not hold a large cash reserve in its bank accounts.

6.3 CASH FLOW INFORMATION AND BALANCES (CONTINUED)

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Reconciliation of net result for the year to the net Cash from operating activities				
Net result for the year	2,916	(434)	3,878	(118)
Non-cash movements				
Depreciation/amortisation of non-current assets	2,726	2,265	2,292	1,870
Profit on sale of property, plant and equipment	-	(788)	-	(788)
Loss allowance	(23)	15	(25)	11
Long service leave	52	82	17	67
Movements in assets and liabilities				
(Increase) / decrease in receivables	(1,551)	1,530	(3,059)	1,153
(Increase) in other current assets	(462)	(189)	(501)	(252)
Increase in accounts payables and other liabilities	(6,158)	9,539	(6,114)	11,126
Increase in provisions	579	194	302	164
Net cash from / (used in) operating activities	(1,921)	12,242	(3,210)	13,144

Facilities

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
HRV has access to the following finance facilities				
Unsecured term facility	43,801	43,154	43,801	30,154
Business card limit	99	99	39	39
Total facilities available	43,900	43,253	43,840	30,193
Amount of facility unused	32,109	29,526	32,169	16,471

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.

6.4 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. 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.

During the year ended 30 June 2021 expenditure on the following projects was incurred. No comparative for 2020 is shown due to the nature of the program. Each year the projects receiving funding change therefore making any comparative not applicable.

		2021 \$'000
Bendigo	Water truck	248
Charlton	Undercover stabling	75
Cranbourne	Training centre upgrade	216
Geelong	Grandstand upgrade	175
Terang	Stabling upgrade	162
Charlton	Training centre upgrade	245
Shepparton	Training facility	375
	Track maintenance program	211
	Track upgrade	72
	Consultants	83
	Maximum demand	80
	Re-lamping	119
	Owners Room	23
Total development fund expenses		2,084

6.5 COMMITMENTS FOR EXPENDITURE

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 as well as the net present values.

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
MAX gaming solutions service agreement				
Not longer than one year	692	1,187	-	-
Longer than one year and not longer than 5 years	803	1,377	-	-
Total other expenditure commitments (inclusive GST)	1,495	2,564	-	-
Less GST recoverable from the Australian Taxation Office	(136)	(233)	-	-
Total capital expenditure commitments (exclusive GST)	1,359	2,331	-	-

On commencement of the gaming arrangements in 2012, the infrastructure, services and functions currently supplied by MAX become the responsibility of the gaming venues. Gaming machine entitlements liability has been brought to account based on the present value of future payments which are required under the purchase arrangements.

7 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

The Group is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This note sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Group related mainly to fair value determination.

7.1 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*.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Group to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Group recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables).

Financial assets at fair value through other comprehensive income

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and the Group has irrevocably elected at initial recognition to recognise in this category. These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income. Upon disposal of these equity instruments, any related balance in the fair value reserve is reclassified to comprehensive income. However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

The Group recognises its investment in Radio 3UZ Unit trust and RISE in this category noting however that as the shares are not listed, The Group determines the fair value by way of an independent valuation of the shares and brought to account the increase in the share value to the valuation reserve and also through other economic flows- other comprehensive income.

Categories of financial liabilities

Financial liabilities at amortised cost

Financial 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.

Derecognition 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:

- the rights 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.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Reclassification of financial instruments

Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Group's business model for managing its financial assets has changed such that its previous model would no longer apply.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

7.1 FINANCIAL INSTRUMENTS (CONTINUED)

	Cash and deposits	Financial assets measured at fair value through other comprehensive income (FVOCI)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
Financial instruments: Categorisation	\$'000	\$'000	\$'000	\$'000	\$'000
2021					
Contractual financial assets					
Cash and deposits	1,948	-	-	-	1,948
Receivables	-	-	7,241	-	7,241
Investments	-	2,080	-	-	2,080
Total contractual financial assets	1,948	2,080	7,241	-	11,269
Contractual financial liabilities					
Payables	-	-	-	6,369	6,369
Interest bearing liabilities	-	-	-	18,403	18,403
Total contractual financial liabilities	-	-	-	24,772	24,772
2020					
Contractual financial assets					
Cash and deposits	514	-	-	-	514
Receivables	-	-	5,432	-	5,432
Investments	-	1,907	-	-	1,907
Total contractual financial assets	514	1,907	5,432	-	7,853
Contractual financial liabilities					
Payables	-	-	-	6,917	6,917
Interest bearing liabilities	-	-	-	13,710	13,710
Total contractual financial liabilities	-	-	-	20,627	20,627
Closing Balance					

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

Financial risk management objectives and policies

As a whole, the Group's financial risk management program seeks to manage risks and associate volatility of its performance. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in note 4 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the Group's financial risks within the government policy parameters. The Group's main financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group manages these financial risks in accordance with its financial risk management policy.

The Group uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer of the Group. Risk management is carried out by management and reported on an exception basis to the Governing Board. The Governing Board consists of the Board and the Audit and Risk Committee. 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.

Credit Risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Group's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Group. Credit risk is measured at fair value and 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.

	Financial institutions	Credit rating of financial institution	Other	Total
	\$'000		\$'000	\$'000
Credit quality of financial assets				
2021				
Contractual financial assets				
Cash and deposits	1,697	A+	251	1,948
Receivables	-	-	7,241	7,241
Investments	-	-	2,080	2,080
Total contractual financial assets	1,697	-	9,572	11,269
2020				
Contractual financial assets				
Cash and deposits	468	AA	46	514
Receivables	-	-	5,432	5,432
Investments	-	-	1,907	1,907
Total contractual financial assets	468	-	7,385	7,853

7.1 FINANCIAL INSTRUMENTS (CONTINUED)

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 20 September 2020.

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

Impairment of financial assets

The Group records the allowance for expected credit loss for the relevant financial instruments, applying 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.

Contractual receivables at amortised cost

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.

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.

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

The Group 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 the Group does not actively manage its risk in this area.

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.

	Weighted average effective interest rate	Carrying amount	Interest rate exposure			Nominal Amount
			Fixed interest rate	Variable interest rate	Non- interest bearing	
2021	%	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and deposits	0.1%	1,948	-	1,697	251	1,948
Trade debtors		2,164	-	-	2,164	2,164
Tabcorp distribution		2,012	-	-	2,012	2,012
Accrued income		2,904	-	-	2,904	2,904
Other receivables		161	-	-	161	161
Investments – RISE		663	-	-	663	663
Investments – 3UZ		1,417	-	-	1,417	1,417
Total financial assets		11,269	-	1,698	9,571	11,269
Financial liabilities						
Trade creditors		1,486	-	-	1,486	1,486
Other payables		4,883	-	-	4,883	4,883
Unsecured TCV loan	1.4%	18,403	-	18,403	-	18,403
Unsecured interest free loan		-	-	-	-	-
Gaming machine entitlements		-	-	-	-	-
Total financial liabilities		24,772	-	18,403	6,369	24,772

7.1 FINANCIAL INSTRUMENTS (CONTINUED)

	Weighted average effective interest rate	Carrying amount	Interest rate exposure			Nominal Amount
			Fixed interest rate	Variable interest rate	Non- interest bearing	
2020	%	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and deposits	0.2%	514	-	468	46	514
Trade debtors	-	455	-	-	455	455
Tabcorp distribution	-	2,742	-	-	2,742	2,742
Accrued income	-	2,093	-	-	2,093	2,093
Other receivables	-	142	-	-	142	142
Investments – RISE	-	490	-	-	490	490
Investments – 3UZ	-	1,417	-	-	1,417	1,417
Total financial assets		7,853	-	468	7,385	7,853
Financial liabilities						
Trade creditors	-	1,918	-	-	1,918	1,918
Other payables	-	4,999	-	-	4,999	4,999
Unsecured TCV loan	1.4%	13,710	-	13,710	-	13,710
Unsecured interest free loan	-	887	-	-	887	887
Gaming machine entitlements	-	826	-	-	826	826
Total financial liabilities		22,340	-	13,710	8,630	22,340

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 7.3.

Sensitivity disclosure analysis

The below table discloses the Group'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.

	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
2021									
Contractual financial assets:									
Cash and cash equivalents ⁽¹⁾	1,948	9	9	(9)	(9)	-	-	-	-
Receivables	7,241	-	-	-	-	-	-	-	-
Investments	2,080	-	-	-	-	-	-	-	-
Contractual financial liabilities:									
Payables	6,369	-	-	-	-	-	-	-	-
Interest bearing liabilities	18,403	-	-	-	-	7	7	(7)	(7)
Total impact		9	9	(9)	(9)	7	7	(7)	(7)
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)

Cash and cash equivalents includes AUD\$170,371 in cash held in a New Zealand bank account (NZD\$182,743 @NZD/AUD 0.93232 at 30 June 2021).

7.2 CONTINGENT ASSETS AND LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

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 2022. 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.

7.3 FAIR VALUE DETERMINATION

This note sets out information on how the Group determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result;
- available-for-sale financial assets;
- land, buildings, infrastructure, plant and equipment; and
- properties.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes. The Group determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- 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.

The Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer General Victoria (VGV) is the Group's independent valuation agency. The Group in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

How this note is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and – in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - o a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - o details of significant unobservable inputs used in the fair value determination.

This note is divided between disclosures in connection with fair value determination for financial instruments and non-financial physical assets.

Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and liabilities are determined as follows: [AASB 13.93(a)(b)]

- Level 1 – the fair value of financial instruments 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 currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2020-21 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payable
Investments	Lease liabilities
Receivables	

Fair value estimates recognised in respect of financial instruments in the balance sheet are all estimated and categorised as Level 1, except for the investments as listed in the table below.

No financial assets and financial liabilities are readily traded on organised markets in standardised form. The fair value of assets and the fair value are summarised in the table below.

Financial assets and liabilities measured at fair value

	2021			2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Investment – RISE	-	-	663	-	490	-
Investment – Radio 3UZ Unit Trust	-	-	1,417	-	1,415	-
Total	-	-	2,080	-	1,905	-

There have been no transfers between levels during the period.

The Group recognises the investment in RISE and Radio 3UZ as level 3 financial assets as neither have listed shares. An independent valuation of the shares were utilised to determine the fair value with an increase to the valuation reserve and also through other economic flows under consolidated Comprehensive Income.

Racing Industry Services Enterprise ('RISE')

	Valuation technique	Significant unobservable inputs	Assumption range %	Sensitivity of fair value measurement to changes in significant unobservable inputs
Unlisted security				
RISE	Net realisable assets	Reduction in cashflows for subsequent years average decrease	-	1 per cent increase or decrease in the realisable assets in subsequent years would result in an increase or decrease in fair value by \$7
Radio 3UZ Pty Ltd	Discounted cashflow	Reduction in cashflows for subsequent years average decrease	40 – 60%	10 per cent increase or decrease in the cashflows in subsequent years would result in an increase or decrease in fair value by \$142

7.3 FAIR VALUE DETERMINATION (CONTINUED)

Reconciliation of fair value movements	2021	2020
Investment in RISE		
Opening Balance	490	-
Total gain or loss recognised	173	490
Closing Balance	663	490
Investment in Radio 3UZ Ptd Ltd		
Opening Balance	1,417	1,237
Total gain or loss recognised	-	180
Closing Balance	1,417	1,417

	Carrying Amount	Fair value measurement at end of reporting period		
		Level 1	Level 2	Level 3
At fair value	\$'000	\$'000	\$'000	\$'000
2021				
Specialised Land	80,100	-	80,100	-
Specialised buildings	38,943	-	-	38,943
Specialised leasehold improvements	307	-	-	307
Specialised plant and equipment	2,123	-	-	2,123
Specialised Melton track	1,817	-	-	1,817
2020				
Specialised Land	32,384	-	32,384	-
Specialised buildings	39,758	-	-	39,758
Specialised leasehold improvements	24	-	-	24
Specialised plant, equipment	2,436	-	-	2,436
Specialised Melton track	2,649	-	-	2,649

Asset class	Valuation technique	Significant unobservable inputs	Assumption range %	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised buildings	Current replacement cost	Direct cost per square metre and	\$2,400 per square metre 40 years	A significant increase or decrease in estimated direct cost per square metre, or useful life of the asset would result in a significant higher or lower valuation.
Specialised leasehold improvements	Current replacement cost	Direct cost per square metre and useful life	\$1,000 per square meter 40 years	A significant increase or decrease in estimated direct cost per square metre, or useful life, of the asset would result in a significant higher or lower valuation.
Plant, Equipment	Current replacement cost	Cost per unit and useful life	Weighted average \$100 - \$500,000 per unit (\$3,000 per unit) 3 to 10 years	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	\$1,800 per metre 25 years	A significant increase or decrease in estimated cost per metre of the asset would result in a significant higher or lower valuation.

Non-financial physical assets classified as held for sale

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. In May 2021, HRV made a further application to the Council to extend the timeframes to 30 June 2024 and 30 June 2027.

8 OTHER DISCLOSURES

This note includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

8.1 CHANGES ON VALUATION OF FREEHOLD LAND AND MELTON TRACK

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revaluation reserve				
Balance at beginning of financial year	40,350	39,743	40,350	39,743
Changes on valuation of investments	173	607	173	607
Changes on valuation of freehold land and Melton track	47,042	-	47,042	-
Changes on valuation of building	260	-	260	-
Balance at end of financial year	87,825	40,350	87,825	40,350

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

8.2 ENTITIES CONSOLIDATED

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

- HRV Management Ltd (company limited by guarantee) ("HML")
- Melton Entertainment Trust ("MET")

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Transactions with MET				
Rental income	-	-	374	364
Goods and services provided by HRV	-	-	-	270
Balances:				
Other financial assets	-	-	7,773	6,355
Other current liabilities	-	-	2,419	2,037

8.3 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 – Chair
Dr Catherine Ainsworth – Deputy Chair
Peter Watkinson
Jane Brook
Adam Kilgour
Judy Rothacker
Jack Anderson

Accountable Officer:

Dayle Brown – Chief Executive Officer

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: \$340,000 - \$349,999 (\$340,000 - \$349,999 in 2020-21).

8.4 REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Consolidated Entity	Parent Entity
	2021	2020
	\$'000	\$'000
Consolidated Remuneration by \$10,000 band For responsible persons		
\$0 to \$10,000	-	3
\$10,001 to \$20,000	-	1
\$20,001 to \$30,000	6	4
\$60,001 to \$70,000	1	2
\$220,001 to \$230,000	-	1
\$340,001 to \$350,000	1	-
Total number	8	11
Total remuneration \$ ('000)	550	498

	Consolidated Entity	Parent Entity
	2021	2020
	\$'000	\$'000
Consolidated Remuneration		
Short-term benefits	1,822	1,546
Post-employment benefits	161	136
Termination benefits	-	110
Other long-term benefits	102	33
Total remuneration of key management personnel	2,085	1,825
Total number of executives	8	9
Total annualised equivalent	8	8

The number of executive officers, other than ministers, and their total remuneration during the reporting period. 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.

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.

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.

8.5 RELATED PARTIES

The Group is a wholly owned and controlled entity of the State of Victoria.

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.

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 with 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 2.2 to the financial statements.

Significant transactions with government-related entities

During the year, the Group had the following government-related entity transactions:

- Loan facility held with TCV for \$32m as at reporting date
- Grant revenue received from Department of Jobs, Precincts and Regions (DJPR) for \$19.3m (2020: \$10.5m)

8.6 REMUNERATION OF AUDITORS

	Consolidated Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Victorian Auditor-General's Office – audit of the financial report	80	75	41	35
Internal audit	28	36	28	36
Other audit services	4	2	-	-
Total remuneration of auditors	112	113	69	71

8.7 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.

8.8 OTHER ACCOUNTING POLICIES

Foreign currency balances/transactions

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. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in other economic flows in the consolidated comprehensive operating statement and accumulated in a separate component of equity, in the period in which they arise.

8.9 CHANGE IN ACCOUNTING POLICIES

There were no changes in accounting policies for this reporting period.

8.10 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period. These accounting standards have not been applied to the Annual Report. HRV is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023. The Group will not early adopt the Standard.

The Group is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the Group's reporting.

- AASB 17 Insurance Contracts.
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).
- AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Rent Related Concessions: Tier 2 Disclosures.
- AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform – Phase 2.
- AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments.

APPENDIX A: 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	83
FRD 22H	Purpose, functions, powers and duties	83
FRD 8D	Departmental objectives, indicators and outputs	8
FRD 22H	Key initiatives and projects	10-28
FRD 22H	Nature and range of services provided	38-77
Management and structure		
FRD 22H	Organisational structure	83
Financial and other information		
FRD 8D	Performance against output performance measures	10-28
FRD 8D	Budget portfolio outcomes	31
FRD 10A	Disclosure index	78-79
FRD 12B	Disclosure of major contracts	87
FRD 15E	Executive officer disclosures	74-75
FRD 22H	Employment and conduct principles	85
FRD 22H	Occupational health and safety policy	84
FRD 22H	Summary of the financial results for the year	28
FRD 22H	Significant changes in financial position during the year	28
FRD 22H	Major changes or factors affecting performance	28
FRD 22H	Subsequent events	83
FRD 22H	Application and operation of Freedom of Information Act 1982	87
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	87
FRD 22H	Statement on National Competition Policy	87
FRD 22H	Application and operation of the Public Interest Disclosures Act 2012	87-88
FRD 22H	Application and operation of the Carers Recognition Act 2012	88
FRD 22H	Details of consultancies over \$10 000	87
FRD 22H	Disclosure of ICT expenditure	88
FRD 22H	Statement of availability of other information	88
FRD 24D	Reporting of office based environmental impacts	88
FRD 25D	Local Jobs First	86
FRD 29C	Workforce Data disclosures	85
SD 5.2	Specific requirements under Standing Direction 5.2	31

<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
Ministerial Directions & Financial Reporting Directions		
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	89
SD 5.2.3	Declaration in report of operations	8
Financial statements		
Declaration		
SD 5.2.2	Declaration in financial statements	31
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	34-92
SD 5.2.1(a)	Compliance with Ministerial Directions	34-92
SD 5.2.1(b)	Compliance with Model Financial Report	34-92
Other disclosures as required by FRDs in notes to the financial statements (a)		
FRD B	Departmental Disclosure of Administered Assets and Liabilities by Activity	74-75
FRD 11A	Disclosure of Ex gratia Expenses	52
FRD 13	Disclosure of Parliamentary Appropriations	36 & 60
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	74-75
FRD 103H	Non Financial Physical Assets	60
FRD 110A	Cash Flow Statements	36
FRD 112D	Defined Benefit Superannuation Obligations	45

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

APPENDIX B: GLOSSARY OF TECHNICAL TERMS

The following is a summary of the major technical terms used in this report.

Amortisation is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

Borrowings refers to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, lease liabilities, service concession arrangements and other interest-bearing arrangements. Borrowings also include non interest-bearing advances from government that are acquired for policy purposes.

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

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

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

Financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

a contractual obligation:

to deliver cash or another financial asset to another entity; or

to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

- (a) a contract that will or may be settled in the entity's own equity instruments and is:
- a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements in the Annual report comprises:

- (a) a balance sheet as at the end of the period;

- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Interest expense represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings.

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net operating balance or **net result from transactions** is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Non-financial assets are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests.

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also to 'net result'.

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non produced) from their use or removal.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

Payables includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

Receivables include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under leases and on produced assets such as buildings and entertainment but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

APPENDIX B: GLOSSARY OF TECHNICAL TERMS (CONTINUED)

The following is a summary of the major technical terms used in this report.

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Group.

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax, land tax and duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third-party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, licence and concession fees.

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows into 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. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the Government.

STATUTORY INFORMATION

Purpose and Functions

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 deliver the most sought-after and accessible harness racing that produces financial sustainability, ensures clubs are the heart of their communities and provides equal opportunities for all participants to compete.

Subsequent Events

The impact of the COVID-19 pandemic, and corresponding government-imposed operating restrictions, which began 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.

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

Jack Anderson

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

Natalie Wright Boyd – General Manager People and Culture

Anita Rozen – Director Transformation Lead

Gayle Harvey – General Manager – Tabcorp Park Melton

STATUTORY INFORMATION

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:
 - o The entity's reporting of financial information;
 - o Application of accounting policies;
 - o Internal controls;
 - o Risk management; and
 - o 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:
 - o Effectiveness and efficiency of operations;
 - o Reliability of financial reporting; and
 - o Compliance with applicable laws and regulations.

OCCUPATIONAL HEALTH AND SAFETY

HRV is committed to ensuring the continuation of a pro-active 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.

INCIDENTS	Parent	TCP	Consolidated
Number of incidents	11	8	18
Fatalities	0	0	0
Incidents Investigated	100%	100%	100%
Incidents reported to Regulator (Worksafe)	0		
Improvement notices issued by Worksafe	0	0	0
Improvement notices issued by HSR	0	0	0
WORKCOVER			
Claims raised	1	1	2
Consultation			
OHS Committee meeting	2	n/a	2

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 (2021), and in the last full pay period of the previous reporting period (2020). The table also discloses the full-time equivalent (FTE) based on total working hours for the full pay period in 2021 and 2020.

	June 2021							June 2020						
	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	120	58	39	8	44	73	14	126	63	46	6	50	74	13
Men	140	81	69	1	69	70	12	133	80	68	-	68	65	12
Age														
15-24	25	7	3	-	3	22	4	35	12	7	-	7	28	5
25-34	61	36	31	1	31	29	5	54	35	30	-	30	24	5
35-44	49	34	29	4	31	16	3	46	33	29	2	30	15	3
45-54	46	24	20	1	21	25	3	48	27	22	2	23	24	4
55-64	52	31	22	3	24	27	7	51	29	23	2	24	26	4
65+	27	7	3	-	3	24	4	25	7	3	-	3	22	4
Executives	9	9	9	-	9	-	-	7	7	7	-	7	-	-
Management/ Professional	22	17	19	3	17	-	-	23	21	20	2	21	-	-
Administrative	44	41	35	5	40	4	1	21	20	19	2	20	1	-
Hospitality	81	28	17	1	18	63	10	99	50	35	2	36	62	14
Raceday	104	44	28	-	29	76	15	109	44	33	-	33	76	11
Total employees	260	139	108	9	113	143	26	259	143	114	6	118	139	25

The following table discloses the annualised total salary for senior employees of the Group, categorised by classification. The salary amount is reported as the full-time annualised salary.

Total remuneration, by \$20,000 band, for Executives and other Senior Non-Executive staff

Income band	2021	2020
\$0 to \$20,000	-	-
\$20,001 to \$40,000	-	-
\$40,001 to \$60,000	-	-
\$60,001 to \$80,000	-	-
\$80,001 to \$100,000	-	-
\$100,001 to \$120,000	-	-
\$120,001 to \$140,000	-	2
\$140,001 to \$160,000	-	-
\$160,001 to \$180,000	-	-
\$180,001 to \$200,000	2	2
\$200,001 to \$220,000	4	2
\$220,001 to \$240,000	2	3
\$240,001 to \$260,000	-	-
Total number	8	9
Total remuneration \$ ('000)	1,596	1,493

Workforce inclusion policy

HRV is working towards creating an inclusive working environment where equal opportunity and diversity are valued, and that reflects the communities we serve Consistent with the Gender Equality Act 2020. The workforce in 2020-21 is 46% women and values staff of all gender identities at all levels of the organisation.

Local Jobs First

The Local Jobs First Act 2003 introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for statewide projects, or \$1 million or more for projects in regional Victoria.

There were no contracts commenced in 2020-21 to which VIPPP applied.

There were no contracts completed in 2020-21 to which VIPPP applied.

Consultancies

During the year, HRV had three consultancies that cost in excess of \$10,000 excluding GST. The total expenditure incurred during 2020-21 in relation to these consultancies is \$ 624,269 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Total approved project fee \$	Expenditure 2020/21 (excluding gst) \$	Future expenditure (excluding gst) \$
Benestar	People & Culture Consultant	25,900	25,900	-
Tonkin & Taylor	Ferris Road Monitoring	42,369	42,369	-
Capability Network	Organisation Strategy	556,000	556,000	-

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 2020-21, 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.

Competitive Neutrality 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.

Compliance with Public Interest Disclosures Act 2012

HRV is committed to the aims and objectives of the Public Interest 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	-

Compliance with the Carers Recognition Act 2012

HRV has taken all practical measures to comply with its obligations under the Act. These include:

- promoting the principles of the Act to people in care relationships who receive our services and to the wider community and/or
- ensuring our staff have an awareness and understanding of the care relationship principles set out in the Act and/or
- considering the care relationships principles set out in the Act when setting policies and providing services; and/or
- implementing priority actions in Recognising and supporting Victoria's carers: Victorian carer strategy 2018-22.

Compliance with the Disability Act 2006

The Disability Act 2006 reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

Absolutely everyone: State disability plan for 2017-2020 is the Victorian Government's framework for enabling people with disability to participate and contribute to the social, economic and civic life of their community. Over time the government will consider ways to align disability action plans to the state plan.

Environmental Impacts

HRV remains committed to reducing the energy and greenhouse gas emissions across the Club network. The tracks across the network continue to be upgraded to energy efficient lamps.

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 paper usage reduction initiatives continue to be identified and adopted, with an encouragement for participants to utilise online methods such as Harness Web. With majority of office-based staff now working from home regularly, there is a reduction in the office-printing and increase use of video meetings, thereby also reducing carbon emissions from travel.

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 Financial Management Compliance Statement

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
15 October 2021

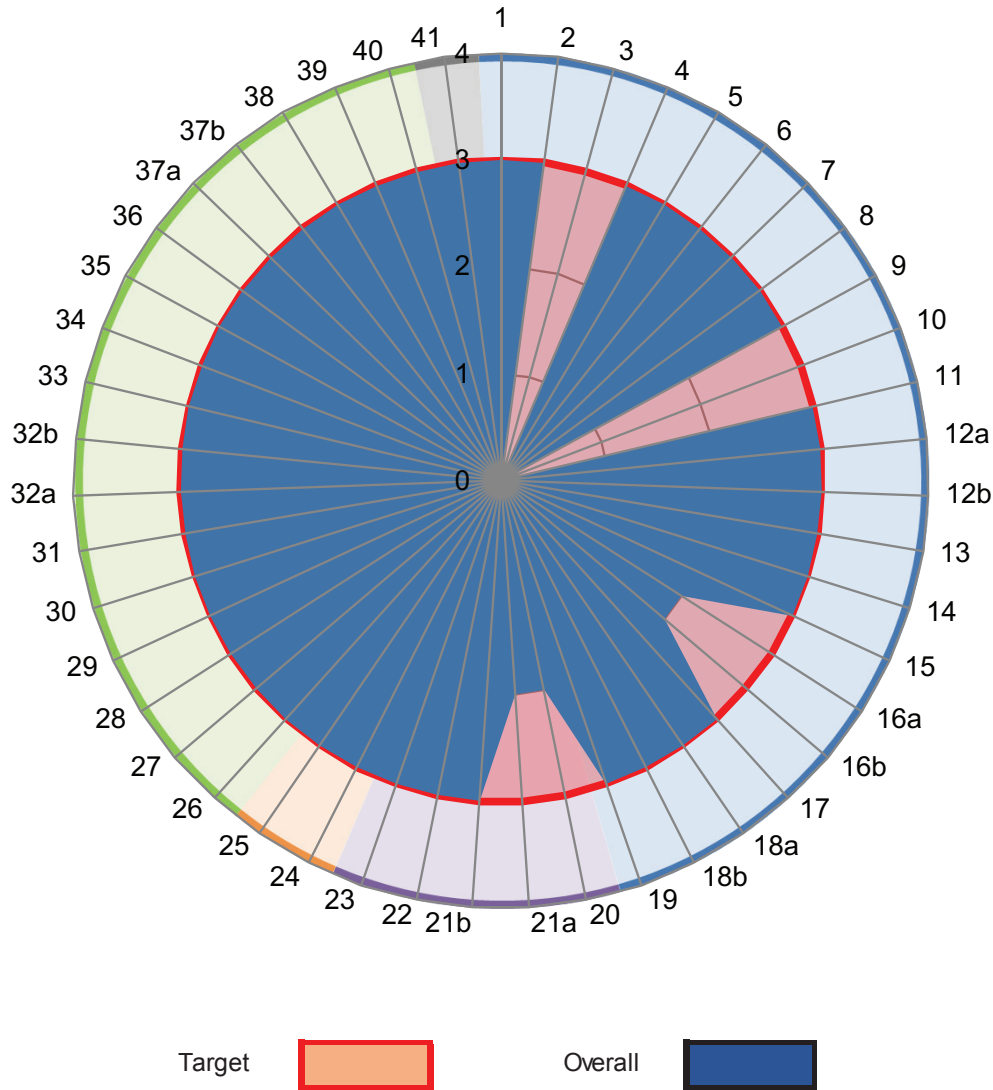
Asset Management Accountability Framework (AMAF) Maturity Assessment

The following note summarises HRV's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements.

The HRV's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Legend

Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A



Leadership and Accountability (requirements 1-19)

HRV has met or exceeded its target maturity level under most requirements within this category. HRV did not comply with some requirements in the areas of allocating asset management responsibility and other requirement. There is no material non-compliance reported in this category. A plan for improvement is in place to improve HRV’s maturity rating in these areas.

Planning (requirements 20-23) and Acquisition (requirements 24 and 25)

HRV has met or exceeded its target maturity level in this category.

Operation (requirements 26-40)

HRV has met or exceeded its target maturity level under most requirements within this category. HRV did not comply with some requirements in the areas of monitoring and preventative action and information management. Monitoring and preventative action is an area of material non-compliance. HRV is developing a plan for improvement to establish processes to proactively identify potential asset performance failures and identify options for preventive action.

Disposal (requirement 41)

HRV has met its target maturity level in this category.



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