



**ANNUAL REPORT 2008/09**  
**QLD HARNESS RACING LIMITED**



## ***CONTENTS***

|                                 |    |
|---------------------------------|----|
| CHAIRMANS REPORT                | 2  |
| QHRL BOARD MEMBERS              | 4  |
| QHRL EXECUTIVE                  | 6  |
| CHIEF EXECUTIVE OFFICERS REPORT | 8  |
| RACING OPERATIONS REPORT        | 10 |
| INTEGRITY REPORT                | 15 |
| COMMERCIAL REPORT               | 18 |
| FINANCIAL STATEMENTS            | 24 |

## **VISION**

Working constructively with harness racing stakeholders to ensure the sport is conducted with integrity, provides exciting racing and maximised wagering, while achieving an increasing share of the entertainment market resulting in greater industry profitability.

## **PURPOSE**

To ensure the harness racing community are provided with the most viable and commercially sound product available.

## **VALUES**

### **Professional and Ethical**

QHRL maintains and conducts itself in a professional and ethical manner amongst the industry stakeholders and supporters.

### **Results Orientated**

QHRL endeavours to ensure that the day to day activities are consistent with achieving the overall business goals.

### **Teamwork**

We are committed as a group to work together to provide the best solutions for our stakeholders and supporters by recognising and rewarding both individual and team contributions.

### **Customer Service**

QHRL strives to serve our customers with excellence at all times.

### **Balance**

We recognise that people are our main asset, therefore we attempt to provide a balance between professional and personal time.

## **GOALS**

To provide an optimal environment for the development and long term growth of the harness racing industry.

A high performing organisation using sound management practices, and delivering cost effective and quality services.

A high level of industry and public confidence in the race product, safety and integrity.



I am pleased to submit the Annual Report of Queensland Harness Racing Limited (QHRL) trading as Harness Racing Queensland (HRQ) as the new corporate entity established 1<sup>st</sup> July 2008. The Auditors, BDO Kendalls, have provided an unqualified report on the Board's financial statements for the year.

The new corporate structure commenced operation from 1 July, 2008 and was followed by the restructuring of Club activities which took effect from 1<sup>st</sup> September, 2008. I would like to take this opportunity to thank all the staff at HRQ, the Clubs and Club Committees for their work and contribution in ensuring a smooth transition for the new operation.

### **Watpac Inter Dominion**

The Watpac Inter Dominion Pacing Championships were the highlight of the 2008/09 racing season. On 1 July, 2008 the event was under a cloud with the Russ Hinze stand at Albion Park being condemned. With tremendous co-operation from all the parties concerned the event was at short notice transferred to the Gold Coast track at Parklands and in March 2009 saw one of the great Inter Dominions held. The end result, while not quite the fairy tale fourth win for local hero Blacks A Fake was still a Queensland victory with the locally owned Mr Feelgood. The event itself was an outstanding success which received plaudits from throughout Australasia and the call that future Inter Dominions should be held permanently at the Gold Coast.

### **Venues**

Harness Racing in Queensland is facing a number of challenges with regard to venues. The demolition of the Russ Hinze stand and discussions with our partners in the venue, QLD Greyhounds Limited, over future developments has been a slow and at times frustrating process. The Board is pleased that agreement and arrangements have been reached on the demolition of the stand and the Board is pursuing the provision of a quality temporary facility as soon as the demolition is completed to enable Albion Park to once again take its place as the headquarters of Harness Racing in Queensland.

HRQ was advised, 12 months ago that the Parklands site would not be available from the end of 2012. The Board is arguing strongly that Harness Racing and the Gold Coast Show should remain at Parklands. A case has been made to Government for its retention

and the Minister who is also the Local Member of Parliament for the area strongly supports the retention of the Parklands site. Should this not be successful HRQ is already actively seeking alternative sites.

### **Clubs**

The restructuring of club activities has resulted in significant improvement in club finances with Albion Park, Gold Coast and Redcliffe all achieving positive improvements in their balance sheet positions over the past 18 months. The restructuring has also produced a number of efficiencies and improvements to operations which are clearly illustrated in the bottom line being achieved by both the clubs and HRQ.

The closure of racing at Rocklea at the end of July 2009 illustrates the importance of Club's keeping on top of their finances and financial controls. The Board provided significant support to allow time to determine the full extent of the Club's problems which in the end, resulted in the Club not being re-licensed to race at Rocklea.

### **Long Term Plans**

As part of the Board's long term plan it has put in place a number of strategies to improve the return to stakeholders, increase the industry's market share and provide the foundations for future growth.

The agreement with Sky Channel to run a full TAB meeting on Mondays will be a significant long term benefit for Harness Racing in Queensland. It will provide additional stakes and also position us to improve our market share situation in the lead in to the re-negotiation of the Product Co agreement in 2014.

The resurgence of country racing at Toowoomba and Maryborough and the increase in Marburg meetings in 2009/10 is a positive sign for Harness Racing. The Board sees the south western Marburg area, where the number of horses and trainers are growing, as a site for a centre for training excellence in the long term.

The Race Fields Legislation enacted in December 2008, is a matter of significant importance for the future of not only Harness Racing but all three racing codes. It is totally unreasonable that gambling operators should be able to use racing information and benefit from the racing event that we put on without making any contribution to the costs of running the industry.

The Government, Office of Racing and the three racing codes have all worked closely together in this legislation. There is no doubt however, given the experience in other states that there will be legal challenges which the industry will have to meet to ensure that its rights are protected.

I would like to thank all the industry stakeholders, owners, breeders, licensees, club committees, the venue managers, catering and beverage providers, race day staff and the many sub-contractors and suppliers associated with our industry.

The media, also are critically important in our success and I would like to acknowledge Sky Channel, Radio TAB, Queensland Newspapers, The Courier Mail, Gold Coast Bulletin, the HRQ Magazine and the industry's weekly Trotguide and the Harness Racing Weekly for their support during the year. In particular the support provided by the above media in the lead up to and during the Watpac Inter Dominion carnival was quite outstanding and much greater than this code has ever received in the past.

I also wish to acknowledge the significant contribution to the industry of my fellow Board Members, Janice Dawson, Dave Knudsen and Kevin Seymour AM (Deputy Chairman). It has been a year with many challenges and I thank you for your support.

The efforts throughout the year of the Executive Management Team and the staff of HRQ has been outstanding. The additional work involved in the restructuring of club and Board operations, the first year of corporatization and the re-arrangements required on shifting the Inter Dominions to the Gold Coast all placed a significant additional burden on staff who responded to the challenge.

Finally, I wish to thank the Minister, Mr Peter Lawlor and the staff responsible for the racing portfolio, the Director-General and the staff of the Office of Racing for all the support and help to the harness racing code they have provided during the year.

**Bob Lette**  
Chairman



## BOARD BIOGRAPHIES

**Bob Lette**  
**CHAIRMAN**



Bob is a former partner of and now consultant to Mullins Lawyers. He is an experienced property lawyer who has extensive experience in major property and property and development spheres, including construction, planning and environment.

Bob also has extensive experience in the banking and finance field, having advised major banks and finance groups for more than 30 years. He also has extensive experience in the area of superannuation, including chairing one of Australia's largest superannuation and investment funds.

Bob holds a number of board positions. These include Chairman of BUSS (Q) - Building Super, The Private Capital Group and Watpac Superannuation Fund. He is also a Director and Audit and Risk Management Committee Chairman of Queensland Airports Limited, and a Director of North Queensland Airports Limited Group of Companies and a Director of the ASX listed Watpac Limited. Bob is also the Deputy Chairman of Harness Racing Australia and Vice-President of Tattersalls Club.

**Kevin Seymour AM**  
**DEPUTY CHAIRMAN**



Kevin was awarded the Order of Australia Medal in January, 2005 & the Australian Government's Centenary Medal in June 2003 for distinguished service to business and commerce through the Construction Industry.

He has been an owner/breeder for 38 years, committee member then Director of Albion Park Trotting Club 1985 to 1987. In September, 1988 elected Chairman of Albion Park Harness Racing Club Ltd until his retirement due to business commitments in 1992. In 1998 he was appointed Vice Chairman of APHRC and then Chairman in 2004. He is currently a life member of the Club. In 1999 he was honoured with Harness Racing's most prestigious tribute - the J.P. Stratton Award for service to the industry at the highest level.

Kevin is the former Deputy Chairman of the Queensland Harness Racing Board & former member of the Australian Harness Racing Council, Inaugural Chairman of Australian Pacing Gold & Queensland Sires Stakes Advisory Committee and former Trustee of the Albion Park Raceway.

Kevin is Australia's largest sponsor in Harness Racing & is the promoter of The Big Gig which benefits 34 charities (collectively received in excess of \$1 million) & sponsors Harness Racings weekly television show "World of Harness Racing".

Outside the Harness Racing industry Kevin is the Chairman of Seymour Group, Deputy Chairman of Ariadne Australia Ltd, Chairman of Watpac Ltd, Director of TAB QLD Ltd, Honorary Ambassador for the City of Brisbane, inaugural independent Chair Brisbane Housing Company (state govt & Brisbane CC owned non profit affordable housing company), former member of the Lord Mayor's Drug Task Force Committee, former Chairman Brisbane Arts & Environment Trust and past Chairman of QCTV.

**Janice Dawson**  
**BOARD MEMBER**



In 2006 Janice was appointed to the then QHRB Board, and continues this role with the QHRL Board of Directors, effective 1 July 2008.

At the age of 23 Janice commenced the first meal delivery service in Brisbane called "Phone a Meal" based in Greenslopes at the Spare Room Restaurant. Janice conducted this business for 5 years before taking up her studies in accounting.

At present, she runs her own practice as a Public Accountant & Registered Tax Agent in Sunnybank, Brisbane and has approximately 32 years experience in the accounting industry. Janice is part of the team dedicated to making harness racing the number one sport in Queensland.

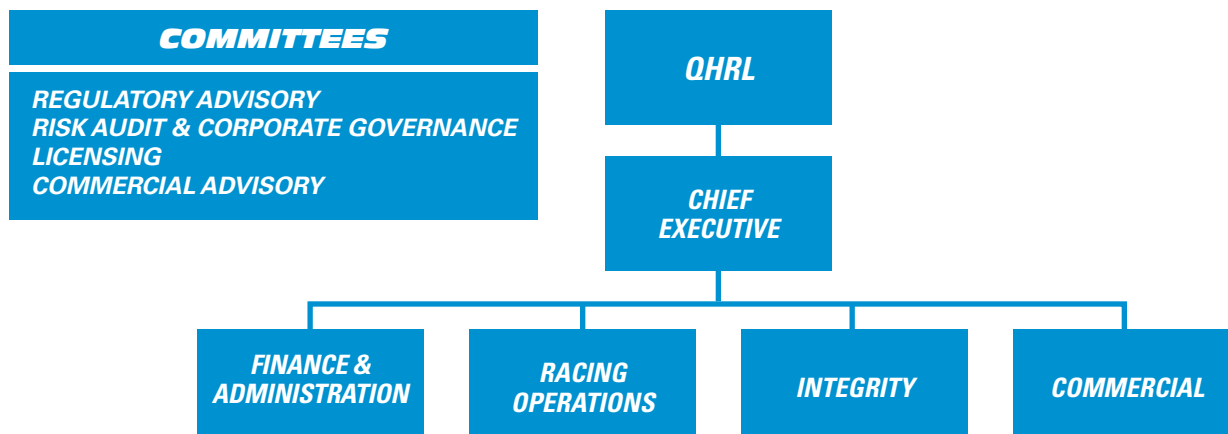
**Dave Knudsen**  
**BOARD MEMBER**



Dave has been involved in harness racing since 1970, firstly as an owner and for a 12 year period worked as a casual steward with the then Queensland Harness Racing Board.

Prior to opening his own electrical retail business in 1993, he held several senior positions in the retail industry including Chief Executive Retail of the Chandler Group and joint Managing Director of Errol Stewarts. Dave has held the position of director Vox Retail Group, Errol Stewarts and Sydney Wide Stores and is currently a director of Retravisión QLD where he was also Chairman for 8 years up until October 2008. He also held the position of National Director Retravisión Australia.

Dave is a past Chairman of Albion Park Harness Racing Club and has been a member of that club for the last 10 years. Dave's company, Dave Knudsen Retravisión sponsors racing at both Albion Park and Redcliffe. He races several pacers in partnership with friends and is also a brood mare owner.





**Mike Godber**  
**CHIEF EXECUTIVE**

The Chief Executive reports to, and receives direction from, the Board of Queensland Harness Racing Limited and his responsibility encompasses all the operations of Queensland harness racing. The Chief Executive provides strategic direction to the Executive team for both the racing product and business management. He also has input into the plans to market and promote harness racing, and building relationships with stakeholders.



**Damian Raedler**  
**RACING OPERATIONS MANAGER**

The Racing Operations Manager is responsible for the racing product including handicapping, programming, registration, licensing, the maintenance of the relevant policies, the QBred Schemes and other futurities, wagering and all operational and contractual aspects of race meetings. This requires a close liaison with clubs, interstate control bodies, a relationship with government and a professional liaison with the licensees. A close association is required with joint venture partners such as Sky Racing, UNITAB and other service providers, industry public relations and media liaison relating to the racing aspects of the industry to ensure a professional delivery of the business objectives of HRQ.

**QLD HARNESS RACING LIMITED CONTACT DETAILS**

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PO Box 252 Albion QLD 4010  
email [info@qld.harness.org.au](mailto:info@qld.harness.org.au)

phone 07 3624 8900  
fax 07 3262 7363  
[www.harnessthepower.com.au](http://www.harnessthepower.com.au)

*Business Hours*  
*Monday to Friday*  
*8.30am to 5.00pm*



**Martin Knibbs**  
**INTEGRITY**

The Chairman of Stewards ensures the delivery of integrity and racing operations throughout the state. His responsibilities comprise the efficient running of all race meetings which includes the races being conducted within the Rules, all racing incidents being observed and dealt with, breaches of the rules being detected and dealt with, a solid working relationship with clubs and the Board, and implementing and maintaining the relevant policies and procedures of QHRL.



**Tracey Harris**  
**CHIEF FINANCIAL OFFICER**

The Finance & Administration Department is accountable for effective budgeting to both Queensland Harness Racing Limited and the industry. The Chief Financial Officer provides business analyst services, audit, corporate governance, prizemoney, turnover analysis and taxation compliance. She is also responsible for Human Resources including employment agreements, contracts, payroll, performance management process, remuneration and negotiation of agreements.



**Peter Duffy**  
**MANAGER COMMERCIAL OPERATIONS**

The Manager, Commercial Operations responsibilities include building the awareness of Harness Racing in Queensland, developing new business opportunities implement strategies to improve wagering turnover, commercial initiatives and industry based marketing. In addition develop new corporate sponsors for the industry, and assist clubs to create opportunities for sponsorships and deliver major harness racing events. Negotiate media agreements and oversee a communications strategy.

**EXTERNAL ASSOCIATES**

**Schweikert Lawyers**  
Level 9  
100 Eagle Street  
Brisbane QLD 4000  
phone 3258 6666

**BDO Kendalls (QLD)**  
Level 18  
300 Queen Street  
Brisbane QLD 4000  
phone 32375999

**Westpac Banking Corporation**  
81-85 Racecourse Road  
Hamilton QLD 4007  
phone 13 20 32

The 2008/09 financial year was one of major change for Harness Racing in Queensland. With the introduction of corporatization at HRQ, restructuring of club operations and the holding of the Watpac Inter Dominion Pacing Championships, the year saw a number of significant challenges and achievements.

### FINANCIALS

Given the challenging nature of the year and the additional costs which are always incurred in running an Inter Dominion, the final result was very creditable. It was well above budget, due in part to reported income from the Racefields Legislation, which is currently subject to legal challenge in many states.

### WATPAC ID09 AT THE GOLD COAST

The transfer of the Watpac Inter Dominions to the Gold Coast due to the unavailability of the Russ Hinze stand only eight months out from the event provided a myriad of logistical problems. The ultimate success of the event was a testament to extremely long hours and hard work put in by all the staff and contractors involved in running Watpac ID09 and the great support provided by the whole industry which came together to ensure that the Gold Coast will be remembered as the best venue for Inter Dominion Championships.

An economic impact study on the event calculated over \$10 million of direct economic impact and almost 12,000 commercial bed nights sold which reinforces the importance of major events to the overall Queensland economy.

The over 20% increase in the average prize money per meeting is reflective of the high level of stakes paid at Watpac ID09

### ALBION PARK

Arrangements for the demolition of the Russ Hinze stand have been completed and plans are under way to provide a quality temporary facility, (two storey corporate hospitality type facility), to replace the stand in 2010. The whole industry will be pleased to see action finally taking place at Albion Park and that there are plans for the immediate re-development of the facility to allow the Club and the industry to operate effectively in the future.

### MONDAY TAB MEETINGS

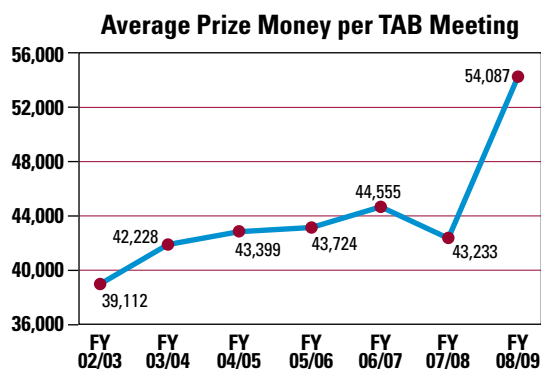
The arrangements with Sky Racing for the coverage of a Monday TAB meeting with the full support of UNiTAB has been a major step forward for the industry. It will provide additional racing opportunities, increase total stakes for industry participants and at the same time lift the profile and the market share available to Harness Racing which is important for the long term future of the code.

### ROCKLEA

During the year, the Metropolitan Harness Racing Club, as a result of historical financial difficulties approached the Board for support. Despite significant Board support provided from November through until after this balance date at the end of July the club was unable to convince the Board or its own Auditors that it was a going concern without significant ongoing support from the industry. This could not be justified and subsequently the Club held its last race meeting on 25 July at Rocklea.

### RACE FIELDS LEGISLATION

In Queensland this legislation was passed with the close co-operation of the Government, Office of Racing and the three racing codes. The return to the industry of income from all betting mediums which use our product to help the industry "put on the show" is critical to the future of all three racing codes. The fact that a number of gaming operators have objected to the legislation and seem set to challenge it in the courts is disappointing but the industry, for its very survival, has no option but to fight these cases and ensure that it gets a fair payment for the costs of providing the event.



## CORPORATISATION AND RE-STRUCTURING

With corporatization commencing from 1<sup>st</sup> July followed by the restructuring of club operations from 1<sup>st</sup> September the 2008/09 year was one of consolidation and reorganisation. Opportunities were taken to review systems and make savings and efficiencies where possible. The bringing together of contracts to create economies of scale was a major benefit. The significant savings achieved in the areas of photocopying, telecommunications, video operations and race books are examples of the positive savings that are being achieved under the new model.

## FUTURE DEVELOPMENTS

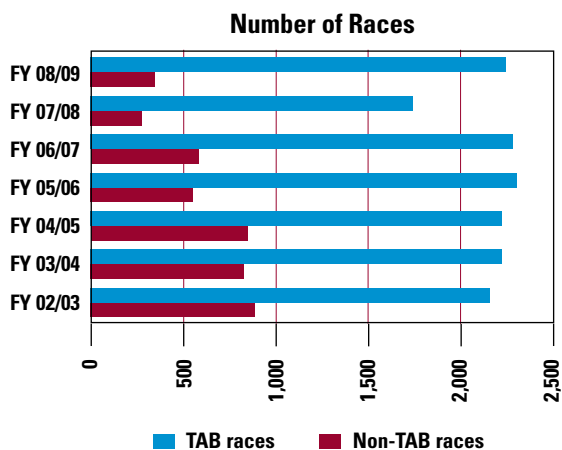
From the consolidation of operations in 2008/09 the Board is looking to increase its return to the industry and expand our profile in the 2009/10 year. The business plan adopted by the Board provides for the freezing of charges to the industry while increasing the number of opportunities to race (through Monday meetings and Saturdays at Marburg) and increasing general prizemoney by 6% (\$600,000).

In addition, a combined marketing plan will ensure a more effective result for our marketing spend by developing a single brand and utilizing a combined buying power which was often lost with individual clubs purchasing advertising singularly.

The longer term plan involves the improvement of facilities at our venues and creating a solid and professional base for future growth. The current world economic crisis has significantly affected sponsorship in all sports and Harness Racing is no exception but with its new commercial operation Harness Racing is well placed in the future to rebuild its sponsorship base.

Finally, I would like to thank all the staff at HRQ for their support and the long hours put in over the past year to meet the many challenges. I would also thank the Board and all the Harness Racing participants and organisations for their support. It has been a very full six months since I arrived permanently in mid November and I believe we are now making progress towards overcoming the many challenges that face Harness Racing and laying a foundation for growth into the future.

**MIKE GODBER**  
CHIEF EXECUTIVE





The Racing Operations department came to fruition in September 2008 when Queensland Harness Racing Limited trading as Harness Racing Queensland (HRQ) became a corporate entity. This department is responsible for the areas relating to the racing and wagering products under the jurisdiction of the control body. This includes a myriad of responsibilities under the Racing Act 2002, the Australian Rules of Harness Racing, the Australian Handicapping Rules and associated policies.

A summary of the department's areas of responsibility include handicapping, programming, registration, licensing, QBred and other futurities, maintenance of the national data-base, wagering that comprises the operation of the on-course totalisators, operational aspects of the conduct of race meetings, venues, clubs, associations, service provision contractors, capital works, plant and equipment, a liaison with government and other agencies, a relationship with joint venture partners such as Sky Racing and UNITAB, industry public relations and media liaison relating to the racing aspects of the industry to ensure a professional delivery of the business objectives of HRQ to the industry participants, the general public and the wagering clients.

The conduct of the highly successful Watpac Inter Dominion Pacing Championship won by the exciting North American importation Mr Feelgood USA on the super 5/8<sup>th</sup> of a mile circuit at Parklands on the Gold Coast in March this year with the Grand Final carrying a stake of \$1 million has made for a hectic

year for Racing Operations both from a racing and operational perspective. The series was relocated to Parklands at short notice when the Russ Hinze Grandstand at Albion Park was found to have structural flaws caused by differential settlement over a period of time was closed for demolition. A tremendous amount of temporary infrastructure was required to accommodate the buoyant crowds that attended on three nights of the series.

During the year Racing Operations has met with the Product Development Advisory Group on a regular basis to discuss matters pertaining to the racing product that included in the main, programming, handicapping and racing related issues. This group comprises representation from trainers, drivers, administrators, associations and the media and has become the benchmark for recommendations in these areas to the Board of HRQ.

Racing Operations has taken a forward position in regard to the implementation of the new Australian Handicapping Rules that will come to reality from 1 September this year. The Manager of Racing Operations and the Handicapper attended early meetings relating to this initiative with other control body representatives from throughout Australia and then continued the dialogue with Harness Racing Australia (HRA) to bring this important paper to fruition after continued consultation with the local industry participants and associations. The objectives and the benefits stemming from this initiative include maximizing the potential of the racing population, increase competitiveness, boost customer-appeal, improve racetrack longevity,



enhance stake-earning capacity, lessen travel burden, retain fillies and mares on the racetrack, sustain and grow prizemoney.

Racing Operations has now taken responsibility for the publication of all racebooks used by the TAB and non TAB clubs under its jurisdiction with the recent purchase of two commercial copiers. The expense incurred with the publication of racebooks has been dramatically reduced given that HRQ does not have to retain a third party service provider to undertake this task.

Racing Operations working with its service provider the Brook Group has recently installed the technology to upload race results to the national database electronically from the judge's box as soon as each race is conducted which has resulted in a more cost effective process with no duplication of the task and less likelihood of errors thus guaranteeing a higher level of customer service.

Racing Operations has a structured channel of communication with service providers and agencies such as Product Co in regard to race dates, UNiTAB and Tabcorp concerning on and off course wagering, Sky Racing and Radio TAB pertaining to race meeting coverage. Communication is everything when it comes to the retailing of a product and this would not be possible for harness racing in Queensland without the dedication of the electronic and print media.

It is vitally important that the wagering aspect of the business is kept under close scrutiny as market

share will be the lifeline to the industry into the future as it will determine the industry's revenue stream. The industry must make every endeavor to improve its market-share of the wagering pie on TAB Queensland to safeguard its distribution in accordance with the Product and Program Agreement with UNiTAB through Product Co that is to be reviewed prior to 2014.

HRQ with this objective in mind has allocated Monday race dates to Redcliffe and Albion Park that will have Sky Racing coverage and are scheduled for Monday day or mornings during the coming year. This decision will certainly make better use of the HRQ resources that will significantly improve market-share on the local product.

On the club front, TAB meetings were conducted at Albion Park, Gold Coast and Redcliffe throughout the year with non TAB race meetings at Rocklea, Marburg, Toowoomba and Maryborough.

The Albion Park Harness Racing Club as the principal club in Queensland is to be congratulated on its hosting of the Watpac Inter Dominion Pacing Championship relocated to Parklands. The club for obvious reasons has been somewhat restricted with the marketing of the race meetings at Albion Park. However, the good news is that work has commenced on the dismantling of the structurally flawed grandstand. It is also planned for the cross-fall of the top turn to be addressed to improve the racing opportunities for horses coming from back in the field as will a resurface of the track at the same time.

The Gold Coast Harness Racing Club continues to be very active in the area of sponsorship that has resulted in another positive year for the club. The club is to be thanked for its cooperation and support leading up to and during the conduct of the Watpac Inter Dominion Pacing Championship. The Parklands Trust are in the process of relocating the stewards room, waiting room, swab dock, vet office and totalisator to new and roomier premises in the raceday stable barn that will make for a more professional presentation in this area.

The Redcliffe Harness Racing Club is certainly making every post a winner with the steakhouse that is now under the baton of club patron Chris Garrard with bumper crowds attending on race nights. The club is also very active in the area of

sponsorship and signage. HRQ and the club are currently working on some major maintenance issues that will make for a better experience for the participants and the general public when attending the peninsula circuit. The harness racing track will be resurfaced during the course of the year.

In conclusion, I wish to sincerely thank the staff of the Racing Operations department, namely, Adam Fairley, Susan Morley, Philip Gardiner, Amanda Rail, Lisa Maher, Brett Rail and Marla Jackson for a committed effort in a very busy year highlighted by the conduct of the Watpac Inter Dominion Pacing Championship at Parklands on the Gold Coast in March this year.

**DAMIAN RAEDLER**

Manager – Racing Operations.

### LICENCEES

| Licences & Registrations | 2008/09 | 2007/08 | 2006/07 |
|--------------------------|---------|---------|---------|
| Trainers                 | 428     | 436     | 440     |
| Drivers                  | 287     | 304     | 337     |
| Stable Hands             | 220     | 218     | 259     |
| Bookmakers               | 9       | 9       | 9       |
| Bookmakers Clerks        | 25      | 27      | 33      |
| Sire Registrations       | 47      | 37      | 36      |
| Foalings                 | 452     | 512     | 551     |
| Services                 | 615     | 451     | 536     |
| Horses Named             | 412     | 413     | 418     |
| Imports                  | 76      | 115     | 55      |
| Exports                  | 14      | 8       | 11      |
| New Syndicates Formed    | 4       | 3       | 4       |
| Leases                   | 86      | 76      | 116     |
| Transfers                | 852     | 716     | 814     |
| Clubs                    | 9       | 7       | 7       |



**ABBHEY TIARA**

bbrf 2006 As Promised USA - Abbey Rainbow  
2009 Redcliffe 2YO Classic Sale Series Final \$30,000 - G3 (GW Dixon) Redcliffe, Qld  
2009 Qbred 2YO Triad-Fillies \$85,000 - G2 (Natalie C Rasmussen) Albion Park, Qld

**ATOMS EXIT**

bc 2005 Atom Away NZ - Speedy Exit  
2009 Qbred 3YO Breeders Classic-C&G \$35,000 - G3 (GJ Vernon) Gold Coast, Qld

**BLACKS A FAKE**

brg 2000 Fake Left USA - Colada Hanover  
2008 Garrards Queensland Pacing Championship \$125,000 - G1 (Natalie C Rasmussen) Albion Park, Qld  
2008 Harness Racing Qld Trans-Tasman \$150,000 - G1 (Natalie C Rasmussen) Albion Park, Qld  
2008 Cold Mountain Stud Gold Coast Cup \$50,000 - G2 (Natalie C Rasmussen) Gold Coast, Qld  
2009 Watpac Inter Dominion Preliminary Heat 3 \$45,000 - G3 (Natalie C Rasmussen) Gold Coast, Qld  
2009 Campbells Wholesale Winter Cup \$100,000 - G1 (Natalie C Rasmussen) Albion Park, Qld

**CATWALK BEAUTY**

brf 2005 P B Bullville USA - Down The Catwalk  
2009 Qbred 3YO Breeders Classic-Fillies \$35,000 - G3 (GW Bowyer) Gold Coast, Qld

**CRACKEROFAPARTY**

bg 2006 Partywiththebigdog USA - Megsamillion  
2009 Qbred 2YO Triad-C&G \$85,000 - G2 (SR Graham) Albion Park, Qld

**ELZAR**

bg 2005 As Promised USA - Wendy Lee  
2009 Qld Premiers Cup \$40,000 - G3 (GW Dixon) Gold Coast, Qld

**I AM SAM**

bg 2002 Perfect Art USA - Just Del  
2009 Horsham Pacing Cup \$50,000 - G2 (Natalie C Rasmussen) Horsham, Vic  
2009 Watpac Inter Dominion Preliminary Heat 2 \$45,000 - G3 (Natalie C Rasmussen) Gold Coast, Qld  
2008 Bohemia Crystal Free For All \$40,500 - G3 (Natalie C Rasmussen) Harold Park, NSW  
2008 Popular Alm Free For All \$30,000 - G3 (Natalie C Rasmussen) Moonee Valley, Vic

**KARTER BROWN**

bg 2006 P B Bullville USA - Lombo Lola  
2009 Qbred 2YO Breeders Classic-C&G \$35,000 - G3 (GW Dixon) Gold Coast, Qld

**LIVELY HIGHLANDER NZ**

bg 2003 Live Or Die USA - Caprock Special NZ  
2009 4&5YO Championship \$40,000 - G3 (SR Graham) Albion Park, Qld

**MAKING MAGIC**

bbrf 2005 Fake Left USA - Mamouna  
2009 Qld 3YO Triad-Fillies \$85,000 - G2 (Natalie C Rasmussen) Albion Park, Qld

**MR FEELGOOD USA**

bh 2002 Grinfromeartotear USA - Best Of Memories (US)  
2009 Watpac Inter Dominion Pacing Championship \$1,000,000 - G1 (AM Butt) Gold Coast, Qld  
2009 BIG6 Hunter Cup \$400,000 - G1 (AM Butt) Moonee Valley, Vic  
2009 Shepparton Gold Cup \$50,000 - G2 (AM Butt) Shepparton, Vic

**PLAY THE LINE**

bm 2004 P B Bullville USA - Casino Wiper  
2009 Qld 4YO Triad-Mares \$75,000 - G2 (Natalie C Rasmussen) Albion Park, Qld

**RIGHT INTEREST**

(TR) bm 2002 Sundon USA - Late Withdrawal  
2008 Darrell Alexander Memorial \$20,000 - G3 (LA McCarthy) Gold Coast, Qld

**SMARTY JONES**

bbrg 2004 Lotsa Clout USA - Solataire  
2009 Qbred 4YO Triad-H&G \$75,000 - G2 (GM Bond) Albion Park, Qld  
2009 Qbred 4YO Breeders Classic-H&G \$30,000 - G3 (GM Bond) Gold Coast, Qld

**SUPER FALCON**

bg 2005 Ultimate Falcon USA - Mango Girl  
2009 Qld 3YO Triad-C&G \$85,000 - G2 (GM Bond) Albion Park, Qld

**TOO SMART FOR YOU**

bm 2004 Famous Forever - Be Ok NZ  
2009 Qbred 4YO Breeders Classic-Mares \$30,000 - G3 (Bethany Smart) Gold Coast, Qld

**WOODLEA GLENN NZ**

brg 2004 Safely Kept USA - Secacus (NZ)  
2009 Qld Governor's Cup \$30,000 - G3 (PJ Greig) Gold Coast, Qld



The breeding incentive scheme for the Queensland bred standardbred

#### **QBred Feature Race Honour Roll**

QBred Triad Finals (Albion Park)

| QBred Triad Finals Honour Roll |                    |
|--------------------------------|--------------------|
| 2YO Filly                      | Abbey Tiara        |
| 2YO Colt/Gelding               | Cracker of a Party |
| 3YO Filly                      | Making Magic       |
| 3YO Colt/Gelding               | Super Falcon       |
| 4YO Mares                      | Play The Line      |
| 4YO Horse/Gelding              | Smarty Jones       |

QBred Breeder's Classic Finals (Gold Coast)

| QBred Breeders Classic Finals Honour Roll |                   |
|---|-------------------|
| 2YO Filly                                 | Modern Day        |
| 2YO Colt/Gelding                          | Karter Brown      |
| 3YO Filly                                 | Catwalk Beauty    |
| 3YO Colt/Gelding                          | Atoms Exit        |
| 4YO Mare                                  | Too Smart For You |
| 4YO Horse/Gelding                         | Smarty Jones      |

QBred is Australasia's most innovative breeding incentive scheme, which distributes some \$2 million in rich feature prizemoney and race winning bonuses each season. The QBred Breeding Incentive Scheme caters to all classes of the standardbred, and has been, since its inception, the envy of other harness racing officialdom throughout Australasia. The QBred Breeding Incentive Scheme continues to be the benchmark for breeding incentive schemes in the southern hemisphere.

In the 2008-09 season a mammoth \$816,790 was paid out in feature prizemoney for the QBred Triad and Breeder's Classic series conducted at Albion Park and Gold Coast.

In recent times important positive changes have been made to the scheme that includes multiple eligibility to multi-state or country sires stakes schemes, a late payment provision and reduced pay-ups for trotters.

Additionally, race winning bonuses for QBred eligible's of an outstanding \$1,372,500 was paid out during the period 1 September 2008 to 31 August 2009 the first entire racing season since the equine influenza outbreak.

The QBred product continues to be highly competitive on the national harness racing stage spearheaded by champion standardbred Black's A Fake and classy Grand Circuit campaigner I Am Sam.

Remember when you're QBred its pay day every day!!!

It is with pleasure that I submit my report on behalf of the Integrity Department for the 2008/09 financial year. The Integrity team has continued its commitment to the implementation of the Rules of Racing and the policies and directions set by the Board. The Stewards have wherever possible dealt with matters expeditiously and endeavoured to report on any matters with transparency.

In July 2008, the Board decided to recreate the position of Deputy Chairman of Stewards, which was filled with the internal promotion of Mr Neil Finnigan. A further restructure of the department saw the appointment of a Senior Steward – Investigations which has enabled the Integrity Department to devote more time and resources to stable visits and other matters away from race day which require constant attention.

An Investigation and Advocacy Skills seminar was convened in conjunction with Queensland Racing in September 2008. This course was attended in order to assist the panel with enhanced inquiry skills, evidence gathering and preparation for appeal presentation. Further courses will be sought to continue our obligation of training for Stewards in the relevant areas.

Disappointingly, the past year saw an increase in the number of certificates issued from the Racing Science Centre advising of prohibited substances. The Board maintains a strong stance on maintaining a commitment to the perception of drug free racing. When matters are brought to the attention of Stewards, particularly in drug related cases, they will be dealt with seriously, and swiftly.

Of most concern is the ever increasing threat that TCO2 has on the image of the sport. The past year saw more positive swabs to this substance than in recent years. Clearly, penalties handed down for breaches of these Rules appear to be of little deterrence on some participants, however, the Stewards will continue to ensure that the majority of stakeholders can be confident when they are competing in races, that they do so on a level playing field.

The hosting of the Watpac Inter Dominion series created a significant amount of planning to ensure that the Integrity Department fulfilled its responsibilities. With the event being held at Parklands, Gold Coast, many of the facilities required upgrading to cater for the event. Temporary swabbing stalls were erected to enable the large volume of pre and post race samples that

needed to be obtained. The RSC advised the number of blood and urine samples submitted was a record for any harness racing event held in Queensland's history. A temporary Stewards room was created and an additional video camera was available through the use of an elevated vantage point on the home turn. The decision to undertake all these changes proved beneficial to the successful conduct of the series.

Early in the racing season Stewards issued notices on a number of policy changes including an intention to monitor whip usage and the standard of equipment. Despite these warnings the Stewards had cause to confiscate whips and penalise drivers who failed to comply with the Rules. A tough stance on this topic will continue as it is an ongoing welfare issue.

The Appeal Committee structure has continued to work efficiently when required. A minimal number of appeals were heard during the year whilst some were withdrawn prior to the hearing date. Amendments to the Appeal Policy were made throughout the year by the Board and these were notified in the monthly magazine. Recently, an increase in the appeal fee was approved, for implementation from the commencement of the new season.

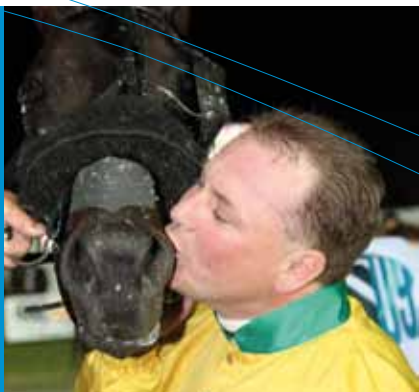
The Board recently decided to return to having a fulltime Senior Veterinary Steward appointed rather than continuing with the current arrangements of contractual veterinary services. This will enable the Integrity Department to fully utilise the expertise of a qualified professional on a day to day basis. This position will require a presence not only on raceday but at stable visits. It will also allow the department to plan and research analytical data and sampling strategies.

The Integrity Department remains committed to improving the perception of the harness racing industry. The conduct of licensees and the portrayal of an industry well perceived is paramount. In conclusion, on behalf of the Integrity team I would like to thank the Board for their ongoing support and assistance in the performance of our duties. Whilst at times some of the duties required can be difficult, they are made easier with the continued support of the Board and the wider industry in general. The Department will continue to undertake any tasks required and do so in a transparent and expedient manner wherever possible.

**Martin Knibbs**  
**Chairman of Stewards**



| Rule        | Offence                                     | Reprimand | Fines | Suspensions | Dq |
|-------------|---|-----------|-------|-------------|----|
| 41          | Late arrival on course                      | 2         | 1     |             |    |
| 43(1)       | Fail to report attendance                   | 2         |       |             |    |
| 44(1)       | Tactic Change - fail to notify              |           | 1     |             |    |
| 88(2)       | Late notification of scratching             |           | 3     |             |    |
| 94(3)       | Fail to clip for brand                      | 1         | 1     |             |    |
| 135(1)      | Late in parade ring                         | 22        | 2     |             |    |
| 147         | Merits                                      |           |       |             | 1  |
| 149(1)      | Reasonable and permissible measures         |           |       | 2           |    |
| 149(2)      | Unacceptable drive                          |           |       | 9           |    |
| 154(1)      | Fail to bring horse back to correct gait    | 1         | 1     |             |    |
| 156(1)      | Unapproved whip                             |           | 8     |             |    |
| 156(2)(c)   | Whip projecting outside sulky               | 1         | 2     |             |    |
| 156(2)(b)   | Whip use                                    | 44        | 42    | 1           |    |
| 156(2)(d)   | Prodding/jabbing whip action                | 1         | 1     |             |    |
| 156(2)(f)   | Whip horse after finish                     | 4         | 2     |             |    |
| 159A(2)     | Fail to wear helmet                         | 4         | 1     |             |    |
| 159A(7)     | Fail to wear protective vest                | 2         | 2     |             |    |
| 162(1)(c)   | Talking and/or communicating on track       | 3         | 1     |             |    |
| 162(1)(d)   | Delay the start                             | 1         | 4     |             |    |
| 162(1)(e)   | Come to mobile barrier out of position      | 1         |       |             |    |
| 162(1)(f)   | Crossing over before reaching start         | 7         | 3     |             |    |
| 162(1)(h)   | Fail to come up into position               | 33        | 9     |             |    |
| 162(1)(i)   | Out of position at the candy pole           | 7         | 1     |             |    |
| 162(1)(j)   | Fail to maintain position until start       | 28        | 8     |             |    |
| 162(1)(n)   | Take or attempt to take unfair advantage    |           |       | 1           |    |
| 162(1)(q)   | Lose gear during race                       |           | 2     |             |    |
| 162(1)(u)   | Abruptly reduce race speed                  | 4         |       |             |    |
| 162(1)(ww)  | Shifting ground when not improving position | 6         |       |             |    |
| 162(1)(www) | Shift ground in run to finish               | 23        | 4     | 1           |    |
| 162(1)(x)   | Set an excessively slow pace                |           |       | 1           |    |
| 162(1)(y)   | Minimum time standards                      | 2         | 100   |             |    |
| 162(1)(z)   | Lack of vigour in driving horse to finish   |           | 1     |             |    |



| Rule      | Offence  | Reprimand | Fines | Suspensions | Dq |
|-----------|--|-----------|-------|-------------|----|
| 163(1)(a) | Cause interference   | 5         | 10    | 41          |    |
| 163(1)(b) | Make another horse cover more ground than necessary          | 2         | 14    |             |    |
| 163(1)(c) | Contact marker pegs  | 21        | 8     |             |    |
| 163(1)(d) | Cause another runner to contact marker posts                 | 5         | 1     |             |    |
| 163(3)    | Half Carting   | 9         | 3     |             |    |
| 165(1)(a) | Not sufficiently clear                                       |           | 1     |             |    |
| 167(2)    | Fail to remove horse from sprint lane                        |           | 3     |             |    |
| 168(1)    | Careless driving   | 130       | 60    | 23          |    |
| 170(1)    | Drop foot from sulky rest                                    | 5         | 7     |             |    |
| 173(2)    | Betting  |           | 1     |             |    |
| 180       | Frivolous protest  |           | 1     |             |    |
| 187(2)    | False, misleading evidence                                   |           | 1     |             |    |
| 190(1)    | Fail to present horse to race free of a prohibited substance | 1         | 8     |             | 10 |
| 204       | Handle horses when unlicensed                                |           | 1     |             |    |
| 210       | Late driver notification                                     |           | 10    |             |    |
| 213(a)    | Inflict suffering on a horse                                 |           |       |             | 1  |
| 219       | Fail to release pins   |           |       | 2           |    |
| 223       | Inadequate clothing  | 1         |       |             |    |
| 226       | Allow unlicensed person to handle horse                      |           | 1     |             |    |
| 231(1)    | Improper behaviour   |           |       |             | 1  |
| 238       | Fail to comply with Stewards direction                       | 1         | 37    |             |    |
| 239A      | Negligence   |           | 1     |             |    |
| 243       | Detrimental behaviour  |           | 2     |             |    |
| 247       | Improper behaviour during Stewards inquiry                   |           | 2     |             |    |
| 248       | Published improper comments                                  |           | 1     |             |    |
| 269       | Incorrect gear   | 1         |       |             |    |
| 273(2)    | Insecure/Faulty/Inferior/Poor Gear                           |           | 3     |             |    |
| 273(5)    | Registered gear changed without approval of Stewards         | 2         | 1     |             |    |
| 273(6)(a) | Wrong saddle numbers   |           | 5     |             |    |
| 273(6)(b) | Not wearing approved gear                                    |           | 1     |             |    |



This is the first report for the Commercial Department which was formed in 2008 upon the corporatisation of Harness Racing Queensland. With corporatisation on 1 July, Club restructuring on 1 September, the closure of the Russ Hinze stand and the Watpac Interdominions in March 2009, a year that had been seen as one of consolidation set a number of major challenges. The main focus in the first part of the year was the 2009 Watpac Inter Dominion Championships. The end result was a magnificent series highlighted by the win of Mr Feelgood in the 2009 Watpac Inter Dominion Grand Final.

I would like to recognise and thank all our sponsors throughout the Inter Dominion carnival including the major naming rights sponsor Watpac. Additional partners such as Conrad Jupiters, Sky Channel and the Australian Pacing Gold also contributed significantly to the event. Event partners such as Garrards Horse & Hound, Gold Coast City Council, TAB Online, Christian Cullen, Gold Coast Titans, GOA Billboards, Seelite Windows and Doors, IPG Print, SEW Eurodrive and Barrier Reef Pools. The media partners NBN Nine, The Gold Coast Bulletin, Radio TAB, Radio 4BC and Radio 4BH along with The Courier Mail provided unprecedented media coverage. I would also like to thank the Parklands Trust for the use of their facilities during this period and continued support.

In addition the charitable beneficiary was Surf Life Saving Queensland who received funds from various promotions throughout the Inter Dominion carnival. Without the support of our generous sponsors an event like this would not be possible.

A special mention must go to the Gold Coast Bulletin

who provided not only front and back page coverage for the event, they also provided significant media exposure during the lead up to the carnival. As was evident by the Economic Impact Study, over \$10 million was injected into the Queensland economy during the 2009 Watpac Inter Dominion.

Research showed the 2009 Watpac Inter Dominion attracted more than 18,000 attendees over the three days of the event. From this figure 66% of all attendees were from outside the Gold Coast region, while more than 3,600 tourists travelled from interstate or international locations in order to attend ID09.

The tourism impact for the Gold Coast was significant, with the research showing Watpac ID09 delivering the following benefits:

- Non locals travelling to the Gold Coast adding \$8.8m to the Gold Coast economy
- \$1.4m spent in retail outlets on the Gold Coast
- More than \$220,000 spent on tourist attractions by visitors to the Gold Coast
- In excess of \$1.89m spent on accommodation by visitors to the Gold Coast
- More than 11,900 bed nights generated for accommodation providers on the Gold Coast
- 75% of all international visitors who attended ID09 identified the event as the primary reason for their trip to Queensland, rising to 86% amongst interstate visitors



The Harness Racing Queensland Annual Awards Night 2007/08 season was also held on the eve of Inter Dominion. We congratulate the following winners of those categories for the season.

#### HRQ AWARDS

|               |  |
|---------------|--|
| Blacks A Fake | Horse of the Year                          |
| Brad Cowen    | Chairman's International Study Scholarship |
| Bill Dixon    | Achiever of the Year                       |
| Grant Dixon   | State Driver of the Year                   |
| Bill Dixon    | State Trainer of the Year                  |

#### HRA AWARDS

|                   |                             |
|-------------------|-----------------------------|
| Good Looking Girl | Age Pacing Mare of the Year |
| Blacks A Fake     | Horse of the Year           |
| Bill Dixon        | Leading Australian Trainer  |

#### HRQ QBRED AWARDS

|                |                       |
|----------------|-----------------------|
| Catwalk Beauty | 2YO Horse of the Year |
| Guitarzan      | 3YO Horse of the Year |
| Fleur De Lil   | 4YO Horse of the Year |

#### HALL OF FAME INDUCTEE

Peter Burge

In addition Queensland held the Christian Cullen Australasian Young Drivers Championship throughout the Inter Dominion carnival, Brad Cowen was the Queensland representative and represented the state with distinction. The overall winner of the series was Danielle Hill from South Australia. I would like to congratulate all the Young Drivers on their presentation and success throughout the series with a special thank you to Mark and Sue Litchwark for looking after the Young Drivers throughout the championship.

Additional events throughout the Inter Dominion included the Inter Dominion Golf Day Championship, The Chairman's Luncheon and the Inter Dominion Barrier Draw and Calcutta. Each of these events was well supported by the industry and proved highly successful. Harness Racing Australia also provided a Breakfast With The Best at the Parklands Complex on the Thursday preceding the Inter Dominion.

A National Marketing Survey was conducted throughout the 2008/09 racing season. This survey provided invaluable information relating to the marketing of Harness Racing. The marketing plan for the 2009/10 season includes many initiatives coming out of the research aimed to increase the awareness of Harness Racing and promote our sport.

Other significant events throughout the year included the inaugural running of the BOTRA Harness Racing Festival at Parklands on October 13<sup>th</sup>. This event attracted a crowd of 3000 people for a Sunday afternoon race meeting along with stallion parades, kids rides and a number of novelty events. BOTRA and Harness Racing Queensland look forward to developing this day even further for the 2009/10 season and linking it with the Queensland Pacing Championship to be held at the Gold Coast on Friday 9<sup>th</sup> October to Sunday 11<sup>th</sup> October establishing a weekend of festival of events.

The first year has been one of consolidation and ensuring a successful ID09 which promoted Queensland Harness Racing both nationally and internationally. The economic impact study illustrates how successful the event was and provides a benchmark for HRQ to work with to achieve the same level with an annual event. I would like to take this opportunity to thank all the Clubs, Committees and volunteers who have assisted throughout this season and we look forward to making next year even more successful.

**Peter Duffy**  
Commercial Manager

## STATEMENT OF AFFAIRS

Effective 1 July 2009, QHRL produces a range of publications and policies that are freely available to members of the public by contacting the QHRL office or by visiting [www.harness.org.au](http://www.harness.org.au).

- Queensland Harness Racing Limited Annual Report
- QBred Information booklet
- Forms under the Australian Harness Racing Rules
- Policies:
  - Access To Race Day Stables and Official Enclosure
  - Allocation of Race Days and Provision of Funding to Harness Racing Clubs
  - Animal Welfare Policy
  - Appeal Committee Policy
  - Awareness of Duties Policy
  - Betting Policy
  - Disposal of Assets by Non-Proprietary Clubs
  - Drug and Alcohol Policy
  - Education and Training Policy
  - Fees Policy
  - Forms Policy
  - Handicapping Policy
  - Licensing Policy for Clubs
  - Licensing Policy for Individuals
  - Policy Development Policy
  - Policy for Formation and Management of Clubs
  - Policy on Spending by Non-Proprietary Clubs
  - Policy on Standards Required for Licensed Venues
  - Policy on the Employment of Officials and Other Staff
  - Policy on the Way in Which Races are to be Held
  - Policy on Trialling and Training of Licensed Animals
  - Public Interest Policy
  - Racing at Agricultural Show Grounds Policy
  - Recordkeeping Policy
  - Sulky Fund Policy
  - Unpaid Forfeit List Policy
  - Website Policy

## PUBLICATIONS

Effective 1 July 2008 QLD Harness Racing is the official publication of QHRL and is published monthly by :

Australian Standardbred Consultancy  
PO Box 121  
BRISBANE MARKET Q 4106  
Telephone: 3875 1333  
Email: [ausbred@bigpond.net.au](mailto:ausbred@bigpond.net.au)

- A twelve-issue subscription is available for \$44.00 (inclusive of GST)

## CORPORATE GOVERNANCE

The Board's policies and corporate governance practices are reviewed annually and advice is taken to ensure the Board follows best practice.

The Board is responsible for managing the business and affairs of the Harness Racing Industry in Queensland.

### 1. Committees

#### Commercial Advisory Committee

- The Commercial Advisory Committee was formed upon corporatisation with the Committee meeting several times throughout the year and focusing on driving the commercial business of the Board

#### Licensing Committee

- Review all licensing policy and fees in addition to the annual approval of licence applications

#### Risk, Audit and Corporate Governance Committee

- Responsibilities include financial reporting and internal and external audit controls, risk management, accounting policies and business policies, practices and compliance with applicable laws, regulations and best practice.

#### Other Committees

##### Budget & Remuneration Committee

- Development and approval of the annual budget in accordance with strategic plan of HRQ.
- Review and approve the annual staff performances, practices and salary recommendations.
- Product Development & Program Advisory Committee
- Development and review of race programs
- Address racing related matters as required

##### QBred Committee

- Development and review of QBred scheme
- Address QBred matters as requested

### 2. Human Resource Management

- QHRL promotes the personal and professional development of its people in order to achieve ongoing improvement in service delivery and create satisfying career paths for staff members.
- Safe work practices, career development, balanced lifestyles and friendly non-discriminatory working environments are actively promoted within QHRL.

### 3. Occupational Health and Safety

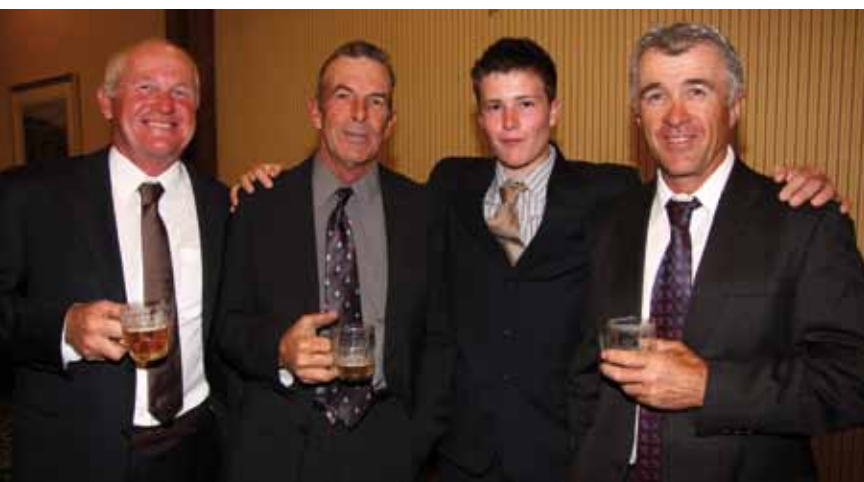
- QHRL is committed to a pro-active approach in the prevention of injury and illness at its workplace, and in the carrying out of its function as the controlling body of harness racing in Queensland.





Harness Racing QLD





Awards Evening 2008/09





## ***FINANCIAL STATEMENTS CONTENTS***

|  |    |
|--|----|
| DIRECTOR'S REPORT  | 25 |
| AUDITOR'S INDEPENDENCE REPORT                            | 27 |
| INCOME STATEMENT   | 28 |
| BALANCE SHEET  | 29 |
| STATEMENT OF CHANGES IN EQUITY                           | 30 |
| CASH FLOW STATEMENT                                      | 31 |
| NOTES TO AND FORMING PART OF<br>THE FINANCIAL STATEMENTS | 32 |
| DIRECTORS DECLARATION                                    | 47 |
| INDEPENDENT AUDITORS REPORT                              | 48 |



**DIRECTOR'S REPORT**

For the year ended 30 June 2009

Your Directors present their report on the company and the controlled entities for the year ended 30 June 2009.

**DIRECTORS**

The names of the Directors in office any time during or since the financial year are:

| Name                | Experience  |
|---------------------|---|
| Mr Robert J Lette   | Chairman - Queensland Harness Racing Limited        |
| Mr Kevin Seymour AM | Deputy Chairman - Queensland Harness Racing Limited |
| Mr David Knudsen    | Board Member - Queensland Harness Racing Limited    |
| Ms Janice Dawson    | Board Member - Queensland Harness Racing Limited    |

Directors have been in office to the date of this report unless otherwise stated.

**COMPANY SECRETARY**

The following person held the position of the entity at the end of the financial year:

Ms Tracey Harris, Company Secretary.

Ms Harris is employed by Queensland Harness Racing Limited as Chief Financial Officer/Company Secretary. Ms Harris was appointed Company Secretary on 28 April 2008.

**PRINCIPAL ACTIVITIES**

The principal activity of the consolidated group is to promote, regulate and control the administration of Harness Racing in Queensland.

**OPERATING RESULTS**

The operating profit of the entity for the year after Income Tax was \$1,108,325 (2008: Loss \$476,990).

**REVIEW OF OPERATIONS**

The successful transition of Harness Racing QLD taking financial responsibility for the day to day management of Clubs contributed significantly to the control of cost increases in the 2009 financial year. Harness Racing QLD managed to cover the additional costs of race day expenses, rents, rates, electricity and water of clubs and employment in the savings achieved from the payment of club administrative fees and grants.

The increase in Harness Racing QLD's profit is twofold. Firstly, the increase in race meetings against the prior financial year which was effected by the Equine Influenza outbreak resulted in favourable wagering turnover. This provided an increase in product and programming fee of \$1.5million. Secondly, the introduction of Race Field Levy provided a new income stream of \$1.1million in the 2009 financial year.

This growth in revenue provided the opportunity to remunerate prize money of \$15.5million in 2009, net of Inter Dominion subsidy \$13.4million against the 2008 distribution of \$11.2million.

The introduction of Race Field Levy was initiated as a charge placed on wagering operators for use of Queensland harness racing information through legislation passed by the Queensland government. The charges became effective from 1 September, 2008. As Harness Racing QLD is currently a net exporter, whilst similar legislation has been passed in other states, the Race Field Levy was a key revenue earner in 2009. Harness Racing QLD earned \$3.4million in race field proceeds and paid \$2.3million for the use of race field information in 2009.

Costs were controlled in relation to the 50% ownership of Albion Park Raceway in the 2009 financial year. However, this came at a significant cost in this period to forecasted race meeting income due to the closure of the Russ Hinze Grandstand which in turn affected on course totalisator turn over, gate receipts, sale of race books sponsorship and promotional revenue.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

This financial year represents the first financial year for Harness Racing QLD as a public company limited by guarantee. All the assets and liabilities of the former Queensland Harness Racing Board were transferred to Queensland Harness Racing Limited effective 1 July, 2008.

From 1 September, 2008 the structure of Harness Racing QLD changed with the transfer of all employees from clubs to Harness Racing QLD, the control body. From this time, Harness Racing QLD undertook the responsibility of the facilitation of all race meetings and venues.

The Queensland Government introduced Race Field legislation allowing charges from 1 September, 2009.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity or the state of affairs of the entity in future financial years.

## AFTER BALANCE DATE EVENTS

Race Information Legislation – As outlined above, Queensland has enacted race information legislation which allows Queensland Harness Racing Limited to charge wagering operators fees for the use of racing information. Other states of Australia have enacted similar (but not precisely the same) laws. There have been a number of legal challenges to the introduction of these charges throughout Australia and as some critical cases are yet to be resolved, a number of wagering operators have shown a reluctance to pay the required fees. Queensland Harness Racing Limited is actively pursuing all outstanding debtors in this regard and will continue to do so in line with the Race Information Legislation.

## ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## MEETINGS OF DIRECTORS

Twelve board meetings were held during the financial year. The board members that attended the meetings are as follows:

## BOARD MEETINGS

| Board Member  | Number of Meetings attended from the 12 Board Meetings held |
|---------------|---|
| Bob Lette     | 11  |
| Kevin Seymour | 10  |
| Janice Dawson | 12  |
| Dave Knudsen  | 5   |

## SUB COMMITTEE MEETINGS

| Member        | Commercial Advisory   |              | Licensing             |              |
|---------------|-----------------------|--------------|-----------------------|--------------|
|               | No. Held              | No. Attended | No. Held              | No. Attended |
| Bob Lette     | 2                     | 2            | N/A                   | N/A          |
| Kevin Seymour | 2                     | 2            | N/A                   | N/A          |
| Janice Dawson | N/A                   | N/A          | N/A                   | N/A          |
| Dave Knudsen  | N/A                   | N/A          | 4                     | 2            |
|               | Product & Programming |              | Budget & Remuneration |              |
|               | No. Held              | No. Attended | No. Held              | No. Attended |
| Bob Lette     | N/A                   | N/A          | 1                     | 1            |
| Kevin Seymour | N/A                   | N/A          | 1                     | 1            |
| Janice Dawson | N/A                   | N/A          | 1                     | 1            |
| Dave Knudsen  | 4                     | 1            | 1                     | 1            |

There were no meetings held for the Risk, Audit and Corporate Governance Committee

## PROCEEDINGS ON BEHALF OF THE COMPANY

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

## AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 25.

Signed in accordance with a resolution of the Board of Directors.



**ROBERT J LETTE**  
CHAIRMAN  
BRISBANE

Dated this 13th day of November 2009.



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Fax: +61 7 3221 9227  
www.bdo.com.au

Level 18, 300 Queen St  
Brisbane QLD 4000  
GPO Box 457, Brisbane QLD 4001  
Australia

13 November 2009

The Directors  
Queensland Harness Racing Limited  
PO Box 252  
ALBION QLD 4010

Dear Directors

**DECLARATION OF INDEPENDENCE BY DAMIAN WRIGHT TO THE DIRECTORS OF QUEENSLAND  
HARNESS RACING LIMITED**

To the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully  
BDO (QLD)

A handwritten signature in blue ink, appearing to read 'Damian Wright', is written over a blue circular stamp or seal.

**Damian Wright**  
Partner

BDO (QLD) ABN 70 202 702 402

BDO is the brand name for the BDO International network and for each of the BDO Member Firms.

BDO in Australia is a national association of separate entities.

Liability of each entity is limited by a scheme approved under the Professional Standards Legislation other than for acts or omissions of financial services licensees.

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000  
INCOME STATEMENT For the year ended 30 June 2009

|   |      | Queensland<br>Harness Racing<br>Limited | Queensland<br>Harness Racing<br>Board |
|---|------|---|---------------------------------------|
|   | Note | 2009                                    | 2008                                  |
| <b>REVENUE FROM ORDINARY ACTIVITIES</b>                   |      |   |                                       |
| Albion Park Raceway Joint Venture                         | 9B   | 734,249                                 | 469,162                               |
| Club contribution to Prizemoney (60% of sponsorship)      |      | 64,821                                  | 0                                     |
| Club totilisator, admission, race book and general income |      | 333,360                                 | 0                                     |
| Fees and Charges  | 9A   | 1,259,474                               | 1,022,679                             |
| Interest on Investments                                   |      | 276,063                                 | 365,014                               |
| Other   |      | 170,571                                 | 131,818                               |
| Product & Program Fee                                     | 9C   | 17,044,981                              | 17,864,731                            |
| Race Field levy (net proceeds)                            |      | 3,447,485                               | 0                                     |
| Subsidised Prize Money                                    |      | 2,205,592                               | 0                                     |
| Sponsorship/Promotional Income                            |      | 24,868                                  | 0                                     |
| <b>Total Revenue From Ordinary Activities</b>             |      | <b>25,561,463</b>                       | <b>19,853,404</b>                     |
| <b>EXPENSES FROM ORDINARY ACTIVITIES</b>                  |      |   |                                       |
| Albion Park Raceway Joint Venture                         | 10A  | 463,067                                 | 1,827,079                             |
| Clubs Administration, Capital Payments/Meeting Fee        |      | 0                                       | 721,338                               |
| Computer Operations                                       |      | 234,867                                 | 185,064                               |
| Depreciation  | 5    | 345,838                                 | 486,430                               |
| Employment Costs  |      | 3,355,106                               | 2,171,386                             |
| Grants to Clubs and Associated Entities                   |      | 53,508                                  | 365,746                               |
| Insurance   |      | 300,050                                 | 287,862                               |
| Loss/Gain on Disposal of Non-Current Assets               | 14   | 10,451                                  | 1,335                                 |
| Other   | 10B  | 1,200,934                               | 922,552                               |
| Prize money   |      | 15,572,092                              | 11,193,636                            |
| Promotional Activities                                    |      | 320,163                                 | 295,196                               |
| Racing Levy and Licencing Expenses                        |      | 192,773                                 | 224,463                               |
| Race Day Expenses   |      | 1647,693                                | 862,049                               |
| Rent, Rates, Electricity, Water - HRQ and clubs           |      | 721,923                                 | 123,606                               |
| Tote Incentive Payments to Clubs                          |      | 34,674                                  | 662,652                               |
| <b>Total Expenditure From Ordinary Activities</b>         |      | <b>24,453,138</b>                       | <b>20,330,394</b>                     |
| <b>PROFIT BEFORE RELATED INCOME TAX</b>                   |      | <b>1,108,325</b>                        | <b>(476,990)</b>                      |
| INCOMETAX   | 1(i) | 0                                       | 0                                     |
| <b>NET PROFIT AFTER RELATED INCOME TAX</b>                |      | <b>1,108,325</b>                        | <b>(476,990)</b>                      |

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000  
BALANCE SHEET For the year ended 30 June 2009

|                                      |      | Queensland<br>Harness Racing<br>Limited | Queensland<br>Harness Racing<br>Board |
|--------------------------------------|------|---|---------------------------------------|
|                                      | Note | 2009                                    | 2008                                  |
| <b>CURRENT ASSETS</b>                |      |   |                                       |
| Cash and cash equivalents            | 2    | 5,344,106                               | 6,009,213                             |
| Trade and other receivables          | 3    | 2,702,726                               | 1,865,592                             |
| Other current assets                 | 4    | 68,987                                  | 60,960                                |
| <b>Total Current Assets</b>          |      | <b>8,115,819</b>                        | <b>7,935,765</b>                      |
| <b>NON-CURRENT ASSETS</b>            |      |   |                                       |
| Property, Plant and Equipment        | 5    | 21,467,001                              | 21,265,150                            |
| <b>Total Non-Current Assets</b>      |      | <b>21,467,001</b>                       | <b>21,265,150</b>                     |
| <b>CURRENT LIABILITIES</b>           |      |   |                                       |
| Trade and Other Payables             | 6    | 2,081,796                               | 2,560,540                             |
| Financial Liabilities                | 7    | 0                                       | 25,953                                |
| Provisions                           | 8    | 1,155,198                               | 1,401,822                             |
| <b>Total Current Liabilities</b>     |      | <b>3,236,994</b>                        | <b>3,988,315</b>                      |
| <b>NON-CURRENT LIABILITIES</b>       |      |   |                                       |
| Provisions                           | 8    | 55,235                                  | 30,334                                |
| <b>Total Non-Current Liabilities</b> |      | <b>55,235</b>                           | <b>30,334</b>                         |
| <b>TOTAL LIABILITIES</b>             |      | <b>3,292,229</b>                        | <b>4,018,649</b>                      |
| <b>NET ASSETS</b>                    |      | <b>26,290,591</b>                       | <b>25,182,266</b>                     |
| <b>EQUITY</b>                        |      |   |                                       |
| Retained Profits                     |      | 26,290,591                              | 5,831,574                             |
| Asset Revaluation Reserve            | 9    | 0                                       | 18,975,692                            |
| General Reserve                      |      | 0                                       | 375,000                               |
| <b>TOTAL EQUITY</b>                  |      | <b>26,290,591</b>                       | <b>25,182,266</b>                     |

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000  
STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2009

|   | Note | Retained<br>Earnings | Asset<br>Revaluation<br>Reserve | General<br>Reserve | Total             |
|---|------|----------------------|---------------------------------|--------------------|-------------------|
| <b>BALANCE AT 1 JULY 2007</b>   |      | <b>6,308,564</b>     | <b>15,844,822</b>               | <b>375,000</b>     | <b>22,528,386</b> |
| Operating Surplus/(Deficit)   |      | (476,990)            | 0                               | 0                  | (476,990)         |
| Increase in Asset Revaluation Reserve                                 |      | 0                    | 3,130,870                       | 0                  | 3,130,870         |
| <b>BALANCE AT 30 JUNE 2008</b>  |      | <b>5,831,574</b>     | <b>18,975,692</b>               | <b>375,000</b>     | <b>25,182,266</b> |
| Reserve transfer arising from transfer of net assets<br>to new entity |      | 19,350,692           | (18,975,692)                    | (375,000)          | 0                 |
| Profit Attributable to members  |      | 170,571              | 0                               | 0                  | 1,108,325         |
| Revaluation Increment   |      | 0                    | 0                               | 0                  | 0                 |
| <b>BALANCE AT 30 JUNE 2009</b>  |      | <b>26,290,591</b>    | <b>0</b>                        | <b>0</b>           | <b>26,290,591</b> |

### Note

Balance transferred from Queensland Harness Racing Board to Harness Racing Queensland Limited.

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000  
CASH FLOW STATEMENT For the year ended 30 June 2009

|  |              | Queensland<br>Harness Racing<br>Limited | Queensland<br>Harness Racing<br>Board |
|--|--------------|---|---------------------------------------|
|  | Note         | 2009                                    | 2008                                  |
|  |              | Inflows<br>(Outflows)                   | Inflows<br>(Outflows)                 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                   |              |   |                                       |
| Receipts from Customers                                      |              | 33,081,688                              | 25,585,877                            |
| Payments to Suppliers and Employees                          |              | (32,682,465)                            | (22,456,028)                          |
| Interest Received  |              | 288,376                                 | 360,375                               |
| GST Input Tax Credit   |              | 703,162                                 | 973,727                               |
| GST Remitted to ATO  |              | (1,769,275)                             | (1,908,654)                           |
| <b>Net Cash Provided By Operating Activities</b>             | <b>20(A)</b> | <b>(378,514)</b>                        | <b>2,555,297</b>                      |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                   |              |   |                                       |
| Purchase of Property, Plant and Equipment                    |              | (829,625)                               | (219,316)                             |
| Proceeds from Sale of Plant and Equipment                    | 15           | 568,985                                 | 19,783                                |
| <b>Net Cash Provided By / (Used In) Investing Activities</b> |              | <b>(260,640)</b>                        | <b>(199,533)</b>                      |
| <b>NET INCREASE IN CASH HELD</b>                             |              | <b>(639,154)</b>                        | <b>2,355,764</b>                      |
| <b>CASH AT THE BEGINNING OF THE REPORTING PERIOD</b>         |              | <b>5,983,260</b>                        | <b>3,627,496</b>                      |
| <b>CASH AT THE END OF THE REPORTING PERIOD</b>               | <b>20(B)</b> | <b>5,344,106</b>                        | <b>5,983,260</b>                      |

## **FINANCIAL STATEMENTS**

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QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

### **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Impairment of Assets**

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the asset's recoverable amount is determined. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the lower of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

#### **Employee Benefits**

Wages and salaries and annual leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, work cover premiums and employer superannuation contributions. For unpaid entitlements expected to be paid within the next 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

Sick leave is non-vesting, an expense is recognised for this leave as it taken. The Board contributes to various accumulating Employee Superannuation Plans. The number of full time employees at June 30 2009 is 67 (2008: 39).

#### **(d) Unearned Income**

Registration Fees and other income received at balance date, which relate to the next accounting period have been deferred in the Income Statement and will be brought to account as income during the period to which the amounts relate.

#### **(e) Rounding and Comparative Information**

Unless otherwise stated amounts in the report have been rounded to the nearest dollar. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

#### **(d) Taxation**

Harness Racing Queensland Limited is exempt from income tax under the provisions of section 50-45 of the Income Tax Assessment Act 1997 with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/ payable to the ATO are recognised and accrued.

Tax effect accounting procedures have not been applied to Harness Racing Queensland Limited due to a private tax ruling for the purposes of Part IV AA of the Taxation Administration Act 1953. This ruling deems product fees paid pursuant to the Product & Program Agreement, as agent of the Harness Racing Queensland Industry will not constitute assessable income under section 6-5 of the Income Tax Assessment Act 1997.

#### **(e) Revenue Recognition**

Revenue is recognised when Product and Program Fee monies are due and payable from UNITAB. Interest income is recognised as it accrues. Grants, Licencing and Racing Fees are brought to account as income during the period to which income is received.

#### **(f) Receivables**

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, with settlement generally required within 30 days from the invoice date. The collectability of receivables is assessed periodically with provision being made for impairment of debts.

Bad debts are written off in the period in which they are recognised.

Loan and advances are recognised at their face values.

## **FINANCIAL STATEMENTS**

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QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

### **(g) Payables**

Payables are recognised for amounts payable in the future for goods and services received, whether or not billed to the Board. Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

### **(h) Cash and Cash Equivalents**

For the purpose of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked at 30 June as well as all deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the company's option and that are subject to a low risk of changes in value.

### **(i) Financial Instruments**

#### **Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions cost where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

#### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires to the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised with the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

#### **Classification and Subsequent Measurement**

##### **(i) Financial assets at fair value through profit and loss**

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

##### **(ii) Loans and receivables**

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

##### **(iii) Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

## **FINANCIAL STATEMENTS**

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QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

### **1.STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(i) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

#### **(ii) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

#### **(l) Fair Value**

Fair value is determined on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### **(m) Issuance of Financial Statements**

The financials statements are authorised for issue by the company Chairman of the Board of Directors and the Chief Financial Officer at the date of signing the Management Certificate.

#### **(n) Judgement and Assumptions**

The Board had made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

#### **(o) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cashflow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **(p) Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

#### **(r) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

|                                 | Queensland<br>Harness Racing<br>Limited | Queensland<br>Harness Racing<br>Board |
|---------------------------------|---|---------------------------------------|
| 2. CASH AND CASH EQUIVALENTS    | 2009                                    | 2008                                  |
| <b>CASH ASSETS</b>              |   |                                       |
| Cash at Bank and on Hand        | 53,982                                  | 23,385                                |
| Floats Held                     | 110,310                                 | 0                                     |
| Short Term Deposits             | 4,742,332                               | 5,962,463                             |
| Albion Park Cash at Bank        | 3,263                                   | 219                                   |
| Albion Park Short Term Deposits | 434,219                                 | 0                                     |
|                                 | <u>5,344,106</u>                        | <u>6,009,213</u>                      |

### Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

|                           |                  |                  |
|---------------------------|------------------|------------------|
| Cash and Cash Equivalents | 5,344,106        | 6,009,213        |
| Bank Overdraft            | 0                | 25,953           |
|                           | <u>5,344,106</u> | <u>5,983,260</u> |

### 3. TRADE AND OTHER RECEIVABLES

|  |                  |                  |
|--|------------------|------------------|
| <b>Current</b>                               | 475,425          | 64,091           |
| Trade Receivables                            | 0                | (1,702)          |
| Less Provision for Impairment of Receivables | 156,489          | 115,239          |
| Licencees                                    | 0                | 45,000           |
| Other Receivables                            | 2,702,812        | 1,642,964        |
| Accrued Revenue (refer to Note 18)           | <u>2,702,726</u> | <u>1,865,592</u> |

#### (i) Movement in the Provision for Impairment of Receivables

|   |          |              |
|---|----------|--------------|
| Balance at the beginning of the year        | 1,702    | 0            |
| Impairment losses recognised in receivables | 0        | 1,702        |
| Impairment losses reversed                  | (1,702)  | 0            |
| Balance at the end of the year              | <u>0</u> | <u>1,702</u> |

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

### (ii) Credit Risk - Trade and Other Receivables

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The following table details company's trade and other receivables exposed to a credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. The company has provided for trade receivables greater than 90 days based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

|                            | Gross Amount   | Past Due and Impaired | Past Due but Not Impaired (days overdue) |              |               |               | With initial trade terms |
|----------------------------|----------------|-----------------------|--|--------------|---------------|---------------|--------------------------|
|                            | \$             | \$                    | <30                                      | 31-60        | 61-90         | >90           | \$                       |
| Trade and term receivables | 475,425        | 0                     | 454,875                                  | 9,900        | 4,798         | 0             | 5,852                    |
| Licencees                  | 156,489        | 0                     | 15,509                                   | 2,468        | 2,468         | 20,506        | 93,767                   |
| <b>Total</b>               | <b>631,914</b> | <b>0</b>              | <b>470,384</b>                           | <b>7,266</b> | <b>20,506</b> | <b>20,506</b> | <b>99,619</b>            |

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

| 4. OTHER CURRENT ASSETS                 | Queensland<br>Harness Racing<br>Limited | Queensland<br>Harness Racing<br>Board |
|---|---|---------------------------------------|
|   | 2009                                    | 2008                                  |
| Prepayments                             | 68,987                                  | 60,960                                |
|   | <b>68,987</b>                           | <b>60,960</b>                         |
| <b>5. PROPERTY, PLANT AND EQUIPMENT</b> |   |                                       |
| <b>Land</b>                             |   |                                       |
| At Fair Value                           | 18,565,300                              | 18,745,300                            |
| <b>Buildings</b>                        |   |                                       |
| At Fair Value                           | 2,185,789                               | 2,138,500                             |
| Accumulated Depreciation                | (172,503)                               | 0                                     |
| Net Book Value                          | <b>2,013,286</b>                        | <b>2,138,500</b>                      |
| <b>Plant and Equipment</b>              |   |                                       |
| At Fair Value                           | 974,250                                 | 527,203                               |
| Accumulated Depreciation                | (143,040)                               | (145,853)                             |
| Net Book Value                          | <b>831,210</b>                          | <b>381,350</b>                        |
| <b>Work in Progress</b>                 |   |                                       |
|   | 57,205                                  | 0                                     |
| <b>Total Net Book Value</b>             | <b>21,467,001</b>                       | <b>21,265,150</b>                     |

Independent valuations of land and buildings were performed as at 30 June 2008, date of transfer of the assets from Queensland Harness Racing Board by Propel Valuers using 'fair value' principles. The valuation of land and buildings is based on current market values and replacement costs respectively.

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Queensland Harness Racing Board

| Asset Name        | Carrying Amount<br>1/07/07 | Additions      | Revaluation      | Transfers | Disposals       | Depreciation     | Carrying<br>Amount<br>30/06/08 |
|-------------------|----------------------------|----------------|------------------|-----------|-----------------|------------------|--------------------------------|
| Land              | 12,640,000                 | 0              | 6,105,300        | 0         | 0               | 0                | 18,745,300                     |
| Building & Tracks | 5,456,236                  | 5,820          | (2,946,118)      | 0         | 0               | (377,438)        | 2,138,500                      |
| Plant & Equipment | 333,842                    | 213,496        | (28,313)         | 0         | (28,683)        | (108,992)        | 381,350                        |
|                   | <b>18,430,078</b>          | <b>219,316</b> | <b>3,130,869</b> | <b>0</b>  | <b>(28,683)</b> | <b>(486,430)</b> | <b>21,265,150</b>              |

#### Queensland Harness Racing Limited

| Asset Name        | Carrying Amount<br>1/07/08 | Additions      | Revaluation | Transfers | Disposals        | Depreciation     | Carrying<br>Amount<br>30/06/09 |
|-------------------|----------------------------|----------------|-------------|-----------|------------------|------------------|--------------------------------|
| Land              | 18,745,300                 | 0              | 0           | 0         | (180,000)        | 0                | 18,565,300                     |
| Building & Tracks | 2,138,500                  | 56,195         | 0           | 0         | (8,240)          | (173,169)        | 2,013,286                      |
| Plant & Equipment | 381,350                    | 716,226        | 0           | 0         | (93,696)         | (172,669)        | 831,210                        |
| Work in Progress  | 0                          | 57,205         | 0           | 0         | 0                | 0                | 57,205                         |
|                   | <b>21,265,150</b>          | <b>829,626</b> | <b>0</b>    | <b>0</b>  | <b>(281,937)</b> | <b>(345,838)</b> | <b>21,467,001</b>              |

#### Impairment of Assets

In accordance with note 1(c) the board has reviewed its Property, Plant and Equipment for Impairment and has determined that there are no indicators of impairment of those assets.

### 6. TRADE AND OTHER PAYABLES

|                                      | Queensland<br>Harness Racing<br>Limited | Queensland<br>Harness Racing<br>Board |
|--------------------------------------|---|---------------------------------------|
|                                      | 2009                                    | 2008                                  |
| <b>Current</b>                       |   |                                       |
| Trade Payables                       | 545,020                                 | 1,148,803                             |
| Licencees                            | 507,898                                 | 0                                     |
| Sundry Payables and accrued expenses | 810,595                                 | 1,188,080                             |
| GST Payable                          | 44,038                                  | 112,890                               |
| General Provisions                   | 25,486                                  | 8,000                                 |
| Holding accounts                     | (10,864)                                | 0                                     |
| Employee Entitlements                | 159,623                                 | 102,767                               |
|                                      | <b>2,081,796</b>                        | <b>2,560,540</b>                      |

### 7. FINANCIAL LIABILITIES

|                              |          |               |
|------------------------------|----------|---------------|
| Albion Park - Bank Overdraft | 0        | 25,953        |
|                              | <b>0</b> | <b>25,953</b> |

As at 30 June 2008 the actual bank account balance was in credit. The bank overdraft includes the amount of cheques not presented at the bank.

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

| 8. PROVISIONS                            | Queensland<br>Harness Racing<br>Limited | Queensland<br>Harness Racing<br>Board |
|--|---|---------------------------------------|
|  | 2009                                    | 2008                                  |
| <b>LONG SERVICE LEAVE</b>                |   |                                       |
| Balance at 1 July                        | 182,156                                 | 148,612                               |
| Additional (Reverse) provisions for year | 53,277                                  | 33,544                                |
| <b>Balance at 30 June</b>                | <b>235,433</b>                          | <b>182,156</b>                        |

### Provisions for Long-term Employee Benefits

A provision for long term employee benefits for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1 (d).

### PROVISIONS FOR DEMOLITION

|  |                |                  |
|--|----------------|------------------|
| Balance at 1 July                        | 1,250,000      | 0                |
| Additional (Reverse) provisions for year | (275,000)      | 1,250,000        |
| <b>Balance at 30 June</b>                | <b>975,000</b> | <b>1,250,000</b> |

### Provision for Demolition

A provision for demolition of the Russ Hinze Stand is made in line with quotations for the costs relating to the deconstruction of the existing stand. The capital costs incurred in the demolition are provided for at Note 16 including the costs of new services.

|                         |                  |                  |
|-------------------------|------------------|------------------|
| <b>TOTAL PROVISIONS</b> | <b>1,210,433</b> | <b>1,432,156</b> |
|-------------------------|------------------|------------------|

### Analysis of Total Provisions

|             |                  |                  |
|-------------|------------------|------------------|
| Current     | 1,155,198        | 1,401,822        |
| Non-current | 55,235           | 30,334           |
|             | <b>1,210,433</b> | <b>1,432,156</b> |

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

| 9. INCOME FROM ORDINARY ACTIVITIES                   | Note | Queensland<br>Harness Racing<br>Limited | Queensland<br>Harness Racing<br>Board |
|--|------|---|---------------------------------------|
|  |      | 2009                                    | 2008                                  |
| <b>9A FEES AND CHARGES</b>                           |      |   |                                       |
| Fines and Late Fees                                  |      | 55,700                                  | 42,975                                |
| Licence Fees   |      | 334,525                                 | 270,553                               |
| Nomination Fees                                      |      | 80,600                                  | 0                                     |
| Notifications and Registration Fees                  |      | 232,232                                 | 156,970                               |
| Qbred Nomination Fees                                |      | 503,170                                 | 428,600                               |
| Registration Fees (inc DNA)                          |      | 53,247                                  | 123,581                               |
| <b>Total</b>   |      | <b>1,259,474</b>                        | <b>1,022,679</b>                      |
| <b>9B. ALBION PARK RACEWAY JOINT VENTURE REVENUE</b> |      |   |                                       |
| Interest   |      | 3,764                                   | 2,861                                 |
| Other Income   |      | 6,987                                   | 37,166                                |
| Profit/(Loss) on Disposal of Fixed Assets            | 15   | 297,499                                 | (3,039)                               |
| Property Rentals                                     |      | 425,999                                 | 432,174                               |
| <b>Total</b>   |      | <b>734,249</b>                          | <b>469,162</b>                        |
| <b>9C. PRODUCT AND PROGRAM FEE REVENUE</b>           |      |   |                                       |
| <b>Product and Program Fee</b>                       |      | <b>17,044,981</b>                       | <b>17,864,731</b>                     |

Queensland Harness Racing Limited was charged \$2,339,348 (2008: nil) for Race Information fees in the current year. These fees have been charged by the Principal Racing Authorities to UNiTAB and have been netted off the Product and Program Fee by UNiTAB

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

|  | Queensland<br>Harness Racing<br>Limited | Queensland<br>Harness Racing<br>Board |
|--|---|---------------------------------------|
| 10. EXPENSES FROM ORDINARY ACTIVITIES                  | 2009                                    | 2008                                  |
| <b>10A. ALBION PARK RACEWAY JOINT VENTURE EXPENSES</b> |   |                                       |
| Administration   | 127,645                                 | 105,739                               |
| Demolition of Building                                 | (5,517)                                 | 1,250,000                             |
| Repairs and Maintenance                                | 85,415                                  | 205,797                               |
| Salaries, Wages and Associated Costs                   | 255,524                                 | 265,543                               |
| <b>Total</b>   | <b>463,067</b>                          | <b>1,827,079</b>                      |
| <b>10B. OTHER EXPENSES</b>                             |   |                                       |
| Audit Fees (including Clubs for the current year)      | 59,852                                  | 19,529                                |
| Consultancy Fees                                       | 126,492                                 | 16,036                                |
| Drivers Fees   | 288,590                                 | 224,712                               |
| Equine Influenza Expense                               | 0                                       | 109,135                               |
| Legal Expenses   | 175,901                                 | 146,171                               |
| Sundry Expenses  | 526,910                                 | 373,933                               |
| Travel and Accommodation Expense                       | 23,188                                  | 33,036                                |
| <b>Total</b>   | <b>1,200,934</b>                        | <b>922,552</b>                        |

## 11. FINANCIAL RISK MANAGEMENT

### a. General objectives, policies and processes

The Entity is exposed to risks that arise from its use of financial instruments. This note describes the Entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments from which financial instrument risk arises are:

- Trade receivables
- Investments
- Cash at bank
- Trade payables

The Board has overall responsibility for the determination of the Entity's risk management objectives and policies and, designing and operating processes that ensure the effective implementation of the objectives and policies to the entity. The Entity's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Entity, where such impacts may be material. The Board receives monthly reports from the Entity CFO, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Entity competitiveness and flexibility. Further details regarding these policies are set out below:

### b. Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Entity.

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

There is no concentration of credit risk with respect to receivables as the Entity has a large number of customers. Policy is that sales are only made to customers that are credit worthy. The Entity does not have any material credit risk exposure to any single debtor or Entity of debtors under financial instruments entered into by the Entity. The Entity is not exposed to credit risk through its investments in Suncorp as all deposits are capital guaranteed.

|             | Queensland<br>Harness Racing<br>Limited | Queensland<br>Harness Racing<br>Board |
|-------------|---|---------------------------------------|
|             | 2009                                    | 2008                                  |
| Receivables | 2,702,812                               | 1,865,592                             |

The Entity's most significant customer accounts for \$1,351,957 of receivables at 30 June 2009 (2008: \$1,627,638).

### c. Liquidity Risk

Liquidity risk is the risk that the organisation may encounter difficulties raising funds to meet commitments associated with financial instruments. It is the policy of the Board of Directors to manage the liquidity risk of the entity

#### Maturity Analysis – 2009

|                              | Carrying<br>Amount | Contractual<br>Cash flows | < 6 mths         | 6-12<br>mths | 1-3 years |
|------------------------------|--------------------|---------------------------|------------------|--------------|-----------|
| <b>Financial Liabilities</b> |                    |                           |                  |              |           |
| Trade payables               | 545,020            | 545,020                   | 545,020          | 0            | 0         |
| Other payables               | 1,536,776          | 1,536,776                 | 1,536,776        | 0            | 0         |
| <b>Total</b>                 | <b>2,081,796</b>   | <b>2,081,796</b>          | <b>2,081,796</b> | <b>0</b>     | <b>0</b>  |
| <b>Financial Assets</b>      |                    |                           |                  |              |           |
| Trade receivable             | 475,425            | 475,425                   | 475,425          | 0            | 0         |
| Other receivable             | 2,227,301          | 2,227,301                 | 2,227,301        | 0            | 0         |
| <b>Total</b>                 | <b>2,702,726</b>   | <b>2,702,726</b>          | <b>2,702,726</b> | <b>0</b>     | <b>0</b>  |

#### Maturity Analysis – 2008

|                              | Carrying<br>Amount | Contractual<br>Cash flows | < 6 mths         | 6-12<br>mths | 1-3 years |
|------------------------------|--------------------|---------------------------|------------------|--------------|-----------|
| <b>Financial Liabilities</b> |                    |                           |                  |              |           |
| Trade payables               | 1,148,803          | 1,148,803                 | 1,148,803        | 0            | 0         |
| Other payables               | 1,411,737          | 1,411,737                 | 1,411,737        | 0            | 0         |
| <b>Total</b>                 | <b>2,560,540</b>   | <b>2,560,540</b>          | <b>2,560,540</b> | <b>0</b>     | <b>0</b>  |
| <b>Financial Assets</b>      |                    |                           |                  |              |           |
| Trade receivables            | 62,389             | 62,389                    | 62,389           | 0            | 0         |
| Other receivables            | 1,803,203          | 1,803,203                 | 1,803,203        | 0            | 0         |
| <b>Total</b>                 | <b>1,865,592</b>   | <b>1,865,592</b>          | <b>1,865,592</b> | <b>0</b>     | <b>0</b>  |

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

### d. Interest Rate Risk

The entity is exposed to interest rate risk through its investments in the bank term deposits. The company's exposure to

interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

The entities' exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

|                                    | Average Effective Interest Rate |      | Floating Interest Rate |           | Non-Interest Bearing |           | Total     |           |
|------------------------------------|---------------------------------|------|------------------------|-----------|----------------------|-----------|-----------|-----------|
|                                    | 2009                            | 2008 | 2009                   | 2008      | 2009                 | 2008      | 2009      | 2008      |
|                                    | %                               | %    |                        |           |                      |           |           |           |
| <b>Financial Assets</b>            |                                 |      |                        |           |                      |           |           |           |
| Cash at Bank                       | 5.9                             | 7.6  | 5,233,796              | 6,009,213 | 110,310              | 0         | 5,344,106 | 6,009,213 |
| Receivables                        | 0                               | 0    | 0                      | 0         | 2,702,812            | 1,865,592 | 2,702,812 | 1,865,592 |
| Other Assets                       | 0                               | 0    | 0                      | 0         | 68,987               | 60,960    | 68,987    | 60,960    |
| <b>Total Financial Assets</b>      |                                 |      | 5,233,796              | 6,009,213 | 2,882,109            | 1,926,552 | 8,115,905 | 7,935,765 |
| <b>Financial Liabilities</b>       |                                 |      |                        |           |                      |           |           |           |
| Payables                           | 0                               | 0    | 0                      | 0         | 2,882,109            | 2,560,540 | 2,081,796 | 2,560,540 |
| Bank Overdraft                     | 0                               | 0    | 0                      | 0         | 0                    | 25,953    | 0         | 25,953    |
| Provisions                         | 0                               | 0    | 0                      | 0         | 1,210,433            | 1,432,156 | 1,210,433 | 1,432,156 |
| <b>Total Financial Liabilities</b> |                                 |      | 0                      | 0         | 3,292,229            | 4,018,649 | 3,292,229 | 4,018,649 |

### e. Net Fair Values

The net fair values for all assets and liabilities approximates their carrying values. No financial assets and financial liabilities are readily traded on organised markets in a standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the entity intends to hold these assets to maturity.

### f. Sensitivity Analysis

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

At 30 June, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

|                                 | Queensland Harness Racing Limited | Queensland Harness Racing Board |
|---------------------------------|-----------------------------------|---------------------------------|
|                                 | 2009                              | 2008                            |
| Change in profit                |                                   |                                 |
| Increase in interest rate by 1% | 52,338                            | 60,092                          |
| Decrease in interest rate by 1% | (52,338)                          | (60,092)                        |
| Change in equity                |                                   |                                 |
| Increase in interest rate by 1% | 52,338                            | 60,092                          |
| Decrease in interest rate by 1% | (52,338)                          | (60,092)                        |

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

### 12. SEGMENT REPORTING

The Company operates primarily within the harness racing industry in Queensland.

| 13. KEY MANAGEMENT PERSONNEL COMPENSATION INCLUDING BOARD MEMBERS REMUNERATION | Queensland Harness Racing Limited | Queensland Harness Racing Board |
|--|-----------------------------------|---------------------------------|
|  | 2009                              | 2008                            |
| Short Term Benefits  |                                   |                                 |
| Post Employment Benefit (Superannuation)                                       | 239,356                           | 191,003                         |
| <b>Total</b>   | <b>239,356</b>                    | <b>191,003</b>                  |

Total income paid or payable, or otherwise made available, to key management personal and board members.

Key management personnel are involved in the strategic direction of Harness Racing Queensland Limited including the board of directors as well as the Chief Executive Officer.

### 14. RELATED PARTY TRANSACTIONS

Queensland Harness Racing provide administration services to Albion Park and Gold Coast. On behalf of these organisations certain costs are incurred by Harness Racing Queensland including payroll and general administrative expenses. No fee is charged for the services performed.

#### i) Directors Fee

Fees payable to Directors are included in Note 13

#### ii) Transactions with Director related entities

Plant, Equipment and General Electrical Supplies to the amount of \$2720 was purchased from an entity associated with Mr David Knudsen

No other related party transactions occurred during this financial year

| 15. PROFIT / (LOSS) ON SALE OF NON CURRENT ASSETS | Queensland Harness Racing Limited | Queensland Harness Racing Board |
|---|-----------------------------------|---------------------------------|
|   | 2009                              | 2008                            |
| Proceeds from sale                                | 568,985                           | 16,743                          |
| Less Book value                                   | (281,937)                         | (21,117)                        |
| <b>Gain/ (Loss) on Sale</b>                       | <b>287,048</b>                    | <b>(4,374)</b>                  |
| Albion Park Raceway Profit/(Loss) on sale         | 297,499                           | (3,039)                         |
| Harness Racing Queensland Profit/(Loss) on sale   | (10,451)                          | (1,335)                         |
| <b>Gain/ (Loss) on Sale</b>                       | <b>287,048</b>                    | <b>(4,374)</b>                  |

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

| 16. CAPITAL AND CONTRACTUAL COMMITMENTS   | Queensland Harness<br>Racing Limited | Queensland Harness<br>Racing Board |
|---|--------------------------------------|------------------------------------|
|   | 2009                                 | 2008                               |
| <b>Capital Expenditure Commitments</b>  |                                      |                                    |
| Capital expenditure projects  | 974,823                              | 0                                  |
| <b>Total</b>  | <b>974,823</b>                       | <b>0</b>                           |
| <br>Payable:  |                                      |                                    |
| Within one year   | 974,823                              | 0                                  |
| One to five years   | 0                                    | 0                                  |
| Over five years   | 0                                    | 0                                  |
| <b>Total Capital Commitments not recognised in the Financial Statements</b>     | <b>974,823</b>                       | <b>0</b>                           |
| <b>Contractual Expenditure Commitments</b>                                      |                                      |                                    |
| Contractual expenditure   | 179,725                              | 0                                  |
| <b>Total</b>  | <b>179,725</b>                       | <b>0</b>                           |
| <br>Payable:  |                                      |                                    |
| Within one year   | 82,950                               | 0                                  |
| One to five years   | 96,775                               | 0                                  |
| Over five years   | 0                                    | 0                                  |
| <b>Total Contractual Commitments not recognised in the Financial Statements</b> | <b>179,725</b>                       | <b>0</b>                           |

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

### 17. CAPITAL MANGEMENT

Management control the capital of the entity to ensure that adequate cash flows are generated to fund its racing programs and that returns from investments are maximised. The board ensures that the overall risk management strategy is in line with this objective.

The audit committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

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

Management effectively manage the organisation's capital by assessing the group's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the group since prior year. The strategy of the entity is to ensure that sufficient cash is on hand to meet trade and sundry payables.

The gearing ratios for the years ended 30 June 2008 and 30 June 2007 are as follows:

|   | Queensland Harness<br>Racing Limited | Queensland Harness<br>Racing Board |
|---|--------------------------------------|------------------------------------|
|   | 2009                                 | 2008                               |
| Trade and other payables                    | 2,081,796                            | 2,560,540                          |
| Less cash and cash equivalents              | 5,344,106                            | 5,983,260                          |
| Net debt                                    | (3,262,310)                          | (3,422,720)                        |
| Total equity (reserves + retained earnings) | 26,290,591                           | 25,182,266                         |
| <b>Total capital</b>                        | <b>23,028,281</b>                    | <b>21,759,546</b>                  |
| Gearing ratio                               | 12%                                  | 14%                                |

### 18. CONTINGENCIES

Included in Accrued Revenue in Note 3 is \$259,303 of debtors relating to commercial wagering operators, invoiced under the Race Fields legislation, which at the date of this report is past due.

The Queensland Government has enacted race information legislation which allows Queensland Harness Racing Limited to charge wagering operators fees for the use of racing information. Other States of Australia have enacted similar (but not precisely the same) laws. There have been a number of legal challenges to the introduction of these charges throughout Australia and as some critical cases are yet to be resolved, a number of wagering operators have shown a reluctance to pay the required fees. Queensland Harness Racing Limited is actively pursuing all outstanding debtors in this regard and will continue to do so in line with the Race Information Legislation.

As such there is uncertainty over the quantum of monies taken up and its recoverability which is subject to legal proceedings. If these legal challenges are successful the realisable value of these debts may be materially different to the carrying value as estimated at 30 June 2009.

### 19. CONTINGENCIES

Harness Racing Queensland Limited  
3 Amy Street  
Albion, QLD, 4010

## FINANCIAL STATEMENTS

QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2009

### 20. NOTES TO THE CASH FLOWS

#### a. Reconciliation of Profit to Net Cash provided by / (used in) ordinary activities

|   | Queensland Harness<br>Racing Limited | Queensland Harness<br>Racing Board |
|---|--------------------------------------|------------------------------------|
|   | 2009                                 | 2008                               |
| <b>Profit from ordinary activities after related income tax</b>                 | 1,108,325                            | (476,990)                          |
| Depreciation  | 345,838                              | 486,430                            |
| (Profit)/Loss on Sale of Non-Current Assets                                     | (287,048)                            | 4,374                              |
| <b>Changes in Assets and Liabilities exclusive of Non- Operating Activities</b> |                                      |                                    |
| (Increase) Decrease in Trade Debtors  | (837,134)                            | (179,003)                          |
| (Increase) Decrease in Prepayments  | (8,027)                              | 21,378                             |
| (Decrease) Increase in Creditors  | (478,744)                            | 1,429,902                          |
| (Decrease) Increase in Provisions   | (221,723)                            | 1,269,205                          |
| <b>Net Cash provided by / (used in) Operating Activities</b>                    | <b>(378,513)</b>                     | <b>2,555,296</b>                   |

#### b. Reconciliation of Cash

For the purpose of the Cash Flow Statement and Balance Sheet, cash comprises Cash on Hand and at Bank, net of outstanding bank overdrafts, and liquid investments.

|                           | Queensland Harness<br>Racing Limited | Queensland Harness<br>Racing Board |
|---------------------------|--------------------------------------|------------------------------------|
|                           | 2009                                 | 2008                               |
| Cash and cash equivalents | 5,344,106                            | 6,009,213                          |
| Bank Overdraft            | 0                                    | 25,953                             |
| <b>Total</b>              | <b>5,344,106</b>                     | <b>5,983,260</b>                   |

### 21. MEMBERS GUARANTEE

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states upon the winding up or dissolution of the Company if any property remains after satisfaction of all its debts and liabilities, that property shall not be paid to or distributed among the Members of the Company but shall be given or transferred to a Control Body for harness racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then an institution having similar objects of the Company as determined by a Judge of the Supreme Court of Queensland.

In the event that the Company ceases to be a Control Body under the Racing Act, the Board will forthwith call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company as above.

Every member of the Company undertakes to contribute to the assets of the Company to a maximum of \$10 in the event the Company being wound up while he or she is a member or with one year after he or she ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

As at 30 June 2009 the number of members was 11 Class A Members representatives and 4 Class B Members.

## **FINANCIAL STATEMENTS**

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QUEENSLAND HARNESS RACING LIMITED ABN 97 128 036 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Directors Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 26 to 44, are in accordance with the Corporations Act 2001:
  - (a) Comply with Accounting Standards and the Corporations Regulations 2001: and
  - (b) Give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company.
2. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**ROBERT LETTE**  
**CHAIRMAN**

Dated this 13th day of November 2009.



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Brisbane QLD 4000  
GPO Box 457, Brisbane QLD 4001  
Australia

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF QUEENSLAND HARNESS RACING LIMITED**

**Report on the Financial Report**

We have audited the accompanying financial report of Queensland Harness Racing Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

**Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated and parent financial statements and notes, complies with International Financial Reporting Standards.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO (Q/LD) ABN 70 202 702 402

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEENSLAND HARNESS RACING LIMITED CONTINUED

### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

### Auditor's Opinion

In our opinion the financial report of Queensland Harness Racing Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

### Significant Uncertainty Regarding Race Fields Debtor

Without qualification to the opinion expressed above, we draw attention to Note 18 to the financial statements.

Included in Accrued Revenue is \$259,303 of debtors relating to commercial wagering operators, invoiced under the Race Fields Legislation, which at the date of this report is past due.

The Queensland Government has enacted race information legislation which allows Queensland Harness Racing Limited to charge wagering operators fees for the use of racing information. Other states of Australia have enacted similar (but not precisely the same) laws. There have been a number of legal challenges to the introduction of these charges throughout Australia and as some critical cases are yet to be resolved. A number of wagering operators have shown a reluctance to pay the required fees. Queensland Harness Racing Limited is actively pursuing all outstanding debtors in this regard and will continue to do so in line with the Race Fields Legislation.

As such there is uncertainty over the quantum of monies taken up and its recoverability which is subject to legal proceedings. If these legal proceedings are unsuccessful the realisable value of these debts may be different to the carrying value as estimated at 30 June 2009.

### BDO (QLD)



D P Wright  
Partner

Brisbane  
13 November 2009

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