

HARNESS RACING NEW ZEALAND

ANNUAL REPORT  
FOR YEAR ENDED 31 JULY 2024







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# CHAIR AND CHIEF EXECUTIVE'S REPORT

Kia ora koutou katoa,

Reflecting on the 2023/24 year, it has been a year of significant and positive transformation. We have successfully laid the building blocks for future growth, and the early indications from the start of the 2024/25 season show promising signs of progress. This is truly an exciting time for harness racing in New Zealand, with the potential for continued growth on the horizon.

We have continued to work closely with our wagering partner, Entain. This relationship and the management thereof remain critical to achieving the ambitious growth objectives we have set, and the Board has been deeply engaged in ensuring we nurture and strengthen this partnership.

Over the course of the last year, we made strategic decisions that were vital in building a strong platform for the future.

It was heartening to witness how the industry collaborated to work through the utilisation and data capture of our horse population, the changes needed to the handicapping structure and programming philosophy and most importantly, the development of the new racing programme. The culmination of this work was the launch of the new season under our "The Future Starts Now" banner, which has set a new growth direction for our sport.





## THE FUTURE STARTS NOW

The new racing programme marks a turning point for harness racing in New Zealand, with a 20% increase in races from last season – the first significant growth projection for the sport in two decades. Alongside this, we announced the single largest stakes increase in its history, with a 18% uplift for the 2024/25 season.

As we enter the second year of a five-year deal with Entain, we are focused on creating a growth pathway that benefits everyone in our sport: owners, trainers, drivers, clubs, breeders and punters alike.

We are heading into the future with a clear strategy and a great deal of optimism. This strategic growth pathway essentially has two key elements.

1. Continued support for a strong foundation of racing, delivered nationally by dedicated volunteers and administrators.
2. A strategically crafted programme of new dates, new races, enhanced events, and increased stakes, all designed to revitalise fan engagement with harness racing.

Key features of this growth strategy include:

- A 20% increase in races for the 2024/25 season, with 75% of funding allocated to base racing.
- An increase in the stake for the IRT New Zealand Cup to \$1 million.
- The Renwick Farms Dominion stake increases from \$100,000 to \$400,000.
- Two new slot races, each worth \$500,000, for three-year-old trotters and pacers.
- At Ashburton on the Thursday of Cup Week, maidens and lower-graded horses will race for \$17,500.
- The 'Look North' strategy aims to revitalise harness racing in the North Island, particularly in Auckland, a key population and economic centre that is currently underrepresented in both harness racing and wagering. The Friday Night Lights concept, featuring races during prime time, along with the heats/finals format at Alexandra Park with regular \$35,000 finals, and the weekly lower-grade races at Cambridge on a Tuesday, programmed at \$8,000, will all play a crucial role in rejuvenating harness racing in the region.



- The Fillies and Mares' pathway, called The Silk Road, will add 150 new races right across the country with a \$900,000 package. The target is to increase Fillies and Mares' races from 6% to 16% of all races.
- Trotting stakes will increase by \$1 million, including the NZ Trotting Derby going from \$110,000 to \$200,000, and the NZ Trotting Oaks from \$110,000 to \$140,000.
- The NZ Sires' Stakes programme will receive a \$600,000 boost. The 2YO and 3YO Colts and Geldings and Fillies' Finals will climb from \$160,000 to \$200,000 each, while the Nevele R 3YO Fillies Final on NZ Cup Day will increase from \$140,000 to \$200,000. The 2YO and 3YO Trotters Finals will jump from \$70,000 to \$120,000 and gain Group 1 status.
- Show Day will change to a twilight meeting featuring two new slot races.

The Future Starts Now and we are managing our future for growth.

#### HIGHLIGHTS FROM THE CHAIR

The Board has worked diligently, ably supported by the management team, to provide focus and purpose during the transition to our new CEO. During this period, the Board stepped up, where appropriate, to ensure momentum is maintained in key areas such as the calendar and horse utilisation. We also took a pragmatic approach to business as usual, including the development of our Business Plan & Statement of Intent and our Operating Budget, which we kept consistent with last year, pending a strategic review next year.

A highlight of the year is the appointment of our new Chief Executive, Brad Steele. Brad has hit the ground running, and his unique combination of a strong commercial skill set and a deep passion for harness racing is already showing in improvements in many areas of the business. His understanding of the sport, both here and in Australia, is a valuable asset for the future of our sport.

On a personal level, through my engagement with a variety of stakeholders and members, it is clear to me that Brad's appointment and the new racing programme are well-received. I am incredibly proud of the leadership and direction we have set, which positions harness racing in New Zealand for long-term success.





This direction reflects the tremendous amount of work carried out behind the scenes by the Board and the dedicated individuals within HRNZ. I want to extend my thanks to the staff at HRNZ for their continued dedication and support during this period of change.

We also owe a deep debt of gratitude to the volunteers who are the backbone of harness racing in New Zealand. Their tireless efforts, particularly at the grassroots level, ensures our sport runs smoothly and efficiently. These dedicated individuals not only keep the sport alive but also foster a strong sense of community within the harness racing ecosystem. Their commitment, passion, and hard work help us build a brighter future for harness racing, and for that, we are incredibly thankful.

Finally, I would like to express my deepest gratitude to my fellow Board members. Your commitment, wise counsel, and support over this past year has been invaluable.

As this is my final report as Chair of Harness Racing New Zealand (HRNZ), I leave with immense pride in what we have achieved. It has been a privilege, and as I look forward, I know that we have established a platform from which the new and re-energised HRNZ can leap forward from.

My last thoughts and words are to those who will carry the torch forward:

- Always keep our people at the core of what you do.
- Be kind, and never rest in the pursuit of a culture based on values and people.
- Embrace the mantle of leadership that is now with you – for the benefit of harness racing in New Zealand and all of those people and whanau across the motu within the harness racing ecosystem.



Phil Holden  
CHAIR



Brad Steele  
CHIEF EXECUTIVE OFFICER



# GOVERNANCE STATEMENT

The racing industry is governed by the Racing Industry Act 2020 (Act). HRNZ is one of the three code governing bodies recognised under the Act. The Act defines the functions of each racing code to govern racing clubs, racing venues and participants alongside other administrative functions and the development of rules, regulations, and policies in respect of racing conducted by the code.

HRNZ is the governing body that sets and administers the rules of racing for harness and maintains a comprehensive database of all registered harness horses in New Zealand, including their racing history. HRNZ fulfils its objectives and functions of a racing code as set out in Sections 14 and 15 of the Act.

HRNZ's constitution recognises our racing clubs and three kindred bodies as follows:

- NZ Standardbred Breeders' Association
- NZ Harness Racing Trainers and Drivers Association
- NZ Trotting Owners Association

In July 2024, HRNZ reregistered as an Incorporated Society in accordance with the requirements of the Incorporated Societies Act 2022.

## BOARD APPOINTMENT PROCESS

The Board of HRNZ consists of eight members.

- Four members are elected by all clubs and the kindred bodies, other than the Auckland Trotting Club and the New Zealand Metropolitan Trotting Club.
- The Auckland Trotting Club and the New Zealand Metropolitan Trotting Club appoint one member each.
- Two independent members are selected by an Appointments Panel Committee.

The term of appointment for each member is three years, with a maximum of nine years being served from the 2019 AGM. The Board elects the Chairman, Vice Chairman and Finance Chair annually. The Chairman can serve a maximum term of five years.

On 19 July 2024, the clubs and kindred bodies approved an updated constitution with a new Board structure. The new Board will consist of seven members (to be known as directors) at the end of the 2024 annual general meeting. Four of the seven directors shall be nominated by a panel and elected by the clubs and kindred bodies and three shall be appointed by the panel. The panel may appoint an additional director if the Board and panel determine there is a significant skill gap.



The Board recognises the importance of diversity and skills balance within its structure.

### **ROLE OF THE BOARD**

The Board supports the principles of Corporate Governance and is committed to maintaining the highest standards within HRNZ.

The Board has specific responsibility for approval of the Statement of Intent & Business Plan (SOI), HRNZ budget and the funding budget, approval of capital expenditure, acquisitions and divestments.

The Board's major responsibility is to ensure that all operations are carried out in the best interests of industry stakeholders. In addition, the Board reviews club accounts and has a role to oversee risk management, health and safety, internal controls, codes of conduct and legal compliance. It is responsible for the appointment of the Chief Executive.

The Board has eight or nine formal meetings per year, with other meetings as required to consider any urgent requirements. There are two Board Sub-Committees covering Audit and Risk and Rules and Regulations. Board members are appointed to these Sub-Committees with selected industry participants and administrators included to provide specific expertise. The Sub-Committees consider issues and make specific recommendations to the Board for decision. From time to time, the Board may convene working groups to cover specific harness-related projects, e.g. Horse Care and Welfare, Racing Calendar structure, Horse Utilisation and Breeders Focus Group.

### **CONTROLLED ENTITIES AND ASSOCIATES**

The Board appoints two directors to a non-trading 100% controlled entity Cardigan Bay Holdings Limited.

HRNZ has acquired a one-third share of OnTrack Racing Limited, a charitable entity, during the 2023-24 financial year. Shareholders of the company may vote on a resolution to appoint a director of the company.

HRNZ appoints two representatives to Racing New Zealand.

### **STRATEGY AND RISK**

The Board approves the annual SOI and annual budget prepared by management. The Board sets the strategic direction reflected in the SOI.

The mission of HRNZ is to champion the sport, celebrate the participants and have the horse at the heart of everything we do.

The vision of HRNZ is that Harness Racing is a thriving and entertaining national sport on track for a better tomorrow.

The Board considers its significant business risks during the Board meetings and through the Audit and Risk Sub-Committee. These risks are documented in a Risk Register which is formally reviewed every six months by the Audit and Risk Sub-Committee and the Board.

### **MANAGEMENT DELEGATED AUTHORITY**

The Board has delegated the day-to-day management of the organisation to the Chief Executive. There are specific limits in place for the Chief Executive to incur expenditure, enter contracts or leases, or acquire or dispose of assets without Board approval.

### **MANAGEMENT REPORTING**

Management is required to report to each Board meeting in sufficient detail to enable the Board to assess progress against the SOI, budget, funding budget, strategic goals and major projects. In addition, management reports on compliance with legislative requirements.

### **ETHICS**

The Board is committed to ensuring high ethical standards are observed by the Board and staff of HRNZ and that all industry participants comply with the rules of Harness Racing.

### **CONFLICTS OF INTEREST**

Members of the Board may have potential conflicts of interest by virtue of their being elected or appointed by the composite bodies making up HRNZ, and their participation in the industry as breeders, owners, trainers or drivers. These interests are disclosed at the time of election to the Board. When a conflict of interest exists, the conflicted board member will declare their interest to the board and will abstain from voting on relevant matters.

The Board acts in the overall best interests of harness racing. The Board has a Board Charter and a Code of Conduct which is reviewed and agreed annually.

## HRNZ BOARD

Phil Holden (Chair)

John Grainger (Vice-Chair)

Todd Anderson (appointed October 2023)

Shaun Brooks (appointed March 2024)

John Coulam

Anna Gallien

Bill McDonald

Cam Bray (retired August 2024)

Robert Dunn (retired March 2024)

Kevin McNaught (retired October 2023)

## COMMITTEES

**Audit and Risk Sub-Committee:**

Shaun Brooks (Chair)

**Rules and Regulations Sub-Committee:**

John Coulam (Chair)

## HRNZ LEADERSHIP

**Chief Executive:** Brad Steele

**General Manager Corporate Services:**

Liz Bishop

**Board Secretary:** Leanne Holdem





# RACING UPDATE

## *The season in review*

2023-24 was a season of conquering and change for harness racing.

The conquering came from the Australians as first Swayzee, then Just Believe, and finally Better Eclipse dominated the locals in some of our greatest races in both gaits.

The change was due to the retirement of some of the recent greats of the sport with Self Assured and Bolt For Brilliance running their last races, while new stars Merlin and Don't Stop Dreaming emerged to be the horses we hoped they would be. Further change was due to the huge carnival changes for IRT New Zealand Trotting Cup week and the moving of Auckland Cup night plus the first ever running of the TAB Trot slot race at Cambridge. Our feature race calendar for the years ahead will be greatly different from those one or two years ago.





The 2023/24 season was successful for the Australian participants. This success started with the relentless Swayzee outstaying the brave Akuta in the IRT New Zealand Trotting Cup – a race won perhaps at the start as Swayzee settled in front of his key rival, although it was still a stunning display of stamina from the Jason Grimson and Cameron Hart pacer.

Swayzee was almost outshone on the day when Millwood Nike produced one of the all-time great three-year-old fillies' performances to sit three wide for the entire Nevele R Fillies Final to win in national record time.

With Swayzee allowed to bypass the NZ Free-For-All three days later, the race appeared to be Akuta's to win until he galloped with a lap to go. A lap later Self Assured, who had himself been allowed to miss the Cup, exploded past his stablemate for his second straight NZ Free-For-All win, and while he showed great courage over the summer he was soon to be usurped by the four-year-olds.

The transition from three-year-old boys to four-year-old men started for Merlin and Don't Stop Dreaming at the Cup carnivals, continued through Merlin's NZ Derby and Don't Stop Dreaming's Franklin Cup win over Akuta. Don't Stop Dreaming would later go on to push the great Leap To Fame close in the Hunter Cup before a busy autumn caught up with him.

Merlin went from strength to strength during the summer and emerged as maybe our best pacer, beating Don't Stop Dreaming fair and square in the Race By Grins.

In the open class season, Mach Shard had a fabulous race winning the Taylor Mile (from last place) and the Messenger, before Auckland Cup night saw one of the greatest doubles in NZ harness history.

The autumn had already been magical for the Victorian husband and wife team of Greg Sugars and Jess Tubbs, with their magnificent little trotter Just Believe sitting parked to win the \$600,000 TAB Trot and have his way with Muscle Mountain and Oscar Bonavena in our better trots. This team won both the Auckland and Rowe Cups with a rare double Group 1 for any harness trainers on foreign shores on the same night.

The prospect of Just Believe returning to Cup week for the higher stakes and rescheduled Renwick Farms Dominion Trot adds a new layer of excitement to that race.

That same night Self Assured ran his last race, retired after his brave Auckland Cup second and a career where he rarely hid from a fight and won plenty.

Away from the open class scene there was plenty of promise coming through among the younger horses though it was hard to name a definitive champion.

Chase The Dream and Cold Chisel took their turns at being our best late season juvenile or early season three-year-old, their battles to continue in the second half of 2024. A late highlight for that crop was Major Hot winning the Queensland Derby for his Kiwi connections and new trainers, David and Stacey White.

Duchess Megxit, Coastal Babe and All You Need Is Me, all had their turns as the top filly.

In the three-year-old trotting ranks, the fillies consistently outperformed the boys. Sunnys Sister won the Derby at Addington in December, and Empire City triumphed in the Alex Park three-year-old trots, and finally Inasinglemoment excelled in the Northern Trotting Derby, proving too good for the boys.

In the premierships there were few surprises. The Dunns, Robert and Jenna, were back on top of the trainers' ranks at the end of 2023 with 115 wins, while Blair Orange achieved 162 wins to be awarded the leading driver title again, by a margin of 55 over John Dunn. Sarah O'Reilly was once again the leading junior with 78 wins while Cheree Wigg won the amateur driver's title.



# SERVICE PERFORMANCE REPORT

## PRESENTATION

This report has been prepared in accordance with PBE FRS 48 Service Performance Reporting. The Board of HRNZ believes that the statements contained in this report accurately reflect the overall performance of HRNZ for the year ended 31 July 2024.

## SIGNIFICANT JUDGEMENTS

The selection of the performance measures has been determined to be a significant judgement due to the number of ways in which HRNZ operates to fulfill its mission. The performance measures selected have been determined as the most appropriate way for reporting our impacts.

The level of aggregation and presentation of the measures in the Service Performance Report are considered to be significant judgements as these judgements have an impact on the users' ability to understand and interpret HRNZ's reported performance, and assess how we are achieving our mission. The level of aggregation and presentation has been determined to be appropriate to allow for useful interpretation of the measures reported.

No other significant judgements were made in relation to the reported performance measures.









Our vision is:

Harness Racing  
is a thriving and  
entertaining national  
sport on track for a  
better tomorrow

Our mission is:

To champion the  
sport, celebrate  
the participants,  
and have the horse  
at the heart of  
everything we do





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STRATEGIC PILLAR ONE

# The Horse

We want to maximise competitive racing opportunities for our horse to ensure population growth.

## WHAT DOES SUCCESS LOOK LIKE?

To reach our goal, we need to:

- Stabilise and then grow our horse population by increasing the number of horses bred.
- Provide the right opportunities for our racing population and increase the average number of starts per horse.



## WHAT DID WE DO THIS YEAR TO MOVE TOWARDS OUR GOALS?

### Stabilise and grow our horse population

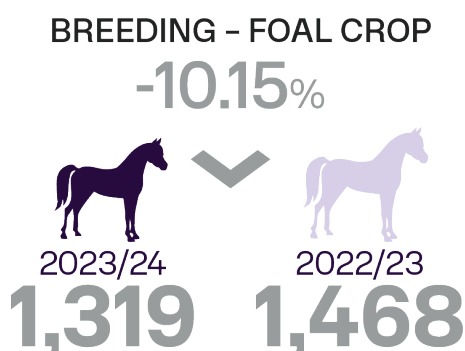
#### **i** ACTION ITEM

Develop and implement new breeding initiatives to encourage breeders to breed more horses

Foal crops have been declining for several years. In response, we have introduced several new breeding initiatives to address this issue. At the beginning of the season, we launched three key schemes:

- **Fillies & Mares Credit Scheme:** This initiative encourages more owners and trainers to race fillies and mares before moving on to breeding, aiming to increase the participation and breeding of these horses.
- **NZ Bred Bonus Scheme:** Originally designed to support the local breeding industry and maintain a healthy genetic pool, this scheme has been cancelled. The funds previously allocated to this scheme are now redirected to the Fillies & Mares Credit Scheme, which has shown a more promising impact on breeding numbers.
- **ENTAIN's 2YO Incentives:** This program aims to provide additional racing opportunities for young horses, thereby fostering more competitive and exciting racing events.

It is too early to evaluate the overall effectiveness of these initiatives. Although breeding numbers continue to decline, we anticipate that these new measures will eventually begin to reverse the trend.



### Provide the right opportunities for our racing population and increase the average number of starts per horse

#### **i** ACTION ITEM

Provide competitive opportunities for all classes of horses to race

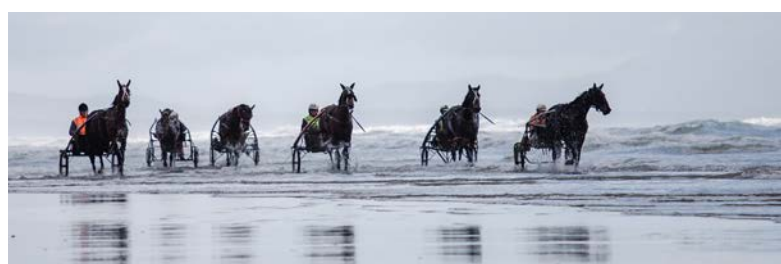
We have expanded competitive opportunities for all classes of horses by increasing the number of races and meetings where numbers allow. Key initiatives include introducing a variety of racing options such as:

- **Racing Series:** New series formats designed to offer more consistent racing opportunities.
- **Increased Fillies and Mares' Races:** More races specifically for fillies and mares to enhance participation.
- **Conditional Races:** These races separate horses based on performance levels, creating a more balanced competitive environment.

Notable initiatives include:

- **Canterbury Plains Challenge:** Targeted series for lower-graded pacers.
- **Seddon Trotters Series:** Aimed at providing additional opportunities for mid-grade trotters in the Canterbury region.

The HRNZ Utilisation Reference Group has been established to address the need for better horse utilisation in harness racing. The group has produced two reports that explore strategies for utilising under-used horses and supporting the sport's sustainability.





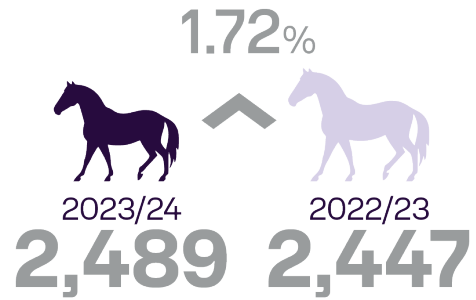
**i ACTION ITEM**

Develop regional programmes that provide competitive opportunities to horses in the region

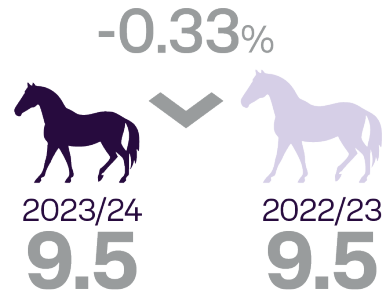
Regional programming committees are working to enhance competitiveness by creating more balanced programmes, which has led to better racing flow and incremental improvements in GBR (Gross Betting Revenue). Regional programmes are typically planned two months in advance.

Regional funding has enabled the creation of new racing series and provided insights into the benefits of funding feature races for niche groups and off-season racing. Additionally, regional committees are developing programming principles and policies to further enhance regional racing opportunities.

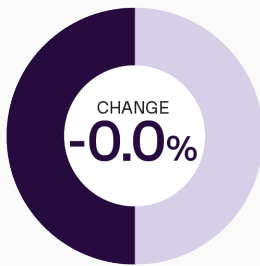
**HORSE POPULATION**



**AVERAGE STARTS PER HORSE**



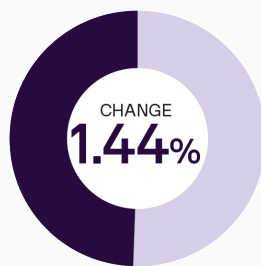
**RACE MEETINGS**



2023/24: 242

2022/23: 242

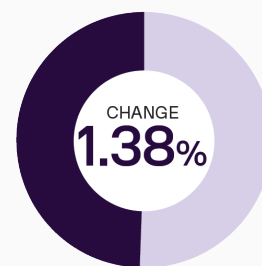
**ACTUAL RACES HELD**



2023/24: 2,331

2022/23: 2,298

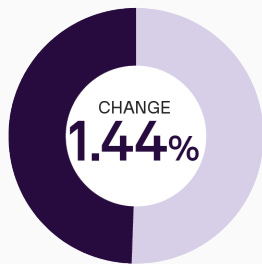
**NUMBER OF STARTERS**



2023/24: 23,560

2022/23: 23,240

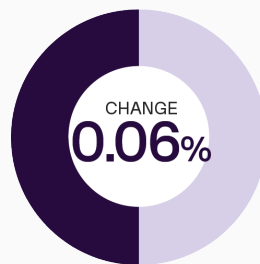
**AVERAGE RACE PER MEETING**



2023/24: 9.63

2022/23: 9.50

**AVERAGE FIELD SIZES**



2023/24: 10.11

2022/23: 10.11



STRATEGIC PILLAR TWO

# Social Acceptance

We want to ensure that the health and welfare of our horses and participants are at the core of our culture.

## WHAT DOES SUCCESS LOOK LIKE?

To reach our goal, we need to:

- Ensure best practice horse care and welfare is embraced and adhered to.
- Administer a professional sport with high integrity.
- Strive towards harness racing having a positive image with the wider public.



## WHAT DID WE DO THIS YEAR TO MOVE TOWARDS OUR GOALS?

### Ensure best practice horse care and welfare is embraced and adhered to

#### **i** ACTION ITEM

Educate participants on horse care rules, regulations, and findings from trainer audits

We developed two courses during the year, called Preparing for a Stable Audit and Accountable Person. Additionally, we are sending regular updates via email to keep participants informed about horse care rules and regulations.

In collaboration with owners and trainers, we have updated our database to reflect the accountable person for each horse. This improvement will enhance traceability, ensuring better integrity, welfare, and accurate record-keeping within the industry.

### Administer a professional sport with high integrity

#### **i** ACTION ITEM

Collaborate with RIB to improve consistency in rule interpretation

We have regular discussions with the stipendiary steward responsible for harness racing to address the interpretation of our rules and regulations. Stable audits are ongoing.

#### **i** ACTION ITEM

Educate our participants on their role in projecting a professional image to the wider public

Our Cadet Training scheme aims to cultivate young talent into skilled professionals in harness racing. Each year, our cadets receive structured training and hands-on experience in various aspects of the industry, including driving, training, and stable management.

This year, we introduced a new position for a Development Coordinator to further mentor and guide the next generation of drivers and trainers.

#### **i** ACTION ITEM

Implement the new governance structure

The new governance structure was approved by clubs and kindred bodies in October 2023. We updated the constitution and re-registered HRNZ as an Incorporated Society under the new Incorporated Societies Act. The National Forum and three Regional Forums (North Island, Upper South Island, and Southern) have been established. A new board is in the process of being recruited, and will be in place at the conclusion of the 2024 AGM in October. The voting model will be discussed at the Annual Conference in October.

# Strive towards harness racing having a positive image with the wider public

**i ACTION ITEM**  
Understand the views of the general public about harness racing

To better understand how harness racing is viewed by the general public, we initially commissioned research through Plato Creative in 2023 for the development of the Harness Life brand. We also monitor reactions and comments across HRNZ social media channels.

**i ACTION ITEM**  
Promote more of the successes and feel-good stories about our sport

We have actively worked to improve the image of harness racing by promoting its successes and feel-good stories. This effort includes:

- Regularly updating our website and social media channels with engaging content.
- Featuring stories and profiles of horses, participants, and significant historical events.
- Highlighting initiatives such as Life after Racing and HERO.
- Providing content on the health and well-being of horses, both on and off the track.

METRIC	2023/24	2022/23	CHANGE
NUMBER OF STARTS	23,560	23,240	
SIGNIFICANT RACE INJURIES	45	44	+1
INJURIES AS A % OF STARTS	0.19%	0.19%	
FATALITIES	5	2	+3
FATALITIES AS A % OF STARTS	0.02%	0.01%	

## MEETINGS ATTENDED BY A HORSE AMBULANCE

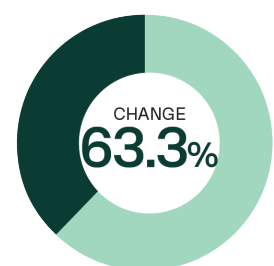
2023/24 2022/23  
**242** **242**

## AMBULANCE REQUIRED FOR INCIDENTS

2023/24 2022/23  
**11** **11**



## LIFE AFTER RACING ROUTINE CARE GRANTS



2023/24 2022/23  
**196** **120**

## INCIDENTS PER MEETING

2023/24 2022/23  
**5%** **5%**

Retired horses go on to become leisure or companion animals, and are used for breeding outside of our sport.





STRATEGIC PILLAR THREE

# Our Participants

We want to ensure that our participants are professional, engaged, and earn a good financial return from our sport.

## WHAT DOES SUCCESS LOOK LIKE?

To reach our goal, we need to:

- Improve financial returns for our participants
- Improve engagement with breeders, licence holders and owners.
- Provide ongoing professional development to create a sport with high integrity.
- Improve wellbeing support for participants in our sport.
- Support clubs to meet their obligations under the Racing Industry Act 2020.

## WHAT DID WE DO THIS YEAR TO MOVE TOWARDS OUR GOALS?

### Enhance engagement and value for breeders, licence holders and owners

#### **i** ACTION ITEM

Enhance communication with owners and trainers on racing opportunities

We reinstated the Licence Holders Directory in response to demand for a comprehensive, hard-copy resource. This directory provides essential information, including feature race pathways, country championship qualifying schedules, the 2YO racing calendar, breeding and bonus schemes, racing and trial dates, a “Who’s Who” section, fees and registration details, and a directory of all registered licence holders.

We also held roadshows in the three regions to introduce the changes and explain the new racing programs.

#### **i** ACTION ITEM

Review the new racing calendar

We made several updates to the racing calendar throughout the year to accommodate Entain’s evolving requirements. Our team continuously reviewed and adjusted the schedule to better meet industry needs, ensuring improvements that benefit the racing community.

### Provide ongoing professional development to uphold high integrity in the sport

#### **i** ACTION ITEM

Implement education packages for participants and link to license renewals

We have prepared some education packages but have not yet looked at the process of linking ongoing professional development to licence renewal. We have consulted with license holders about their training needs through discussions with the NZ Harness Racing Trainers and Drivers Association, who requested an initial focus on Health & Safety.

#### **i** ACTION ITEM

Standardise job descriptions, training, and succession planning for race day officials

We have conducted additional Clerk of the Course training in the North Island and will consult with clubs regarding a rule change to standardise the registration of Clerks of the Course for national consistency.



## Improve wellbeing support for participants in our sport

### i ACTION ITEM

Implement a new wellbeing program for our participants in collaboration with the other two Codes

Over 10,000 people in the racing industry were surveyed to identify their needs for the new wellbeing program. OnTrack Racing Ltd has been registered as a charitable organisation, and its website is now complete. In June 2024, a strategy planning day with representatives from all three codes helped shape the development of the program.

Additionally, our Racetrack Support Chaplain, Andrew McKerrow, and Vitae continue to provide ongoing support to participants.



# Support clubs to meet their obligations under the Racing Industry Act 2020

**i ACTION ITEM**

Assist clubs with financial, health and safety, liability insurance, and marketing needs

We continue to provide group liability insurance for clubs and related entities. Additionally, we provide clubs with resource to manage their health & safety compliance and to allow HRNZ to monitor clubs' management of their health & safety. We also provide financial and accounting assistance to clubs, such as aiding the Forbury Park Trotting Club with the accounting of their land sale, we conduct in-house financial reviews, and created a racing-specific constitution template for clubs, compliant with the Incorporated Societies Act 2022.

TRAINERS BY REGION			
	2023/24	2022/23	CHANGE
North	147	155	-5.16%
Central	329	353	-6.80%
South	130	145	-10.34%
Overseas	-	-	0%
<b>Total</b>	<b>606</b>	<b>653</b>	<b>-7.20%</b>

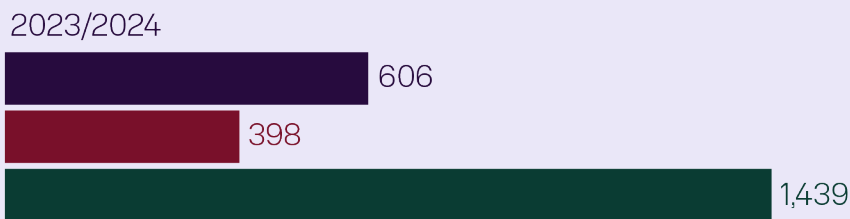
DRIVERS BY REGION			
	2023/24	2022/23	CHANGE
North	101	108	-6.48%
Central	227	239	-5.02%
South	70	76	-7.89%
Overseas	-	-	0%
<b>Total</b>	<b>398</b>	<b>423</b>	<b>-5.91%</b>

BREEDERS BY REGION			
	2023/24	2022/23	CHANGE
North	324	325	-0.31%
Central	707	765	-7.58%
South	351	378	-7.14%
Overseas	54	71	-23.94%
Unknown	3	2	50%
<b>Total</b>	<b>1,439</b>	<b>1,541</b>	<b>-6.62%</b>

## TOTALS

- Licenced Trainers
- Licenced Drivers
- Breeders

2022-2024  
**-7.2%**  
TRAINERS



2022-2024  
**-5.91%**  
DRIVERS



2022-2024  
**-6.62%**  
BREEDERS



Our harness racing industry is supported by 2,357 volunteers, according to the "Size & Scope Study of the New Zealand Racing Industry," prepared by IER in January 2024.





STRATEGIC PILLAR FOUR

# Growing Our Sport

We want to create and promote a competitive and exciting product to retain and attract new audiences.

## WHAT DOES SUCCESS LOOK LIKE?

To reach our goal, we need to:

- Enhance the promotion of the sport.
- Provide a modern and exciting product.
- Increase wagering returns.

## WHAT DID WE DO THIS YEAR TO MOVE TOWARDS OUR GOALS?

### Enhance the promotion of the sport

#### **i** ACTION ITEM

Launch the new Harness Life brand and website

The Harness Life brand was successfully launched in September 2023. The campaign ran from October 2023 to May 2024, utilising traditional media channels (TVNZ+, cinema, billboards, radio) and a social media strategy based on the content pillars of Events & Entertainment, Fashion & Style, and Horse Racing Thrills.

The launch campaign achieved a notable reach of 1.7 million, with footfall attribution estimating that those exposed to the ads were 45% more likely to attend a race meeting compared to those who weren't.

#### **i** ACTION ITEM

Develop a strategy to attract new audiences and owner groups

The Harness Life brand targets individuals aged 25-45. Social media activity will resume in September 2024 following a winter hiatus. With the refinements made to our visual design and content strategy, we anticipate a substantial increase in followers.

The HRNZ communications and marketing strategy for 2024/25 will align with the 'The Future Starts Now' initiatives, aimed at boosting participation in the sport.

#### **i** ACTION ITEM

Assist clubs with the promotion of their meetings and carnivals

HRNZ continues to support clubs by providing graphic design services for posters, billboards, and other marketing materials. Major events such as Summer of Harness and Kids Go Racing were promoted through our website, social media channels, and merchandise on race days. We also consistently highlight major race days through website content and social media.

### Provide a modern and exciting product

#### **i** ACTION ITEM

Work with the Entain/TAB to promote Harness as a more exciting product

We have worked with Entain/TAB to promote harness racing as a more exciting product. This includes increased betting promotions, such as bonus bets and guarantees, and enhanced engagement with punters through various promotional activities, led by the innovation of Friday Night Lights, consisting of dual Friday meetings with Auckland Trotting Club and NZ Metropolitan Trotting Club.

We made many updates to the racing calendar throughout the year to accommodate Entain's evolving requirements. Our team continuously reviewed and adjusted the schedule to better meet industry needs, ensuring improvements that benefit the racing community.



# Increase wagering returns

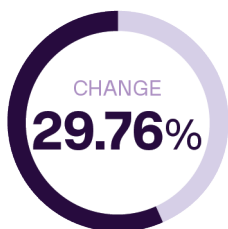
## ACTION ITEM

Work with Entain/TAB to improve wagering

To boost the competitiveness of racing, HRNZ, in collaboration with clubs, has worked to maintain optimal field sizes to improve attractiveness to punters, adjusted meeting times to better align with punters' preferences, rescheduled race meetings for improved seasonal alignment, and moved races from underperforming days.

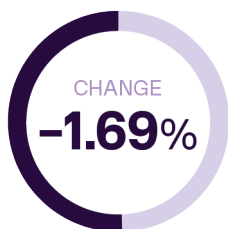
### EMAIL CAMPAIGNS

Number of Emails Sent



2023/24 2022/23  
**52,384** **40,369**

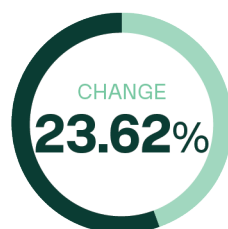
Email Open Rate



2023/24 2022/23  
**58%** **59%**

### WEBSITE ANALYTICS

Number of Users



2023/24 2022/23  
**560k** **453k**

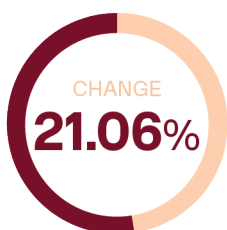
Number of Sessions



2023/24 2022/23  
**4.5m** **3.8m**

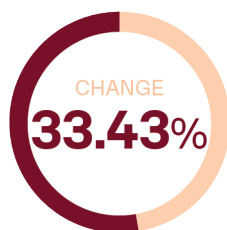
### SOCIAL MEDIA

Total Audience Across Facebook, Twitter & Instagram



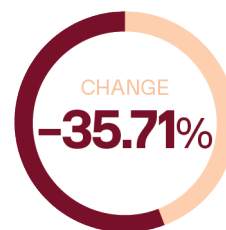
2023/24 2022/23  
**24,937** **20,599**

Total Engagement



2023/24 2022/23  
**654,607** **490,592**

Engagement Rate



2023/24 2022/23  
**6.3%** **9.8%**

There are 4,774 owners and syndicate members involved in harness racing, according to the "Size & Scope Study of the New Zealand Racing Industry," prepared by IER in January 2024.





# ALEXANDRA PARK

HOME OF THE AUCKLAND TROTTING CLUB

STRATEGIC PILLAR FIVE

## Asset Utilisation

We want to ensure we have the right infrastructure to support the best racing product.

WHAT DOES SUCCESS LOOK LIKE?

To reach our goal, we need to:

- Develop a venue plan with the right mix to sustain, develop, and grow the sport for the future.
- Work with clubs to ensure their infrastructure is sustainable and fit for purpose.
- Ensure strategic training centres are in place to meet the requirements of our sport.

## WHAT DID WE DO THIS YEAR TO MOVE TOWARDS OUR GOALS?

### Develop a venue plan with the right mix to sustain, develop, and grow the sport for the future

#### **i** ACTION ITEM

Develop a national strategic venue plan and define criteria for surplus venues

We engaged an independent communications and community consultation firm to gather industry participants' views on the criteria needed for a National Strategic Venue Plan. The initial criteria were developed and presented at the 2023 Annual Conference. Feedback from the conference resulted in a pause in the development of this plan.

The next step is to refine the strategic direction, including developing new strategic training centres to meet the requirements of our sport.

#### **i** ACTION ITEM

Complete the sale of Forbury Park

The remaining 11.76 hectares of Forbury Park was sold to the Dunedin City Council. The proceeds from this sale will be invested to support harness racing in accordance with HRNZ's Property Investment Strategy.

### Work with clubs to ensure their infrastructure is sustainable and fit for purpose

#### **i** ACTION ITEM

Assist clubs with reviewing and developing their Asset Management Plans

Discussions have been held with the clubs who operate the larger venues regarding progress with their Asset Management Plans. This work will continue over the next year.

#### **i** ACTION ITEM

Perform track and venue inspections

Track inspections are performed by the National Venue and Track Inspector for tracks and surrounding facilities to ensure that they meet the standards required by HRNZ.



**i ACTION ITEM**

Implement an electronic health and safety reporting system for clubs

We introduced the Simply Safety online system for health and safety reporting, provided training to clubs, and supported their adoption of the system. Throughout the year, we monitored compliance to ensure clubs were reporting accidents and near misses to HRNZ as required by the Racing Industry Act 2020.

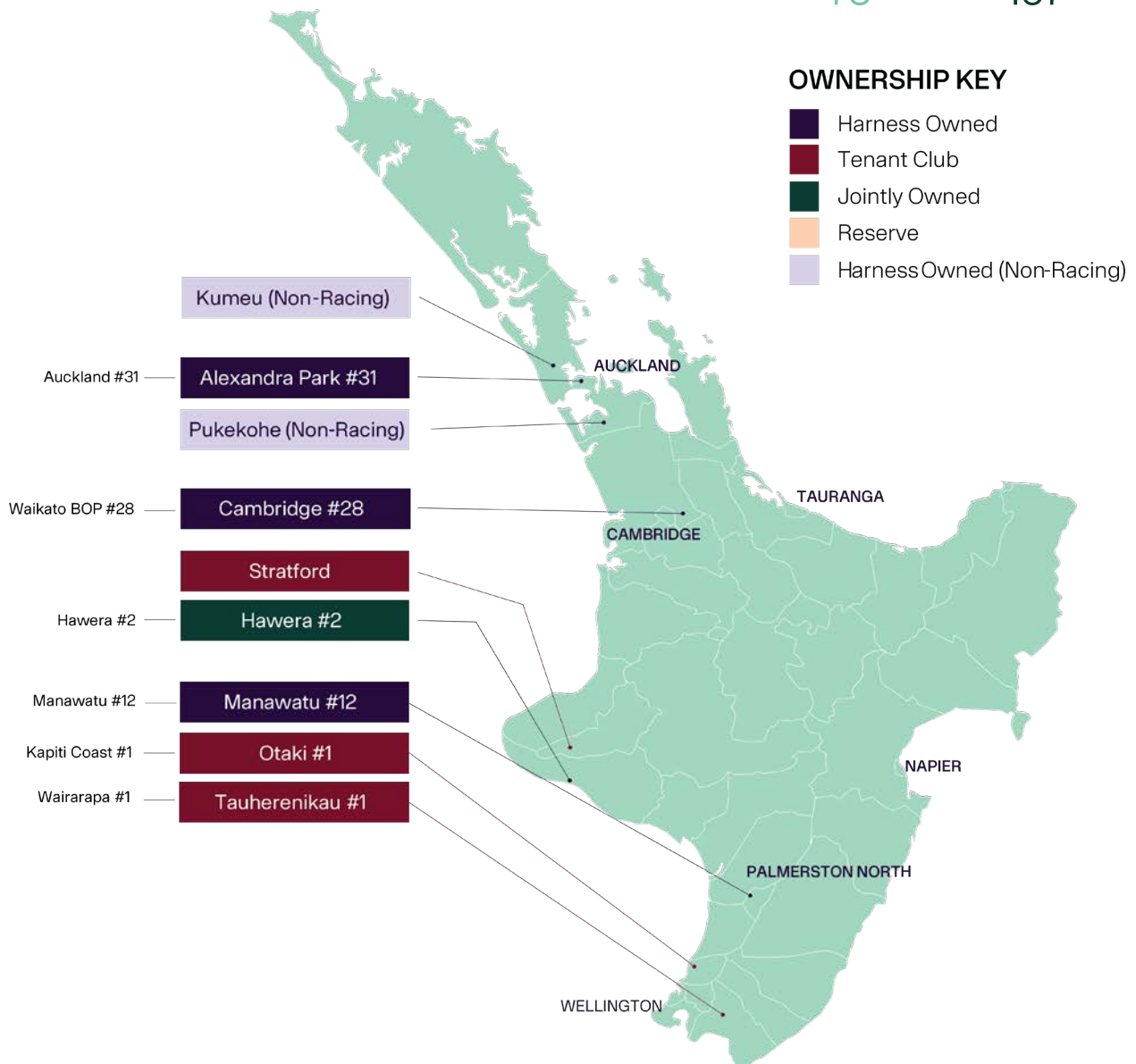
**TRACKS RESURFACED**  
 2023/24 2022/23 CHANGE  
**4 5 -20%**

**TRACK & VENUE INSPECTIONS**  
 2023/24 2022/23 CHANGE  
**17 21 -19.05%**

**VENUE OWNERSHIP, CLUBS AND NUMBER OF MEETINGS**

2023 / 24 NORTH ISLAND

**VENUE MEETINGS 242**  
 NORTH ISLAND SOUTH ISLAND  
**75 167**

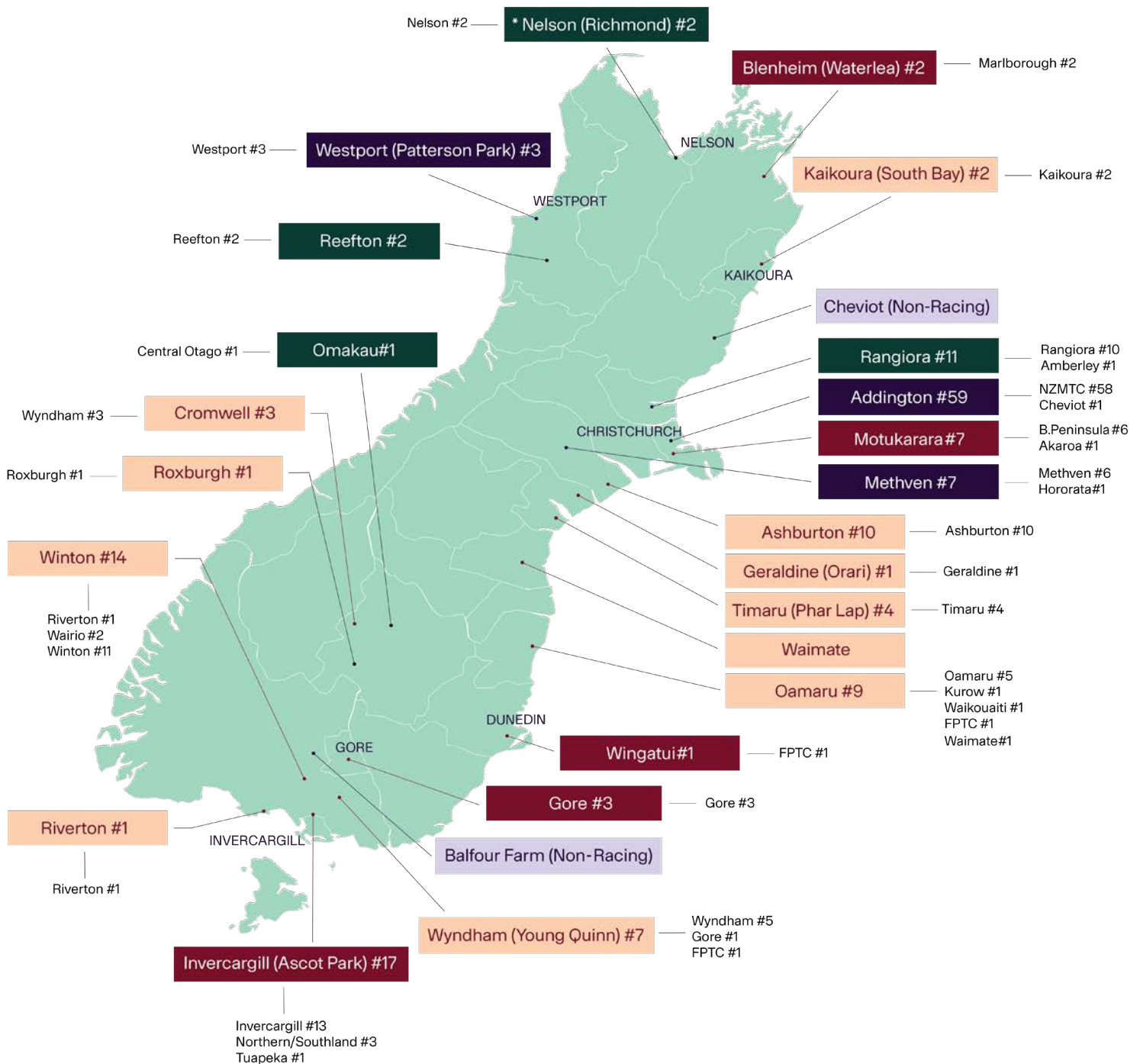


# VENUE OWNERSHIP, CLUBS AND NUMBER OF MEETINGS 2023 / 24 SOUTH ISLAND

## OWNERSHIP KEY

- Harness Owned
- Tenant Club
- Jointly Owned
- Reserve
- Harness Owned (Non-Racing)

\* Nelson (Part Owned by A&P Society)







RACEWAY

CHRISTCHURCH CASINO

# FINANCIAL REPORT



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## FINANCE CHAIR'S REPORT

In the 2023/24 financial year, HRNZ delivered a reported surplus of \$16.87 million including the sale of Forbury Park, after a deficit of \$1.98 million in the prior year. The underlying operating surplus for 2023/24 was \$4.49 million excluding the gain on sale of Forbury Park of \$11.97 million, that will be reinvested into our future racing programme and strategic initiatives in conjunction with Entain/TAB. As a result, HRNZ is in a strong financial position having laid the foundations for investment in the future of harness racing in New Zealand.

This positive performance is mainly attributed to HRNZ's share of the additional \$15m from TAB NZ that they announced for the racing codes, after the Board confirmed the HRNZ budget for 2023/24. The Board allocated \$900,000 of the additional \$4.3 million for three regional stakes funds and the balance of funds will be reinvested in the new racing programme.

The announcement of Entain's strategic partnership with TAB NZ and investment in New Zealand has provided greater certainty on future funding. 2023/24 is the first year of the partnership between TAB NZ and Entain, with guaranteed minimum funding for the racing codes for the next five years. This guarantee represents a great opportunity to grow our sport nationally.

The net proceeds from the sale of Forbury Park after expenses will be ringfenced and invested in accordance with HRNZ's Property Investment Strategy. The investment income and potentially capital will be strategically used for the refurbishment of retained venues that underpin our racing calendar, and for other purposes for the benefit of harness racing in New Zealand.

I am pleased to report that payments for stakes increased from \$31.56 million to \$38.8 million during the year, which reflects the recovery from disruptions related to the Covid pandemic in previous years.

The increase in HRNZ's operating costs reflects the investment in strategic initiatives and projects that were deferred from the previous year due to funding cuts including support for breeding and the promotion of racing, together with the costs of transitioning to the new leadership and governance model and the Future Starts Now racing calendar.

The surpluses have flowed through to the Balance Sheet and have resulted in a marked improvement in HRNZ's financial position. However, it is important to highlight that a significant proportion of these operating reserves (excluding ring-fenced surplus venue funds) are committed to supporting our strategic racing programme and for the first time HRNZ has prepared a Statement of Uncommitted Funds (unaudited) which shows the total uncommitted funds after considering funds that have been allocated for specific purposes. This statement can be found in the Appendix B on page 70.

On 31 July 2024, the following Reserves were in place:

- General Reserves \$3.0 million
- Code Distribution Reserve \$11.63 million
- Capital and Other Projects Reserve \$1.17 million
- Surplus Venue Reserve \$12.39 million

The Board's objective is for the General Reserves to support a minimum of six months of HRNZ's administration and Club support to maintain operations. The Code Distribution Reserve includes committed funds for planned investment in the new racing programme.

The HRNZ Board and management team will continue to maintain a diligent position on the overall financial performance and use of funds. These reserves are committed to supporting our long-term investment strategy and growth objectives, including the Dates Calendar for 2024/25 that will require funding to support the significant uplift in stakes payments expected next season.



Shaun Brooks  
FINANCE CHAIR



**CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**  
FOR THE YEAR ENDED 31 JULY 2024

	NOTES	2024	2023
		\$'000	\$'000
<b>REVENUE</b>			
<b>Revenue from Exchange Transactions</b>			
Funding Revenue from TAB NZ/RNZ	1	59,034	41,823
Licences, Registrations, and Other Income	2	1,047	1,130
Interest Income		542	232
Sale of Goods and Services	3	271	286
		<b>60,894</b>	<b>43,472</b>
<i>Other Income</i>			
Gain on Sale of Non-Current Asset Held for Sale	13	11,965	1,205
		<b>72,859</b>	<b>44,677</b>
<b>Revenue from Non-Exchange Transactions</b>			
Fair Value Gain on Investments	10	496	176
Fines and Penalties		67	59
		<b>73,422</b>	<b>44,912</b>
<b>TOTAL REVENUE</b>			
<b>EXPENSES</b>			
Funding Expenses: Stakes and Club Support	4	(46,043)	(38,332)
Administration and Operations Expenses	5	(6,798)	(4,942)
Projects and Initiatives	6	(3,632)	(2,891)
Grants Distributed to Clubs	7	(226)	(729)
		<b>(56,699)</b>	<b>(46,894)</b>
<b>SURPLUS/(DEFICIT)</b>			
Other Comprehensive Revenue and Expense			
Share of Surplus/(Deficit) in Associates	15	146	-
		<b>16,869</b>	<b>(1,981)</b>
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>			
Income Tax Expense	8	-	-
		<b>16,869</b>	<b>(1,981)</b>

These financial statements are to be read in conjunction with the notes on pages 44–62

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 31 JULY 2024

	NOTES	ACCUMULATED REVENUE AND EXPENSE	GENERAL RESERVES	CODE DISTRIBUTION RESERVE	CAPITAL & OTHER PROJECTS RESERVE	SURPLUS VENUES RESERVE	TOTAL EQUITY
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 August 2022</b>		<b>3,508</b>	<b>5,000</b>	<b>4,761</b>	<b>1,670</b>	-	<b>14,939</b>
Surplus/(Deficit) for the Year		(1,981)	-	-	-	-	(1,981)
Surplus/(Deficit) transfer to Reserves		2,523	476	(2,999)	-	-	-
Funds Allocated from Reserves:							-
Minimum Base Race Increase		711	(711)	-	-	-	-
Breeding Incentive Scheme		355	(355)	-	-	-	-
Office Fit-Out		510	-	-	(510)	-	-
Transfer to/(from) Reserves		(2,422)	590	1,822	10	-	-
<b>Balance as at 31 July 2023</b>		<b>3,204</b>	<b>5,000</b>	<b>3,584</b>	<b>1,170</b>	-	<b>12,958</b>
Surplus/(Deficit) for the Year		16,869	-	-	-	-	16,869
Surplus/(Deficit) transfer to Reserves		(16,681)	524	4,237	-	11,920	-
Transfer to/(from) Reserves		(1,761)	(2,524)	3,809	-	476	-
<b>Balance as at 31 July 2024</b>	19	<b>1,631</b>	<b>3,000</b>	<b>11,630</b>	<b>1,170</b>	<b>12,396</b>	<b>29,827</b>

These financial statements are to be read in conjunction with the notes on pages 44-62



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
FOR THE YEAR ENDED 31 JULY 2024

	NOTES	2024	2023
		\$'000	\$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	9	9,051	1,955
Investments	10	23,102	7,799
Financial Assets	11	1,070	1,026
Trade and Other Receivables	12	700	3,836
GST Receivable	12	91	74
Non-Current Assets Held for Sale	13	-	-
<b>Total Current Assets</b>		<b>34,014</b>	<b>14,690</b>
<b>Non-Current Assets</b>			
Property, Plant, and Equipment	14	661	927
Non-Current Financial Assets	11	382	67
Investment in Associates	15	146	-
<b>Total Non-Current Assets</b>		<b>1,189</b>	<b>994</b>
<b>TOTAL ASSETS</b>		<b>35,203</b>	<b>15,684</b>
<b>Current Liabilities</b>			
Cash and Cash Equivalents	9	7	7
Trade and Other Payables	16	2,349	2,162
Cash Held in Trust	17	2,377	-
Employee Entitlements	18	257	405
<b>Total Current Liabilities</b>		<b>4,990</b>	<b>2,574</b>
<b>Non-Current Liabilities</b>			
Non-Current Trade and Other Payables	16	224	-
Non-Current Employee Entitlements	18	162	152
<b>Total Non-Current Liabilities</b>		<b>386</b>	<b>152</b>
<b>Equity</b>			
Accumulated Revenue and Expense		1,631	3,204
General Reserves	19	3,000	5,000
Code Distribution Reserve	19	11,630	3,584
Capital and Other Projects Reserve	19	1,170	1,170
Surplus Venue Reserve	19	12,396	-
<b>Total Equity</b>		<b>29,827</b>	<b>12,958</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>35,203</b>	<b>15,684</b>

For and on behalf of the Board who authorise the issue of these financial statements on 30 September 2024.



**PHIL HOLDEN**  
Chairman



**John Grainger**  
Vice-chair

These financial statements are to be read in conjunction with the notes on pages 44–62

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 31 JULY 2024

	NOTES	2024	2023
		\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Proceeds from</b>		542	232
Interest Received		62,061	42,335
Receipts from Funding Revenue		1,442	2,049
Receipts from Customers		398	193
GST		64,443	44,809
<b>Payments to</b>		(46,380)	(38,093)
Payments of Stakes and Club Support		(9,683)	(7,888)
Payments to Employees and Suppliers		(56,063)	(45,981)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	21	<b>8,380</b>	<b>(1,172)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Proceeds from</b>		13,200	1,205
Sale of Assets Held for Sale		13,200	1,205
<b>Payments to</b>		(14,807)	(7,623)
Purchase of Investments		(1,382)	(626)
Purchase of Property, Plant and Equipment		(515)	(1,259)
Cash Advances and Loans to Clubs		(16,704)	(9,508)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(3,504)</b>	<b>(8,303)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Proceeds from</b>		4,271	-
Fund Received on Behalf of Others		4,271	-
<b>Payments to</b>		(2,052)	-
Funds Paid on Behalf of Others		(2,052)	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>2,219</b>	<b>-</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>7,095</b>	<b>(9,475)</b>
Cash and Cash Equivalents at the Beginning of the Year		1,949	11,424
<b>Cash and Cash Equivalents at the End of the Year</b>	9	<b>9,044</b>	<b>1,949</b>

These financial statements are to be read in conjunction with the notes on pages 44-62



# NOTES TO THE FINANCIAL STATEMENTS

## REPORTING ENTITY

HRNZ is an incorporated society registered under the *Incorporated Societies Act 2022* and domiciled in New Zealand. It is a racing code as defined in the *Racing Industry Act 2020*. The HRNZ group (Group) consisted of the operations of HRNZ (the Parent) and the subsidiary company Cardigan Bay Holdings Ltd (CBHL) which used to operate hospitality businesses but is no longer trading. The Parent owns a one-third share in OnTrack Racing Limited.

HRNZ's statutory objectives is set out in section 14 of the *Racing Industry Act 2020* and is "to develop and promote racing conducted by the Code."

HRNZ's constitutional objectives are to:

- control all harness racing conducted in New Zealand in accordance with the Constitution and the rules;
- promote and advance harness racing in all its forms in New Zealand;
- ensure that all requirements of the rules are observed, and complied with, by all persons and bodies to which they apply under rule 102(1) of the rules;
- consider and deal with all matters submitted to HRNZ in accordance with the Constitution and the rules; and
- comply with its obligations under the *Racing Industry Act 2020*.

The Group was established with a view that any equity should be used to support the objectives rather than making a financial return. Accordingly, HRNZ has designated itself as a public benefit entity for financial reporting purposes.

## BASIS OF PREPARATION

**Statement of Compliance:** The consolidated financial statements have been prepared in accordance with HRNZ's Constitution and the *Racing Industry Act 2020*. They comply with Public Benefit Entity Accounting Standards (PBE Standards) and other applicable financial reporting standards as appropriate for Tier 1 Not-For-Profit Public Benefit Entities. These financial statements have been prepared in accordance with generally accepted accounting practice (GAAP).

**Basis of Measurement:** The financial statements have been prepared on the basis of historical cost except for property, plant and equipment, and financial assets, for which specific accounting policies have been identified. Cost is based on the fair value of the consideration given in exchange for assets.

## Basis of Consolidation

- **Investments in Subsidiaries:** Controlled entities are those entities over which HRNZ (the controlling entity) has the power to govern the financial and operating policies so as to obtain benefits from their activities. Potential exercisable or convertible voting rights are considered when assessing whether HRNZ controls another entity.

Controlled entities are fully consolidated from the date on which control is obtained by HRNZ and cease to be consolidated from the date on which control is lost. Assets, liabilities, income, and expenses of a controlled entity acquired or disposed of during the year are included in the financial statements from the date HRNZ gains control until the date it ceases to control the entity.

Investments in controlled entities held by HRNZ are accounted for at cost less any impairment charges in the separate financial statements of HRNZ.

- **Investments in Associates:** An associate is an entity over which the investor has significant influence. Investments in Associates are accounted for using the net equity method of accounting. Under the net equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group share of the change in net assets of the entity after the date of acquisition. The group share of the surplus or deficit is recognised in the group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the group financial statements.

If the share of deficits in the entity equals or exceeds the interest in the entity, the group discontinues to recognise its share of further deficits. After the group interest is reduced to zero, additional deficits are provided for and a liability recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of the deficits not recognised.

**Functional Currency:** The financial statements are presented in New Zealand dollars which is the functional currency of HRNZ and presentation currency of the group, rounded to the nearest thousand dollars (\$'000).

## CHANGES IN ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

HRNZ has consistently applied the accounting policies to all periods presented in these consolidated financial statements. There have been no changes in accounting policies.

## STANDARDS ISSUED AND NOT YET EFFECTIVE OR NOT EARLY ADOPTED

There are no other standards or amendments issued that are relevant to the Group.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant account policies adopted and used in the preparation of the financial statements to the extent applicable to the financial year are summarised below:

### REVENUE

HRNZ is primarily funded by TAB NZ through Racing New Zealand (RNZ), following the Code Distribution allocation model, and revenue from horse and ownership transactions, licencing fees and other activities associated with HRNZ. On 1 June 2023 Entain and TAB NZ formed a partnership, such that Entain is now responsible for wagering. Funds from Entain are distributed to TAB NZ. Entain has guaranteed a minimum distribution to TAB NZ for five years.

Under Accounting Standards PBE IPSAS 9 and PBE IPSAS 23, revenue is required to be classified as either revenue from exchange transactions or revenue from non-exchange transactions in the statement of comprehensive revenue and expense.

An exchange transaction is one in which HRNZ receives consideration of approximately equal value in exchange for the sale of goods or rendering of services. Exchange revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to HRNZ, and it can be reliably measured; it is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from a non-exchange transaction is recognised as soon as the inflow of resources can be recognised as an asset in the financial statements but only to the extent

that no corresponding present obligation is recognised with respect to the asset received/receivable. Fines and penalties are classified as non-exchange revenue and recognised when they are invoiced.

### Licences, Registrations, and Other Income:

This revenue consists of services rendered and is classified as exchange revenue. Revenue from services rendered is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date. The stage of completion is assessed by reference to work performed at reporting date.

**Funding Revenue from TAB NZ/RNZ:** This revenue is recognised as an exchange transaction as the Harness Racing Code supplies a racing product to TAB NZ in exchange for a distribution from TAB NZ surpluses. Funds are paid to TAB NZ from Entain for wagering and betting activities. TAB NZ conducts gaming activities. TAB NZ distributes the guaranteed minimum amount from Entain to RNZ. RNZ distributes these funds to the three racing codes based on an agreed share. Income from Exported racing is distributed by RNZ to the racing code that earned the income.

**Interest Revenue:** This revenue is derived from short-term investments with Booster for general HRNZ funds and Stakes payments awaiting release, and the two specific investments for Staff Retirement and Cruickshank Junior Drivers. Interest income is recognised on a time basis by reference to the effective interest rate.

**Sale of Goods and Services:** Sales of goods or services are classified as exchange transactions. Revenue from the sale of goods is recognised when HRNZ have transferred to the buyer the significant risks and rewards of ownership of the goods.

**Fines and Penalties:** Is classified as non-exchange revenue and recognised when the fine or penalty is invoiced.

### CASH AND CASH EQUIVALENTS:

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and with original maturities of three months or less, in which HRNZ invests as part of day-to-day cash management.

The cash flow statement categorises movements in cash and cash equivalents into the following activity types:

**Operating Activities:** Include cash received from all income sources and record the cash payments made for the supply of goods and services.

**Investing Activities:** Those activities relating to the acquisition and disposal of non-current assets.

**Financing Activities:** Comprises activities that change the equity and debt capital structure.

## TAXATION

HRNZ is exempt from paying Income Tax under *Section CW47 (1) (c) of the Income Tax Act 2007*. CBHL as a trading entity was subject to Income Tax. The Income Tax expense in relation to CBHL's surplus or deficit for prior years comprises current tax and deferred tax.

The following taxes, levies and similar charges are paid by HRNZ:

- Goods and Services Tax (GST)
- Fringe Benefit Tax (FBT)
- Employer compulsory Kiwi Saver Contributions
- Accident Compensation Commission (ACC) levies

The financial statements are prepared exclusive of GST, except for trade receivables and some payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

**CBHL – Income Tax:** *Current tax* relates to the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. This is calculated using the effective tax rates that have been enacted or substantively enacted by balance date.

*Deferred Tax* relates to the amount of income tax payable or recoverable in future periods in respect of temporary differences and unutilised tax losses. A deferred tax asset is only recognised to the extent that there is reasonable certainty that sufficient taxable surplus will be generated against which the tax losses may be utilised.

Current tax and deferred tax are charged or credited to the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

## FINANCIAL ASSETS

**Recognition and Measurement:** HRNZ recognises financial assets when it becomes a party to a contract and classifies them depending on management's intention to hold them and the nature of the investments.

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive revenue and expense (FVOCRE) – debt investment and equity investment; or fair value through surplus or deficit (FVTSD). The subsequent measurement and presentation of the financial assets will vary

depending on their category currently applicable to HRNZ as follows:

- **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive revenue and expense when the loans and receivables are derecognised or impaired.
- **Held-to-maturity assets** are non-derivative debt instruments with fixed or determinable payments that HRNZ has a positive intention and ability to hold to maturity.
- **Fair Value through Surplus or Deficit (FVTSD)** include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. Fair value gains and losses are recognised in surplus or deficit.

A financial asset is derecognised primarily when: (a) the rights to receive cash flows from the asset have expired, or (b) HRNZ has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

**Impairment:** At each reporting date, HRNZ assesses whether the financial assets are impaired and when there is objective evidence of impairment, the carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive revenue and expense.

For financial assets carried at amortised cost, the criteria used to determine whether objective evidence of impairment exists, is the asset's collectability. Collectability is reviewed on an ongoing basis at an operating unit level and other facts and circumstances surrounding the counterparty. For trade receivables, this may also be demonstrated by financial difficulties of the debtor or default payments. An impairment provision is recognised when there is objective evidence that HRNZ will not be able to collect the contractual cash flows associated with the asset.

In the case of equity investments, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

**Expected Credit Loss Allowance (ECL):** HRNZ recognise an allowance for all financial assets not classified as "fair value through surplus or deficit". ECLs are the probability-weighted estimate of credit losses, measured at the



present value of cash shortfalls, which is the difference between the cash flows due in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset. The deposits are held with New Zealand banks graded "A" or greater by Standard and Poors, and HRNZ considers that no ECL is required.

#### NON-CURRENT ASSETS HELD FOR SALE

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale must be expected to be completed within one year from the date of the classification.

If a newly acquired asset meets the criteria to be classified as held for sale, the asset will be classified as such at the acquisition date and measured on initial recognition at the lower of its carrying amount, had it not been so classified (i.e. cost), and fair value less cost to sell.

Certain events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

#### PROPERTY PLANT AND EQUIPMENT

**Recognition and Measurement:** Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. It is measured initially at cost which includes expenditure that is directly attributable to the acquisition of the asset; an item of property, plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to HRNZ and if the cost or fair value can be measured reliably. Subsequent costs that meet the recognition criteria are recognised in the carrying value of the item of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset on disposal date and reported in the statement of comprehensive revenue and expense.

**Depreciation:** Depreciation is charged over the useful life of the asset at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life as follows:

Computer Equipment	10% – 67% Straight Line
Furniture, Fixtures, and Equipment	13% – 67% Diminishing Value
Office Fit-out	10 – 25% – Diminishing Value

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

**Impairment:** HRNZ considers its property, plant and equipment as cash-generating assets and performs annual impairment testing to determine whether there is any indication that they may be impaired.

If such an indication exists, HRNZ estimates the recoverable amount (i.e., the higher of the asset's fair value less costs of disposal and its value in use). When the carrying amount exceeds the recoverable amount of the asset, it is considered impaired and written down to its recoverable amount. Any impairment losses are included in surplus or deficit.

#### FINANCIAL LIABILITIES

HRNZ recognises financial liabilities when it becomes a party to a contract.

Financial liabilities are recognised initially at fair value and, in the case of payables and loans and borrowings, net of directly attributable transaction costs. Subsequent to initial recognition, HRNZ classifies all existing liabilities as *'Financial liabilities at amortised cost'* and carries them at amortised cost using the effective interest method. Gains and losses associated with these items are reported in the statement of comprehensive revenue and expense.

Financial liabilities end when the obligation under the liability is discharged, cancelled, or expires.

Financial liabilities are classified into the following specified categories: "fair value through profit or loss" and "financial liabilities at amortised cost". Policies in respect of individual categories of financial liabilities are outlined as follows:

**Trade and Other Payables:** Trade and Other Payables fall under the category of "financial liabilities at amortised cost". Trade and Other Payables are recognised when HRNZ becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and Other Payables at initial recognition are measured at fair value, and subsequently measured at amortised cost using the effective interest method.

## LEASES

**Operating Leases:** The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and whether the arrangement conveys a right to use the asset.

Operating lease payments where HRNZ are the lessee are recognised as an expense in the statement of comprehensive revenue and expense on a straight-line basis over the lease term. Operating lease incentives, if applicable, are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

## EMPLOYEE BENEFIT LIABILITIES

Liabilities are recognised when it is probable that settlement will be required and that the amount can be measured reliably.

**Salaries, Wages and Annual Leave** provisions expected to be wholly settled within 12 months of reporting date are measured at nominal values based on accrued entitlements at current rates of pay, which are expected to approximate to the remuneration rate applying at the time of settlement.

**Retirement Entitlements** payable beyond 12 months have been calculated based on the following:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements; and
- the present value of the estimated future cash flows. These amounts are discounted to their present value.

**Defined Contribution Benefits:** HRNZ's contributions to defined contribution superannuation schemes (Kiwisaver) are recognised as an expense when incurred and reported in the statement of comprehensive revenue and expense.

## ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements HRNZ has made estimates and assumptions concerning the future, based on experience and other factors. These estimates and assumptions may differ from the actual results that may have an impact on HRNZ.

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the consolidated financial statements include the following:

**Deferred Tax Asset on Accumulated Losses:** It is uncertain whether accumulated tax losses for CBHL could be realised in future, therefore HRNZ does not recognise the potential value of these losses. Refer to note 8 regarding income tax expense for further details.

**Fillies and Mares Credit Scheme Liability:** A portion of credits earned and accumulated during the year is expected to remain unused. The liability is discounted based on historical data regarding the average number of mares transitioning to broodmares after racing.

## DEFINITIONS

Throughout this report, specific language is used for various activities related to the racing industry. To assist the reader of this report some definitions are detailed below:

**Codes:** Refers to the three racing bodies usually referred to as the Codes; namely New Zealand Thoroughbred Racing Incorporated (NZTR), Greyhound Racing New Zealand Incorporated (GRNZ) and HRNZ.

**Code Funding Distribution:** Refers to the prescribed agreement between the TAB NZ and RNZ. It represents the methodology by which TAB NZ will make distributions to the three racing codes (i.e., HRNZ, NZTR, and GRNZ) through RNZ.

**Code Funding Policy:** Represents the methodology by which HRNZ will distribute funding to HRNZ and our Harness Clubs for prize money (stakes) and other racing activities.

**Kindred Bodies:** These are three of the active associations relative to harness racing which are recognised in HRNZ's constitution: NZ Standardbred Breeders' Association, NZ Harness Racing Trainers and Drivers Association, and the NZ Trotting Owners Association.

## FINANCIAL PERFORMANCE

### 1. FUNDING REVENUE FROM TAB NZ/RNZ

TAB NZ funding distribution represents revenue received from TAB NZ, for the three racing codes, HRNZ, NZTR, and GRNZ, in accordance with the Racing Industry Act 2020. 2023/24 is the first year of a five-year guaranteed funding following the partnership with ENTAIN.

RNZ revenue consist of Racefields income paid directly to RNZ and Point of Consumption Charges paid to RNZ by the Department of Internal Affairs (DIA).

Carnival Funding Income consists of funds received from ENTAIN to fund the Two-Year-Old Bonus Scheme.

	2024	2023
	\$'000	\$'000
Corporate Bookmaker Racefields	2,511	3,005
Domestic Duty	1,218	1,270
Domestic Profit	22,311	14,937
Imported & Sport Profit	27,911	18,196
Imported Racing Duty	2,202	2,228
Point of Consumption	155	142
Tabcorp Export	1,976	2,045
Carnival Funding	750	-
	<b>59,034</b>	<b>41,823</b>

### 2. LICENCES, REGISTRATIONS, AND OTHER INCOME

Licences, registration, and other income is classified as exchange transactions. Revenue is recognised at the time of invoicing or when payment is received.

### 3. SALE OF GOODS AND SERVICES

	2024	2023
	\$'000	\$'000
Marketing Revenue	128	124
Sale of Hero Horses	25	28
Education Revenue	61	58
IT Revenue	58	76
	<b>271</b>	<b>286</b>

### 4. FUNDING EXPENSES: STAKES AND CLUB SUPPORT

These funding payments include race day payments to clubs in accordance with the Statement of Intent & Business Plan (SOI) and Funding Budget approved by the board. These include stakes payments to owners, trainers and drivers, and club allowances.

	2024	2023
	\$'000	\$'000
Stakes	38,796	31,557
Club Support	7,247	6,775
	<b>46,043</b>	<b>38,332</b>

### 5. ADMINISTRATION AND OPERATIONS EXPENSE

	2024	2023
	\$'000	\$'000
Corporate Services	2,467	1,463
Governance	362	298
Marketing	1,013	894
Racing	1,324	1,064
IT	938	847
Education	281	283
Depreciation	148	93
Loss on Disposal of Assets	265	-
	<b>6,798</b>	<b>4,942</b>

**Audit Fees:** Included in Corporate Services are fees paid to BDO Christchurch for the audit of the financial report of \$37,500 (2023: \$36,000). The audit firm has not provided the Group with any other assurance services, agreed-upon procedures, or taxation services during the year.

**Board Remuneration:** Included in Governance is the Board Remuneration for the year of \$224,846 (2023: \$211,633).

**Lease Payments:** Included in Corporate Services are operating lease payments and costs for \$231,179 (2023: \$207,072) for HRNZ's leased office premises at 17 Birmingham Drive to January 2024 and 114 Wrights Road, Christchurch from September 2023. HRNZ was granted a four-month rent-free period. To comply with accounting standards for lease incentives, the lease payments are recognised as an expense on a straight-line basis over the entire lease term. This approach ensures that the lease expense is recorded consistently with the economic benefits received. The total lease term is 22 years, comprising an initial term of 10 years plus two renewal options of six years each. There are a number of smaller leases relating to vehicles. Leases that do not transfer



the risks and rewards incidental to ownership are classified as operating leases. HRNZ has entered into a number of material operating leases for buildings, vehicles and equipment.

**Corporate Services:** The increase in corporate services costs is due to the consultancy and legal costs relating to the updated racing strategy and the transition to the new leadership and governance structure. Many of these costs have been incurred on a one-off basis during the 2024 year.

The future non-cancellable minimum lease payments of operating leases at reporting date are detailed in the table below:

	2024	2023
	\$'000	\$'000
<b>Operating Leases</b>		
0-1 year	207	226
1-5 years	812	697
5+	472	778
	<b>1,491</b>	<b>1,701</b>

## 6. PROJECTS AND INITIATIVES

	2024	2023
	\$'000	\$'000
Horse Care	513	480
Promotion of Racing	923	678
Promotion of Breeding	1,305	1,045
Racing New Zealand	140	85
Club Projects	225	110
Participant Projects	282	277
Expenses to be Reimbursed	244	216
	<b>3,632</b>	<b>2,891</b>

**Promotion of Breeding** includes payments towards and costs related to the Breeders Incentive Scheme, the NZ Bred Breeding Bonus Scheme, the Fillies and Mares Breeding credit Scheme, and the Two-year-old Bonus Scheme.

**Club Projects** include a liability insurance scheme for Clubs, the Strategic Venue Consultation, the Safety Online Management System, and operational expenses related to the Forbury Park venue while it was owned by HRNZ.

**Participant Projects** consist of payments to St Johns for ambulance and emergency medical attendance at racing meetings.

**Expenses to be Reimbursed** consist of expenses HRNZ is reimbursed for by TAB NZ. Included in Other Income a corresponding income of equal value.

## 7. GRANTS DISTRIBUTED TO CLUBS

As a Code under the *Racing Act 2020, section 15(1)(c)*, HRNZ is permitted to use its resources, including (without limitation) its financial resources for purposes that, in the code's opinion, will directly or indirectly benefit racing conducted by the code.

An amount of \$225,981 (2023: \$728,534) was distributed to Forbury Park Trotting Club (FPTC) following the sale of the Forbury Park property. This includes \$196,964 towards the repayment of the FPTC loan owing to HRNZ for costs relating to Forbury Park, as well \$29,017 being the interest on the funds held in Trust as agreed.

## 8. INCOME TAX EXPENSE

HRNZ is exempt from paying income tax under *Section CW47(1)(c) of the Income Tax Act 2007*.

CBHL was a trading entity and was subject to income tax. Income tax expense in relation to CBHL's surplus or deficit for the period comprises current tax and deferred tax:

	2024	2023
	\$'000	\$'000
<b>Components of Tax Expense</b>		
Current Tax Expense/(Income)	-	-
Deferred Tax Expense/(Income)	-	-
<b>Total Tax Expense/(Income)</b>	<b>-</b>	<b>-</b>

Reconciliation of tax expense and the accounting profit multiplied by New Zealand's company tax rate for 2023 and 2024:

	2024	2023
	\$'000	\$'000
Surplus/(Deficit) Before Tax	16,869	(1,981)
Less: Non-Assessable Income	(16,869)	1,981
<b>Taxable Surplus/(Deficit)</b>	-	-
Tax Adjustments	-	-
<b>Surplus/(Deficit) Before Losses Brought Forward</b>	-	-
Tax Losses Utilised	-	-
<b>Taxable Surplus/(Deficit) to Carry Forward</b>	-	-
<b>Income Tax Liability at 28%</b>	-	-

CBHL has unutilised and unrecognised tax losses arising from prior years to the amount of \$3,702,182 (2023: \$3,702,182). There are no other tax planning opportunities or other evidence of recoverability in the near future. These unrecognised tax losses do not expire and may not be used to offset taxable income elsewhere. On this basis, HRNZ has determined that it cannot recognise deferred tax assets on CBHL's tax losses carried forward.

	2024	2023
	\$'000	\$'000
<b>Tax Losses Brought Forward</b>	3,702	3,702
Less: Tax Losses Utilised	-	-
<b>Tax Losses Carried Forward</b>	3,702	3,702

## 9. CASH AND CASH EQUIVALENTS

	2024	2023
	\$'000	\$'000
<b>Current Assets</b>		
Cash in Bank	9,051	1,955
	<b>9,051</b>	<b>1,955</b>
<b>Current Liabilities</b>		
Credit Cards	(7)	(7)
	<b>(7)</b>	<b>(7)</b>
<b>Cash on Hand and at Bank</b>	<b>9,044</b>	<b>1,948</b>

Cash in banks earn interest at floating rates based on daily bank deposit rates.

HRNZ administers the Centralised Stakes Payment System on behalf of clubs, drivers, owners, and trainers. The stakes funds investment is \$1,030,424 (2023: \$743,842), which relates to race meetings that have not been cleared for payment, as at 31 July 2024. Included in trade and other liabilities are corresponding liabilities with respect to the Stakes payable of equal value as to that disclosed above.

HRNZ currently has a bank overdraft facility for a maximum of \$100,000 secured over the credit funds held in term deposits. The overdraft is payable on demand and interest is calculated at a rate of 12.65%.

HRNZ has a credit card facility for a maximum of \$45,000.

## 10. INVESTMENTS

	2024	2023
	\$'000	\$'000
<b>Financial Assets at Fair Value Through Surplus or Deficit</b>		
<i>Investment in Managed Funds</i>		
HRNZ portion	10,697	7,799
Surplus Assets funds	12,405	-
	<b>23,102</b>	<b>7,799</b>

Investments consist of Income Securities Portfolios managed by Booster Investment Management Limited, that are invested for varying periods of between one and twelve months, depending on the immediate cash requirements of the Group. The fund's investment mix is predominantly New Zealand fixed interest investments.

A fair value adjustment of \$495,751 (2023: \$176,455) was made, based on the unit price at year-end.

**Restricted Funds:** The Surplus Assets funds are the funds remaining from the sale of the Forbury Park property after the deduction of expenses. \$1.5 million of these funds are held on behalf of the Forbury Park Trotting Club with the balance being HRNZ's share. Interest earned on the FPTC portion will be distributed to the club annually. Interest earned on the remainder of the funds will be reinvested and/or used for infrastructure support for clubs in accordance with our Property Investment Strategy. Refer to note 13 – Non-Current assets held for sale, and note 19 – Surplus Venues Reserve, for more details.

## 11. FINANCIAL ASSETS

	2024	2023
	\$'000	\$'000
Cruickshank Fund	3	4
Provident Fund	56	54
Retirement Fund	150	155
Sulky Fund	85	78
<b>Funds Held in Trust</b>	<b>294</b>	<b>291</b>
Loans and Advances to Clubs	1,158	802
<b>Total Financial Assets</b>	<b>1,452</b>	<b>1,093</b>
Current Financial Assets	1,070	1,026
Non-Current Financial Assets	382	67
	<b>1,452</b>	<b>1,093</b>

**Funds Held in Trust:** These funds relate to interest-bearing re-investment of cash held by HRNZ for the Cruickshank, Provident, Retirement and Sulky Funds which are not available for use by HRNZ; interest received on these Funds is included in their balances. Funds are invested in short-term deposits for varying periods of between one and twelve months and earn interest at the respective short-term deposit rates.

- The **Cruickshank Fund** was established by George Cruickshank, a former board member. Each year the leading UDR junior driver is awarded an amount of \$500, paid for by the fund.
- The **Provident Fund** provides grants to licenced industry participants pursuant to *Rules 1501-1511* which are made at the discretion of the Fund Trustees.
- The **Retirement Fund** was established for employees who have worked for HRNZ for more than 10 years. This fund has been cancelled in 1992. There are two employees who are entitled to a payment from the scheme on retirement. Refer to Note 18 Employee entitlements for detail about the total liability and calculation.
- The **Sulky Fund** provides a limited form of damage type cover for registered sulkies to licenced industry participants pursuant to *Rule 1512* and the *Sulky Fund Regulations*.

Included in trade and other liabilities and employee entitlements are corresponding liabilities with respect to the above of equal value as to that disclosed above.



**Loans and Advances to clubs:** Under the *Racing Act 2020, section 15(1)(c)*, HRNZ is permitted to use its financial resources for the purposes that, in the Code's opinion, will directly benefit racing conducted by that code. HRNZ has extended loans to Clubs with the following terms:

- **Forbury Park Trotting Club:** This loan was extended to the club in order to assist them with the costs of managing and selling the property. From 17 June 2023 until settlement, interest was charged at 5.5% per annum. The loan was recovered from the property sale funds.
- **Waikato Bay of Plenty Harness Inc:** Interest is charged at 5.7% per annum. Some of the loan and accumulated interest are repayable within the next 12 months with the balance payable in just over one year. The loan is secured against the club's property by way of a mortgage.

## 12. TRADE AND OTHER RECEIVABLES

	2024	2023
	\$'000	\$'000
<b>Receivables from Exchange Transactions</b>		
Code Funding Receivables	585	3,203
Trade Receivables	115	633
	<b>700</b>	<b>3,836</b>
<b>Receivables from Non-Exchange Transactions</b>		
GST Receivable	91	74
	<b>91</b>	<b>74</b>

As at 31 July 2024 and 2023 reporting dates, all overdue receivables have been assessed for impairment, based on expected losses, determined on analysis of historical information as well as a review of individual receivables.

Included in Trade Receivables in 2023 is an amount of \$167,248 relating to Underpaid Stakes. This amount has been cleared during the year, and no additional Underpaid Stakes relate to the current year.

Trade receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The Group applies the simplified ECL model of recognising lifetime ECL for short-term receivables. The model of expected credit loss is based on the age of individual trade receivable past due date of receipt, drawing on credit loss history, consideration of forward-looking factors, relationship with HRNZ, and communications with the individual. The majority of receivables are not past due. There is no impairment provision on outstanding receivables (2023: nil).

The ageing of HRNZ's receivables is as follows:

	2024	2023
	\$'000	\$'000
<b>Neither Past Due Nor Impaired</b>		
Not past due	654	3,779
30-60 days	4	15
<b>Past Due But Not Impaired</b>		
60-90 days	1	8
Over 90 days	41	34
	<b>700</b>	<b>3,836</b>

## 13. NON-CURRENT ASSETS HELD FOR SALE

On 5 June 2021, the HRNZ Board deemed Forbury Park as a surplus racing venue pursuant to *Section 23(a) of the Racing Industry Act 2020 (Act)*.

On 27 February 2023, an Unconditional Agreement for Sale and Purchase of Forbury Park was signed to transfer the property from Forbury Park Trotting Club (FPTC) to HRNZ for \$1, pursuant to *Section 26* of the Act. The parties agreed that HRNZ shall indemnify FPTC against any loss, claim, damage, expense, liability, or proceeding that may be brought by any party to a maximum sum equivalent to the value of \$3 million.

It was the Group's intention to on-sell the property and as such, the property has been recognised as held for sale consistent with PBE IFRS 5 on acquisition, and consistent with the measurement provisions in this standard. The property has been measured at its cost of \$1, which is the lower of cost and fair value less cost to sell.

On 16 June 2023, a portion of the property was sold to the Ministry of Education for the benefit of the St Clair School, comprising 4% of the total land area. The proceeds were \$1,205,000 and the cost of the portion was \$0.04.

On 13 March 2024, the remainder of the property was sold to the Dunedin City Council for \$13.2 million. The total expenses for selling the property and removing the caveats amounted to \$1,234,641.

	2024	2023
	\$'000	\$'000
Proceeds from sale of property	13,200	1,205
Less: Cost	(1,235)	-
<b>Gain on Sale of Non-Current Asset Held for Sale</b>	<b>11,965</b>	<b>1,205</b>

## 14. PROPERTY, PLANT AND EQUIPMENT

2024	OPENING BALANCES			CURRENT YEAR MOVEMENTS			CLOSING BALANCES		
	Cost	Accumulated Depreciation	Book Value	Additions	Disposals	Depreciation	Cost	Accumulated Depreciation	Book Value
	\$'000			\$'000			\$'000		
Computer Equipment	647	(542)	105	87	(1)	(64)	634	(507)	127
Furniture & Equipment	719	(408)	311	38	(265)	(21)	137	(74)	63
Office Fit-Out	511	-	511	23	-	(63)	534	(63)	471
	<b>1,877</b>	<b>(950)</b>	<b>927</b>	<b>148</b>	<b>(266)</b>	<b>(148)</b>	<b>1,305</b>	<b>(644)</b>	<b>661</b>

2023	OPENING BALANCES			CURRENT YEAR MOVEMENTS			CLOSING BALANCES		
	Cost	Accumulated Depreciation	Book Value	Additions	Disposals	Depreciation	Cost	Accumulated Depreciation	Book Value
	\$'000			\$'000			\$'000		
Computer Equipment	559	(503)	56	88	-	(39)	647	(542)	105
Furniture & Equipment	692	(354)	338	27	-	(54)	719	(408)	311
Office Fit-out	-	-	-	511	-	-	511	-	511
	<b>1,251</b>	<b>(857)</b>	<b>394</b>	<b>626</b>	<b>-</b>	<b>(93)</b>	<b>1,877</b>	<b>(950)</b>	<b>927</b>

There are no restrictions or contractual commitments over the title or for the acquisition of any property, plant and equipment.

## 15. INVESTMENTS IN ASSOCIATES

On 30 July 2024, HRNZ acquired 33.3% shareholding and voting interest in OnTrack Racing Limited. The company's primary purpose is to provide a mental health and wellbeing programme to the racing industry in New Zealand. The Company is a registered charitable organisation. HRNZ has significant influence over the company as a shareholder, but does not have control, therefore HRNZ will apply the equity method to account for this investment. There was no consideration paid for the purchase of shares in the company.

HRNZ has committed, along with the other racing codes, to cover any shortfalls on the approved budget.

The associate has the same reporting date as the Group, being 31 July and is domiciled in New Zealand. There were no contingent liabilities in relation to the Group's associate as at reporting date.

	2024	2023
	\$'000	\$'000
<b>Carrying amount of investment</b>		
Opening Balance	-	-
Share of associate/joint venture surplus/(deficit)	146	-
Closing Balance	146	-
<b>Summary of interest in OnTrack Racing Limited (33.33%)</b>		
Current Assets	171	-
Non-current Assets	3	-
Current Liabilities	(28)	-
Non-current Liabilities	-	-
<b>HRNZ Share of Net assets</b>	<b>146</b>	
Revenue	335	-
Expenses	(189)	-
<b>HRNZ Share of Surplus for the Year</b>	<b>146</b>	

## 16. TRADE AND OTHER PAYABLES

	2024	2023
	\$'000	\$'000
Trade and Other Payables	873	976
Stakes Payable	1,030	744
Breeding Incentive Scheme (BIS) Liability	76	442
Fillies and Mares Breeding Credit Scheme (FMBCS) Liability	284	-
NZ Bred Breeding Bonus Scheme (NZBBBS) Liability	310	-
	<b>2,573</b>	<b>2,162</b>
Current Portion	2,349	2,162
Non-Current Portion	224	-
	<b>2,573</b>	<b>2,162</b>

Accrued and trade liabilities represent payables for goods and services provided to HRNZ prior to the end of the financial year that are unpaid and normally payable on a 30-day term.

Stakes payables represent amounts due to participants at the end of the financial year and are normally payable on a fortnightly basis.

The BIS liability relates to claims that were processed prior to year-end, but payable on a 30-day term, as well as a provision for breeders that meet the eligibility criteria, but who have not yet submitted a claim by year-end.

The FMBCS liability consists of credits accrued. A portion of credits earned is expected to remain unused as not all mares would transition to becoming broodmares after their racing career concluded, or may be exported and thereby losing their credit. It is estimated that 25% of credits will not be claimed in future years. An estimated 21.1% of credits will be claimed in the next 12 months.

The NZBBBS liability consist of bonuses accrued throughout the year. These are due to be paid in August 2024.

## 17. CASH HELD IN TRUST

	2024	2023
	\$'000	\$'000
GST Input Claim Funds Received on Behalf of Owners	535	-
C4 Rejuvenation Grant Funds Received on Behalf of Clubs	1,676	-
Carnival TYOBS Grant Received in Advance	166	-
	<b>2,377</b>	

### GST Input Claims Funds Received on Behalf of Owners:

We received an amount of \$1.86 million from IRD for historic GST input refunds to owners. The refund relates to GST on stakes paid between 1 June 2013 to 31 October 2018 to GST-registered trainers and drivers, where the owners were not registered for GST. Due to the historic nature of these refunds, HRNZ does not hold up-to-date bank account details for all owners. At balance date, we are holding \$535,213 for individuals whose bank details are missing. Over the coming year, we will work to contact these individuals to obtain their details and process the payments as they are updated.

**Class 4 Rejuvenation Grant Funds Received on Behalf of Clubs:** TAB NZ established a Rejuvenation Fund that HRNZ can access for Authorised Racing Purposes. Funds were paid to HRNZ and, where applicable, are disbursed to clubs upon project completion. As of the balance date, projects valued at \$1,676,274 were still underway.

**Carnival TYOBS Grant Received in Advance:** ENTAIN committed to funding a two-year-old bonus scheme, with payments received in advance. As of the balance date, \$165,500 of these funds remains available for future use.



## 18. EMPLOYEE ENTITLEMENTS

	2024	2023
	\$'000	\$'000
Accrued Salaries and Wages	-	100
Annual Leave	257	305
Retirement Entitlement	162	152
	<b>419</b>	<b>557</b>
Current Employee Entitlements	257	405
Non-Current Employee Entitlements	162	152
	<b>419</b>	<b>557</b>

Salaries, wages and annual leave provisions are measured at nominal values based on accrued entitlements at current rates of pay, which are expected to approximate the remuneration rate applying at the time of payment.

HRNZ's liabilities relate to employee entitlements and benefits accruing to employees in respect of salaries and wages, annual leave, sick leave and retirement entitlements; the portion due and payable within the next 12 months from reporting date is included under current employee benefits liability.

**Retirement Entitlement:** This liability relates to a provision for HRNZ employees who are entitled to a retirement benefit payment under their contract, provided they meet certain criteria: They commenced employment before 1 April 1992, have completed at least ten years' service, and are entitled to a retirement benefit payment when they retire from HRNZ according to their contract. The provision is recognised and calculated based on individual contract provisions at the end of each year.

As of 31 July 2024, there are 2 staff (2023: 2 staff) entitled to the retirement benefit. Any early payment of retirement entitlements is made at the discretion of the HRNZ Board.

The amount recognised has been calculated based upon the dates when eligible employees are expected to retire, which are between 1 and 10 years from 31 July 2024. It has been assumed that these employees will remain in the employment of HRNZ until retirement. A discount rate of 4.66% (2023: 4.67%) has been applied, as well as an estimated 5.01% (2023: 4.87%) increase in pay rates, in the calculation of the estimated retirement fund liability.

Retirement entitlements payable beyond 12 months have been calculated based on the following:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements; and
- the present value of the estimated future cash flows. These amounts are discounted to their present value.

## 19. RESERVES

**General Reserves:** The purpose of the General Reserve fund is to build and maintain an adequate level of cash reserves in the event that funding income is suspended. Funds may be used for the payment of day-to-day operating expenses of HRNZ, as well as to provide support to clubs, with an emphasis on supporting clubs operating the Strategic Racing Venues. Additionally, funds can be used for the replacement of HRNZ assets, and for special initiatives in line with the HRNZ SOI.

**Capital and Other Projects Reserve:** The purpose of the Capital and Other Projects Reserve fund is to maintain a level of reserves which can be used for HRNZ projects or to provide financial support to Clubs for capital projects.

**Code Distribution Reserve:** The purpose of the Code Distribution Reserve is to enable the payment of funds to Clubs for their allowances and Participants for their stakes through the centralised payments system.

**Surplus Venues Reserve:** The purpose of the Surplus Venues Reserve is to ring-fence funds received from the sale of surplus venues, which are managed in accordance with our Property Investment Strategy. The net proceeds from the sale of Forbury Park to the Ministry of Education and Dunedin City Council have been recorded as Surplus Venue Reserve Funds. These funds are restricted.

## 20. CONTINGENCIES, COMMITMENTS, GUARANTEES AND INDEMNITIES

	2024	2023
	\$'000	\$'000
Operating Leases		
0-1 year	207	226
1-5 years	812	697
5+ years	472	778
	<b>1,491</b>	<b>1,701</b>

The lease for HRNZ's offices in Birmingham Drive commenced on 1 February 2018 and expired on 31 January 2024. There were certain restrictions imposed by the landlord on the Birmingham Drive property, for example, sub lease of floor space requires their prior approval.

The lease for HRNZ's new offices at Wrights Road commenced on 1 September 2023 for an initial term of ten years with two rights of renewal of six years each and a final expiry in 2045. The first rent payment was paid on 1 February 2024 and the first Opex payment was on 1 September 2023.

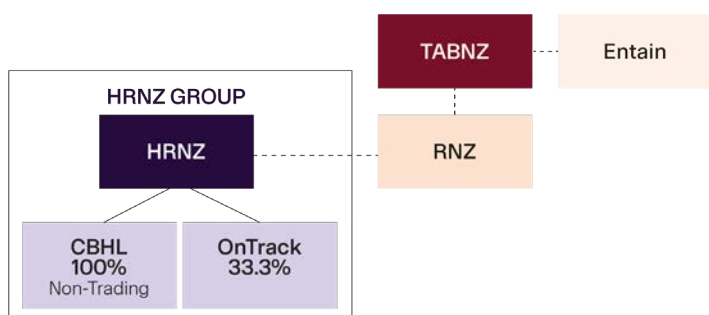
HRNZ have committed to funding the Group Club Liability Insurance scheme at a cost of \$102,000 for the period of 31 July 2024 to 31 July 2025 (2023: \$100,000) on behalf of Harness Racing clubs and entities running trials who do not run totalisator races. HRNZ holds cover for Directors and Officers Liability, General and Statutory Liability and Professional Indemnity insurance cover in respect of liability for losses incurred by a member of the Board or an employee of HRNZ in the course of their duties to HRNZ.

## 21. RECONCILIATION OF NET SURPLUS/(DEFICIT) WITH OPERATING CASH FLOWS.

	2024	2023
	\$'000	\$'000
<b>Net Surplus/(Deficit) for the Period</b>	<b>16,869</b>	<b>(1,981)</b>
Depreciation	148	93
Loss on Disposal of Assets	265	-
<b>Net Changes in Non-Cash Items</b>	<b>413</b>	<b>93</b>
Gain on Sale of Asset	(11,965)	(1,205)
Fair Value Gain on Investments	(496)	(176)
Grants Distributed to Clubs	226	729
Share of Surplus/(Deficit) in Associate	(146)	-
Other Financial Assets	(72)	(9)
<b>Net Changes in Investing &amp; Financing Activities</b>	<b>(12,453)</b>	<b>(661)</b>
Trade and Other Receivables	3,118	797
Trade and Other Liabilities	570	522
Employee Benefit Liabilities	(137)	58
<b>Net Changes in Working Capital</b>	<b>3,551</b>	<b>1,377</b>
<b>Net Cash Flow from Operating Activities</b>	<b>8,380</b>	<b>(1,172)</b>

## 22. RELATED PARTIES

### HRNZ STRUCTURE AND INTEREST IN OTHER ENTITIES



**TAB NZ and Entain:** A new partnership was concluded between TAB NZ and Entain, which commenced on 1 June 2023. The main purpose of Entain is to promote the racing industry, maximise the proceeds of wagering for the benefit of the racing industry, and distribute funds obtained from betting to TAB NZ for onwards distribution to the racing Codes. TAB NZ issues the betting licences to totalisator clubs and sets the racing calendar in conjunction with Entain and the three racing Codes. Although these entities are not related parties of HRNZ for financial reporting purposes, it is beneficial to understand how funding is distributed to the codes.

**RNZ:** Funding from Entain is passed through TAB NZ to RNZ, who then distributes the funding to the three codes in accordance with an agreed funding model. The CEO and Chair of HRNZ sit on the Board of RNZ. Funding from Exported racing is paid direct to RNZ and distributed to the racing code that earned the income.

**HRNZ Board:** Transactions took place in the ordinary course of HRNZ's business where a member of the Board is also a member of the governing body of a Club or Kindred Body.

**Key Management Personnel:** HRNZ's key management personnel include members of the Board, the Executive Management Team and their immediate families.

**Harness Racing Clubs and Kindred Bodies:** As part of its normal operations, HRNZ transacts with Harness Racing clubs and Harness Racing Kindred Bodies across New Zealand; these transactions include receipt of stakes, other fees, and the administration of funding to our Harness Clubs. However, these entities are not related parties of HRNZ for financial reporting purposes and it does not exercise control, joint control or significant influence over these entities.

**Cardigan Bay Holdings Ltd (CBHL):** CBHL is a 100% owned subsidiary of HRNZ. The entity is currently non-trading and there were no transactions between the entities during the year.

**OnTrack Racing Limited (OnTrack):** OnTrack is a company, established in January 2024 and owned equally by the three Racing codes being NZTR, GRNZ, and HRNZ. OnTrack is a charitable organisation committed to advancing mental health and suicide prevention in New Zealand's racing industry. Transactions with OnTrack are priced on an arm's length basis.

### KEY MANAGEMENT PERSONNEL

Remuneration to key management personnel comprises of the total remuneration paid to board members and senior executive officers:

	2024		2023	
	Remuneration \$'000	Number of Individuals	Remuneration \$'000	Number of Individuals
Members of the Governing Body	222	8 People	212	8 People
Senior Executive Officers	935	3 FTE's	686	3 FTE's
	<b>1,157</b>		<b>898</b>	

The increase relates to the transition to the new leadership structure.

Providing HRNZ's Rules do not exclude them, members of the Executive Management Team of HRNZ and Board Members or their immediate families, may race horses and are eligible to receive stake money from Harness Racing Clubs. They may own harness horses, pay license fees and otherwise transact with HRNZ. These transactions are not disclosed as they are made on an arm's length basis and in the ordinary course of business.



During the 2023 year, a new BIS was implemented to promote breeding. Several board members who voted for the new scheme are also benefiting from the scheme. Transactions and balances relating to these payments are as follows:

	TRANSACTIONS		BALANCES OUTSTANDING	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<b>Breeder Incentive Scheme Payments</b>				
Colin Hair	-	1	-	-
Robert Dunn	-	1	-	-
Taffy Limited	2	10	-	-
Bill McDonald	3	-	-	-

A director of Taffy Limited, Todd Anderson, as well as Colin Hair were board members of HRNZ at the time of voting for and implementing the BIS.

#### OTHER RELATED PARTY TRANSACTIONS

Transactions and balances relating to other related parties are as follows:

	TRANSACTIONS		BALANCES OUTSTANDING	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<b>Racing New Zealand</b>				
<i>Income</i>				
Funding Revenue received on behalf of TABNZ/Entain*	(57,944)	(41,497)	555	3,114
Funding Revenue from RNZ	(340)	(326)	62	64
<i>Expenses</i>				
Administration Fees Paid	10	14	(10)	(8)

\*From 1 June 2023

## 23. FINANCIAL INSTRUMENT RISK MANAGEMENT

### CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

HRNZ have the following non-derivative financial assets:

- Cash and cash equivalents
- Loans and advances
- Trade and other receivables
- Other financial assets

Financial assets at amortised cost include cash and term deposits with maturities less than one month, classified as current where the remaining duration is less than 12 months, or non-current where the remaining duration is more than 12 months.

HRNZ has the following non-derivative financial liabilities:

- Credit cards
- Trade and other liabilities

HRNZ classifies its other financial liabilities as financial liabilities at amortised cost.

		MEASUREMENT BASIS	2024	2023
			\$'000	\$'000
<b>Loans and Receivables</b>				
Cash and Cash Equivalents	Amortised cost		9,051	1,955
Investments	Fair value through surplus or deficit		23,102	7,799
Loans and Advances	Amortised cost		1,070	1,026
Trade and Other receivables	Amortised cost		700	3,836
			33,923	14,616
Other Financial Assets	Amortised cost		382	67
<b>Total Financial Assets</b>			<b>34,305</b>	<b>14,683</b>
<b>Financial Liabilities at Amortised Cost</b>				
Credit cards	Amortised cost		7	7
Trade and Other Liabilities	Amortised cost		2,573	2,162
<b>Total Financial Liabilities</b>			<b>2,580</b>	<b>2,169</b>

After initial recognition at fair value, financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income and expense, foreign exchange gains and losses, and impairment, are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

The Board considers that the carrying amount of financial instruments recorded in the financial statements represents their fair value.

Financial Risks are those associated with the financial assets and liabilities of HRNZ which include market risk (capital risk and interest rate risk), liquidity risk and credit risk. These are discussed as follows:

**23.1. CAPITAL RISK:** The Board manages its capital resources to ensure that HRNZ will be able to continue as a going concern whilst promoting the advancement of the Harness Racing Code. This strategy remains unchanged from the previous year. The capital structure consists of accumulated surplus, code distribution and other reserves, cash and cash equivalents and investments.

HRNZ prepares a SOI for the Harness Code as a whole for each racing season. This plan details how the Code funding will be allocated during the season. The Board regularly review performance during the racing season. HRNZ does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. HRNZ does not have externally imposed capital requirements.

**23.2. INTEREST RATE RISK:** Interest rate risk relates to the risk that the fair value of a fixed debt instrument will fluctuate due to changes in the underlying market interest rate.

HRNZ is exposed to interest rate risk in relation to its interest-bearing financial assets. The risk is managed by monitoring the timing and amount of investments to minimise the impact of interest rate changes.

#### INTEREST RATE RE-PRICING ANALYSIS

	2024			2023	
	Carrying Amount	Interest Rate Re-Pricing <1 year	Interest Rate Re-Pricing 1-2 years	Carrying Amount	Interest Rate Re-Pricing <1 year
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	9,051	9,051	-	1,955	1,955
Investments	23,102	23,102	-	7,799	7,799
Loans and Advances	1,452	1,070	382	1,026	1,026
	<b>33,605</b>	<b>33,223</b>	<b>382</b>	<b>10,780</b>	<b>10,780</b>

## INTEREST RATE SENSITIVITY

	2024		2023	
	Increase/ Decrease in Basis Points	Effect on Surplus before Tax	Increase/ Decrease in Basis Points	Effect on Surplus before Tax
		\$'000		\$'000
Cash and Cash Equivalents	-500	453	-500	98
	+500	(453)	+500	(98)
Investments	-500	1,155	-500	402
	+500	(1,155)	+500	(402)
Loans and Advances	-500	73	-500	52
	+500	(73)	+500	(52)

**Interest rate sensitivity:** Variable interest-rated financial assets have sensitivity to changes in the underlying interest rates. The sensitivity to a change in interest rates results in an increase or decrease in pre-tax net surplus or deficit. Interest rate sensitivity was assessed using a 500 basis points +/- variation in interest rates.

**23.3. LIQUIDITY RISK:** Liquidity risk is the risk that HRNZ will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In general, HRNZ generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

HRNZ's exposure to liquidity risk based on undiscounted contractual cash flows is as follows:

2024	Carrying Amount	CONTRACTUAL CASHFLOWS		
		Total	< 1 year	1-2 years
	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	9,051	9,051	9,051	-
Investments	23,102	23,102	23,102	-
Other Financial Assets	1,452	1,452	1,070	382
Trade and Other Receivables	700	700	700	-
Credit cards	(7)	(7)	(7)	-
Trade and Other Liabilities	(2,573)	(2,573)	(2,573)	-
	<b>31,725</b>	<b>31,725</b>	<b>31,342</b>	<b>382</b>

2023	Carrying Amount	CONTRACTUAL CASHFLOWS	
		Total	< 1 year
	\$'000	\$'000	\$'000
Cash and Cash Equivalents	1,955	1,955	1,955
Investments	7,799	7,799	7,799
Other Financial Assets	1,026	1,026	1,026
Trade and Other Receivables	3,836	3,836	3,836
Credit cards	(7)	(7)	(7)
Trade and Other Liabilities	(2,162)	(2,162)	(2,162)
	<b>12,447</b>	<b>12,447</b>	<b>12,447</b>



**23.4. CREDIT RISK:** Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to HRNZ.

In order to manage this risk, HRNZ places its available cash and short-term investments with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective entities. HRNZ does not hold any collateral as security or other credit enhancements with respect to its exposures.

There is a concentration of credit risk with respect to current receivables outside HRNZ in that the Code Funding Receivable from TAB NZ represented approximately 0.1% (2023: 0.1%) of the total current receivables balance.

Investments consist of Income Securities Portfolios managed by Booster Investment Management Limited, that are invested for varying periods of between one and twelve months, depending on the immediate cash requirements of the Group.

2024	Carrying Amount	CREDIT RATING		
		AA-	Mix*	Unrated
	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	9,051	9,051	-	-
Investments	23,102	-	23,102	-
Trade Receivables	700	-	-	700
Loans and Advances	1,452	-	-	1,452
	<b>34,305</b>	<b>9,051</b>	<b>23,102</b>	<b>2,152</b>

2023	Carrying Amount	CREDIT RATING		
		AA-	Mix*	Unrated
	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	1,955	1,955	-	-
Investments	7,799	-	7,799	-
Trade Receivables	3,836	-	-	3,836
Loans and Advances	1,093	-	-	1,093
	<b>14,683</b>	<b>1,955</b>	<b>7,799</b>	<b>4,929</b>

\*The fund's investment mix is predominantly New Zealand fixed interest investments. The credit rating for the Income Securities Portfolio has a mix of Credit Rating's ranging from BBB- to AAA.

## 24. CONTINGENT ASSETS AND LIABILITIES

On 27 February 2023, an Unconditional Agreement for Sale and Purchase of Forbury Park was signed to transfer the property from Forbury Park Trotting Club (FPTC) to HRNZ for \$1, pursuant to *Section 26 of the Act*. The parties agreed that HRNZ shall indemnify FPTC against any loss, claim, damage, expense, liability, or proceeding that may be brought by any party to a maximum sum equivalent to the value of \$3 million. There has been no indication of any claims as of the date of signing the financials. (2023: nil).

## 25. EVENTS AFTER BALANCE DATE

There are no significant events after balance date. (2023: nil).

# AUDIT REPORT

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF HARNESS RACING NEW ZEALAND INCORPORATED**

**Report on the Audit of the General-Purpose Financial Report**

**Opinion**

We have audited the general-purpose financial report of Harness Racing New Zealand Incorporated ("the society") and its subsidiary (together, "the Group"), which comprise the consolidated financial statements on pages 40 to 62, and the consolidated service performance information on pages 14 to 35. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 31 July 2024, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying general purpose financial report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 31 July 2024, and (of) its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated service performance for the year ended 31 July 2024, in accordance with the Group's service performance criteria,

in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the General-Purpose Financial Report section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the society or its subsidiary.

**Other Information**

The members are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the general-purpose financial report but does not include the consolidated service performance information and the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated service performance information and consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated service performance information and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider



whether the other information is materially inconsistent with the consolidated service performance information and the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Member's Responsibilities for the General-Purpose Financial Report**

Those charged with governance are responsible on behalf of the Group for:

- (a) the preparation and fair presentation of the consolidated financial statements and consolidated service performance information in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards; and
- (c) such internal control as those charged with governance determine is necessary to enable the preparation of the consolidated financial statements and consolidated service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the general-purpose financial report those charged with governance are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the General-Purpose Financial Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated service performance information are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general-purpose financial report.

A further description of the auditor's responsibilities for the audit of the general-purpose financial report is located at the XRB's website at

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/>

This description forms part of our auditor's report.

#### **Who we Report to**

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

*BDO Christchurch Audit Limited*

BDO Christchurch Audit Limited  
Christchurch  
New Zealand  
30 September 2024





# APPENDICES



## APPENDX A: FINANCIAL RESULT COMPARED TO BUDGET

The following table summarises the comparison of HRNZ's operational results against the budget.

	NOTES	2024		2023	
		ACTUAL	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)
		\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>					
<b>Funding Revenue</b>					
Funding Revenue from TABNZ/RNZ		59,034	59,000	41,823	46,768
<b>HRNZ Revenue</b>					
Licences, Registrations, and Other Income		828	828	913	846
Interest Income		542	209	232	100
Sale of Goods and Services		245	185	286	186
Fines and Penalties		67	70	59	70
<b>TOTAL REVENUE</b>		<b>60,716</b>	<b>60,292</b>	<b>43,313</b>	<b>47,970</b>
<b>EXPENSES</b>					
<b>Funding Expenses</b>					
Stakes		38,796	38,980	31,557	33,893
Club Support		7,247	7,347	6,775	6,818
<b>Total Funding Expenses</b>		<b>46,043</b>	<b>46,327</b>	<b>38,332</b>	<b>40,711</b>
<b>HRNZ Expenses</b>					
Corporate Services	1	2,467	1,900	1,463	1,507
Governance		362	386	297	335
Marketing		1,013	1,212	894	1,077
Racing	1	1,324	1,187	1,064	1,198
IT		938	1,087	847	975
Education		280	450	283	303
Depreciation		413	190	93	120
<b>Total HRNZ Expenses</b>		<b>6,797</b>	<b>6,412</b>	<b>4,942</b>	<b>5,515</b>
<b>Projects and Initiatives</b>					
Horse Care		513	699	480	723
Promotion of Racing		923	737	677	673
Promotion of Breeding		1,305	1,305	1,045	1,400
Racing New Zealand		140	167	85	100
Club Projects		225	310	110	120
Participant Projects		282	285	277	290
HRNZ Projects		-	100	-	-
<b>Total Projects and Initiatives</b>		<b>3,388</b>	<b>3,603</b>	<b>2,675</b>	<b>3,306</b>
<b>TOTAL EXPENSES</b>		<b>56,228</b>	<b>56,342</b>	<b>45,949</b>	<b>49,532</b>
<b>SURPLUS/(DEFICIT) FROM NORMAL ACTIVITIES</b>		<b>4,488</b>	<b>3,950</b>	<b>(2,635)</b>	<b>(1,562)</b>
<b>OTHER INCOME AND EXPENSES</b>					
Fair Value Gain on Investments		496	-	176	-
Gain on Sale of Non-Current Assets Held for Sale	2	11,965	-	1,205	-
Grants Distributed to Clubs		(226)	-	(729)	-
Share of Surplus/(Deficit) in OnTrack Racing Limited		146	-	-	-
<b>TOTAL SURPLUS/(DEFICIT)</b>		<b>16,869</b>	<b>3,950</b>	<b>(1,982)</b>	<b>(1,562)</b>

## NOTES TO THE BUDGET

### 1. INCREASE IN EXPENSES

The increase in corporate services and racing costs is due to the consultancy and legal fees relating to the updated racing strategy, code funding and the transition to the new leadership and governance structure. Many of these costs have been incurred on a one-off basis during the 2024 year.

### 2. GAIN ON SALE OF NON-CURRENT ASSET HELD FOR SALE

The remainder of the Forbury Park property was sold to the Dunedin City Council for \$13.2 million. The total expenses for preparing the property for sale amounted to \$1.2 million. The net sale proceeds are invested and will be used to support harness racing in accordance with HRNZ's Property Investment Strategy.

**APPENDIX B: STATEMENT OF UNCOMMITTED FUNDS (UNAUDITED)**  
FOR THE YEAR ENDED 31 JULY 2024

	NOTES	2024
		\$'000
Current Assets		34,014
Current Liabilities		(4,990)
<b>Net Current Assets</b>		<b>29,024</b>
Add Non-Current Financial Assets		1,189
Deduct Non-Current Liabilities		(386)
<b>Total Available Funds</b>		<b>29,827</b>
<b>Less Minimum Reserves</b>		
General Reserves	1	(3,000)
Code Distribution Reserve	1	(2,500)
Capital and Other Projects Reserve	1	(1,170)
<b>On Statement of Financial Position Available Funds</b>		<b>23,157</b>
<b>Off Statement of Financial Position Committed Funds</b>		
Ring-Fenced Surplus Venue Funds	2	(12,393)
Investment in Stakes for 2024-2027	3	(9,130)
<b>Total Uncommitted Funds</b>	4	<b>1,634</b>

**NOTES TO THE BUDGET**

**1. MINIMUM RESERVES**

These amounts represent the minimum reserves, not the actual balance shown in the Statement of Changes in Equity. Additional withdrawals from the reserves may reduce the balance to the minimum levels. The reserves are committed to support the objectives and strategies outlined in the Reserve Policy.

**2. SURPLUS VENUE FUNDS**

The Surplus Venues Funds are restricted and will be managed in accordance with the HRNZ Property Investment Strategy.

**3. INVESTMENT IN STAKES 2024/27**

Funds have been committed to support our racing program, including increased stakes and additional races over the next three years. This is part of our long-term investment strategy in partnership with Entain/TAB. The amount needed from reserves to fund the remaining three years of this program is \$9.13 million.

**4. UNCOMMITTED FUNDS**

The uncommitted funds are not subject to any constraints or restrictions and are available for investment in the industry.







**HARNESS RACING NEW ZEALAND**

114 Wrights Road, Christchurch 8024  
PO Box 459, Christchurch 8140

[www.hrnz.co.nz](http://www.hrnz.co.nz)