

MINUTES

OF

ANNUAL GENERAL MEETING



HELD IN THE BALLROOM, 6TH FLOOR,

DUXTON HOTEL, WELLINGTON

ON

FRIDAY, 9 JULY 2004

COMMENCING AT 1.00 PM

ANNUAL MINUTES 2004

The Chairman, Mr G B Sargent, welcomed representatives of clubs and invited guests to the sixth Annual General Meeting of New Zealand Thoroughbred Racing Inc .

CLUB REPRESENTATIVES PRESENT

AMBERLEY RC.....	A C DEANS	RACING MATAMATA	D MOSS
ASHBURTON RC.....	G JONES	RACING ROTORUA	K WHITEHEAD
AUCKLAND RC.....	J WELLS	RACING TAURANGA	C R JENKINS
AVONDALE JC.....	J BOYLE	RACING TE AROHA	G COOMBE
BANKS PENINSULA RC.....	B McD STEVENSON	RANGITIKEI RC.....	N WELLS
BEAUMONT RC.....	F W KNIGHT	REEFTON JC.....	PROXY
CAMBRIDGE JC	S SCHICK	RIVERTON RC.....	T WHITE
CANTERBURY JC	P J CORDNER	ROTORUA & BOP H.....	B CALDER
CENTRAL OTAGO RC.....	G W McDONNELL	SOUTH WAIKATO RC	J E SYMES
COUNTIES RC.....	A RING	SOUTHLAND RC	A DENNIS
DARGAVILLE RC.....	R STEVENSON	STRATFORD RC	W HART
EGMONT RC	M ARMSTRONG	TAPANUI RC.....	G CLELAND
FEILDING JC	D WALKER	TARANAKI RC	W DARLING
FOXTON RC	J GOODWIN	TAUMARUNUI RC	D STEPHENS
GERALDINE RC.....	PROXY	TAUPO RC.....	E P LOWRY
GORE RC.....	L BAIN	THAMES JC	S R BOWEN
GREYMOUTH JC.....	J BENNINGTON	TIMARU RC	PROXY
HAWKE'S BAY RACING INC..	P ROEBUCK	WAIKATO RC.....	D R SMITH
HORORATA RC	D WATSON	WAIKOUAITI RC	L BECK
KUMARA RC.....	A J CONNORS	WAIMATE RC	A WILSON
KUROW JC	R WILLIAMSON	WAIPA RC.....	R TETLEY-JONES
LEVIN RC.....	PROXY	WAIPUKURAU JC.....	C BREMER
MANAWATU RC	G FELL	WAIRARAPA RC.....	G HODDER
MARLBOROUGH RC.....	D SIM	WAIKOUAITI RC.....	K CLARK
MARTON JC	C BARY	WAIROA RC.....	L COOK
MASTERTON RC.....	R SOUTHEY	WANGANUI JC	M WEBBER
NTH CANTERBURY RC	A McARTHUR	WAVERLEY RC	C LUPTON
OAMARU JC	J DAVIDSON	WELLINGTON RC	R DIXON
OPUNAKE RC.....	T WYLDE	WESTLAND RC	J WOOD
OTAGO RC	D STRANG	WHAKATANE RC	PROXY
OTAKI MAORI RC.....	PROXY	WHANGAREI RC	M BEAZLEY
PAEROA RC	R BAX	WINTON JC	G COCHRAN
PAKURANGA H	I BRIDGE	WOODVILLE-PAHIATUA RC...	P BURNE
POVERTY BAY TC	P BURKE	WYNDHAM RC	J MCKAY

PROXIES

Proxies were given by the **Geraldine Racing Club** to the representative of Canterbury Racing Club, the **Levin Racing Club** to the representative of the Wairarapa Racing Club, the **Otaki Maori Racing Club** to the representative of the Wairarapa Racing Club, the **Reefton Jockey Club** to the representative of the Kumara Racing Club, the **Timaru Racing Club** to the representative of the Canterbury JC, and the **Whakatane Racing Club** to the representative of the Taupo Racing Club.

APOLOGIES AND WELCOME

Apologies were recorded from Messrs T Deed and L Bickford (N Z Greyhound Racing Association); Messrs A Hughes and J Bull (Past Presidents of the N Z Racing Conference); Mr C Wood (President, N Z Trainers' Association), Mr P Grieve (Trustee, General Trust Fund) and club representatives Messrs G Ellis (Levin RC), A McGill (Otaki Maori) and D Deegan (Whakatane)

Mr Sargent welcomed Messrs B Kelly and G Higgle (Trustees, General Trust Fund); Mr M Acklin, (past Chairman of NZTR and now the NZTR nominee on the N Z Racing Board); Mr A Severinsen (N Z Racing Board); Messrs J Grant, Chairman and P Kenny (Judicial Control Authority); Messrs J Penny and E Rennell (Harness Racing New Zealand); Messrs P Hutt and M Martin (N Z Thoroughbred Breeders' Association); Ms M McCarty (N Z Trainers' Association); Mr D Taylor and Ms S Jenkins (N Z Jockeys Association); Messrs G Humphries and D Brown (Equine Industry Training Organisation); Messrs N Oldfield and L Lowrie (N Z Thoroughbred Owners' Federation); Mr R Tocker (N Z Apprenticeship Board); Mr R McAnulty (incoming Board Director) and Ms J Naismith (N Z Thoroughbred Marketing)

ADOPTION OF MINUTES OF PREVIOUS MEETING

The Chairman requested that the minutes of the previous Annual General Meeting held on 11 July 2003, which had been circulated, be taken as read and confirmed as a correct record. Moved Mr D C Ellis, seconded Mr A Dennis.

CARRIED

INTRODUCTION

Mr Sargent commenced the meeting by introducing Board Directors who were on the stage with him.

The procedure for the AGM had differed considerably this year in that the Minister for Racing, the Hon Damien O'Connor, had attended the Friday morning session of the Annual Forum and presented his speech at that time. Attached to these minutes is a copy of his speech.

ADOPTION OF ANNUAL REPORT

Mr Sargent said he was going to give a quick summation of the year from NZTR's perspective and also the highlights.

The highlights - the Gambling Act which we have touched on already today came into effect and this basically meant the TAB was confirmed as having a monopoly for its business which is very very important to us. We can now use pokie money for stakes, which we couldn't do before, and there are lots of benefits as Warren Larsen touched on before, with clubs being able to have machines and keep 100% of their earnings from ones kept on the sites. The sad thing about this of course, and I know it's something that is dear to Murray Acklin's heart, for many years, particularly the last two - three years, the Thoroughbred Board fought the old RIB to get as many machines into TABs as possible and they backed off that because it wasn't politically correct at the time. The unfortunate thing now is that because the power is with the local bodies it is very hard for these machines to become part of a lot of TABs and also to grow in the areas where we want them to. It is just a little side swipe at the old RIB, but I feel sorry for Murray on this one because while the Board did their bit, it was something he really pushed hard. We have also enjoyed, with Murray as a Trustee, a very good relationship with the Community Grants Foundation. Most of you know they have been providing funding for every race day and all Listed races. Allan will put applications in, it is all channelled through the office, and they have been a source of a lot of our revenue. I only hope it is going to stay that way and we don't see any changes there, because that is important to us. There are hundreds of thousands, if not millions, of dollars coming back into the industry.

The Racing Board commenced - and what a presentation this morning. I am nothing like Warren Larsen. I haven't got all the graphs to show you, but he did put on quite a performance this morning and I have got to say that I am really very impressed. That was echoed by a lot of people here. Graeme Hansen is going to be an asset and I think between the two of them and the Board they have - Julie was here earlier but she has had to go, and Murray and Jim Wakefield, Thayne Greene who is known to all of us, are some people on the Board - Alan Jackson a chap you wouldn't know a lot

of, but Michael Martin has done a lot of work with him and a lot of people here, Nelson has as well, have been on the other side of the business table with Alan and he is truly going to be an asset for us. We are looking forward to that relationship evolving and I think they made it quite clear today they expect us to be on side with them or watch out!

The release of the Discussion Paper *The Way Forward*, well you probably think you are sick of me to date hounding you and ringing you up and asking you when we are going to have our next meeting, but watch out because that's just the start of it. We are going to drive this and we are going to drive it until it actually does come home, because that's another message we got this morning that if this is going to happen, it's going to be up to us and we will be right there, gnawing at you and in fact over the next two - three months maximum we are going to put one person from the office here in charge of the Clusters to work with the CEOs of the various regions and Clusters to make sure the Business Plans, the financial models and the Constitutions are in place. So we are not going to relent on that I am sorry. I do come up for Chairmanship in about two hours time after this, so maybe the next person mightn't have quite as much passion about this if I don't get the role, but I can assure you the Board is 110% behind this so we will be driving this.

We signed the Good Neighbour Policy back in August. It was the first official job I had and I never really appreciated what happens when you get a group of racing countries together with a common goal. The common goal here is to fight piracy and the pilfering that goes on within our industry from bookmakers that come in and take our product for nothing. We have seen Belfair as a good example of this and we have heard of numerous examples of rorts. We heard one the other day where a farrier bet £100,000 on a horse to get beaten. The horse pulled up lame after 200 metres. I think with these sorts of things the question of integrity just goes right out the door and we have a responsibility as a country to make sure that integrity does remain in the business because if we lose that we have lost everything. We have signed that relationship, it is growing, there are more signatories coming in by the day - at present we have Turkey, India, Australia, New Zealand, Singapore, Hong Kong, Japan, Korea and Macau. The goal of the Asian Racing Federation is to get everybody signed up on that and I think we are going to go very close to doing that in the next twelve months.

We have strengthened our executive team. A lot of you met Simon Cooper yesterday and heard him speak on marketing. Simon comes to us from attheraces and has a tremendous role to play in New Zealand racing. He has been pushed into marketing, which he has a good history in, but we have brought him in as an overall asset to our thoroughbred racing and I think he will do an excellent job. The other person who unfortunately can't be here and Allan alluded to apologising on his behalf, is Campbell Moncur. Campbell comes - originally he was with the TAB - but in recent times he has been with Ticketek and he is going to be an enormous asset. He is not keeping the best of health at the moment and we wish him well and hopefully he will be back with us in the not too distant future.

The managers had a conference in Wellington a month or so ago. That had to be I thought a highlight. The feedback we got from that was very positive. I must thank David Jewell for the part he played there. He put the programme together and did a tremendous job. We had an excellent presentation from the TAB and it is a shame we didn't have time to show you what they have to offer because I think you would have been very impressed with that. They really were up with the latest technology in that area. Tim Mills is replacing David as the Chairman of the managers and I know Tim is going to do a wonderful job. Their next conference will be in 2006. We will try and get more people to that as it was a big success this year.

The N Z Thoroughbred Bonus Scheme - we have finally got three schemes together and that has been around for a long time. A lot of people have fought to get that together. Gerald (Fell), you did before I got on the Board and Nelson (Schick) fought hard for that and we thank them. I don't think anyone needs more praise, however, than Michael Martin and Sally Cassells-Brown from the Thoroughbred Breeders and John Rattray and Allan Fenwick as well for the work that those four people did in bringing this together and I think we are going to have an exciting future. It would be remiss of me also not to mention Mercedes and NZ Bloodstock who had a part to play in folding their scheme into this and that was very much appreciated.

Final Field Fixed Odds Betting has been launched. We have got a bit of work to do here as far as the earnings are concerned. The Board isn't satisfied with the performance to date from the Racing Board on this one and we are going to be following this up. As I said before, David Ellis is taking this as a personal challenge. We are going to work on this and we are going to get this changed, get more money back to the clubs if we can, but it is a very positive initiative, I am sure you will all agree, to fight the bookmakers and the off-shore betting.

The IT migration to the On-Horse system is an on going process, but it has been an enormous success to date.

Thoroughbred Monthly upgrade - Mike Dillon has had a big part to play in this. Most of you will have seen it yesterday or today if you don't already get it in the mail, and will appreciate the improvement there is in that. We are not going to stop there. I know Simon has plans for it and we are going to continue to improve it. Hopefully this time next year you will see it again in a different format.

We have given \$4,000 to all the small clubs which didn't have a Feature date. Like previous speakers we believe there is a part for everybody in racing and the small clubs have a major role to play. There were a lot of small clubs which didn't have access to serious money to put their Cup on for a realistic stake and the Board felt it was important we gave them the support we could, so we gave them all \$4,000 and that been very positively received.

We have helped to unify the Owners' Federation. We worked hard on that one. We had a meeting back in August. There were changes to the management at the top. Then we got everybody back on stream. Canterbury came back in, they were the biggest branch and weren't part of it. Later today Brian is going to move the motion that the Owners be represented on the NZTR Board. We will all be getting a chance to talk about it, but we have been given a clear message from Mr Larsen and, I think, from Damien O'Connor, that the Owners are an important part of our business. We have to have them represented on our Board so I urge you to listen carefully to the speeches and the propositions that both Neil and Les are going to talk to and I hope you will get right in behind them when the voting is taken.

The racing highlights, I have mentioned only ten of these because there are hundreds of them. We have increased stakes by 12%. I know it seems surprising to a lot of you, but that's a fact. We had a million dollar yearling bought at Karaka and it's retained in New Zealand and thanks to David Ellis and the wonderful job that Te Akau does in syndicating horses. That also had to be a highlight. Gemma Sliz's win in the Auckland Cup - here was a little English girl that came out as an apprentice and won the Cup. It made front page news in the *NZ Herald* and that's something I know Chris will be working on and John and the team at Auckland, but we don't get front page news very often and it was on the front page of the *Herald* and that was tremendous.

KING'S CHAPEL has got to be a serious contender for Horse of the Year. He won three Group 1 races, he's won at weight for age, under handicap conditions and against his own age group, so he has to be one of the stars of 2003-04.

Paul O'Sullivan going to Hong Kong - the sceptics out there will say this is not good for racing, losing another person offshore - I say quite the contrary, this is fantastic. It is going to open doors for breeders, hopefully, to get more sales out of the Karaka Sales. Paul will be enticing people to come back down this way and it's a great step for a young fellow and we wish him well.

DISTINCTLY SECRET won the Kelt Capital, our biggest weight for age race. Whoever wins that race will have their name in lights because it's the hardest race at weight for age in New Zealand to win.

KEENINSKY winning the two Group 1 races. It doesn't happen often, although Graeme Sanders told me the other night he did it with BALLROOM BABE and MAROOFITY did it last year, of course, but we have only got two Group 1 two year old races and for him to come out and win that had to be a highlight.

LASHED coming back from Australia, owned by Sir Patrick Hogan and winning three Group 1's she has to be the other serious contender for Horse of the Year. She unfortunately didn't perform as well in Australia, but it was three mighty performances against the best we could offer in New Zealand.

Darryl Bradley and Paul Richards, two old hands, or senior jockeys we might call them, winning a thousand races each. What a mighty performance from them.

Just recently three New Zealand bred fillies raced in America - that's a first for us. BOULEVARD OF DREAMS owned, ridden and trained here. We haven't seen very much of that in the past and I hope that's going to be a forerunner for a lot that's going to happen with racing and the global exposure that we are going to have over the years to come.

I am moving now ahead to the years 2004 and 2005 and I will highlight just some of the changes you are going to see, if you are wondering what we are doing at NZTR. The ratings system - this has been on the table for years. We have argued it backwards and forwards and when I say years I mean years. A lot of people out there have driven this because we want transparency in the game. I talked earlier about integrity being of the utmost importance, and it is likewise with the handicapping. We need to have everything on the table. The trainers and owners need to be able to plan for their horses. They need to know if they win this race they are going to get so many points and the weight is going to go up by x. It shouldn't be as subjective as it is. It will be the finish of that. We will still need handicappers to have some manual input, there will be a lot of twinking of this over the next month or so, it's to be launched in August and by the halfway point of the season we are hoping with the co-operation of the Programming Committees that we can start to programme in the second half of the season races that are run on ratings. We have a bit of work to do there, but it will mean the end of set weight races for some clubs. We have asked them to give it a go and they are being co-operative and we thank them for that.

Possible move for headquarters. It is more probable than possible. This Board is currently doing due diligence to move to Petone. We own the building in Taranaki Street. The proposition hasn't been completed, so the Board hasn't signed

off on it yet, but it has signed off on the due diligence period which we are going through at present and I think all things being equal we should be out at Petone in the next six months maximum. I think personally that's where we want to be. If we are going to work closely as Graeme and Warren alluded to, what better way than just walking down the corridor and chatting with Graeme about issues that Allan might have as opposed to memos and phoning and going through the various other channels of communication.

Restructuring NZTR - with the move to Petone we also thought it was important that we look at our own systems and structures within the office there and we also need to look this year at the make-up of the Board. If the Cluster thing is going to run and you people are going to get behind it, we need to look and see if the Board is being put together in the right manner. Is it being constituted correctly? So we will look at the Board make-up this coming year and we are going to look - and we are currently looking - we had our first presentation yesterday from the consultant that we have in there to look at our systems and our people and the whole structure we have got there so you can get better bangs for your bucks you might say. Levies are one area - are we doing it right by levying the clubs? I don't know. These are the sort of questions we want answered and we are going to do that by looking at restructuring NZTR.

We have a million dollar Kelt Capital coming up. The cynics out there might say we don't need a million dollar Kelt Capital, we could get the same field for half a million. I doubt if we would get STARCRAFT coming over from Australia and I think there are six nominations from Australia and they are serious contenders, so I applaud John and Peter and the team at Hawke's Bay for getting off their chuffs and doing this. This is wonderful for racing. It gives us something we can aim at and it will be the pinnacle of the Spring Carnival in Hawke's Bay and for New Zealand racing in the spring, so well done chaps, I wish you well and I hope the weather's right this year.

Hall of Fame - this is going to be kicked off in May. It is an opportunity for us to salute the champions in this industry. We have an awards' dinner as you all well know in August. This is not aimed to replace that at all, that will still be running, but it is exciting. The two people that have driven this hard are Gerald Fell and Chris Luoni and we thank them for that. They have had their first meeting. Don Hancock heads up a panel of judges, there are twelve people on that panel and they are coming up with a list of names that they are going to put up for the very first one which I understand is 14 May 2005 in Auckland. We wish you well for that.

We are planning on getting races shown internationally. We have been talking, you know you go to these conferences and Murray's done heaps of them prior to me going there, and I was fairly cynical but I have got to say if we are going to be part of Asian racing in particular we need to get some sort of trade-offs. It has to be a two way trade. We know we are going to get at least one race into Hong Kong this coming year and we are hopeful we are going to get racing into Singapore as well from here. Our time of racing just dovetails in nicely with the start of their day, it would be morning over there, and we think this is a very good way of not only growing our business as far as the dollars are concerned, but giving you more exposure and hopefully that will filter down through breeding.

The year of change I have referred to really relates to the Clusters. I am not going to dwell on it, but I am going to tell you this is what is going to happen. This will be the start of what is going to happen over the next few years to come. We are going to start seeing better utilisation of our venues. For example, Hawke's Bay don't race for four months in summer. That is just ridiculous. A major area, a major racing facility and they don't race for four months of the year. That is not good utilisation of a facility and we are going to change that. Likewise, the staff, we have plenty of staff that are part-time who have strength in certain areas, but not in others and they are the first to acknowledge that, so we want to utilise them better. Give them roles they can actually benefit the industry with, so we think this is the beginning of that. We want to add value to the club members and sponsors and what I am talking about there is under the Cluster system we are planning on having country members and city members, giving members better dollar value, adding value to their business. They are a bit of the unsung heroes in this industry. People pay membership fees and don't come racing, just because their father or their grandfather was a member and those days are numbered. We need to look after these people and we are going to do that.

Likewise with the sponsor. We have touched on that this morning. Chris raised those questions about sponsorship, something that's dear to our hearts and we will be right behind the Racing Board on trying to get better value for the sponsors.

We want an environment which experiments and tries new ideas which you will get under the Clusters. Why can't we try a twilight meeting at Ellerslie as Chris wants to do, why can't we move some of these races around. Just because they have been run on this date for the last 150 years, why does it have to remain that way? Why can't we try a six race programme somewhere, why can't we run 13 races somewhere? Let's start doing some of these things. You won't do it if you remain on your own because you can't afford to, but you will do under the Cluster.

It will be the end of the small/large club fight. It is not so much a fight, but it is something that hurts me, the small clubs to be honest with you. It hurts me because I don't think it's necessary to be having small club/large club rivalry. We are

all in this together and we want to continue to be in this together and we want to hold hands and embrace each other as opposed to worry about who has more money than someone else and hopefully this will be the end of that. We can get on and do that.

The beginning of working as one team - New Zealand Thoroughbred Racing and the New Zealand Racing Board have to work closer together. I won't dwell on this because you have heard enough about that today, that is going to happen. The clubs need to work closer together, we don't need to be fighting each other for the same product on a Saturday or a mid week day because generally as a rule the horses can only race in one place at one time and so these incentives we have and money we are paying to trainers to try and get horses to race at various venues can be channelled back in to the industry so that has to be a win for everybody.

We are going to reduce 71 clubs to seven Clusters. We are going to do it. So the doubting Thomas' out there, which I think is a very small minority, but for those of you that don't want to be part of this good luck to you. You run your own business, you have your race day, we are not going to take your race day away from you, we can't do that. Good luck to you, I hope your racing goes well, but for the other 67, 68 or 69 of the 71 we are going to go ahead and we are going to go ahead as a maximum of seven Clusters. So what I am telling you is that the year 2004/05 will be probably the most important year in your racing life. It certainly will be in mine. We are going to remember this year because this is going to be the start of change and we are going to go from 71 to a maximum of seven.

In conclusion I want to just take the opportunity to thank three or four groups. First the sponsors. I can't obviously name all the sponsors, but I want to thank the sponsors that are so dear to your hearts at your racing clubs from the \$500 sponsor through to the \$100,000 sponsor, thank you sincerely to all those people. I want to just take out Mercedes, Ford and Lion Breweries, the three of them. They have been an enormous asset to racing and the Velas have as well, through NZ Bloodstock. There are obviously serious dollars involved for these people and we need to make sure they are getting the best value for their dollars, so thank you to all of them.

To the staff at NZTR and especially Allan Fenwick. The hours he put in. If you ever want to get Allan you want to try ringing the office about 5.45 am and you will probably get him. He will be just about to leave to go home and have breakfast then. He's there seven days a week, tireless. He is a pillar for me and I couldn't do without him and I thank Allan for all the hard work you do, and all the staff at NZTR.

To the Board and their spouses thank you very much. I mention the spouses because we do a lot that takes us away from home and to all the spouses thank you, but particularly the Board Members. I appreciate your support and I look forward to next year and moving on.

Finally, I want to thank you all because this year hasn't been easy. I came in under this ticket of change so there was some commitment from me and some pressure on me to make sure we did do something differently. To go around the groups that we have and to see the change in people's attitude is refreshing and its something that you want to be very very proud of because I used to get numerous calls but now I get barely one a week. I am not saying we have got it right yet, but what I am saying is that people at least are focused. If you weren't focused on this it would never happen. I want to also particularly thank the administrators who, I know some would say, get themselves into comfortable areas with their jobs. It is like anybody. Change is hard. The general reaction you get from people when you go there - yes, yes, we want change - and then as this Cluster thing has developed and we got a bit closer and people thought oh, this is actually going to happen, it was oh, well, don't worry about us at the moment you go and worry about Manawatu, or go and worry about someone else, we'll be right. We have broken through that and I thank you all sincerely because together we can make a difference

I formally move the adoption of my Annual Report and I ask Brian Kinley to second it.

Carried

QUESTIONS ON ANNUAL REPORT

Mr Graeme Alldridge, Stratford Racing Club

Regarding the highlight number three in your report and the time you put into discussing the Cluster concept. I have been asked to put this question to you from our club and from other small clubs. The previous Chairman made it clear that policies such as club rationalisation would be decided by clubs, free from pressure. You are on record as threatening clubs, two in particular, that because they have not joined Clusters they would be subject to retribution through race day allocation. So because a club makes a decision on sound economic grounds and also on philosophical grounds that tangible benefits to the industry have still not been demonstrated, and because it doesn't agree with you, you threaten that they will get the last day left over. This is no way to unite the industry. I ask someone from the Racing Board to verify exactly how dates will be allocated.

Mr Murray Acklin, Director New Zealand Racing Board

It is quite clearly defined under the Racing Act on how the racing calendar is set in any one year. The NZ Racing Board is charged with appointing a Dates Committee. Currently the Dates Committee consists of Julie Crengle, myself, Jim Wakefield and Thayne Green and it is our task to set the calendar after consultation with the codes and the clubs, receiving submissions and then doing the work on the calendar. End of story.

STATEMENT OF FINANCIAL POSITION AND STATEMENT OF ACCOUNTS

New Zealand Thoroughbred Racing

Mr Fenwick reported the financial statements for the New Zealand Thoroughbred Racing General Account were contained in the Annual Report commencing on page 25. For the year ended 31 March 2004 there is a deficit on operations of \$179,000 compared to a surplus of \$2,000 the previous year. Mr Fenwick said last year when the budget was put up at the Annual Meeting that a deficit in the region of \$121,000 was anticipated. The Board was aware there was certain expenditure coming in the current financial year that would not be recoverable out of operations and without increasing levies or fees. One of the major declines in income was in interest, partly attributable to interest rates and partly attributable to a movement of funds that had previously been on deposit but had now been used for the purchase of fixed assets. Levies and licence fees were comparable to the previous year. The ownership promotion subsidy of \$209,000 was virtually offset by the \$209,000 that was paid out in direct promotion costs under expenses. Sundry income was comparable, registration fees down a little and Stud Book down \$50,000. Overall, with the ups and downs in the income of \$5,035,000 there was a change of \$7,000 on the previous year.

In terms of expenses, administration salaries were higher, appeal and inquiry costs lower. Appeal and legal costs were always difficult to budget for, bearing in mind it was a matter of what could happen during the year. Audit fees had increased, Thoroughbred Monthly publication costs were higher, with some of this attributable to the changeover from the N Z Racing Calendar and the launch of Thoroughbred Monthly, but it was hoped to recover these costs in the future. Computer salaries and expenses were overall lower - there was a recovery that did offset some of the costs. Depreciation with the additional fixed assets had gone up, detection of doping was down a little and equine training, general expenses, handicapping, international fees were all comparable to previous years. The judicial cost in the year 2003 was lower than normal because of a recovery. The JCA had built up its budget and clubs were charged a per day fee, over and above which NZTR paid a fixed amount based on the JCA budget. At the end of the year the JCA hadn't incurred the expenditure and so that was returned in 2003, but there was no recovery in the 2004 year. The National Racing Bureau and the Owners' Settlement Account had a slight recovery before overheads, printing and stationery was comparable, as were property expenses and field staff salaries. Stud Book expenses were slightly lower. Travel included some relocation costs as well as some hire costs that had been associated with meetings not only of the Board but other committees during the year. Overall a deficit of \$171,000 plus \$8,000 which was the shortfall on the amount of money the Racing Industry Board had provided for the padding of the starting gates. The cost was \$108,000 and NZTR incurred the \$8,000 short fall.

Moving to the Statement of Financial Position, the balance sheet, accumulated funds of NZTR were \$2.1m with capital reserves of \$1.096m. There was a reserve for printing the Stud Book of \$192,000 and a reserve on the classic races of \$61,000 (money that comes in from the export levy used to help support the four classic races). A total equity of \$3.5m. This is represented by assets, including some short term deposits, debtors less creditors and the \$181,000 which was from the Racing Board and was part of the \$1.852m that had not been on paid. Net current assets were \$770,000 and property, plant and equipment \$2.7m.

Fixed asset additions were \$764,000, of which \$705,000 related to the new On-Horse computer system. There had not been a major upgrade with the computer system for 12 - 14 years and the language was out of date and difficult to support. NZTR had moved to a very modern platform which had effectively replaced the old system completely and was expected to give very good service in the future and produce more opportunity for on-line facilities.

The previous Conference Executive and present NZTR Board have maintained a policy of putting money aside from every Stud Book sold so there is always money available to print the next Stud Book. It is envisaged the web site will decrease some of the demand for the Stud Book and part of that balance will be used in meeting the costs of upgrading the web site.

The Chairman moved the adoption of the financial report. This was seconded by Mr D Ellis

CARRIED

Mr Tony Dennis, Southland Racing Club

Mr Dennis asked how much money the N Z Thoroughbred Owners' Federation had received from the \$10 fee that was included in the horse registration fee on the first two horses registered in a year and under what heading it came in the accounts.

Mr A Fenwick replied that the \$10 was a gross amount including GST which was collected on behalf of the NZTROF so is not shown as an income or expense item. The amount is in the region of \$15,000 over a twelve month period.

Mr John Wood, Westland Racing Club

Mr Wood asked with regard to the \$179,000 deficit how it was to be funded.

Mr A Fenwick said that funding was coming out of accumulated funds that had been built up.

General Trust Fund

Mr Fenwick said the accounts for the General Trust Fund were contained in the Order Paper. In speaking to the General Trust Fund he said there may be many who don't understand the purpose of the Fund and the operation of it.. The General Trust Fund is a non contributory fund with nobody contributing since it was established. It was commenced when ACC came into existence because prior to that as part of the riding fees there had to be a payment made for social security. It was established with funds that had been accumulated at that time. The Trustees are appointed by the NZTR Board and are currently Messrs B Kelly (Chairman), G Higgie and P Grieve. The Trustees make grants primarily to current or former licence holders and, in particular, jockeys. Grants are made to those who in the main have suffered an injury which has impacted on their earning ability or has resulted in the need for hospitalisation, care or equipment not covered by ACC. The fund also pays the first week of an injured jockey's earnings before ACC takes over. The Trustees expect the ACC avenues to have been exhausted before they make any payments from the fund. There have also been payments made by way of a grant or a loan to assist people with rehabilitation as a result of health problems. All applications come via the Racecourse Inspectors. NZTR is fortunate to have field staff available who generally are in a good position to know when someone has suffered an injury or may be having financial difficulties. The fund is operated entirely independent of the NZTR Board.

In the year under review the fund earned interest of \$46,000, paid out \$10,000 in audit and administration fees and \$17,000 in grants, leaving a surplus of \$18,000. That was added to the accumulated funds which at 31 March 2004 stood at \$891,000 and was represented by investments. On behalf of the Board Mr Fenwick thanked the Trustees who he said approached their task with compassion, confidentiality and a huge amount of interest in those involved.

Mr Fenwick recommended the adoption of the report of the General Trust Fund for the year ended 2004 and Mr Sargent moved the motion which was seconded by Mr Ellis.

CARRIED

Apprentice Jockeys' Fund

The accounts for the Apprentice Jockeys' Fund were contained on page 11 of the Order Paper. The riding fees and percentages earned by apprentices are held on their behalf in trust and the fund earns interest. There are costs associated with administering the fund and the apprentices are credited with an interest rate it is believed the fund can absorb. The interest rate struck at the beginning of this year was intended to run down the accumulated funds. An amount of \$45,000 came in, \$37,000 in interest was paid out which individual riders were entitled to, and after administration costs the deficit was \$23,000. At 31 March the accumulated funds were \$8000 and at that date there was \$561,000 held on behalf of apprentices jockeys and \$295,000 being the trainers' half share which is paid out to trainers as they request it.

Mr Sargent moved and Mr J Wells seconded the adoption of the report.

CARRIED

Appointment of Auditors

Mr D C Ellis moved that Deloitte, Touche, Tohmatsu be reappointed as auditors, at a fee to be arranged by the Board. This was seconded by Mr C Jenkins.

CARRIED

Budget for Year 2004/2005

Mr Fenwick said that the budget for the year ended 31 March 2005 indicated a significant operating deficit taking into account the income as opposed to the expenses to be incurred. He pointed out the ownership promotion subsidy had significantly reduced from the \$209,000, which came from the N Z Racing Board, to \$79,000 as that is all that had been allocated for this financial year. The levies were the same as the current year, the small difference being due to one or two more days in the handicapping levy; administration and salaries were budgeted to increase; the NZ Thoroughbred Monthly publications costs were budgeted to increase; depreciation on computer equipment, etc., was up \$105,000. There was provision to print a new Stud Book in the year ended March 2005 and this also included salaries and expenses. When a new Stud Book is printed and the update done on the web site money is taken out of the reserve account and then money is put back in based on every Stud Book that is sold.

The final budget showed a deficit of \$247,000. Mr Fenwick said the Board was not prepared to accept ongoing deficits and NZTR was in the process of reviewing all of its business units, particularly in light of its responsibilities under the Racing Act. Two major investment decisions had been made which impacted on the operating budget, but would put NZTR in a good position for the future - one was the employment of two new senior staff, Simon Cooper and Campbell Moncur and the other was the cost of the computer upgrade, which was absolutely essential.

The NZTR Board is in a position to work closely with the N Z Racing Board to see whether any duplications can be eliminated, thereby creating greater cost efficiencies, and in turn reducing the cost of the current deficit. NZTR was, however, obliged to put forward the deficit. Although ways of generating more income from advertisers and others would be looked at, in terms of stakeholders - the people who are paying fees, and the clubs - the Board was not prepared to increase levies or charges for services rendered for the year ended 31 March 2005.

There is a commitment for capital expenditure in the region of \$537,000 for the proposed move of the NZTR offices to Petone.

The Board is aware NZTR can't keep running deficits, but it is prepared to make some investments at this stage and there are reserves to back those investments. A minor frustration in the current year was with the Racing Board and bulk funding. In the past the Board had covered, for example, some costs towards occasions such as the Racing Club Managers' Group Conference, but the response this year was that these costs had to come out of the bulk funding when it was provided, which had not yet been done. NZTR therefore had to meet some of the costs and it was hoped that if there was a surplus in the Racing Board's accounts at the end of the year it could be used to meet some of these miscellaneous costs.

Mr Fenwick asked the Chairman to move the adoption of the budget, that the levy for the coming year be the same and that the levy be collected on the same basis as had been done over the last twelve months, i.e., collecting the per day levy on a monthly charge with the balance in November.

The Chairman put the motion which was seconded by Mr R Stevenson.

CARRIED

Mr Wood

Mr Wood said he suspected the deficit would actually be larger. He asked if all the costs of shifting to Petone had been factored into the budget.

Mr Fenwick said the answer was no. The relocation costs in the current year related to staff, not office.

Mr Sargent was asked what would happen to the building that was currently owned. Mr Sargent replied that no decisions had yet been made. NZTR owned half of the building and the Board would be looking at a number of possible options.

CONSIDERATION OF MOTION TO AMEND THE CONSTITUTION

The Chairman said there were two resolutions and if the first one was not passed, there would be no need for the second one. He called on Mr Kinley to move and speak to the first resolution .

Mr Brian Kinley, NZTR Board Director

Mr Kinley said there had been a lot of debate over the question of a seat for an Owners' Federation Director on the NZTR Board. He said he urged representatives to confront the motion against the background of Mr Larsen's address that morning and his appeal for unity and a wider degree of participation in the industry. He was aware that

many representatives had come with instructions from their clubs, but appreciating how important it was for the industry to go forward together, he urged representatives to reconsider their positions and confront their committees when they got home. By way of background, it was on record the issue was discussed at a general meeting in Hamilton two years previously. That meeting determined the question of the seat be held over until the Board believed the Federation leadership had implemented positive change in its organisation and was fully representative of all owners. The Board now had little doubt the Federation had moved a considerable distance from its position at the time of the Hamilton meeting, to such an extent there was now a motion before the Annual General Meeting. Mr Kinley said opponents of the motion would say owners are represented around the Board table because many Directors were owners themselves and understood fully the ins and outs of racehorse ownership. He said that was not a justification for denying what is a recognised industry organisation a place at the Board table alongside Directors representing clubs, breeders and trainers. He said they might also say the Federation's membership was insufficient to warrant it a seat. However, he said the Federation still lacked a feeling of being an important part of a whole and united industry. Mr Kinley believed they would not feel that way while they remained outside the Board. Mr Larsen had left little doubt as to where he saw the racing industry heading. He spoke of the absolute need to have increased participation for its survival, not exclusion. His message would be endorsed with the support of the motion. By opposing it, quite the wrong message would be delivered to the N Z Racing Board, the Minister for Racing and the owners. The Cluster concept had seen the mood of the country embrace closer relations between clubs and he urged that positive theme should continue, the Racing Board's initiatives be endorsed and a boost given to the drive for new industry representation by welcoming the Owners' Federation to the Board. Mr Kinley then formally moved the motion. This was seconded by Mr N Schick.

Mr Neil Oldfield, President , N Z Thoroughbred Racehorse Owners' Federation

Mr Oldfield said his Executive had appreciated the part the Chairman and NZTR Board had played in providing the Owners' Federation with the impetus needed to restructure and reinvent itself so it could be truly representative of New Zealand thoroughbred racehorse owners. The Federation was aware it had to be united and took up the challenge and in September had appointed a special committee which set about conducting a couple of surveys, one among the Associations and the other among clubs. In April the report produced by that special committee was adopted and the Owners' Federation was completely revamped. A new Constitution was now in the process of being completed, which had the unanimous support of all ten Associations and most importantly the Federation was now completely united. During the consultation process its Executive had worked closely with the Chairman, CEO and Assistant Chief Executive of NZTR. A delegation of three Executive Members of the Owners' Federation met with the NZTR Board at its April meeting to discuss progress and aspirations. At the end of the meeting the NZTR Board was convinced the Federation was in a position to play its part in the development and promotion of the thoroughbred industry. The Board agreed to sponsor an appropriate amendment to the Constitution.

The Federation currently had 1,453 registered owners as members and this number was growing daily. It was confident it could double that number within two years. In the latest report released by the N Z Racing Board it was revealed there were 6,654 owners and syndicate owners, 2,801 breeder owners and 896 owner-trainers, which gives a total of 10,351 owners. Currently there are 3,158 breeders and 740 trainers and each of these groups have a seat on the Board and direct representation. The small clubs also have representation on the Board. Mr Oldfield said the owners agree the breeders, trainers and small clubs should have representation, but they want to be accorded the same opportunity. They could be described as the cheque book of racing and they deserve to have representation at the highest level. The Federation had produced the first issue of a national bi-monthly magazine which had a guaranteed life of up to five years and a national web site had also been set up.

Mr Les Lowrie, National Secretary, N Z Thoroughbred Racehorse Owners' Federation

Mr Lowrie said they had taken every step to put their house in order. He said he had been reminded by the Southland delegate that they didn't represent the whole of New Zealand and he conceded there were some gaps, but it would be their task this year to be looking at the Southland, Wellington, Gisborne and Northland areas. They wanted representation in those areas. Mr Lowrie also said for the sake of unification of the industry representatives should give consideration to the remarks made by the Minister for Racing and N Z Racing Board representatives. He pointed out that in the new magazine there were two letters of support from Messrs Jack O'Donnell and Alan Galbraith QC. He asked that serious consideration be given to their bid for representation on the NZTR Board.

Mr Alastair Deans, Amberley Racing Club

Mr Deans said they had been told that 71 clubs were going to be cut down to seven. That would mean ten people on the Board sitting up on the stage and seven people down in the audience. He asked did they not think that was top heavy?

Ms Diana Strang, Otago Racing Club

Ms Strang said she strongly supported the resolution. She said she imagined a good many in the room were owners, but they were representing the interests of their clubs. All the Owners' Federation was asking for was to directly represent owners on the Board. She asked what sort of message would go out to owners if they were shut out. She felt that somebody on the Board to champion owners' views and attitudes would show they value owners as part of the united industry and asked representatives to make a positive agreement to the resolution and vote in favour of it.

Mr Gerald Fell, Manawatu Racing Club

On behalf of the Manawatu Racing Club Mr Fell asked if anybody wished to join that they became a member of the national body as opposed to a stand alone branch, which had been the case in the past.

Mr Lowrie

Mr Lowrie said you wouldn't become a member of Federation. The Associations still wished to retain their memberships locally, but they were represented on the Federation - they each had a delegate. When the Owners' Association was formed back in the 1950s it was even then not possible to change the Associations' views on this. It was hoped that in time there would be a national database.

Mr John Wells, Auckland Racing Club

Mr Wells asked, as a member of the Association, what percentage of racehorse owners the Federation represented?

Mr Lowrie

Mr Lowrie said at the present time there were 1,453 members, increasing by the day, but it represented about 15%.

Mr Wells

Mr Wells said he wondered why the owners were not joining the Federation if it was doing such a great job. He said his club had held very long discussions on the subject. There were going to be seven Clusters in the future, but it hadn't been established how they were going to be represented on the NZTR Board. Was the current voting situation going to be maintained where you were going to have, for instance, three Clusters in the Northern Region with two representatives on the NZTR Board? He said the Minister for Racing asked why are there small clubs and big clubs and he was asking why we still have small club representation as opposed to jockey representation, because they are a body that races and puts something into the industry. More importantly, they would like to feel this decision could be deferred until a reorganisation of NZTR takes place. Auckland's recommendation, therefore, was that owners should have confidence in the people that were representing them on the Board and the decision should be deferred until the Cluster situation had been determined and how NZTR was going to be structured to run thoroughbred racing in the very near future.

Mr Peter Cordner, Canterbury Racing

Mr Cordner said he wanted to speak in support of the motion. They had a very good experience with the Racing Owners' Federation in Canterbury. He was a member of the local branch, as were a number of members of his committee. They had done a lot of good things for Riccarton. Some years ago the club had designated an unused area of the public stand - the Grand National Stand - to the Racing Owners' Federation Canterbury Branch. They refurbished it at their expense with very little capital or labour input from the club and they had a very strong body with approximately 500 members. They had also established a small racing museum. They had also helped organise a sponsors' race day. They help the club to market the racing of thoroughbreds in what is a harness racing stronghold. One of the reasons Canterbury Racing was holding its own was because of the support of a body like the Canterbury/Westland Racing Owners' Federation.

Mr Cordner said they were an active and competent group, led by good sound racing people. The club believed the Federation should be represented on the NZTR Board.

Mr Dennis

Mr Dennis asked the Chairman and Chief Executive if they had seen a properly audited balance sheet of the NZTROF for the last three years. The Chief Executive replied they had received some financial statements from the Federation but he couldn't recall whether they had seen the July 2003 accounts, although they were up to date with the financial statements they had sent to NZTR. He said the new Executive had their finances under control and he was satisfied with what he had seen.

Mr Lowrie

Mr Lowrie said there was an occasion under the past management where the Federation went for three years without being audited. They have been audited ever since that time quite soon after the closing of the financial year and Reports have been distributed.

Mr Fenwick added there had been concern about whether some Associations had paid their levies or not, but as part of this whole restructure there was a clean sheet approach.

Mr John McGifford, Hawke's Bay Racing Inc

Mr McGifford said he came with a mandate from his Board with regard to the motion but after listening to other speakers his personal view had been swayed to a certain extent towards supporting it. One worry was 15% membership out of 10,000 odd and Mr Cordner said 500 of them were based in Canterbury. He asked if there was really a totally unified New Zealand approach and questioned whether the time was appropriate. Notwithstanding that, his Board was supportive of the motion when the time was right for there to be an Owners' representative.

Mr Lowrie

Mr Lowrie said the figure given by Canterbury was slightly elevated - it was closer to 400. He pointed out that the Federation had stagnated for six or seven years and was now getting regular applications for membership. It was felt with the advent of the magazine and other steps taken there was full confidence in being able to increase that number. He said he wasn't quite sure where the N Z Racing Board had acquired the figure of 10,000 from.

Mr David Ellis, NZTR Board Director

Mr Ellis said it was important people appreciated the background to the Owners' Federation. It had stagnated and hadn't been a united force and the Board had been disappointed in the way the Federation had been run. However, in the last twelve months the Board has been impressed with the way this had been turned around, the united approach the Federation had taken with good organisation and good people. The perception in New Zealand racing for the Owners' Federation not to be on the Board would be most unfortunate. He thought it was important people realised the NZTR Board now strongly supported the Owners' Federation having a seat on the Board.

Mr Kinley

Mr Kinley reiterated if there had been any message that had come through the Annual General Meeting it was *let's have increased participation*. He said he couldn't over emphasise the stress the N Z Racing Board's Chairman had put on that message. He wanted racing to go forward, not backwards and today there was the opportunity to take that step forward rather than regress backwards. He said you couldn't expect the Owners' Federation to do anything but improve once it had that seat. It would give it the confidence it needed to be part of the whole united industry.

Mr Sargent then asked for a show of hands and the motion was passed.

CARRIED

Mr Oldfield

Mr Oldfield thanked the meeting for its support. He said the Federation intended to develop Association branches in Northland, Gisborne, Wellington and Southland and asked club representatives to help make that happen.

Mr Sargent

The meeting was told the second resolution was the consequential amendments to the Constitution with regard to the New Zealand Thoroughbred Owners' Federation gaining a seat on the NZTR Board. He moved the motion which was seconded by Mr Kinley.

CARRIED

NOTICES OF MOTION

(a) Wairio Jockey Club

Mr Keith Clark from the Wairio Jockey Club read a motion from the club that *This meeting recommends to the New Zealand Racing Board that the commission from betting by Australians on New Zealand races be paid into code pools to be distributed to all clubs of the relevant code pro rata to each club's New Zealand off-course turnovers*

each year. He said that was self explanatory. His club felt to create a more even playing field all clubs should be able to benefit from that commission. He said the money could be used for marketing and promotion.

He moved the motion, which was seconded by Mr Graham Cochran of Winton.

There was no discussion on the motion and a poll was raised when the show of hands did not show a definite result. As a result of the poll the motion was lost, with 125 for and 163 against.

LOST

Mr Deans

Mr Deans showed concern at this stage that the Owners' Federation vote had not been taken as a poll. Mr Sargent said he was comfortable with the result of the show of hands, but asked the larger clubs how they had voted to make sure the result was accurate. He then asked representatives if they were comfortable with the result and there were no objections.

(b) Poverty Bay Turf Club

Mr Patrick Burke read the motion on behalf of the Poverty Bay Turf Club that *"NZTR includes in its Business Plan to be submitted for approval to the N Z Racing Board a proposal to distribute the thoroughbred code's share of the TAB profit to all clubs pro rata to each club's New Zealand off-course turnover, after prior payment of Group, Listed and Feature race stake subsidies."*

Mr Burke said the reason his club had put the motion was that it had questioned for years the TAB distribution. The club raised something like \$45,000 - \$55,000 worth of sponsorship in Gisborne, was blessed with Thursday, Sunday racing, had a 5.5% payout of the TAB distribution and it had to survive on that. His club didn't see when it paid its levies at the same level as other clubs why there was such a difference.

Mr Burke put the motion, which was seconded by Dr Murray Blue.

Mr John Symes, South Waikato Racing Club

Mr Symes said he was delighted to hear the Chairman of the NZRB that morning when he spoke of unity. However, he said unity was still dead within racing which had just been shown when the big clubs voted with their pockets in the previous vote. He said the vast majority of clubs voted according to their size. Mr Symes said there were clubs out there bleeding for a few extra bob and this motion was one way of giving it to them. His club had been accused of talking unity and not supporting unity. However, it had helped Paeroa as much as it was able to when that club needed it - that was unity. Many clubs were in financial strife and the small clubs had gone out and found some funds to help Oamaru, a move which would be necessary for other small clubs who were in desperate need. Mr Symes said some clubs could manage with a little less and he was making a plea to representatives to support the remit. It was not their wish to go to a higher authority, a move which would be taken if they had to.

Dr Murray Blue, Stratford Racing Club

Dr Blue said NZTR was true to its statement of values *that all those participating can have the utmost confidence that they would be treated fairly* if all clubs were paid the same percentage from their off-course turnover. Dr Blue said he realised the remit on the table would be defeated, as was the last one. However, the NZRB Chairman's statement the previous day would provide some incentive for a re-think on this and a lot of other matters. Dr Blue said the Minister for Racing had previously written *analysis of the Funding Policy review exposes flaws in the principle of strategic venues leading the industry to renewed prosperity*. Last week the Chairman of the NZRB was quoted as saying *the underlying strength of the industry is in its provincial regions, where racing and breeding are mainstays of society and a dynamic contributor to local employment*. Dr Blue said they had been saying that for ages, but racing in the provincial regions was being strangled by stripping money earned there to be transferred elsewhere. This was defended by the secretaries in that they were not given anything extra because they return it into stakes, which they don't. It was seen as another ploy to set up selected venues that should not fail. Even if all the extra money went into stakes, its purpose would be to attract the better horses, bigger fields, larger crowds and more betting - again to the favoured few. Meanwhile, some clubs with a day or two to race in the winter are placed in the role of perennial supplicants. He said this was not working. Dr Blue said the industry couldn't keep the volunteers without giving them hope. This remit was the encouragement and opportunity they need, reflected in race dates and fair funding.

Mr Laurie Sutherland, Wairio Jockey Club

Mr Sutherland said the remit was all about fairness and justice. He said the gaming duty was unfair and was killing the racing industry, particularly the thoroughbred code. He said it was not right that if you put \$100 into a casino the Government would take 50 cents of tax, \$100 into pokie machines the Government takes about \$2.50, but \$100 in the TAB or at the race track the Government takes around \$3.50. Mr Sutherland said three years ago the Deputy to the current Minister of Taxation and the previous Minister for Racing told the trotting conference it was his government's intention to remove the anomaly which penalises racing. Nothing has changed. He said that people have not made enough noise about it.

The second biggest injustice in racing was the distribution of the funding said Mr Sutherland. The remit was about equal pay for equal work. He could not understand why one club which does \$1m turnover gets paid \$55,000 from the TAB where another club doing \$1m turnover might get paid \$105,000. He couldn't see why one club's dollar is worth less than another club's dollar. He felt until this injustice was remedied the thoroughbred code would continue to go downhill.

Mr Burke

Mr Burke said with the Cluster system the situation would change. He said there were a lot of clubs in the room that would support the remit, but they had held their Cluster meetings and had been instructed by their CEO to vote against it because of the power of the bigger clubs.

Mr Fenwick made it clear to the meeting that it was not a change to the Constitution, it was a straight majority vote. He asked Mr Burke if in his remit he was referring to the Business Plan for 2005-06 or for 2004-05 which had already been submitted to the NZRB and was to take effect in three weeks' time. That Business Plan was based on a funding rate exactly the same as the current year so, that clubs which had budgeted and advertised stakes for August, September, October would be getting the same as in the current year. Mr Burke said he was referring to 2004-05.

Mr John Boyle, Avondale Jockey Club

Mr Boyle asked the Chairman if it was correct that if the remit was passed it would not be binding on the Board. Mr Sargent said that it would go in the NZTR Business Plan, but the NZRB could turn it down.

Mr Boyle asked what the legal significance of the remit was - the decision on the Business Plan was made by the Board, not club representatives. Accordingly, would the remit be legally binding on the Board if it was passed. Mr Sargent agreed that was correct and Mr Boyle's response was that it was really nothing more than an indication to the Board from the member clubs as to their feelings on the matter.

The remit was put to a poll and the motion was lost 74 for and 215 against.

LOST.

GENERAL BUSINESS

Mr Fell

Mr Fell said a group had been formed to promote a Hall of Fame which will be in conjunction with, although slightly separate, from the Racing Museum. He said they needed to be closely allied to each other and it was intended the Hall of Fame would be permanently residing in the Museum. Horses such as CARBINE, PHAR LAP, SUNLINE would be recognised in New Zealand as they should be. The event would be held on Thursday, 14 May 2005 at the Sky City, Auckland and would be a very glitzy function which he hoped would get good support from all the clubs and the racing industry in New Zealand.

Mr Fell said that he had mentioned the previous year under General Business that it would be timely to establish a lobby group incorporating all the players in the industry to monitor, and where necessary lobby, Government on issues of common interest. He still felt that applied. The Minister in answer to a question the previous year was quoted as saying *If racing was able to present a united and organised Business Plan then Government would take the industry more seriously.* Mr Fell said that was an old catch phrase. He said there were issues such as taxation and depreciation of stallions that were important to the thoroughbred code. The Thoroughbred Breeders had taken the issue of depreciation of stallions to the Government but had been unable to convince Government and he felt that would be an example of where a lobby group representing the whole industry could have some influence.

Another issue was gaming legislation that could easily affect returns from that area and also ACC which had already been discussed. He reminded the meeting there would be an election next year and he thought the timing was right for a lobby group. Mr Fell said it had received strong support at last year's AGM.

Mr Sargent said he felt the issue was for the Racing Board, not the NZTR Board. Mr Larsen had endorsed it and had put together a lobby group under the Chairmanship of Alan Jackson. Taxation was a priority. Mr Sargent said it might be a good idea to have addresses from the major political parties at next year's AGM as it would be coming up to the election.

Mr Alldridge

Mr Alldridge asked if the Chairman intended to continue making outlandish statements that clubs not joining Clusters would have their race dates manipulated by NZTR when it was a fact that dates were allocated by the NZRB through the Dates Committee. He said his club was a very wealthy club that wanted to be part of *The Way Forward* but under the current framework of the Clusters the club would be broke in seven years. They had never said they didn't want to be part of rationalisation or a larger group but have said under the current framework they couldn't be part of it. In time, through negotiations, they would like to be part of a larger group.

Mr Dennis

Mr Dennis asked why there couldn't be one publication which could be published twice monthly, even weekly, instead of the number of different ones now being published. One that was positive and didn't list things like the bad people that don't pay. He said it must be much more costly with everybody putting one out and amalgamation would be better - as had been done with the Thoroughbred Bonus Scheme. Mr Sargent said NZTR had initiated a meeting with all the parties concerned and it was on the table. The Owners were keen to do their own magazine in the short term, but there was also a belief that *NZTR Thoroughbred Monthly* and *N Z Bloodhorse* were separate markets so there were problems in trying to bring the two together, but it was being looked at.

Mr Deans

Mr Deans said he was offended the Rules of Racing were not being followed. He said under the Rules voting had to be done on the number of race days. He said he was against that, it shouldn't be on the number of race days, but it seemed that when it was convenient it was done the other way, which was against the Rules.

Mr Sargent

Mr Sargent said he presumed he was talking about the voting on the Owners' Federation. He said there were only a small number of hands up - four or five. They needed to have around 170 votes for it to pass and it was obvious from the top table that they had close to 200. There was, therefore, no need to go to a poll. Both Messrs Kinley and Ellis said they also felt there was no doubt it had been passed.

Mr Pat Lowry, Taupo Racing Club

Mr Lowry thanked all those people who had helped the Taupo Racing Club and himself over the years and said he was very proud of the club today, although it had taken many years to get into the position it now was. He was now retiring after 35 years as President. The club had two secretaries over that period, the present one Dave Taylor being in his 26th year.

CLOSURE

There being no further business, the Chairman closed the meeting at 3.25 pm.