



IN THE AUSTRALIAN COMPETITION TRIBUNAL

Statement

No. ACT of 2017

Tabcorp Holdings Limited

Proposed acquisition of Tatts Group Limited by Tabcorp Holdings Limited by way of scheme of arrangement

Statement of: Genny Weston
Address: EPIC, Flemington Road, Mitchell ACT 2911
Occupation: General Manager, Canberra Harness Racing Club
Date: 22nd February 2017

Contents

HARNESS RACE CLUBS – GENERAL INFORMATION	2
CANBERRA HARNESS RACING CLUB INC	3
VIEWS ON PROPOSED MERGER OF TABCORP AND TATTS	8
ANNEXURES	9
SCHEDULE A	10

I, Genny Weston, General Manager of Canberra Harness Racing Club in the Australian Capital Territory, say that:

- 1 I am currently the General Manager of the Canberra Harness Racing Club (**CHRC**) and I have held this position since May 2016. I have held the role in an acting capacity since February 2016. I make this statement in my position as General Manager and on behalf of CHRC.
- 2 As General Manager, I am responsible for:
 - (a) overseeing the operations of CHRC;
 - (b) providing guidance and direction in relation to the strategy of the Club;

Filed on behalf of	Tabcorp Holdings Limited (Applicant)		
Prepared by	Luke Woodward		
Law firm	Gilbert + Tobin		
Tel	+61 2 9263 4014	Fax	+61 2 9263 4111
Email	lwoodward@gtlaw.com.au		
Address for service	Level 35, Tower Two International Towers 200 Barangaroo Avenue, Barangaroo Sydney NSW 2000		

- (c) negotiating and securing sponsorship funding; and
 - (d) engaging with community stakeholders and other relevant bodies (such as the Australian Capital Territory (**ACT**) Government, Harness Racing NSW and Harness Racing Australia).
- 3 Prior to taking over the role of General Manager, I was the Financial Controller of CHRC since 2010. In this role I was responsible for:
- (a) financial reporting to CHRC's General Manager, auditor and board members;
 - (b) record-keeping;
 - (c) payment of suppliers and staff wages; and
 - (d) ensuring the club remained financially sustainable.
- 4 Through my role as Financial Controller and General Manager of CHRC, I gained a strong understanding of the racing industry, in particular harness racing in the ACT. These roles have also given me considerable direct experience with, and an understanding of, the operations and funding of racing clubs in the ACT and their relationship with wagering operators. The observations set out in this statement are based on that understanding and experience.
- 5 I make this statement in relation to an application by Tabcorp Holdings Limited (**Tabcorp**) to the Australian Competition Tribunal (the **Tribunal**) for the authorisation of the proposed merger of Tatts Group Limited (**Tatts**) and Tabcorp.

HARNESS RACE CLUBS – GENERAL INFORMATION

Harness Racing

- 6 Harness racing is a worldwide spectator sport which involves Standardbred horses racing around a track, in an anti-clockwise direction, while pulling a driver in a two wheeled cart (known as a "gig"). Harness racing has a long history in Australia, dating back to the early 1900s.
- 7 The horses that participate in harness racing compete in two gaits, known as pacing and trotting. When pacing horses race around the track, their legs on the same side of their body move in unison. Whereas, when trotting, the horses race around a track with their legs on diagonal sides moving in unison. Pacing horses are more common in Australia than trotters, and are generally able to race faster.

- 8 In Australia, harness racing has always been the “battlers’ sport” because it is popular in country areas and is more accessible to the average Australian than thoroughbred racing. As a working-class sport, many families in regional areas regularly attend race meetings at their local harness racing club to spend time together and socialise with other families in their community. As the local harness racing club for the residents of Canberra, CHRC provides an affordable source of entertainment and enjoyment for all members of the family, with free admission and reasonably priced drinks and snacks from its canteen (which is operated by the Lake Ginninderra Sea Scouts who use the funds to purchase new equipment).
- 9 However, I consider that the sport of harness racing in Australia is in slow decline. I believe that this is for a number of reasons, including because:
- (a) there are a large number of other activities that families are engaged in, particularly on weekends, including sporting clubs; and
 - (b) there is considerable financial pressure on Australian families, especially in regional areas, and it is expensive to own a horse and a horse float.

Harness Racing Australia and Harness Racing NSW

- 10 Harness Racing Australia (**HRA**) is the peak national body for the harness racing code in Australia. HRA is responsible for preparation of the Australian Harness Racing Rules. These rules cover topics such as handicapping, starting, prize monies, equipment, colours, policies, procedures and integrity.
- 11 Harness Racing NSW is the statutory body in NSW which conducts and oversees the code of harness racing in NSW. CHRC outsources the functions performed by stewards to Harness Racing NSW and is required to adopt and follow all policies, procedures and integrity of Harness Racing NSW.
- 12 CHRC has been affiliated with Harness Racing NSW and HRA for over 20 years.

CANBERRA HARNESS RACING CLUB INC

- 13 CHRC is an association incorporated in the ACT. CHRC was established in 1966 (previously known as Canberra Racing & Trotting Club and Canberra Trotting Club) and is the ACT’s only harness racing club. Its functions include:
- (a) conducting race meetings and harness races within the ACT;
 - (b) working with HRA and Harness Racing NSW to co-ordinate harness racing in the ACT;

- (c) making and adopting rules to govern the conduct of harness racing and betting conducted within the ACT;
 - (d) preparing and implementing plans and strategies for the management of the financial affairs of the harness racing code in the ACT;
 - (e) preparing and implementing plans and strategies for the development, promotion and marketing of the harness racing code; and
 - (f) any other objects approved by the Committee from time to time.
- 14 Annexed at **Annexure GW-1** is a copy of CHRC's Annual Report for the 12 months ending 30 June 2016.
- 15 CHRC operates out of facilities that it leases at Exhibition Park (known as EPIC), located in the suburb of Mitchell, Canberra. CHRC does not have year-round exclusive use of the facilities because the site is owned by the ACT Government and is used for other community events (such as the Royal Canberra Show, Summernats and the National Folk Festival) on an annual basis. CHRC conducts race meetings from October to June each year. However, CHRC is unable to conduct race meeting whilst the community events are occupying the whole of the EPIC site.
- 16 In addition to the main race track, the facility at EPIC also has a separate training track and 5 stable blocks containing 16 stables each, 12 of which are available for horses, and 4 for storage of racing paraphernalia. The stables and tack rooms are rented to trainers to ensure that CHRC has a core group of horses available to race.
- 17 CHRC hosts approximately 20 harness race meetings per season, with approximately 140 races. There are approximately 8 starters per race. Races are normally held on Monday or Tuesday evenings, and a small number of special race meetings are held on Saturday or Sunday throughout the season. The average prize money per race is \$3,989 (refer to page 21 of Annexure GW-1 for CHRC's 'racing summary' for the 2014-2015 financial year and 2015-2016 financial year).
- 18 The main 'feature event' in CHRC's racing calendar is the Canberra Cup held in February, which carries \$71,000 prize money. CHRC also hosts the Oaks and Derby Day which is held in January and carries \$56,000 in prize money for the meeting. These races attract horses from the ACT and NSW. As part of the Christmas Cup in December, CHRC hosts functions and charity fundraising events at its facilities, such as its annual ACT Eden Monaro Cancer Support Group dinner and auction.

- 19 CHRC currently has 213 registered members and has an average race day attendance rate of 200 to 300 people in the warmer months, and 150 to 200 people in the colder months (excluding trainers, stable hands and members of those families). Each year CHRC attracts approximately 2000 visiting trainers and owners as well as their families and staff.
- 20 All local CHRC club trainers are hobbyists and train horses in their spare time.
- 21 In addition to myself, CHRC employs 1 other full-time staff member, a track curator, and over 10 staff on a casual basis, including bar and cafe staff, mobile drivers, race day coordinators, photo finish operators, swab stall attendants, clerks of the course, timers, race starters, video operators, audio operators, caterers and paramedics. It also supports up to 20 suppliers and 20 contractors. For example, CHRC's Monday and Tuesday evening race meetings are televised on SKY1. CHRC is responsible for generating the video and audio feed for SKY Racing. This requires CHRC to source and pay a contractor to supply the relevant equipment, and a contractor to upload the material to SKY.
- 22 CHRC directly licences its race footage to SKY. This licence allows SKY to televise CHRC's races nationally and internationally.
- 23 CHRC provides free admission on race days for all attendees. A significant proportion of CHRC's members are located within the ACT. However, many of its members are located outside the ACT in regional NSW. CHRC also attracts a number of owners and trainers from both the ACT and surrounding regional NSW to race their horses at CHRC's race meetings. The horses located outside the ACT travel to CHRC from areas including the South Coast of NSW, the Riverina, Young, Cowra, Wagga Wagga, Leeton, Goulburn and South West Sydney.
- 24 To increase attendance at its race meetings and promote the sport, CHRC runs 'mini-trots' races for children between its standard races. I hope that initiatives such as this, and offering patrons free admission to race meetings, will increase the popularity of the sport and continue to attract families to CHRC's race meetings.
- 25 CHRC offers a \$50.00 cash travel fuel bonus for the owner of each horse that travels more than 50km to CHRC's track to race. I consider the \$50 travel bonus to be a necessary incentive for horse owners to travel to the track, and it increases the level of competition at its race meetings. This also encourages trainers to field an extra horse at their meetings.
- 26 CHRC has also formed an alliance with Goulburn Harness Racing Club (**GHRC**). This alliance will allow the two Clubs to promote harness racing in the ACT and Goulburn region. For the 2016/2017 season, CHRC and GHRC will be conducting a Summer Carnival of racing commencing on Sunday, 15 January 2017. The Carnival runs across four consecutive Sundays throughout January and February. Another joint initiative is the

Canberra/Goulburn Regional Horse of the Year 2017. This award attracts a cash prize of \$5,000 to the owner and \$2,500 to the trainer. Points are awarded on placings and participation in races at both clubs with a total of 30 race meetings to 30th June 2017. This award is an incentive for trainers and owners to race their horses in all race meetings held by the Clubs and ensures both Clubs have full fields and the maximum number of races per meeting. This is particularly important for CHRC's relationship with SKY which requires it to field 7 to 8 races per week and field full fields in each race.

- 27 CHRC, Canberra Racing Club and Canberra Greyhound Racing Club also have bi-monthly meetings with SKY, to discuss each code's broadcast schedule, the performance of each code's product (including wagering performance) and how the clubs could improve their broadcast (such as the measures each club could implement to ensure their broadcast is televised on time). These meetings are important for CHRC because its wagering revenue, received through race field fees, is linked to punters who are betting off-course being able to view CHRC's races. I have participated in these meetings with SKY since my appointment as General Manager of CHRC.
- 28 The operations of CHRC are overseen by its President, Wayne Gowland, and an eight-person Committee which includes a Vice President, Treasurer, Secretary and five Committee Members. Mr Gowland commenced as President of the Committee in September 2016.

Funding and revenue sources

- 29 In the 2015/2016 financial year, CHRC reported \$1,242,363 in revenue (refer to page 8 of Annexure GW-1 for CHRC's Statement of Comprehensive Income for 2015 / 2016 financial year). CHRC receives the majority of its revenue from four sources:
- (a) budget distributions directly from the ACT Government (which are currently governed by a Memorandum of Understanding (**MOU**) between the racing industry and the Government, which is due to expire in mid-2017);
 - (b) distributions from wagering operators;
 - (c) international television rights; and
 - (d) sponsorship revenue.

Budget distributions from the ACT Government

- 30 Up until July 2010, CHRC received 4.5% of ACTTAB's gross turnover, which was the ACT's Government owned totalisator (up until it was sold to Tabcorp in 2014).

- 31 However, the funding model changed in 2010, and since that time the ACT Government has provided direct funding to CHRC (and the Canberra Racing Club and Canberra Greyhound Racing Club), instead of passing through a distribution from ACTTAB, based on wagering turnover. In 2016, CHRC received \$1,028,250 by way of distribution from the ACT Government.
- 32 The funding relationship between the racing industry and the ACT Government is currently governed by a MOU which expires on 30 June 2017. The ACT Government is yet to announce whether it will continue to fund the racing industry in the ACT after 30 June 2017, or in what form.
- 33 I consider that the current funding arrangement directly from the ACT Government is not as sustainable or reliable as the earlier model. This is because funding directly from the ACT Government is not predictable and is based on political priorities during any particular year. By contrast, funding based on the turnover of the tote operator (as had previously been the case) is more predictable and is based directly on the success of the industry because the more successful the industry is, the higher the tote revenue is likely to be.

Distributions from wagering operators

- 34 In 2010, the ACT Government introduced 'race field legislation' (**RFL**). Under this legislation, all wagering operators including corporate bookmakers must pay for the use of CHRC's race field information. The Canberra Racing Club administers RFL on behalf of the three racing codes – Canberra Racing Club, Canberra Greyhound Racing Club and CHRC in the ACT. Wagering operators utilising CHRC's race field information must pay CHRC 1.5% of their assessable turnover on all harness races on a monthly basis.
- 35 In the 2015/2016 financial year, CHRC received \$249,546 in distributions from the wagering industry under RFL.

International television rights

- 36 In the 2015/2016 financial year, CHRC received \$24,649 from international television rights.
- 37 In recent years, this funding has increased through the increased presence of SKY overseas which televises some of CHRC's races.

Sponsorship and external support

- 38 CHRC receives direct funding from sponsors which is used to fund race prize money and host race meetings. In the 2015/2016 financial year, CHRC received \$14,273 from direct sponsorship.

- 39 TAB (Tabcorp's wagering brand in the ACT) is CHRC's major long-term sponsor and I believe that without this funding, CHRC would not be able to host a number of its feature race meetings, nor would it be able to fund the prize money for major events (such as the Canberra Cup). This year I negotiated increased funding from TAB for CHRC, which will increase TAB's total sponsorship funding to \$25,000 per year plus \$7,500 for the Canberra/Goulburn Horse of the Year 2017.
- 40 In return for TAB's sponsorship, every CHRC race meeting has a TAB sponsored race. The annual Canberra Cup has also been named the '*TAB Canberra Cup*', and this has been printed on all of CHRC's race programs. CHRC has also placed multiple TAB signs on its finish line, mobiles, race day programs, inside and outside its betting hall and all of CHRC's staff wear a uniform with TAB's logo and website printed on the front.

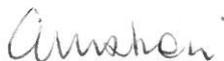
VIEWS ON PROPOSED MERGER OF TABCORP AND TATTS

- 41 I understand that Tabcorp has proposed to acquire the issued shares of Tatts by way of scheme of arrangement (the **Proposed Transaction**). In November 2016, I attended a presentation delivered by Tabcorp to CHRC relating to the expected benefits of the Proposed Transaction.
- 42 I understand that the Proposed Transaction will deliver synergies to Tabcorp which will provide it with more resources to pursue enhanced revenue opportunities such as new wagering products and improved race fields revenue. I am of the view that the Proposed Transaction will strengthen Australia's Totalisator Agency Boards (**TABs**), and that the benefits of this will flow through to the racing industry in Australia, and ultimately benefit regional clubs like CHRC.
- 43 In the ACT, TAB has a close and longstanding relationship with the harness racing industry. TAB has shown through its dealings with CHRC that it is willing to put money back into the harness racing industry in the ACT, as demonstrated by the significant increase in sponsorship set out at paragraph 39.
- 44 I consider that, over the last few years, TABs have faced strong competition from corporate bookmakers. In particular, the traditional "tote" has faced competition from new fixed odds betting products and other kinds of "tote derivatives".
- 45 In my experience, corporate bookmakers do not invest in the sustainability of smaller, regional clubs and races like CHRC in the same way as Tabcorp and have not put enough funds back into the ACT harness racing industry. Other than race field fees, CHRC has not received any other funding, sponsorship or support from corporate bookmakers.

- 46 I believe that corporate bookmakers have little interest in smaller, "grass roots" regional clubs like CHRC because they are less profitable than other racing events, and so they are only interested in sponsoring large race clubs with large attendances and a higher profile. In my opinion, if wagering operators do not put money back into the industry, including the regional racing industry, that produces the horses and organises local race meetings, the harness racing industry in the ACT and other Australian states and territories will die a slow death.
- 47 If CHRC were to receive additional funds as a result of the Proposed Transaction, such as through increased TAB sponsorship or increased race fields revenue, CHRC would use the additional funds to increase prize money. I consider this would attract more people to CHRC's race meetings and increase field sizes. This would result in more money being put back into the harness racing industry to support owners, trainers and other individuals in the industry.
- 48 In summary, I consider that the Proposed Transaction will put Tabcorp in a stronger financial position to compete with corporate bookmakers, which will place it in a better position to continue to support the harness racing industry in the ACT.

ANNEXURES

- 49 Set out in Schedule "A" of my statement is a table of annexures that I refer to in my statement.



Signature

Genny Weston, General Manager, Canberra Harness Racing Club

Date: 22nd February 2017

SCHEDULE A

TABLE OF ANNEXURES REFERRED TO IN STATEMENT OF GENNY WESTON

Annexure	Description	Confidentiality claim
GW-1	Canberra Harness Racing Club's Annual Report for the 12 months ending 30 June 2016	

Allan Watt Accounting

Certified Practising Accountant

CANBERRA HARNESS RACING CLUB INCORPORATED

A B N 17 650 467 728.

**Financial Statements for the year ended
30 June 2016**

This is a valuable document.
Please keep the document in a safe place.
The Australian Taxation Office can ask you to produce it at any time.

**CANBERRA HARNESS RACING
CLUB INCORPORATED**

ABN 17 650 467 728

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

CANBERRA HARNESS RACING CLUB INCORPORATED**ABN 17 650 467 728****FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016****CONTENTS**

Committee Members Statement	1
Auditors Report	2 - 3
Statement in Changes in Equity	4
Statement of Financial Position	5
Detailed Statement of Financial Position	6 - 7
Statements of Comprehensive Income	8 - 11
Notes to and Forming Part of the Accounts	12 - 13
Statement of Cash Flows	14 - 15

CANBERRA HARNESS RACING CLUB INCORPORATED
COMMITTEE MEMBERS STATEMENT

We hereby state that during the year ended 30 June 2016 the committee members of the club were as follows:

Paul Evans	President
Michael Hawke	Vice President
Wayne Gowland	Treasurer
Andrew Marbrow	Secretary
Kristie O'Sullivan	Committee
Michael Sullivan	Committee
Alex Evans	Committee

The principal activity of the Association during the financial year was promotion of Harness Racing and there was no change to this activity at any time during the financial year.

The net operating Profit for the year ended 30 June 2016 was \$44,937 and 2015 (profit of \$8,842).

Signed at Canberra this 10th day of August 2016

On behalf of the committee



PAUL EVANS



WAYNE GOWLAND

Independent Audit Report

To the members of Canberra Harness Racing Club Inc.

We have audited the accompanying financial report of Canberra Harness Racing Club Inc., which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income for the year then ended, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the committee assertion statement.

The Responsibility of the Committee.

The Committee of Canberra Harness Racing Club Inc. are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Associations Incorporations ACT 1991 and for such internal control as those charged with governance determine is necessary to enable the preparation and fair presentation of a financial report that are free from material misstatement, whether due to fraud or error.

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 Australia Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those assessment, the auditor considers internal control relevant to the Associations preparation and fair presentation of the financial statements 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 the accounting policies used and the reasonableness of accounting estimates made by the committee.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Electronic publication of the audited financial report.

It is our understanding that the Canberra Harness Racing Club Inc. intends to electronically present the audited financial report and auditor's report on its internet website. Responsibility for the electronic presentation of the financial report on the Canberra Harness Club Inc. website is that of those charge with governance of the Canberra Harness Racing Club Inc. The security and controls over information on the website should be addressed by the Canberra Harness Racing Club Inc. to maintain the integrity of data presented. The examination of the controls over the electronic presentation of audited financial report(s) on the Canberra Harness Racing Club Inc. website is beyond the scope of the audit of the financial report.

Opinion

In our opinion, the financial report of the Canberra Harness Racing Club Inc. presents fairly, in all material respects the Canberra Harness Racing Club Inc. financial position as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and Associations Incorporations ACT 1991.

Allan Watt
Certified Practising Accountant



Date 19-7-16

Allan Watt Accounting
PO BOX 234
GUNGAHLIN ACT 2912

CANBERRA HARNESS RACING CLUB INC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
OPERATING (LOSS)/PROFIT BEFORE INCOME TAX	44,937	8,842
Income Tax Expense	-	-
OPERATING (LOSS)/PROFIT AFTER INCOME TAX	44,937	8,842
Revaluation Reserve	166,575	-
Retained Profits (Accumulated Losses) At the beginning of the financial year	706,160	697,318
TOTAL AVAILABLE FOR APPROPRIATION	917,672	706,160
RETAINED PROFITS (ACCUMULATED LOSSES) AT THE END OF FINANCIAL YEAR	917,672	706,160

The accompanying notes form part of these financial statements.

CANBERRA HARNESS RACING CLUB INC

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	2016 \$	2015 \$
CURRENT ASSETS		
Cash	734,573	621,062
Receivables	100,708	46,532
Inventories – at cost	2,164	16,023
Prepayments	-	2,400
TOTAL CURRENT ASSETS	<u>837,445</u>	<u>686,017</u>
NON-CURRENT ASSETS		
Property, plant and equipment	172,765	265,485
ACT Gov. Water Entitlement Licence	3,492	3,492
TOTAL NON-CURRENT ASSETS	<u>176,257</u>	<u>268,977</u>
TOTAL ASSETS	<u>1,013,702</u>	<u>954,994</u>
CURRENT LIABILITIES		
Creditors and borrowings	93,739	72,506
Provisions Employment Entitlements	2,291	9,752
TOTAL CURRENT LIABILITIES	<u>96,030</u>	<u>82,258</u>
TOTAL LIABILITIES	<u>96,030</u>	<u>82,258</u>
NET ASSETS (LIABILITIES)	<u>917,672</u>	<u>872,736</u>
EQUITY		
Reserves	-	166,576
Retained profits	917,672	706,160
TOTAL EQUITY	<u>917,672</u>	<u>872,736</u>

The accompanying notes form part of these financial statements.

CANBERRA HARNESS RACING CLUB INC
DETAILED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	2016 \$	2015 \$
ACCUMULATED FUNDS		
Asset Revaluation Reserve	-	166,576
Unappropriated Profit	917,672	706,160
TOTAL ACCUMULATED FUNDS	<u>917,672</u>	<u>872,736</u>
Represented by:		
CURRENT ASSETS		
Prepayments	-	2,400
Trade Debtors	100,707	46,532
Cash at Bank	32,467	39,246
St George Unbridled Festival Account	98,233	98,268
St George - At Call	602,874	482,548
Stock on Hand - Bar	2,164	16,023
Race Day Float	1,000	1,000
	<u>837,445</u>	<u>686,017</u>
FIXED ASSETS		
Leasehold Improvement	139,288	139,288
Less: Accumulated Depreciation	(87,439)	(81,480)
	<u>51,849</u>	<u>57,808</u>
Plant & Equipment	478,714	488,480
Less: Accumulated Depreciation	(379,352)	(375,737)
	<u>99,362</u>	<u>112,743</u>
Kitchen/ Bistro Equipment	27,355	27,355
Less: Accumulated Depreciation	(26,714)	(26,553)
	<u>641</u>	<u>802</u>
Leasehold Additions - Training Complex	244,886	244,886
Less: Accumulated Depreciation	(223,973)	(205,721)
	<u>20,913</u>	<u>39,165</u>
Unbridled Equipment & Est. Costs	-	58,500
Less: Accumulated Depreciation	-	(3,533)
	<u>-</u>	<u>54,967</u>
ACT Govt. Water Entitlements License	3,492	3,492
	<u>176,257</u>	<u>268,977</u>
TOTAL ASSETS	<u>1,013,702</u>	<u>954,994</u>

The accompanying notes form part of these financial statements

CANBERRA HARNESS RACING CLUB INC
DETAILED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	2016	2015
	\$	\$
CURRENT LIABILITIES		
Trade Creditors	109,589	72,334
GST (Refundable)	(18,906)	(9,623)
Provision for Annual Leave	2,291	9,752
PAYG Payable	2,766	7,521
CNH Capital Finance - Tractor	-	2,299
Less Unexpired Interest Charges	-	(25)
Gate Card Deposits	290	-
	96,030	82,258
NET ASSETS	917,672	872,736

The accompanying notes form part of these financial statements

CANBERRA HARNESS RACING CLUB INC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
INCOME		
Trading profit (loss) – Training complex	(123,825)	(118,845)
Trading profit (loss) – Bar	(5,045)	(6,798)
Unbridled Festival Income	-	57,980
Advertising	-	1,909
Refund Prize money – Non Starter	20,070	16,760
Distribution ACT Government	1,028,250	1,002,500
Race Field Fees	249,546	178,869
Facilities Rental	8,000	8,000
Interest Received	10,326	15,241
Membership Fees	473	227
Sponsorship	14,273	7,273
Trial Fees (Net)	1,230	800
International TV Rights	24,649	19,616
Race Books (Net)	1,055	960
Gig Insurance	3,705	3,017
Insurance Recovery	-	91
Government Grants	-	12,580
Presentation Night	314	6,227
Restoration – Canberra Show	3,622	1,250
Restoration - Summernats	5,720	5,720
Sundry Income	-	2,860
TOTAL INCOME	<u>1,242,363</u>	<u>1,216,237</u>
Less: RACING EXPENDITURE		
Affiliation & Registration Fees	86,165	84,892
Advertising	1,394	200
Bonus Certificates	16,818	30,000
Bookmakers Fees	818	727
Cleaning	6,585	5,271
Gig Repairs	611	1,364
Insurance	13,286	17,689
Prize money	530,620	426,999
Promotions	-	247
Race day Services	127,797	121,166
Race day Books	4,299	3,911
Race Day Office R & M	2,038	-
Race Day Equipment	2,809	-
Satellite TV Fees	27,500	32,500
Superannuation	2,878	3,012
Veterinarian Services	11,122	10,008
Trophies & Trainers Bonus	16,895	9,173
Wages	50,463	40,824
TOTAL RACING EXPENDITURE	<u>902,098</u>	<u>787,983</u>
NET RACING INCOME	<u>340,265</u>	<u>428,254</u>

The accompanying notes form part of these financial statements

CANBERRA HARNESS RACING CLUB INC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
Less: OVERHEAD EXPENDITURE		
Audit & Accounting Fees	3,800	3,638
Advertising	1,667	2,077
Bank Charges	584	780
Bookkeeping Fees	20,895	4,500
Canberra Cup Functions	8,626	3,169
Computer Expenses	637	1,275
Consultancy	-	1,500
Depreciation	24,027	31,465
Donations & Sponsorship	3,985	4,065
Electricity	3,317	3,038
Facility Hire	-	210
Decrease Provision - Annual Leave	(7,461)	(3,398)
Insurance	13,637	22,743
Interest - Tractor Loan	25	462
Lease - Water Truck	16,449	16,449
Legal Fees	-	2,698
Loss on Equipment Write Off	1,947	-
Motor Vehicle Expense Reimbursement	-	4,434
Motor Vehicle Expenses	10,668	1,144
Photocopier Consumables	688	1,074
Presentation Function	6,916	7,760
Printing, Postage & Stationery	1,564	1,607
Protective Clothing	-	1,108
RDF Administration Fee	8,314	7,916
Repairs & Maintenance	1,780	3,416
Small Equipment Items	1,160	1,279
Special Events Expense (Unbridled Festival)	254	178,995
Superannuation Contributions	6,861	8,521
Staff Amenities & Other employer Costs	4,326	2,965
Sundry Expenses	-	77
Telephone /Fax & Internet	8,340	7,750
Travelling Expenses	3,868	1,677
Unbridled Stock Written Off	11,669	-
Unbridled Establishment Costs Written Off	54,948	-
Wages	81,837	95,019
	<u>295,328</u>	<u>419,413</u>
NET OPERATING (LOSS)	<u>44,937</u>	<u>8,841</u>

The accompanying notes form part of these financial statements.

CANBERRA HARNESS RACING CLUB INC
STATEMENT OF COMPREHENSIVE INCOME – TRAINING COMPLEX
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
TRAINING COMPLEX		
Rent	44,899	50,367
	<u>44,899</u>	<u>50,367</u>
EXPENDITURE		
Cleaning	1,579	1,444
Depreciation	18,252	54,960
Electricity	4,782	4,185
Insurance	8,983	9,014
Motor Vehicle Expenses – Training	35,431	21,400
Repairs & Maintenance	41,091	14,658
Superannuation	3,451	3,130
Wages	20,452	33,547
Water	34,703	26,874
	<u>168,724</u>	<u>169,212</u>
NET LOSS	<u>(123,825)</u>	<u>(118,845)</u>

The accompanying notes form part of these financial statements

CANBERRA HARNESS RACING CLUB INC
 STATEMENT OF COMPREHENSIVE INCOME - BAR
 FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
BAR TRADING		
Sales	<u>8,947</u>	<u>8,228</u>
LESS: COST OF GOODS SOLD		
Opening Stock	3,842	6,206
Purchases	<u>5,101</u>	<u>2,687</u>
	8,943	8,893
Closing Stock	<u>(2,164)</u>	<u>(3,842)</u>
	<u>6,779</u>	<u>5,051</u>
GROSS PROFIT FROM TRADING	<u>2,168</u>	<u>3,177</u>
EXPENDITURE		
Bar Expenses (Inc.Lic.)	917	1,492
Repairs & Expenditure	2,260	5,803
Replacements	816	-
Wages	3,220	2,680
	<u>7,213</u>	<u>9,975</u>
NET PROFIT	<u>(5,045)</u>	<u>(6,798)</u>

The accompanying notes form part of these financial statements

CANBERRA HARNESS RACING CLUB INC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016****Note 1: Summary of Significant Accounting Policies**

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Act . The committee has determined that the association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Property, Plant and Equipment (PPE)

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(b) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(c) Leases

Leases of PPE, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

CANBERRA HARNESS RACING CLUB INC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

(d) 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 Tax 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 the expense. Receivables and payables in the assets and liabilities statement are shown inclusive of GST.

(e) Employee Entitlements

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled. No liability for long service leave was due at 30 June 2016

(f) Revenue and other Income

Revenue is measured at the fair value of the consideration received or receivable after taking in to account and trade discounts and volume rebates allowed. For the purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognized using the effective interest rate method. Which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amounts of goods and serves tax (GST).

CANBERRA HARNESS RACING CLUB INC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016

CASH FLOWS FROM OPERATION ACTIVITIES

	2016 \$ Inflows (Outflows)	2015 \$ Inflows (Outflows)
Cash Flows from Operating Activities:		
- Receipts from members and customers	1,414,751	1,368,474
- Payments to suppliers and employees	(1,305,110)	(1,345,705)
- Interest Received	10,326	15,241
Net Cash provided by operating activities	<u>119,967</u>	<u>38,010</u>
Cash Flows from Investing Activities:		
- Payments for purchases of plant & equip.	<u>(6,455)</u>	<u>(68,242)</u>
Net Increase (decrease) in cash held	113,512	(30,232)
Cash at beginning of the reporting period	<u>621,062</u>	<u>651,294</u>
Cash at the end of the reporting period	<u>734,574</u>	<u>621,062</u>

The accompanying notes form part of these financial statements.

CANBERRA HARNESS RACING CLUB INC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016

NOTES TO THE STATEMENT OF CASH FLOWS:

A) RECONCILIATION OF CASH

For the purpose of this Statement of Cash Flows, the entity considers cash to include cash on hand and in banks, and investments in money market instruments. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2016 \$	2015 \$
Cash on Deposit	602,874	482,548
Cash at Bank	32,467	39,247
Race Day Float	1,000	1,000
Cash at Bank - Unbridled Festival Account	98,233	98,267
	<u>734,574</u>	<u>621,062</u>
Cash Balances at Year End	734,574	621,062

B) RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO OPERATING RESULT:

	2016 \$	2015 \$
Operating Result - Profit/(Loss)	44,937	8,842
- Increase (Decrease) Prepayments	2,400	-
- Increase (Decrease) Tipping Trust A/C	-	(1,765)
- Increase (Decrease) Accrued Income	-	(7,580)
Non-Cash Items		
- Depreciation & Amortisation	42,279	86,425
- Loss on Disposal P & E	1,947	-
- Increase (Decrease) Gate Card Deposit	290	-
- Loss on Write Off Unbridled Est. Costs	54,948	-
- Increase (Decrease) Provisions	(7,461)	(3,398)
- Increase (Decrease) in Trade Creditors	37,255	(55,248)
- (Increase) Decrease in Trade Debtors	(54,175)	35,331
- (Increase) Decrease in Stock on Hand	13,859	(9,817)
- Increase (Decrease) GST	(9,283)	(3,663)
- Increase (Decrease) PAYG Payable	(4,755)	(1,939)
- Increase (Decrease) Super Payable	-	(448)
- Increase (Decrease) CNH Loan	(2,274)	(8,730)
	<u>119,967</u>	<u>38,010</u>
Net Cash used in Operating Activities	119,967	38,010

The accompanying notes form part of these financial statements.

CANBERRA HARNESS RACING CLUB INC.

PRESIDENT'S REPORT 2015-2016

It was certainly a season of changes. The outgoing President from the 2014-2015 year, Ray Redman, did not seek re-election due to health reasons. I thank Ray for his many years of service to the club.

During the season our General Manager, Greg Nugent, resigned to take up a position in Victoria. Thanks to Greg for his many years of service over several periods, most recently since July 2011.

Genny Weston, who had been our bookkeeper since 2010, stepped up to the plate to act as General Manager until a selection process could be conducted. The committee were so impressed with Genny's aptitude and drive that we had no hesitation in appointing Genny to the position on a permanent basis.

Genny has exceeded our expectations with the carrying out of her duties. Genny has made many improvements such as moving the bistro to the Snowy River Room so that all facilities are together. I thank Genny for all her efforts.

I would also like to make special mention of the contribution made by our committeeman Wayne Gowland particularly, but not limited to, assisting Genny to take over the reins as acting General Manager.

The possibility of the light rail project going ahead hangs over us. It may depend on which party is in power after the forthcoming election. If the light rail project goes ahead it may impinge on our ability to run race meetings at EPIC. That said we do need a home of our own rather than leasing but this is dependent on government funding being available.

Then there is the recent predicament of the greyhound racing industry which is scheduled to cease next July in NSW. A similar fate may be imposed on the ACT greyhound racing industry. If so, then it is possible that horse racing (thoroughbreds and standardbreds) may be next to have to withstand calls for closure. I would have thought that this was impossible but by way of example, the Palerang Council has recently re-zoned Bywong and Wamboin from grazing to environmental despite staunch opposition from residents. The lesson here is that anything is possible. Whether the closure of greyhound racing will impact upon us remains to be seen.

Despite the above potential detrimental effects on our club we are not standing by waiting for something to happen. We are progressing the development of a strategic plan combined with various initiatives to help grow our club. We will be consulting with members as soon as possible.

We tried a new concept with the Canberra Cup this year having heats at Canberra, Goulburn and Shepparton. However, it was disappointing that only one of the four horses that qualified at Shepparton made the trip to Canberra. Despite the scratchings it was still an exciting race with Brad Hewitt driving a heady race to win on Tullow.

Income from the training complex reduced due to a number of trainers moving their horses to their own rural properties.

However, this provides us with the opportunity to attract trainers from other areas. We are having discussions with the Goulburn club concerning the possibility of a summer carnival between the two clubs in January/February 2017. We could look to northern and central Victoria to attract trainers for such a carnival. We are also investigating the availability and cost of accommodation for any trainers who may decide to come to Canberra. The provision of such information to trainers from other areas would increase the likelihood of those trainers coming to Canberra.

Towards the end of the season we had considerable difficulty in getting fields sufficient to run a race meeting. We managed to run meetings with the help of travelling trainers responding to our offer of \$50 fuel vouchers. We will seriously look at the possibility of continuing this arrangement or at least in a modified form in the coming season.

On the financial side we still managed a net operating profit of \$45,000 and have a healthy cash balance of \$700,000.

It was good to see the mini trotters continuing to thrive. Those participants will be among the ones who are the future of our great sport.

Paul Evans

President

Manager's Report

Firstly, I would like to thank all those associated with the club who have assisted and advised me since the departure of Greg Nugent in February 2016.

Racing Summary

	<u>2015-2016</u>	<u>2014-2015</u>
Number of Races	128	108
Number of Meetings	18	16
Average Starters per Race	8.17	8.06
Average Prizemoney per Race	3989	3799
Average Races per Meeting	7.11	6.75
Racefields betting average per race	120804	120509
Racefields betting average per meeting	859055	813437
RFL income received	231944	195225
Bonus Certificates Issued		18 23

We had one meeting in June cancelled due to wet weather. Without the continued efforts of a member in addressing the main track, we would have had another meeting cancelled as well. The club has continued to try to establish a niche for average ability horses and local trainers. In the last 2 months of racing we have had to extend nominations for all meetings and in June we offered a bonus to all travelling trainers. This did prove to be a successful incentive, especially for those cold, wet evenings, and will most likely continue into the 2016-2017 season. We need to have full and consistent race fields to ensure the best coverage from SKY, and hence have some bargaining power for weekend meetings to attract families, spectators, and an increase in travelling trainers. The season of 2016-2017, we will be conducting heats and finals for our feature races in conjunction with Goulburn Harness Racing Club and vice versa. We are very excited to be able to form an alliance with Goulburn Harness Racing Club to promote and enhance harness racing in the Capitol/Goulburn region.

The bistro kitchen in the Snowy River Room has been polished and will be open for all future race meetings. Spectators will then have facilities in the one large room, with activities for children as well. The 2016 presentation night was held in the SRR room with catering by club. Thankyou to all who contributed to a great night and congratulations to all award recipients - Modern Maestro, Boobalaga Road, Michael Hawke, Melissa Hawke, Diana McWilliam and Shane Rabbets.

I shall be working closely with the Mini Trotting Club to establish increased exposure during our race meetings. We need to encourage and support the younger generation for the continued growth of this club.

A Work for the Dole Maintenance Program was run for 6 months in August, which enabled much needed repairs and maintenance to be conducted at the stables. This program is due to commence for another 6 months in October 2016, with maintenance to stables, yards, general landscaping and raceday facilities amongst the items to be completed.

The board are aware that our current funding arrangement with the ACT Government is due to expire in June 2017, along with the current lease of premises in EPIC. Discussions have already commenced with appropriate authorities, to ensure our voice is heard and the current funding arrangement or better continues into the future. The club needs to be united in its presentation and commitment going forward.

The club purchased a new ride on lawn mower, and final payment was made on the tractor. Solar lights have been purchased for the training track and installation is currently underway. Sand and oil were laid on track in Sept and Dec to improve training facilities. The race day stables had adjustments made to steel dividers to ensure the safety of all horses. The bistro kitchen is now fully functional for all engagements by the club or outside hirers. I was very disheartened to open the club container to discover the majority of items and stock from 'Unbridled' had disappeared.

I would like to thank many people for their efforts, either big or small, in contributing towards the success and continuance of the club. A special thankyou to

- trainers, drivers and stablehands – without you we would not have a club or race meetings
- staff and raceday contractors – who turn up on those cold nights with a smile
- committee – for all your assistance in the last 6 months

I am looking forward to an exciting year of racing in 2017 and beyond.

Genny Weston