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Queensland Harness Racing Board Annual Report 2003



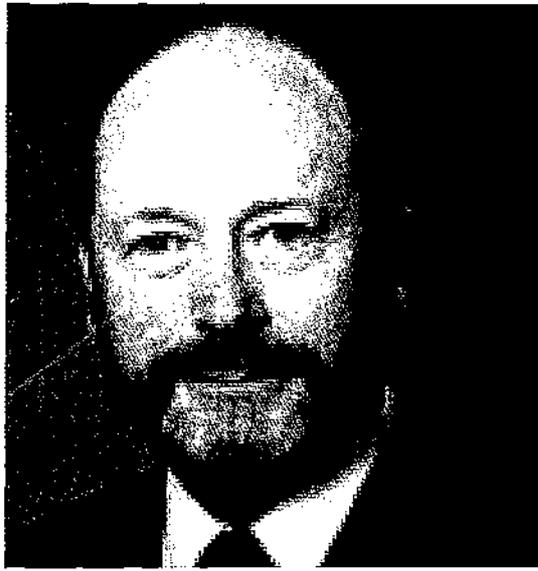
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Chairman's Report

The Hon Merri Rose MP
Minister for Tourism and Racing and
Minister for Fair Trading
GPO Box 1141
BRISBANE QLD 4000

My Dear Minister,

I am pleased to submit the Annual Report of the Queensland Harness Racing Board (Board) for the 2002/2003 financial year.

The Board has recorded a financial surplus for the year of \$ 118,599. I am pleased to report that the Auditor-General has provided an unqualified report on the year's financial statements.

The year has seen considerable progress in a number of key areas as the Board has continued to advance the reform program required by the new Racing Act 2002. The Bill was proclaimed on 1 July 2003. The new Act will provide the necessary flexibility for the harness racing industry to manage the changing nature of the sport and position the industry on a sound commercial footing.

This Act will provide the operating environment to regulate and manage the industry's licensing of animals and participants, strengthen the integrity standards of racing and improve animal welfare management.

On behalf of all harness racing stakeholders, the Board expresses appreciation to you and to your government for the transfer of the Albion Park racing asset to the joint ownership of the harness and greyhound racing codes. This asset transfer, to take effect from 1 July 2003, represents a major capital injection by your government into both codes of racing. The strong support provided by you as Minister was instrumental in achieving this outcome, which will provide a major asset base for both codes to develop commercial opportunities.

Harness racing in Queensland attracted wagering growth during the year which saw on-course turnover increase by 0.3% and off-course turnover increase by 4.11% or a combined increase in wagering turnover of \$1.83 million (3.1%). Queensland harness racing received total commissions from the TAB via Product Company of \$14,925,574 an increase of \$472,845 over the previous year due to increased wagering growth across the three codes of racing.

Total harness racing prizemoney paid during the year was \$10.9 million.

Queensland harness racing clubs received an additional \$257,585 in administration and capital payments during 2002/03, an increase of 20.6% on the previous year.

In the year under review, Queensland was able to attract some of the best horses in Australia to the Winter Carnival in July and August. The Gold Coast Parklands Cup and Garrards Queensland Pacing Championship held at Albion Park, both held in October 2002, were very successful events.

The two races boasted particularly strong fields and included Grand Circuit performers in New South Wales, horses Double Identity and Jofess, Victoria's Shakemaker and our own Trois Frere.

Double Identity won both events and went on to win the title "Australian Harness Horse of the Year".

The Board was pleased to throw its support behind the Seymour Charity night on 21 June, which saw over 12,000 people attend Albion Park. Our congratulations go to Kevin and Kay Seymour for their tremendous support of harness racing generally and of this great family night out.

Grant Dixon, one of Queensland's and Australia's leading drivers, was announced as Australia's representative in the 2003 World Driving Championship at the Annual Awards Dinner in November 2002.

With commissions paid from the TAB as a consequence of wagering turnover being harness racing's primary source of income, it is essential that everyone associated with the commercial arm of harness racing is focused on achieving increased wagering turnover. Also, as in any business, while revenue growth is essential it is necessary to operate in the most cost effective manner.

To this end the Board released a "preferred decisions" paper in March 2003 for industry consultation, which was aimed at achieving the following four key Board objectives:

1. Increasing prizemoney for TAB racing thus providing greater returns to owners and licensees;
2. Placing the best horses on the best tracks at the best times to increase wagering turnover;
3. Consolidating harness racing to venues owned by harness racing or venues where harness racing can influence commercial outcomes; and
4. Reducing administrative cost overheads.

In summary, the "preferred decisions" paper proposed:

- ▶ An increase in prizemoney for TAB races for the 2003/2004 racing year of \$1.2 million above the amount budgeted for 2002/2003;
- ▶ An annual reduction in the Board and club administrative cost overheads of \$250,000;
- ▶ Transfer of the Friday night race date from Redcliffe to Gold Coast thus providing for Wednesday night and Friday night racing at Gold Coast;
- ▶ Consolidating all Thursday day meetings at Redcliffe which would mean that Toowoomba would not be allocated any race meetings in 2003/2004;
- ▶ Cease funding for the Metropolitan Harness Racing Club at Rocklea which conducts non-TAB racing on Saturday; and
- ▶ Continue to fund non-TAB racing in Rockhampton, Mackay and Townsville to the same level as in 2002/2003.

The "preferred decisions" have the effect of transferring the funding for non-TAB racing in South East Queensland to TAB racing thus creating a financial challenge for the Metropolitan Harness Racing Club at Rocklea. This is a particularly difficult decision given the long tradition of the club and the great affection for the Rocklea venue held by a significant proportion of harness racing enthusiasts from all facets of the sport. The "preferred decision" is based upon the commercial reality that the \$620,000 allocated to non-TAB racing at Rocklea is needed for the higher priority of increasing prizemoney for TAB racing.

To their great credit, the committee of the Metropolitan Harness Racing Club are examining alternative options for funding for the club. The Board will assist the committee with their endeavours.

The "preferred decisions" also mean the cessation of funding for harness racing at Toowoomba. The reasons underpinning this decision relate to very poor on-course patronage and wagering turnover in recent years and the fact that the harness racing club is a tenant of the Toowoomba Turf club and it is commercially beneficial to consolidate harness racing at venues owned by harness racing.

As with the Metropolitan Harness Racing Club at Rocklea, the "preferred decision" not to fund harness racing at Toowoomba is a difficult one given the Toowoomba club's long and proud history in harness racing. However the "preferred decision" is one of a number of hard decisions required to place harness racing in Queensland on a sound commercial footing. The Board will continue to liaise with the Toowoomba club during the consultation phase of the decision process.

During the year, the Board continued to work with the Greyhound Racing Authority (GRA) to develop a governance model to meet your Government's requirements under the Racing Act 2002.

Work on the governance model is continuing. The Board's priorities in developing the new governance model are to ensure:

- ▶ Probity in the conduct of racing and public confidence in the sport is maintained at the highest level;
- ▶ The policy and planning framework for harness racing is soundly based;
- ▶ Harness racing assets, including intellectual property and the right to broadcast product, are vested in the control body and are administered in the best interests of harness racing as a whole;
- ▶ The commercial arm of harness racing is structured to take advantage in the market place of our unique product, compete on favourable terms with competitors in the entertainment industry and grow wagering turnover and other income streams from best use of assets to allow for greater financial returns to participants; and
- ▶ Harness racing can work in cooperation with the other existing codes of racing and any emerging codes to achieve efficiency in administration.

The current governance structure for harness racing in Queensland does not provide an adequate vehicle to achieve the above priorities.

The shortcomings in the existing governance arrangements were clearly exposed by the process commenced in the second half of the year under review to allocate race dates to harness racing clubs for the 2003/2004 racing year. As previously mentioned, during March 2003 the Board released a "Preferred Decisions Paper", based on considerable research that proposed alteration to the allocation of race dates to certain harness racing clubs to achieve greatly enhanced commercial outcomes for harness racing.

As at the close of the year the consultation phase was continuing and this matter was not resolved. However, it is clear that in considering the Board's "preferred decisions" individual clubs are having difficulty in placing the overall best interests of harness racing ahead of individual club interest.

In addressing the priorities for the new governance model, the Board will examine the role of clubs in harness racing, taking into account the experience over the past year in dealing with clubs on commercial issues. While there will be further consultation with clubs and other key stakeholders on this issue, there is evidence that significant structural change is required to enable the commercial arm of harness racing to become efficient, responsive to the market place and competitive. Enhanced commercial performance is essential if returns to owners and licensees are to be increased which is essential for the growth of harness racing.

The year under review has seen continuation of issues regarding insurance for harness racing participants. The escalating cost of insurance and the limited ability to obtain sufficient coverage for the harness industry saw all States join together under a national industry policy. This allowed the Queensland harness racing industry to obtain cost effective participation and public liability insurance. The Board was able to secure coverage for our junior participants but unfortunately the underwriter would not provide coverage for Show racing nationally. This resulted in harness show racing, a long held community tradition in Queensland, no longer able to occur unless undertaken on a licensed harness track.

While there are a number of challenges to be met in the year ahead, the Board is confident that the planning undertaken and the changes implemented during 2002/2003 have laid a sound basis for the future growth of harness racing in Queensland.

The Board wishes to acknowledge and thank all owners, licensees, our customers the people who support harness racing by wagering on races and or attending race meetings, the dedicated committee members and volunteers of harness racing clubs, track and facilities maintenance staff and race day staff at the various venues, caterers and suppliers of other services who have all worked hard throughout the year for the benefit of harness racing.

I wish to thank my fellow Board members, Deputy Chair Mrs Helen Boyd, Directors, Mrs Andrea Sage and Mr Ian Millard, our Chief Executive Officer Mr Brett Schimming and all Board staff for their tremendous commitment and hard work during a particularly challenging year for harness racing in Queensland.

We extend particular thanks to the CEO and staff of UNITAB, our business partner, for their support and assistance throughout the year.

In conclusion, I wish to thank you, your staff, your Director General and the staff of the Office of Racing for the considerable support and assistance provided in the past 12 months. Your ready availability and your strong commitment to the major challenge of reform of racing generally and of harness racing in particular has been a great source of encouragement for the Queensland Harness Racing Board.

Yours sincerely,



RK Hamburger AM
Chairman



Constitutions and Functions

The Queensland Harness Racing Board is a Body Corporate constituted under the provisions of the Racing and Betting Act 1980.

The Board consists of four members appointed by the Governor in Council on the nomination of the Minister.

Board members hold office for a term not exceeding three years and the Governor in Council determines whether they are, if otherwise qualified, eligible for re-appointment.

The Board is responsible for the control and general supervision of harness racing throughout Queensland.

Functions

The functions of the Harness Board are:-

- (a) To control, supervise, regulate and promote harness racing;
- (b) To initiate, develop and implement such policies as it considers conducive to the development and welfare of the harness racing industry and the protection of the public interest; and
- (c) To take all such steps and do all such acts and things as are necessary or desirable to be done for or in connection with the performance of its functions.

Membership

During the 2002-2003 year the members of the Board were:

- ▶ Mr R K Hamburger AM (Chairman);
- ▶ Mrs H Boyd (Deputy Chairman);
- ▶ Mrs A Sage; and
- ▶ Mr I Millard.

12 general meetings, 14 special meetings and 70 special assignments were held during the year. The attendance record for these meetings was as follows:

	General meeting	Special meeting	Special assignment
RK Hamburger	12	12	29
H Boyd	12	13	21
A Sage	12	14	27
I Millard	12	13	18



Statement of Affairs

This Statement of Affairs has been published to comply with Section 18 of the Freedom of Information Act 1992.

Information included in the Statement of Affairs

- ▶ Consultation arrangements for public participation in the Board's policy making activities;
- ▶ Bodies established to advise the Board and whose meetings and minutes are open to the public;
- ▶ How to access Board documents under Freedom of Information (FOI);
- ▶ Type of documents held by the Board; and
- ▶ Publications available from the Board.

Consultation arrangements for public participation in Board policy making activities

The Board recognises that extensive community consultation is necessary whenever major policy and legislative initiatives are being developed.

Mechanisms are in place to ensure consultation occurs. For example, a recent review of the Board's Strategic Plan included consultation with affected stakeholders, including the provision of a draft Strategic Plan Enhancement Update to the stakeholders for comment and review.

The Board also employs a range of other methods including working parties, surveys and consultation with industry participants.

Members of the public are invited to write to the Chief Executive Officer concerning the Board's policies and functions.

Bodies established to advise the Board

Although there are several bodies set up to advise the Board on various matters, none of the meetings of those bodies are open to the public and the minutes of those meetings are not distributed to the public.

Documents held by the Board

The Board holds a broad range of materials and records relating to internal operations, the regulation of the Queensland Harness Racing industry and the sport overall.

Freedom of Information

How to access QHRB documents

The Freedom of Information Act 1992 gives community members a legally enforceable right to access documents held by Queensland government agencies and Ministers of the Crown.

Although the overall spirit of the Freedom of Information Act 1992 encourages the release of documents, some documents may be restricted to protect essential public interests or the private or business affairs of members of the community where disclosure would be contrary to the public interest.

Other documents are also available to review and download directly through the Board's website, <http://www.harness.org.au/qld/>.

How do I obtain documents?

1. Ask if the documents you require are publicly available.
2. Identify the documents you require, where they are located (region, division) and type of access sought (inspection or copy).
3. Make the application. A formal application under the Freedom of Information Act 1992 may be made on either an application form or by letter.

The application must:

- ▶ be in writing;
- ▶ state an address to which a notification of the decision may be sent;
- ▶ be accompanied by a \$32.50 application fee, if the information relates to non-personal matters (personal information about yourself is available at no cost); and
- ▶ be addressed to the Freedom of Information Officer.

4. Post or deliver the application to:

The Freedom of Information Officer
Queensland Harness Racing Board
PO Box 252
Albion Qld 4010

3 Amy Street
Breakfast Creek Qld 4010

Telephone (07) 32627733
Facsimile (07) 32627363

If the documents you require relate to your personal affairs, you must apply in person and provide identification.

Consultation

While processing an FOI application, it may be necessary to consult with a third party where disclosure of the matter contained in the document may reasonably be expected to be of substantial concern to the third party.

While the third party's views will be taken into consideration, the final decision on whether to permit access rests with the Board.

Time frames for decisions

Strict time limits apply for making decisions on FOI applications.

The timeframes commence from the receipt of the application, except in the case of applications for access to non-personal affairs documents, when the timeframes commence from receipt of both the application and the application fee.

FOI applications are acknowledged by the FOI Officer within 14 days of receipt.

For requests to access personal affairs documents, decisions are made within:

- ▶ 45 days where no consultation is required; or
- ▶ 60 days where consultation is required.

For requests to access non-personal affairs documents, decisions are made within:

- ▶ 45 days for documents created after 1987 where no consultation is required;
- ▶ 60 days for documents created after 1987 where consultation is required;
- ▶ 60 days for documents created prior to 1987 where no consultation is required; and
- ▶ 75 days for documents created prior to 1987 where consultation is required.

Types of Access

You may nominate to have copies sent to you at a charge or you may inspect documents at a suitable location, usually the Board's main office.

Review of Decisions

Internal Review

If you are dissatisfied with the FOI Officer's decision, you may apply for an internal review of the decision. Your application, in writing, must be made within 28 days of receiving written notice of the decision.

A senior officer of the Board will review the decision within 14 days of receipt of your application. There is no right of internal review of a decision made by the Board Chairman or Chief Executive Officer of the Board.

External Review

The Information Commissioner is an independent body responsible for reviewing decisions under the Freedom of Information Act 1992.

The Information Commissioner has the power to change, amend or confirm a decision of an agency or to mediate a settlement amongst the parties.

You may seek an external review of the decision from the Information Commissioner if:

- ▶ you are dissatisfied with the internal review decision;
- ▶ the Board fails to make a decision within the internal review time limits; or
- ▶ the Board Chairman or Chief Executive Officer made the decision.

Applications for external review must be sought by an applicant within 60 days of receipt of the decision, or by a third party within 28 days of receipt of the decision. An application for external review must be in writing, specify your address and give particulars of the decision for review.

Requests should be forwarded to:

The Office of the Information Commissioner, located at:
Level 25
288 Edward Street
Brisbane Qld 4000

or mailed to:

GPO Box 3314
Brisbane Qld 4001

Enquiries

Enquiries about FOI may be made between 8.30am and 4.30pm Monday to Friday by telephoning the FOI Officer on (07) 3262 7733.

One application for access to documents was received under the Freedom of Information Act 1992.

Publications

The QHRB produces a bi-monthly magazine which is available to the public at \$3.30 per issue.

The following documents can be accessed electronically on the website <http://www.harness.org.au/>:

- ▶ Australian Harness Racing Rules;
- ▶ Privacy Plan;
- ▶ Stewards Reports;
- ▶ Fields; and
- ▶ Formguides.

Public Interest Disclosure

There were no whistleblowers during the period.



Human Resources

The Board had a total of 33 employees, consisting of 18 permanent, 14 casual and one part-time staff member in its employ during the year.

After reviewing the marketing and publications functions of the Board, these functions were outsourced to a sports marketing firm and the Board subsequently abolished two casual positions.

Also in the past year, Mr Brett Schimming was appointed as CEO in July.

Mr Norm Torpey was recognised for his 25 years of service to the Board.

BOARD STAFF

Chief Executive Officer
Mr B Schimming

Director of Racing
Mr R Stedman

Chairman of Stewards
Mr N Torpey

Financial Accountant/IT
Mr B Lloyd

Office Manager
Ms M Porter

Racing Administrator/Handicapper
Mr A Whitehead

Registrar
Mr R Brough

BOARD MEMBERS

Chairman
Mr R K Hamburger AM

Deputy Chairperson
Mrs H Boyd

Members
Mrs AM Sage
Mr IR Millard

EXTERNAL ASSOCIATES

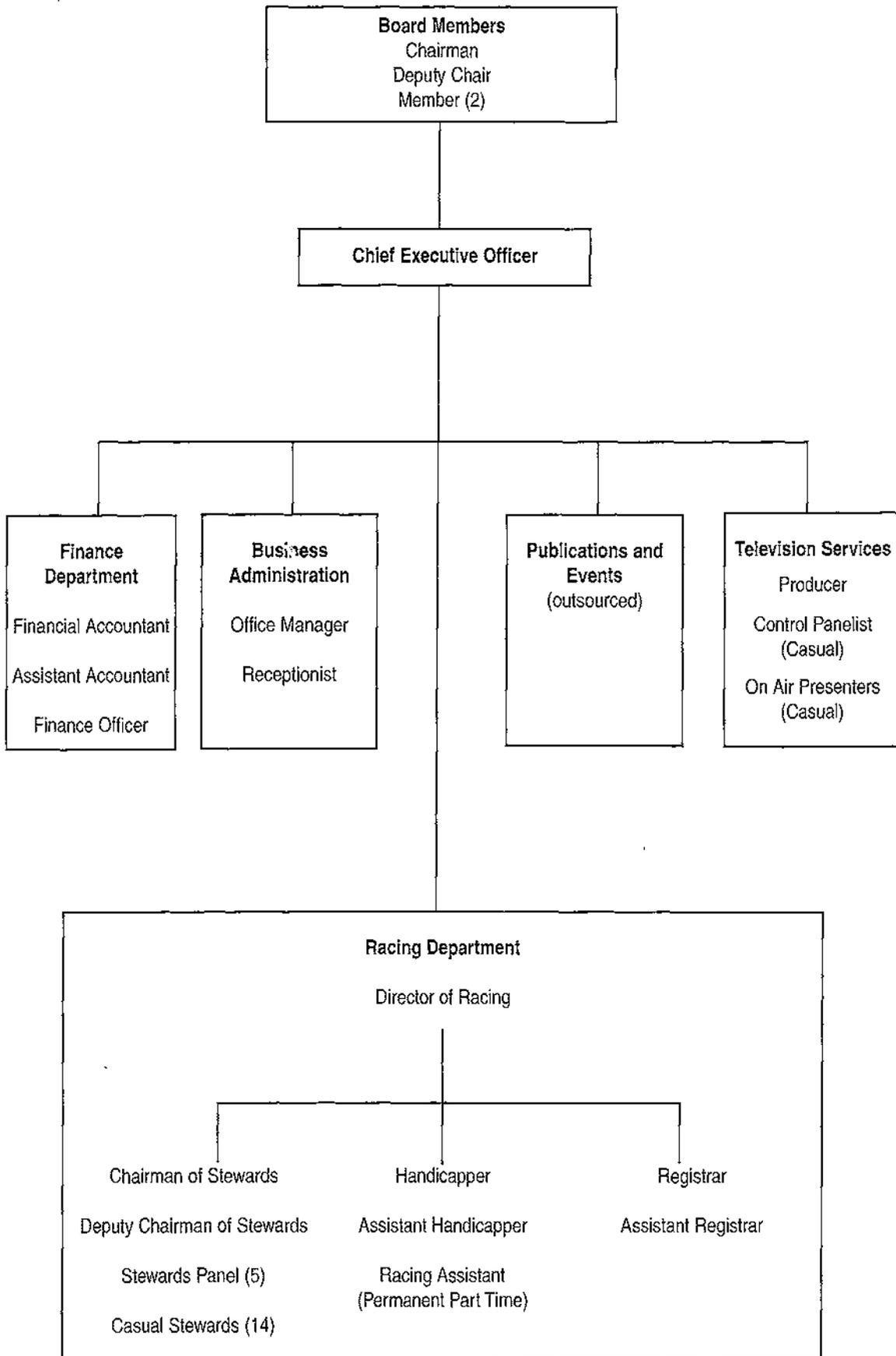
Solicitors
Hogan Besley Boyd

Auditors
Auditor-General Queensland

Bankers
Westpac Banking Corporation Hamilton Branch

Publications & Marketing
P4 Group

Organisation Chart





Finance and Information Technology

During 2002/2003, the Board maintained its policy of providing the maximum amount available to prizemoney and bonuses.

While the financial statements show a small operating surplus of \$118,599 for the 2002/2003 year, it is to be noted the Board is budgeting for a small deficit in the 2003/2004 year. This is to ensure maximum amounts are made available as prizemoney.

Distributions from Queensland Race Product Company Limited (Product Co.) exceeded the 2002/2003 budget expectations and the Board increased prizemoney in March 2003 in an effort to pass these additional funds on to participants.

The 2002/2003 year saw significant activity directed at the requirement of the new Racing Act 2002 which came into effect on 1 July 2003.

The Board has been conscious of the need to significantly increase the Harness Racing share of turnover through UNITAB and proposed changes to the Queensland racing calendar commencing 1 September 2003.

These two activities accounted for a large part of the consultant and legal fees incurred during the year.

It is to be noted the Board has contained the costs of its office, which is primarily devoted to regulation, stewarding and administration of the industry.

Distributions to Clubs in 2002/2003 for grants, general administration, capital works and tote incentive payments, accounted for 15.9% of the distribution from Product Co.

Insurance costs are a major concern to the Board. Industry participants were not asked to pay the whole cost and, as a result, the cost of insurance absorbed by the Board increased significantly.

During 2002/2003, the Board undertook a review of the Briz31 programme rescheduling airtime to two hours per week, whilst still producing a most cost effective communication means to a segment of the industry and wider community.

The Board also reviewed the magazine operation and engaged sports marketing specialists, P4 Group, to produce and publish the magazine in a new bi-monthly format.

The Board's ageing computer hardware was upgraded in October 2002, and the coming year will see the QHRB migrate onto the National Harness Web, which among other things, will allow trainers to nominate horses for races through the use of the internet.

The year ahead will see a continued emphasis on maximising prizemoney, reducing or containing costs of administration in the Board's office and club costs, and increasing harness racing's share of turnover through UNITAB. Much work will need to be done to implement the provisions of the new Racing Act.



Racing

The Harness Racing Industry depends on UNITAB distribution for its funding and, therefore, maintaining the confidence of the wagering public in the integrity of the participants is paramount.

Accordingly the Board's Racing Department was responsible for ensuring participants fully complied with the provisions of the Racing & Betting Act 1980, and the rules of Harness racing.

Stewards Penalties 2002/03

Stewards imposed fines for 425 offences ranging from late driving changes, incorrect whip actions, contacting marker posts, racing interference, improper behaviour, providing false information to the Board, and presenting a horse to race with a prohibited substance.

178 licensees had their licences suspended for offences ranging from incorrect whip action, racing interference, improper behaviour and prohibited substance.

Eight licensees were disqualified from holding a licence for periods from three to 12 months, for offences including improper behaviour, submitting false paperwork, detrimental conduct and working horses whilst disqualified.

Policy Matters

DNA TESTING

In conjunction with the Australian Harness Racing Council which includes all other States of Australia, the Board has now introduced compulsory DNA testing of all foals born during each season.

Broodmares with foals at foot, and which have not had DNA sampling previously, will also undergo hair follicle DNA testing so that the parentage of all foals born in Australia will be confirmed.

Where discrepancies are found, the Board's Stewards will thoroughly investigate the circumstances, and take appropriate action. Penalties have been imposed and several other inquiries are in course.

This initiative is significant as it will guarantee the identity of all standardbred horses, with consequential added certainty for registration purposes, and increase buyer confidence.

Strategic Plan for Stewards

At the request of the Board, the Director of Racing (DOR) has developed a strategic plan for the Board's stewards panel.

A significant feature of the Plan is that it sets out strategies to achieve the objective of achieving and maintaining "a high level of stewarding that meets "good practice standards."

As part of the plan, the DOR is now assessing the training needs of all Panel members and developing a training program to suit each individual.

Licensing

The Board has toughened its stance on the issuing of licences, with increased emphasis on ensuring only fit and proper persons are granted a Harness Racing licence.

People who have served a period of disqualification from the sport and those with criminal records, are now required to undergo an interview process and demonstrate they meet Board criteria before being considered for a licence.

Assessment of Barrier Draw System

As concerns had been raised by industry participants regarding the efficiency of the computer barrier draw system used to determine the starting positions of horses in races, the Board contracted with QUT to undertake an independent statistical analysis, to confirm the system is operating efficiently and achieving random selection of all barriers.

This report has now been handed to the system developer for comment before it is released publicly.

General Racing Matters

As a result of consultation with key industry bodies, the following initiatives were implemented:

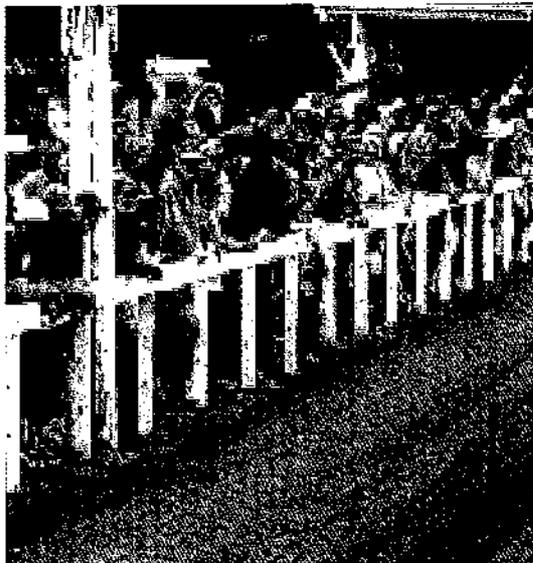
- ▶ Emergency runners re-instated in all feature races;
- ▶ Changed mobile starting procedures;
- ▶ Changed false start rules; and
- ▶ The establishment of a penalty scale aimed at achieving more consistent penalties for breaches of the Rules.

In addition, procedures are now in place to ensure the integrity of the process of drawing race fields is protected, with all Racing Department staff aware of Board policy and AHRC rules regarding redraws.

New Racing Act

Some significant features of the Act include:

- ▶ Removal of restrictions on new codes of racing by allowing a corporation to apply for a control body licence;
- ▶ Removal of the prohibition on proprietary racing
- ▶ Provide that the existing control bodies be required to form a corporation and apply for a control body approval after three years;
- ▶ Stating of the type of policies a control body must make for its code of racing; and
- ▶ The introduction of changes to the procedure for dealing with and analysis of "things" for the presence of drugs and other substances.



Clubs

Albion Park

Albion Park is very pleased to report a substantial improvement in the financial operation of the club for 2002/2003. Having stated this, we acknowledge that with the termination of the Sky Channel rights fee on 30 June 2003, the 2003/2004 financial year will be a huge challenge for the Club. However, we are looking forward to constructive talks with the Board to address this matter.

Albion Park HRC has developed a very good working relationship with Sky Channel and this was evident with the hosting provided by Sky Channel for the Kevin and Kay Seymour Charity evening on 21 June 2003 and major nights throughout the "Nights of Magic" Winter racing Carnival held at Albion Park.

The event of the year at Albion Park was undoubtedly the Seymour Charity evening. A crowd of 12,256 turned up to enjoy free entertainment, giveaways including two cars and witness 33 charitable organisations sharing in over \$160,000 donated by Kevin and Kay. The atmosphere was spectacular and the evening promoted our sport in a truly fantastic manner.

Albion Park again provided a significant share of Queensland Harness Racing UNITAB turnover with \$27,914,676 being wagered. This was a healthy 17.34% increase on the previous year.

The Club lost long serving Secretary Manager Damian Raedler who moved to New South Wales to take up the position of CEO Harness Racing NSW. We wish Damian all the best in his new role and thank him for many years of loyal and dedicated service.

Gold Coast

The Gold Coast had a very good trading period for the 2002/2003 financial year. Whilst the profit was only \$14,730, this was still a good result. The committee, under the leadership of Mr Len Hunter, has turned around previous losses and recorded another profit for the second year running.

During the trading year, the Club, with the assistance of the Parklands Trust, made a concentrated effort in marketing the harness product to a new group of people in the Gold Coast business arena while also maintaining a strong association with social clubs.

It was good to see Double Identity win the \$50,000 Parklands Cup last October and go on to greater successes in the racing year.

Redcliffe

The Redcliffe Paceway has had an eventful and successful twelve months in terms of harness racing and social events with the Management Committee and staff working hard towards achieving results for the industry.

January saw what has become an annual event at the Redcliffe Paceway, the Jack Daniels International Long Track Masters, attracting thousands of visitors to the complex. Minister for Racing, the Hon Merri Rose officially opened the event with Redcliffe City Mayor Cr Alan Boulton also attending.

The Patron's Christmas Cup was well patronised and attracted new sponsors to our club for an evening of fantastic harness racing and entertainment.

The Starlight Series sponsored by Dark Blue Sea was introduced this year. This early 2YO feature was a brilliant race and identified some talent which may not have come to the fore without this initiative. The winner, Slipnslide, broke the class record and provided an exciting finale to this event. The Starlight Children's Foundation benefited from the evening with a charity auction raising \$1,000.

Once again, August was the most exciting time for the club with the running of the Redcliffe City Gold Cup and the 2YO Star Wars Series. There were major supporting races on both Derby and Oaks nights and both evenings attracted excellent fields and provided top class harness racing excitement.

A Work for the Dole program, with the valued assistance of Galvin's Landscaping, enabled landscaping to be done along the Gomersall Street entrance to the complex.

The Redcliffe community has stood behind the club, in particular the Redcliffe City Council, and we thank them for their assistance. Mayor Cr Alan Boulton, his councillors and staff have been supportive in our endeavours to improve and utilise the Redcliffe Paceway complex.

Thanks must also go to the Redcliffe Paceway team for their hard work throughout the past twelve months, and particularly in more recent times, where they have performed under uncertain and difficult times.

Rocklea

The Metropolitan Harness Racing Club (Rocklea) received funding cutbacks in the 2002/2003 season.

The Rocklea committee therefore applied stringent financial expenditure to limit possible loss at the end of the financial year. The Club believes the small loss for the year was a very good result. Rocklea also incurred legal and professional costs in relation to the club's submission to the Board and without these costs believes a profit would have been made for the year.

With the discussion paper released by the Board in March with the "preferred decisions" it was noted the decisions were aiming to result in an increase of turnover, prizemoney and reduction of overheads. As a result of this discussion paper, a decision could be made by the Board to cease funding the Rocklea club from September.

Rocklea believes the industry has a role to play to ensure that racing provided to the Club ensures there are enough runners to have full fields. Failure to achieve this will have adverse effects on the Club. Survival and not increased prizemoney is a priority for the Club.

Townsville

The North Queensland Harness racing club's Tropicana Carnival boosted the profile of harness racing in the tropics.

The Club knew it was on a promotional winner when harness racing legend, Brian Hancock, accepted an invitation to come to Townsville.

On the night, Hancock stated "This is what the sport is all about, families and everyone pitching in for the one cause."

Other highlights were the record crowd that attended the Christmas Cup. The Club continues to promote monthly Night Markets, Saturday morning's harness Racing Show and the Club's own website.

The Club acknowledges the efforts of Darryl Gross in winning both the trainer and driver premierships. Horse of the year honours went to Gold Chip.

The Club is scheduled to conduct and promote 37 meetings during 2003/2004 and the club praises the support of the Board.

Mackay

The Mackay Harness Racing Club had another successful year and was again given great service by its small, but active, committee.

The combination of graduation and country penalty races were well supported by participants and fields were generally of a good standard.

Congratulations to leading driver, Ross Manzelmann and leading trainer, Stacey Manzelmann.

The Club was well supported by southern visitor, Julie Weidemann, who figured prominently in both the trainer and driver awards and also won the Douglas Lewis and Gibb Mackay Cup final with the well travelled The Bagman.

Rockhampton

Rockhampton Club have experienced a year of very competitive racing despite all the uncertainties of what the future would hold for northern clubs. This had a significant effect on the horse population in the area.

The Club will post a trading profit for the financial year.

The stewards towers have been replaced with four new towers which comply with Workplace Health and Safety requirements. A winning post will also soon be in place along with some landscaping.

Darling Downs

Nola Wagland and her committee worked tirelessly to ensure the Club remained viable through the season and the Darling Downs Harness Racing Club was well supported by a number of the state's leading trainers and drivers.

The decision by the Board to increase prizemoney mid way through the year was well received by all involved in the industry in the Darling Downs area.

Congratulations go to the leading trainer, Bill Dixon and also to his son Grant, who won the leading driver award. Julie Weidemann and Lola Kunde, who have been great supporters of the Club for a number of years, were the respective runners up.

The Club conducted three \$5,000 heat and final feature races during the season with all three finals falling to the Julie Weidemann stable with The Bagman winning the first and stable star, Turbo Torque, the latter two. Turbo Torque is now racing in North America.



QBred

QBred fees remained at the previous season's level of \$300 for Scheme One (bonuses only) and \$400 for Scheme Two (bonuses and feature races).

A total of \$1,092,950 was paid out in winning bonuses, a total which far exceeds any other state in Australia for winning bonuses.

In addition, \$763,880 in stakemoney was paid out for the 2YO, 3YO and 4YO QBred feature races.

This season also saw the introduction of a QBred bonus certificate. The bonus certificate is applicable on a horse winning its first 2YO and 3YO race and can be taken in place of a winning cash bonus. It is valued at \$750, more than the applicable cash bonus.

A total of 1,041 horses were paid up for QBred Racing in 2002/03.

QBred Triad winners

2YO filly	Trend Setter
2YO colt/gelding	Slipnslide

3YO filly	And More
3YO colt/gelding	Left Devil

4YO mare	Sparkling Melody
4YO horse/gelding	Lombo Icon

Significantly, Queensland provided the leading stallion by winners for both 2YO (Perfect Art USA 37, individual winners) and 3YO (Fake Left USA, 134 individual winners). Fake Left USA also provided the highest individual amount of total winners with a total of 361, an incredible 142 clear of his nearest competitor.

The Queensland bred Trend Setter and Slipnslide recorded two of the three fastest times recorded by 2YO's in Australia for the season and the future looks bright with many other promising horses looking like stars of the future.



Marketing

Marketing strategies during the 2002/2003 year have incorporated a wide variety of activities including:

- ▶ Industry consultation and workshops;
- ▶ Electronic production - television and IT;
- ▶ Government relations and public affairs;
- ▶ Print production - magazine and newsletters;
- ▶ Sponsorship;
- ▶ Events management;
- ▶ Advertising;
- ▶ Media relations - print and electronic;
- ▶ Brand review;
- ▶ Employee communications; and
- ▶ Club relations.

The Board has recognised the industry's marketing strategies need to constantly evolve in order to meet the challenges of falling track attendance, and competition from a wide range of entertainment and gaming leisure activities. The importance of Pay TV and SKY Channel coverage to assist in increasing off-course turnover and to build brand awareness of harness racing, cannot be underestimated in the current marketplace.

As part of the evolutionary process in marketing activities, the Board is placing greater emphasis on its website as a form of communication. Production of the magazine has been outsourced, and the number of editions reduced, effecting cost savings.

There have also been changes in the Board's programming with Briz31, the local community television station. It is recognised that this format has been very useful and well received over a period of more than seven years, with highly professional presentation and production but, where possible, our future focus needs to be at a national level.

The Board recognises the challenges faced by Clubs in the ongoing demands of competing for the entertainment dollar. Most Clubs have put in excellent work over the past year, and the Board has contributed appropriate marketing sponsorship. In particular, the Albion Park Winter Carnival was extremely successful. The Seymour Charity Night in June, the "brainchild" of Kevin and Kay Seymour, linked their very generous support of more than thirty charities with a "harness racing has a heart" theme. The night positioned the whole industry extremely favourably and was a marketing coup.

The Redcliffe and Gold Coast Clubs have been very active in involving their local communities, business houses, and political identities in harness racing events and issues. Both Clubs continue to address the challenge of increasing on-course UNITAB turnover through innovative marketing initiatives, which the Board has actively supported.

At a strategic level, sports marketing specialists, P4 Group, have been engaged by the Board, to review marketing activities and to develop an integrated brand strategy for the industry.

This will take place in the next financial year, and will form a blueprint for the Board's future marketing direction.



Honour Roll

Albion Park

Trainers Premiership - John McCarthy

Drivers Premiership - Luke McCarthy

Gold Coast

Trainers Premiership - John McCarthy

Drivers Premiership - Grant Dixon

Redcliffe

Trainers Premiership - Bill Dixon

Drivers Premiership - Mathew Neilson

Rocklea

Trainers Premiership - Julie Weidemann

Drivers Premiership - Lola Kunde

Darling Downs

Trainers Premiership - Bill Dixon

Drivers Premiership - Grant Dixon

Townsville

Trainers Premiership - Darryl Gross

Drivers Premiership - Darryl Gross

Mackay

Trainers Premiership - Stacey Manzelmann

Drivers Premiership - Ross Manzelmann

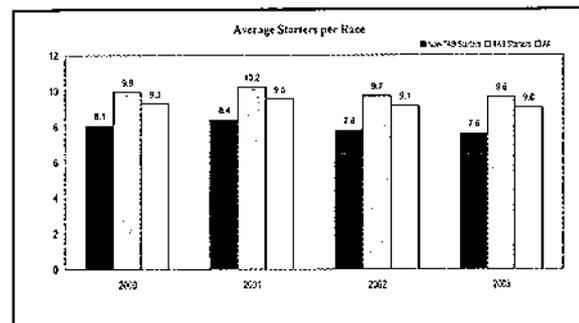
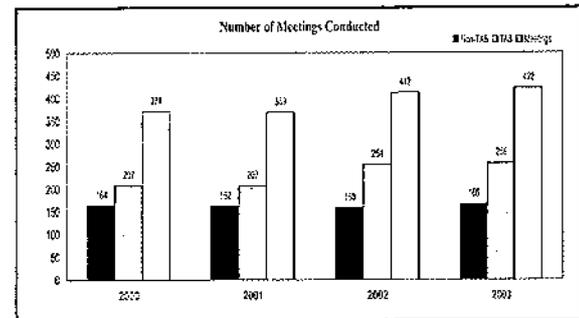
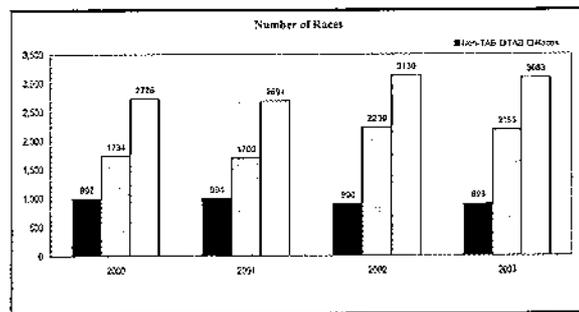
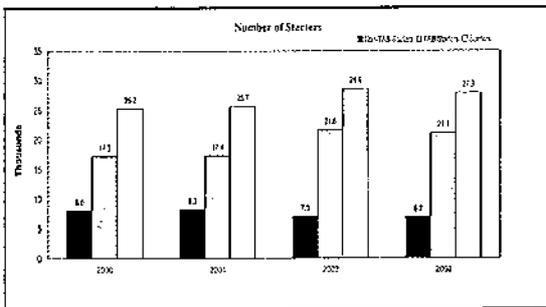
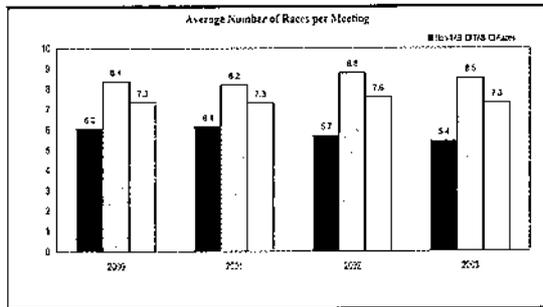
Rockhampton

Trainers Premiership - Julie Weidemann

Drivers Premiership - Julie Weidemann



Statistics





Licences and registrations

Licences issued and registrations effected

Comparisons relating to Licensing and Registrations are as follows:

	2002/03	2001/02	2000/01
Trainers	495	562	615
Drivers	384	493	584
Stablehands	182	181	250
Bookmakers	13	11	14
Bookmakers Clerks	37	51	53
Sire Registration	37	43	38
Foalings	569	495	606
Services	738	860	589
Horses Named	382	418	443
NZ imports	65	64	46
USA exports	47	35	20
Syndicates	4	3	19
Leases	154	125	124
Transfers	790	739	759
Clubs	8	8	8

	2002/2003 TOTAL (INC GST)	2001/2002 TOTAL (INC GST)
General registration fees		
Transfer	\$50	\$50
Lease	\$62	\$62
Name Application	\$50	\$50
Colours		
initial registration (with 5 years registration)	\$82	\$82
renewal (5 years)	\$52	\$52
Sire Registration - AI	\$440	\$420
Sire Registration - Other	\$270	\$250
Service Certificate	\$20	\$20
Foal Notification Birth to three weeks	\$50	\$50
Foal Notification over three weeks	on application	\$100 to \$200

	2002/2003 TOTAL (INC GST)	2001/2002 TOTAL (INC GST)
Clearances from QLD to:		
interstate (NSW, VIC, SA, TAS, WA)	FREE	FREE
overseas (USA, Canada, etc)	\$1000	\$1000
overseas (NZ)	\$450	\$450
Bloodtyping	\$121	\$121
Registration Fee (imported horses incoming to QLD)		
colts/geldings/entires	\$400	\$400
fillies/mares	\$100	\$100
colts/geldings/entires from NZ via VIC, NSW, TAS, SA	\$350	\$350
DNA Genotyping		
mare and stallion	\$50	NA
foal	\$67	NA
Licences <i>(*denotes necessary insurances included)</i>		
*# Grade A Trainer / A Driver	\$650	\$350
*# Grade A Trainer / B Driver	\$630	\$320
*# Grade B Trainer / A Driver	\$630	\$310
*# Grade A Trainer / C Driver	\$620	\$320
*# Grade B Trainer / B Driver	\$610	\$300
*# Grade B Trainer / C Driver	\$600	\$300
*# Grade A Driver	\$450	\$340
*# Grade B Driver	\$430	\$280
*# Grade C Driver	\$420	\$280
*# Grade A Trainer	\$420	\$280
*# Grade B Trainer	\$400	\$260
*# Stablehand	\$200	\$135
*# Stablehand (under 23 years of age) start of season 01/09/02	\$75	NA
BookmakerLevel 1 (Entitles Bookmaker to field at all clubs in QLD)	\$250	\$250
Level 2 (Entitles Bookmaker to field at the 3 North QLD clubs)	\$168	\$168
Bookmakers Clerk	\$68	\$68
Syndicate Registration	\$95	\$95
Syndicate Renewal (yearly)	\$30	\$30
Public Syndication	\$200+ costs	\$200
One Day Clerks Permit	\$10	\$10
Miscellaneous		
Full Meeting Form Guides (plus postage if required)	\$5.50	\$5.50
Revised copies of QHRB rules of harness racing (plus postage if required)	\$22	\$22

Annual financial statements

for the year ended June 30 2003

PURPOSE AND SCOPE

The Queensland Harness Racing Board is constituted under the provisions of the Racing and Betting Act 1980 and is a Statutory Body within the meaning given in the Financial Administration and Audit Act 1977.

In accordance with the provisions of the Financial Administration and Audit Act and other prescribed requirements, these Statements have been prepared -

" To provide an accounting for the custody and management of moneys and other resources under the control of the Board; and

" To disclose the results of operations of the Board during the year and to indicate the financial position of the Board at the close of that year".

The statements are general purpose in nature and reflect the whole of the financial activities of the Board.

Statement of financial performance

for the year ended June 30 2003

	<i>notes</i>	<i>2003 (\$)</i>	<i>2002 (\$)</i>
REVENUES FROM ORDINARY ACTIVITIES			
Fees and Charges	2	1,047,652	842,388
Racing Levy Income		65,496	64,107
Interest on Investments		163,296	175,952
Profit on Disposal of Non-Current Assets	14	2,032	-
Other Income	3	113,534	120,227
Grants		48,141	5,427
Prizemoney Sponsorship		339,200	117,200
Distribution from Queensland Race Product Co Ltd		14,925,574	14,452,729
Total revenue from ordinary activities		16,704,925	15,778,030
EXPENSES FROM ORDINARY ACTIVITIES			
Computer Operations		200,214	251,228
Depreciation	4	69,566	51,173
Insurance		368,888	227,070
Salaries, Wages and Associated Costs	5	1,331,784	1,349,209
Racing Levy Expenses	6	299,764	238,158
Loss on Disposal of Non-Current Assets	14	-	3,676
Prizemoney	7	11,141,229	11,211,736
Tote Incentive Payments to Clubs	8	867,376	860,175
Clubs Administration and Capital Payments/Meeting Fees	9	1,429,501	1,107,600
Grants to Clubs and Associated Entities	10	74,835	139,151
Other Expenses from Ordinary Activities	11	803,169	647,435
Total Expenses from Ordinary Activities		16,586,326	16,086,611
Net Result for the Reporting Period		118,599	(308,581)
Total changes in equity other than those resulting from transactions with owners as owners		118,599	(308,581)

The accompanying notes form part of these financial statements

Statement of financial position

for the year ended June 30 2003

	notes	2003 (\$)	2002 (\$)
CURRENT ASSETS			
Cash Assets	12	(2,247)	18,126
Receivables	13	1,273,323	1,305,532
Other Financial Assets		3,859,252	3,493,485
Prepayments		100,659	105,866
Total Current Assets		5,230,987	4,923,009
NON-CURRENT ASSETS			
Plant and Equipment	14	213,657	185,643
Receivables	13	59,420	101,753
Total Non-Current Assets		273,077	287,396
Total Assets		5,504,064	5,210,405
CURRENT LIABILITIES			
Payables	15	874,821	580,456
Provisions	16(a)	107,162	240,376
Total Current Liabilities		981,983	820,832
NON-CURRENT LIABILITIES			
Provisions	16(b)	98,060	84,150
Total Non-Current Liabilities		98,060	84,150
Total Liabilities		1,080,043	904,982
Net Assets		4,424,022	4,305,423
EQUITY			
Retained Profits	17(c)	4,023,592	3,904,993
Reserves	17	400,430	400,430
Total Equity		4,424,022	4,305,423

The accompanying notes form part of these financial statements

Statement of cash flows

for the year ended June 30 2003

	<i>notes</i>	<i>2003 (\$)</i>	<i>2002 (\$)</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Operations		16,465,158	15,667,216
Interest		163,296	175,952
GST Input Tax Credits		663,023	745,601
		17,291,477	16,588,769
Payments			
Payments to Clubs, Suppliers and Employees		(15,608,789)	(15,292,726)
GST Remitted to the ATO		(1,284,077)	(1,466,389)
		(16,892,866)	(16,759,115)
Net Cash Provided by (Used In) Operating Activities	19(a)	398,611	(170,346)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Plant and Equipment	14	52,459	99,043
Repayment of Loans from Associated Entities		42,333	223
Payments for Purchase of Plant and Equipment		(148,010)	(150,930)
Net Cash Provided by (Used In) Investing Activities		(53,218)	(51,664)
Net (Decrease) Increase in Cash Held		345,393	(222,010)
Cash at the Beginning of the Financial Year		3,511,612	3,733,622
Cash at the End of the Financial Year	19(b)	3,857,005	3,511,612

The accompanying notes form part of these financial statements

Notes

1. Statement of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of these Statements are as follows:-

(a) Basis of Preparation of the Accounts

The accounts have been prepared on an accrual accounting basis and in accordance with the historical cost convention and except where otherwise stated do not reflect changes in either the general purchasing power of the dollar or in the value of specific assets.

Accounting policies adopted comply with the requirements of the Queensland Treasury Department, Financial Management Standard, Statements of Accounting Concepts and applicable Australian Accounting Standards.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the following:

Employee Benefits - Annual Leave

The Board has adopted the revised Accounting Standard AASB 1028 "Employee Benefits", which has resulted in a change in the accounting policy for the measurement of employee annual leave liability. Previously, the Board measured the provision for annual leave based on remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised Standard, the provision for annual leave is now measured based on the remuneration rates expected to be paid when the liability is settled. The effect of the revised policy has increased the provision for annual leave by \$2,626.

(c) Other Financial Assets

Investments are valued at cost which also approximates the current market value. The carrying amount of investments is reviewed annually by the Board to ensure it is not in excess of the recoverable amount of these investments.

(d) Receivables

Receivables are recognised at the amount due at the time of the sale or service provision. The collectibility of receivables is assessed at balance date with adequate provision made for doubtful debts and all known bad debts written-off. Receivables include loans and advances which are recognised at their face value.

(e) Valuation and Depreciation of Non-Current Assets

Non-Current physical assets are stated at cost in accordance with Queensland Treasury "Non-Current Asset Accounting Guidelines for the Queensland Public Sector".

Assets are depreciated on either the diminishing value or straight-line basis so as to allocate the net costs against revenue over the estimated economic lives of the assets. As a general policy, only assets with a value of \$500 or more are capitalised, items under this value being charged as an expense in the year of purchase

The Depreciation rates used for each class of depreciable assets are:

Class	Depreciation Rate
Broadcast Equipment	25.00%
Computer Hardware	33.33% - 40.00%
Office Furniture & Equipment	4.00% - 33.33%
Motor Vehicles	22.50%
Freeze Branding Equipment	5.00%

Lease payments for operating leases are recognised as an expense in the years in which they are incurred, as this reflects the pattern of benefits derived by the Board.

Notes

(e) Employees' Entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include annual leave and long service leave. Liabilities arising in respect of annual leave and long service leave expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

Long service leave expected to be paid later than one year is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The Board also contributes to various accumulating Employee Superannuation Plans.

(f) Comparatives

Where changes have occurred in the presentation of the Financial Statements, prior year figures have been reclassified for comparative purposes.

(g) Segment Reporting

The Board operates predominantly in one industry, being that of Harness Racing in Queensland.

(h) Income Tax

The Queensland Harness Racing Board is exempt from income tax under the provisions of section 24AQ of the Income Tax Assessment Act 1997.

(i) Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the acquisition of the asset or as part of an item of the expense. Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

(l) Revenue Recognition

Fees and Charges - Revenue is recognised in the Statement of Financial Performance when received. Distribution from Queensland Race Product Co Ltd - Revenue is recognised in the Statement of Financial Performance when accrued.

Notes

	2003 (\$)	2002 (\$)
2. Fees and Charges		
Meeting and Supervision Fees	12,665	8,370
Licence Fees	345,499	223,002
Clearance and Transfer Fees	99,638	86,300
Registration Fees	108,140	56,306
Fines and Late Fees	39,600	39,155
Foal Notification and Service Certificates	43,310	28,122
Freeze Branding Charges	-	13,833
Qbred Nomination Fees	398,800	387,300
	1,047,652	842,388
3. Other Income		
Promotional Income - Broadcast Van	56,695	39,028
Publications Income	17,238	18,339
Sundry	39,601	62,860
	113,534	120,227
4. Depreciation of Non-Current Assets		
Broadcast Equipment	13,288	9,991
Computer Hardware	8,603	-
Office Furniture and Equipment	8,975	9,391
Motor Vehicles	38,529	31,620
Freeze Branding Equipment	171	171
	69,566	51,173
5. Salaries, Wages and Associated Costs		
Salaries, Wages and Associated Costs	1,130,356	1,109,900
Superannuation Contributions	88,845	121,047
Board Members Remuneration	65,510	69,244
Payroll and Fringe Benefits Tax	47,073	49,018
	1,331,784	1,349,209
6. Racing Levy Expenses		
Australian Harness Racing Council Levies	156,944	90,228
Photo Finish Clubs	108,062	120,470
Sulky Claims	34,758	27,460
	299,764	238,158
7. Prizemoney		
General Cash Prizemoney	9,251,599	9,082,660
Qbred Triad/Classic Prizemoney	763,880	796,001
Qbred Bonus Payments	1,092,950	1,297,250
Qbred Breeders Bonus Payments	-	2,625
Qbred Mares Incentive Scheme	29,500	33,200
Qbred Breeders Certificate	3,300	-
	11,141,229	11,211,736

Notes

	2003 (\$)	2002 (\$)
8. Tote Incentive Payments to Clubs		
Albion Park Harness Racing Club	340,041	296,089
Darling Downs Harness Racing Club	28,597	24,792
Gold Coast Harness Racing Club	117,179	136,232
Mackay Harness Racing Club	13,678	15,385
Metropolitan Harness Racing Club	195,268	188,667
North Queensland Harness Racing Club	4,652	6,550
Redcliffe Peninsula Harness Racing and Sporting Club	156,421	174,625
Rockhampton Harness Racing Club	11,524	17,820
Plus Net Tote Communication Costs	16	16
	867,376	860,175
9. Clubs Administration and Capital Payments/Meeting Fees		
Albion Park Harness Racing Club	356,000	260,000
Darling Downs Harness Racing Club	76,000	52,000
Gold Coast Harness Racing Club	308,000	260,000
Mackay Harness Racing Club	82,167	57,200
Metropolitan Harness Racing Club	111,000	104,000
North Queensland Harness Racing Club	82,167	57,200
Redcliffe Peninsula Harness Racing and Sporting Club	332,000	260,000
Rockhampton Harness Racing Club	82,167	57,200
	1,429,501	1,107,600
10. Grants		
Albion Park Harness Racing Club	40,000	3,637
Darling Downs Harness Racing Club	-	-
Gold Coast Harness Racing Club	-	60,000
Mackay Harness Racing Club	-	16,252
Metropolitan Harness Racing Club	-	-
North Queensland Harness Racing Club	1,364	2,650
Redcliffe Peninsula Harness Racing and Sporting Club	28,050	44,144
Rockhampton Harness Racing Club	5,421	-
Marburg Pacing Association	-	12,000
Standardbred Pleasure and Performance Association	-	468
	74,835	139,151
11. Other Expenses from Ordinary Activities		
Audit Fees	14,573	11,836
Bad and Doubtful Debts	103,610	3,815
Broadcast Expense	162,243	174,162
Consultancy Fees	61,012	55,241
Freeze Branding and DNA Expense	24,135	10,443
Legal Fees	63,696	29,556
Postage, Printing and Stationery	94,608	99,171
Promotion Expenses	32,100	25,464
Rent, Cleaning and Office Expenses	64,725	45,879
Service Fees	20,196	19,063
Sundry Expenses	56,813	66,135
Telephone and Facsimile	46,279	42,290
Travel, Accommodation and Motor Vehicle Expenses	59,178	64,380
	803,169	647,435
	2003 (\$)	2002 (\$)

Notes

12. Cash Assets

Cash on Hand	350	350
Cash at Bank	(2,597)	17,776
	(2,247)	18,126

13. Receivables

<i>Current</i>		
Debtors	153,847	32,025
Less Provision for Doubtful Debts	(111,425)	(7,815)
	42,422	24,210
Accrued Income	1,230,901	1,281,322
	1,273,323	1,305,532
<i>Non-Current</i>		
Loans and Advances	59,420	101,753

14. Plant and Equipment

Profit/(Loss) on Disposal of Assets		
Proceeds from Disposal of Assets	52,459	99,043
Less Carrying Value of Assets Disposed	(50,427)	(102,719)
Profit/(Loss) on Disposal of Assets	2,032	(3,676)
Broadcast Equipment		
At Cost	170,954	169,855
Accumulated Depreciation	(150,745)	(137,457)
	20,209	32,398
Computer Hardware		
At Cost	61,845	24,199
Accumulated Depreciation	(32,053)	(24,199)
	29,792	0
Plant and Equipment		
At Cost	201,408	200,087
Accumulated Depreciation	(179,689)	(176,186)
	21,719	23,901
Motor Vehicles		
At Cost	173,136	143,960
Accumulated Depreciation	(32,108)	(15,696)
	141,028	128,264
Freeze Branding Equipment		
At Cost	2,610	2,610
Accumulated Depreciation	(1,701)	(1,530)
	909	1,080
Total Plant and Equipment		
Total at Cost	609,953	540,711
Accumulated Depreciation	(396,296)	(355,068)
Total Written Down Amount	213,657	185,643

Notes

Reconciliations

Reconciliations of the carrying amounts of each class of Property, Plant and Equipment at the beginning and end of the current financial year is as below:

\$'000s	<i>Broadcast Equipment</i>	<i>Computer Equipment</i>	<i>Office Furniture & Equipment</i>	<i>Motor Vehicles</i>	<i>Freeze Branding Equipment</i>	<i>Total</i>
Carrying amount as at 1 July 2002	32	0	24	128	1	185
Additions	1	38	7	102	-	148
Disposals	-	-	-	(50)	-	(50)
Depreciation expense	(13)	(8)	(9)	(39)	-	(69)
Carrying amounts as at 30 June 2003	20	30	22	141	1	214

	<i>2003 (\$)</i>	<i>2002 (\$)</i>
15. Payables		
Creditors and Accrued Expenses	874,821	577,419
Fees, Levies and Subscriptions in Advance	-	3,037
	<u>874,821</u>	<u>580,456</u>

16. Provisions

(a) Current

Employee Entitlements

- Annual Leave

Balance 1 July 2002	82,707	115,280
Add Provision for year	89,158	72,474
	<u>171,865</u>	<u>187,754</u>
Less Payments for year	(81,703)	(105,047)
Balance 30 June 2003	90,162	82,707

- Long Service Leave

Balance 1 July 2002	5,154	13,874
Add Provision for year	10,349	24,430
	<u>15,503</u>	<u>38,304</u>
Less Payments for year	(15,503)	(33,150)
Balance 30 June 2003	-	5,154

Unspent Prizemoney

Balance 1 July 2002	152,515	-
Add Provision for year	-	152,515
	<u>152,515</u>	<u>152,515</u>
Less Payments for year	(135,515)	-
Balance 30 June 2003	17,000	152,515

Total Current Provisions	107,162	240,376
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(b) Non-Current

Employee Entitlements

- Long Service Leave

Balance 1 July 2002	84,150	105,555
Add Provision for year	13,910	(21,405)
Balance 30 June 2003	98,060	84,150

Notes

	2003 (\$)	2002 (\$)
17. Equity		
General Reserves	375,000	375,000
Asset Revaluation Reserve	25,430	25,430
	400,430	400,430
<i>Movements in reserves and retained profits:</i>		
a) General Reserves	375,000	375,000
The General reserve contains amounts of retained profits that have been set aside for the funding of transactions that are announced by the Board from time to time.		
b) Asset Revaluation Reserve	25,430	25,430
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.		
c) Retained Profits		
Balance at the beginning of the year	3,904,993	4,213,574
Net result	118,599	(308,581)
Balance at the end of the year	4,023,592	3,904,993
18. Auditor's Remuneration		
Remuneration for audit of the Financial Statements	14,573	11,836
19. Statement of Cash Flows		
(a) Reconciliation of Operating Result to Net Cash used in Operating Activities		
Net Surplus (Deficit)	118,599	(308,581)
Depreciation	69,566	51,173
(Profit)/Loss on Sale of Plant and Equipment	(2,032)	3,676
<i>Changes in Assets and Liabilities -</i>		
- Decrease (Increase) in Debtors and Accrued Income	(71,401)	66,363
- Decrease (Increase) in Prepaid Expense	5,207	(1,461)
- Increase (Decrease) in Creditors and Accrued Expense	297,403	(73,922)
- Increase (Decrease) in Revenue in Advance	(3,037)	(1,226)
- Increase (Decrease) in Provisions	(15,694)	93,632
Net Cash Provided by (Used In) Operating Activities	398,611	(170,346)
(b) Reconciliation of Cash		
Cash on Hand	(2,247)	18,126
Other Financial Assets	3,859,252	3,493,485
	3,857,005	3,511,611
20. Lease expenditure commitments		
<i>Operating leases (non-cancellable)</i>		
Minimum lease payments		
- not later than one year	58,347	-
- GST not later than one year	5,835	-
- later than one year and not later than five years	58,347	-
- GST later than one year and not later than five years	5,835	-
	128,364	-

Notes

	2003 (\$)	2002 (\$)
21. Contingent Liabilities		
Estimated Costs attributed to ongoing litigation	100,000	200,000
	100,000	200,000

22. Financial Instruments

Terms, Conditions and Accounting Policies

Financial Instrument	Related Financial Statement Notes	Accounting Policies	Terms & Conditions
Financial Assets Receivables	13	Recognition - upon delivery of goods, notification of interest received or provision of services to customers. Measurement - recorded at nominal amounts due less any provision for doubtful debts. Provision for doubtful debts is recognised when collection of the full amount is no longer probable.	Sales Invoices are on 30 day terms. Other receivables are normally settled within agreed terms for payment.
Investments		Recognition - upon deposit of funds transferred from the bank to the financial institution. Measurement - recorded at carrying amounts transferred by the QHRB.	Bank Bills & Certificates of Deposit are sold at a yield discounted to face value according to dictated market yields at the time of investment. Cash Management Accounts - Interest is calculated daily and based on relevant market yields.
Financial Liabilities Payables	15	Recognition - upon receipt of goods or services received. Measurement - Trade creditors are recorded at amounts based on agreed purchase/contract costs.	The amounts are unsecured and normally settled within agreed terms of payment.

Notes

22. Financial Instruments (continued)

Interest Rate Risk

The Queensland Harness Racing Board is exposed to interest rate risk through its investments in Bank Bills, Certificates of Deposits and Cash Management Accounts. The effective weighted average interest rates on financial assets and financial liabilities during the year were as follows:

Financial Instruments	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing In:						Non Interest Bearing		Carrying Amount as per Statement of Financial Position	
	2003	2002	2003	2002	<=1yr	<=1yr	1-5yrs	1-5yrs	>5yrs	>5yrs	2003	2002	2003	2002
	%	%	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Financial Assets														
Cash	0.32	0.39	(3)	18	-	-	-	-	-	-	-	-	(3)	18
Receivables	8.00	8.00	-	-	-	-	-	42	-	-	1,444	1,373	1,444	1,415
Bank Bills & Certificates of Deposit	4.83	4.76	2,377	2,330	-	-	-	-	-	-	-	-	2,377	2,330
Cash Management Accounts	4.55	4.32	1,482	1,163	-	-	-	-	-	-	-	-	1,482	1,163
Financial Liabilities														
Payables	-	-	-	-	-	-	-	-	-	-	875	580	875	580

Credit Risk

The exposure to credit risk from investments in Bank Bills and Certificates of Deposits is minimal, due to the short periods of time invested (30-90 days). These investments are bearer securities whereby the issuing bank undertakes to pay the bearer the face value of the security on maturity. At balance date the Board held investments with financial institutions that have a short term rating range of AMinus to A2.

The maximum exposure to credit risk at balance date in respect of receivables, excluding the value of any collateral or other security is the carrying amount, net of any provision for doubtful debts, as disclosed in the Statement of Financial Position.

Net Fair Value

The carrying amounts of financial assets and financial liabilities approximates net fair value.

Notes

23. Board Member Fees

Board Members are paid at the following rates:

	<i>Board or Meeting (\$)</i>	<i>Special Special Assignments (\$)</i>
Chairman	488	407
Board Members	400	334

Plus reimbursement of expenses - the amounts paid to Board Members is disclosed in Note 5

Board Members who held office during the financial year were:

- ▶ Mr Keith Hamburger (Chairman)
- ▶ Mrs Helen Boyd (Deputy Chair)
- ▶ Mrs Andrea Sage
- ▶ Mr Ian Millard

The number of Board Members are shown below in the following income bands:

	<i>2003</i>	<i>2002</i>
\$0 - \$9,999	-	-
\$10,000 - \$19,999	3	3
\$20,000 - \$29,999	1	1

24. Employee Numbers at 30 June (full time equivalents) 20.1 21.6

25. Subsequent Events

On 1 July 2003, State Cabinet transferred the Albion Park Raceway asset from ownership by the State of Queensland, to the Greyhound Racing Authority and Queensland Harness Racing Board as tenants in common in equal shares. Subsequently, an agreement has been entered into by the parties confirming the establishment of a joint venture arrangement.

Certificate of the QHRB

The foregoing annual financial statements have been prepared pursuant to the provisions of the *Racing and Betting Act 1980* and the *Financial Administration and Audit Act 1977* and other prescribed requirements.

We certify that -

- (a) the foregoing financial statements and notes to and forming part thereof are in agreement with the accounts and records of The Queensland Harness Racing Board.
- (b) in our opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the foregoing financial statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards of the transactions of the Board for the period 1 July 2002 to 30 June 2003 and of the financial position as at the close of that year.



R K HAMBURGER AM
Chairman



B C SCHIMMING
Chief Executive Officer

Date 30 SEPTEMBER 2003

Independent Audit Report

To the Board of the Queensland Harness Racing Board

Matters relating to the electronic presentation of the audited financial statements

The audit report relates to the financial statements of the Queensland Harness Racing Board for the financial year ended 30 June 2003 included on the Queensland Harness Racing Board's web site. The Board are responsible for the integrity of the Queensland Harness Racing Board's web site. The audit report refers only to the financial statements identified below and does not include a review of the integrity of this web site or provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements, available from the Queensland Harness Racing Board, to confirm the information included in the audited financial statements presented on this web site.

These matters also relate to the presentation of the audited financial statements in other electronic media including CD Rom.

Scope

The financial statements

The financial statements of the Queensland Harness Racing Board consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the board and officer responsible for the financial administration of the Queensland Harness Racing Board, for the year ended 30 June 2003.

The Board's responsibility

The Board is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements present fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland

Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Independent Audit Report

Audit Opinion

In accordance with section 46G of the *Financial Administration and Audit Act 1977* -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Queensland Harness Racing Board for the financial year 1 July 2002 to 30 June 2003 and of the financial position as at the end of that year.

O. C. Clare

O C CLARE, FCPA
Director of Audit
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane



