

MINUTES

OF

ANNUAL GENERAL MEETING



HELD IN THE BALLROOM, 6TH FLOOR,

DUXTON HOTEL, WELLINGTON

ON

SUNDAY, 17 JULY 2005

COMMENCING AT 9.30 AM

MINUTES OF THE ANNUAL GENERAL MEETING 2005

The Chairman, Mr G B Sargent, welcomed representatives of clubs and invited guests to the seventh 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.....	P G KENNY	RACING TAUPO	M LEICESTER
AVONDALE JC.....	G MORGAN	RACING TAURANGA	P SILSON
BANKS PENINSULA RC.....	B McD STEVENSON	RACING TE AROHA	G COOMBE
BEAUMONT RC.....	PROXY	RANGITIKEI RC.....	N WELLS
CAMBRIDGE JC	B HARVEY	REEFTON JC.....	PROXY
CANTERBURY JC	P J CORDNER	RIVERTON RC.....	T WHITE
CENTRAL OTAGO RC.....	G W McDONNELL	ROTORUA & BOP H.....	T FITZPATRICK
COUNTIES RC.....	A RING	SOUTH WAIKATO RC	J E SYMES
DARGAVILLE RC.....	L HARVEY	SOUTHLAND RC	A DENNIS
EGMONT RC	M ARMSTRONG	STRATFORD RC	L CASKEY
FEILDING JC	C YOUNG	TAPANUI RC.....	G CLELAND
FOXTON RC	J CREAVEN	TARANAKI RC	W DARLING
GERALDINE RC.....	PROXY	TAUMARUNUI RC	D STEPHENS
GORE RC.....	N PATTERSON	THAMES JC	PROXY
GREYMOOUTH JC.....	J BENNINGTON	TIMARU RC	PROXY
HAWKE'S BAY RACING INC..	PROXY	WAIKATO RC.....	D R SMITH
HORORATA RC	D WATSON	WAIKOUAITI RC	L BECK
KUMARA RC.....	A J CONNORS	WAIMATE RC	PROXY
KUROW JC	W CAMERON	WAIPA RC.....	R TETLEY-JONES
LEVIN RC.....	J BENTON	WAIPUKURAU JC.....	J FRIZZELL
MANAWATU RC	D BENNETT	WAIRARAPA RC.....	G HODDER
MARLBOROUGH RC.....	D SIM	WAIRO JC.....	D HAYWOOD
MARTON JC	C BARY	WAIROA RC.....	L COOK
MASTERTON RC.....	S SOUTHEY	WANGANUI JC	M WEBBER
NTH CANTERBURY RC	PROXY	WAVERLEY RC	C LUPTON
OAMARU JC	B CROMBIE	WELLINGTON RC	M BROWN
OPUNAKE RC.....	T WYLDE	WESTLAND RC	J WOOD
OTAGO RC	M LITTLE	WHAKATANE RC	D DEEGAN
OTAKI MAORI RC.....	S MOFFATT	WHANGAREI RC	D LOGAN
PAEROA RC	B DUNHAM	WINTON JC	G COCHRAN
PAKURANGA H	T FLEMING	WOODVILLE-PAHIATUA RC....	P BURNE
POVERTY BAY TC	P BURKE	WYNDHAM RC	C ALLISON

PROXIES

Proxies were given by the **Beaumont Racing Club** to the representative of the Otago Racing Club, **Geraldine Racing Club** to the representative of Canterbury Racing, **Hawke's Bay Racing** to the representative of the Poverty Bay Racing Club, the **North Canterbury Racing Club** to the representative of Canterbury Racing, the **Reefton Jockey Club** to the representative of the Kumara Racing Club, the **Thames Jockey Club** to the representative of Racing Tauranga, the **Timaru Racing Club** to the representative of Canterbury Racing and the **Waimate Racing Club** to the representative of Canterbury Racing.

ADDRESS BY MINISTER FOR RACING THE HON. DAMIEN O'CONNOR

Guy Sargent, Board Members, Warren Larsen, Racing Board Members, conference delegates and guests, thank you for the opportunity to speak today.

This morning I'd like to briefly recap on my three years in the racing portfolio and also look to the future of this great industry.

When Labour came into government there were calls from the racing industry to restructure the RIB and TAB. The industry had been seeking this reform since the mid-1990s. The previous administration had ignored these calls for change. So we set to work ensuring that the industry's preferred model was passed into law.

Under the old 1971 Act, we had the Racing Industry Board and the TAB driving industry policies, often in different directions. Today the New Zealand Racing Board has overall responsibility for setting a single policy direction. I firmly believe that under the new Racing Act, the industry is significantly better equipped to address the challenges and drive the industry forward towards a better future.

I should briefly mention that there have been a number of highlights for the Racing Board this season. For example, it is projecting a record pay-out from its operating revenue, but more about this later. Other notable successes for the Board include Trackside's makeover, the enhanced website, and the launch of Radio Trackside, "*where racing comes first*", as the slogan goes.

The Racing Board is your Board. As such, it has a good balance of industry representatives and independents and its focus is growing the racing industry as a whole. To be able to do that, it needs the support of all industry stakeholders.

So, on paper, we've united the racing industry, but sometimes it seems not everyone in the industry has read the script. Division continues to occur too frequently.

As I move around the country debating and discussing issues with racing people I'm constantly surprised at the extent to which people focus on their own patch and their own needs, rather than on the greater good.

Until each and every one of us realises that we're in the boat together, and our challenge lies outside the racing industry, not within it, we will struggle to make progress.

We have to remember we are now only a very small part of the gambling and entertainment industry in New Zealand. We have to be unified and focussed on the goal of competing with the many dynamic and alternative forms of entertainment available today.

The Section 16 issue is a classic example of how division within the industry will shrink the cake, shrink the energy, and undermine some of the positive initiatives currently being undertaken by the Board and the codes.

I know your Chairman has worked hard to develop the Cluster concept, and I applaud his initiative. There is good sense in clubs coming together, pooling their resources and expertise and working as a cohesive force. In the long term, I expect that the Clusters will deliver great benefits to the industry and I hope industry stakeholders also see these potential benefits.

As you know, the Racing Board has developed a plan for lifting the industry's economic performance. It's a plan that is aimed at growing the industry in partnership with the Government and I welcome this approach.

The government is undertaking a detailed analysis of the tax adjustments proposed as part of that plan and I expect this will be completed over the next few months. I'm optimistic that it will show that racing has a good case for an adjustment in the way betting is taxed.

The tax issue itself is a very complex one. Comments in the media and elsewhere suggest to me the issue is not very well understood. For example, many people believe racing is still taxed on turnover. It's not: Racing pays duty on the TAB's betting profits. 'Betting profits' is the money left over after the TAB has paid out winning dividends. After that, we take the money necessary to run the TAB infrastructure and leave the rest for stakes.

The underlying goal of the so-called 'Fair Tax' campaign is to improve racing's bottom line. The campaigners want there to be more money available for the industry.

We all share this goal. I want to see more money in the racing industry just as much as anyone else here today.

However, there are different ways of achieving this objective. There are three options:

- 1 Increase the money coming into the industry,
- 2 reduce the industry's costs, or preferably
- 3 a combination of the two.

As far as money coming into the industry goes, there's betting revenue, sponsorship money, pokie grants, race day income, and income from other club businesses.

The question is - are we really doing everything we can to maximise all these income streams?

On the other side of the ledger, there's a range of costs, starting with the whole racing infrastructure and the TAB. The TAB delivers great benefit for the racing industry. It's a system that works with integrity and is held up as one of the best in the world. However, the TAB system, including Trackside and now *Radio Trackside*, comes at a cost. So does sustaining a large number of racecourses and racing clubs all over the country. Relative to the size of our population, and the volume of TAB turnover, our racing infrastructure is huge. The cost of this impacts upon the return to industry stakeholders, mostly through reduced stake money.

Sure, tax is a cost to the racing industry, just as it is to all other industries, but following the recent debate you'd think it was the industry's only cost.

In fact, it's just one of many areas where the Board has identified an opportunity to increase revenue. The Board has a good grasp of the bigger picture and I applaud the work it has done to date.

Shortly you'll hear from the Board about its work over the last season. Without pre-empting Warren's presentation, let me just say that the Board is predicting increased revenue streams, without having to rely on reserves. Over \$81 million is projected for this season, and over \$90 million by 2007.

So, after we've maximised the available money for racing, it's important that we make the most of it. How should it best be allocated to ensure a strong and sustainable industry? What is the best way of allocating stake money to ensure greater ownership and retention of horses in NZ?

Different stakeholder groups have different answers to these questions.

Some think we should increase stakes for the Group 1 races, which are our racing calendar highlights. Very few of our horses are able to win the Group 1 races. But there's a sensible view that they provide the draw card on key carnival days and must therefore be supported.

Just look at the excitement generated by STARCRAFT's attempt to win three races over Hawke's Bay's Spring Carnival, including the \$1 million Kelt Capital Stakes.

Another view is that unless we pay more money for the maidens and the mid-class races, we will not be able to generate the kind of return for everyday trainers and owners that encourages them to participate in the industry.

I'm delighted that NZ Thoroughbred Racing has announced stakes increases for the 'Super Feature' meetings, together with starters' incentives for maidens. It's certainly hoped that this new funding policy will stimulate greater ownership.

I believe that winning two races should cover the full costs of racing a horse. Most owners would be thrilled with two wins in a season and should reasonably expect to cover their costs on that basis. Increased stakes will go some way to achieving this outcome, as will increased betting revenue.

I've come under criticism recently for pointing out that there's an element of risk underlying many aspects of our industry. But I make my point again - people who bet on or own a horse face three outcomes - winning, losing, or breaking even. That's the nature of the sport. One horse will win the race and generate a return while the remaining 9 or more will have to try again. Not the kind of odds a normal business plan could be formulated on but the reality that forms the basis of the racing industry.

The vast majority of owners and punters know full well they might not receive a return on their investment. What we have to do for these people is provide them something worthwhile for their commitment.

In simple terms this means a memorable experience - good entertainment, a good venue, a welcoming environment and an experience that offsets any loss.

Obviously those who win will always go away happy, be they horse owners or those who've backed a winner. But, what we need are more people who're prepared to take a punt. More people to share the inherent risk that is part and parcel of racing.

The core industry, by which I mean training, breeding and associated businesses, and individuals such as jockeys, cannot survive by making losses. I accept that, and I understand full well the importance of remaining viable. That has to be a key objective of all our efforts.

We cannot escape, however, the key component that will drive this industry, and that is more people willing to take a punt either by betting on a racehorse or owning one. Without that growth we are destined to struggle.

It's critical to ensure that any extra money for the industry is spent wisely. We represent only 12% of the money gambled in this country. While we have over one million race day attendances per year, most people only go once. The door is wide open for greater attendances, but this will not be achieved by simple advertising alone.

Facilities at our main racecourses must accommodate the expectations of all New Zealanders and must be equivalent to those of our competitors – rugby stadiums, casinos, nightclubs, and the many cafes and restaurants that line the country. This is of course one of the Racing Board's key focuses.

I've always personally believed in the importance of on-course attendance. I also appreciate the huge commitment from volunteers that's needed to maintain these facilities. That's why I am advocating for a reduction in on-course taxation duty, which would provide more money directly to the clubs for spending on stakes, on-course entertainment and facilities.

I will continue to advocate for this, while we work systematically through the Board's submission on the wider taxation issues.

We also need to think about the number of racecourses we can successfully sustain around the country. Racing has some fantastic venues and we need to put more thought into how best to maintain or develop these into the future.

This does not mean massive rationalisation, but rather careful consideration of how best to use our assets and experience.

Before I conclude, I would like to acknowledge the efforts of the Equine ITO, which has been ably led by Geoff Humphries and Dudley Brown. Education and training are critical to the future of this industry. The ITO has another successful year. Congratulations.

I am confident that in the near future, we will see major developments around education, training and research in the racing industry. Today, I can foreshadow the development of a centre of equine excellence in the Waikato. The New Zealand racing industry will benefit greatly from a world-class facility supporting world-class horses.

While the challenge has been laid down to me as Racing Minister to negotiate a better tax deal for you, I lay down a challenge for you to work alongside the Racing Board in implementing the strategies that were so well received this time last year.

This is a very interesting portfolio. Maybe this is because racing evokes great passion among all its stakeholders. In my role, I've always been upfront and honest. I've also been prepared to accept that I'm not always right.

You too have to accept that racing is not perfect and we all need to make changes if we're going to generate the growth that is needed to make this industry thrive. Perhaps the question that I will leave for you is:

Over the last twelve months, how much have you changed your business, your club or your code, to adapt to the challenges facing the industry?

We cannot expect everything to be done by someone else to resolve our own challenges. Politicians don't have the ability to solve all of the industry's issues. We're happy to play a part, but we cannot shoulder all responsibility.

If you think tax alone is the answer, then my guess is that we will be discussing these same issues in five years' time, regardless of any tax adjustment that we might be prepared to grant.

I am delighted to formally open the 2005 AGM of New Zealand Thoroughbred Racing. Best wishes for your deliberations. Thank you.

QUESTIONS TO THE MINISTER

Mr M Webber, Wanganui Racing Club

What has concerned me for many years is the performance of the TAB and who carries out the audit process on this large business from where the racing clubs get a lot of our funds. I have never been impressed with the performance of the TAB in relation to a business where a maximum return on turnover is given back as a business from which we drive our funds. I have never been impressed with the bottom line profit to the turnover ratio. Who carries out the audit processes on the TAB to make sure this is an efficiently run industry?

Minister

I'm not exactly sure. The audit process is of course a public process. It is obviously now under your control through the Board and I guess the costs of running the TAB are being very closely scrutinised at the moment by the Board. There have been some major changes and I think historically that has been a common comment made to me. I have to rely on the skills and expertise of the Board Members to get in there, to have a close look at what is happening with the TAB and to make improvements. If you are going to run a system with integrity and one that spreads right through the whole country, to a fairly sparsely populated country like New Zealand, then I guess the cost will be higher than running the equivalent in Hong Kong or Singapore or anywhere else. However, they are accountable ultimately to you because the Board is now fully in control of that.

Warren Larsen, N Z Racing Board

The Act contains a component for a five year performance and efficiency audit, just as the dairy industry had when the N Z Dairy Board, for example, had its legislation. This you can regard today as the annual meeting of the Racing Board. I will take you through every item of revenue, every item of major cost and if you think that our performance is sub-standard then you should say so. If you have misgivings about the performance in relation to any cost parameter, here's your chance to raise it. I can assure you that we benchmark the performance of the organisation against international organisations of the same size and the same activity and if I thought for a moment that it wasn't up there in the top quartile we would be doing something about it. So it is a good question, it is the sort of question that you should raise at these forums and I hope by the end of the day we will have supplied you with the answers.

Dirk Oberholster, Observer, Whangarei Racing Club

In an industry that is in all its arms a totally private industry, run as a private enterprise, why the amount of Government involvement?

Minister

You have legislation. If you are referring to whether there should be a Minister for Racing, that's a question that may very well be answered after the election by us or anyone else. We have traditionally had very strong rules and regulations around any form of gaming in this country and we will continue to do that. There is also a requirement to ensure the integrity of racing and that will always be supported by legislation. It is administered by the codes and by the Racing Board, but ultimately there will always be a requirement for legislation around any form of gaming, especially around racing. It is not too different from other industries and at this point there is not much direct intervention by myself at all. The new Act transferred most of that responsibility directly to the Board and I do very little other than assist the Board on issues of legislation, issues of taxation and such like. So my day to day intervention is very minimal.

Michael Martin, N Z Thoroughbred Breeders' Association

We are gathering each party's policy at the moment to make sure all the members of the Thoroughbred Breeders and the Trainers' Associations have each party's policy for racing for this coming election and we haven't received one yet from the Labour Party. Could you outline when that would be available?

Minister

I was working on it yesterday, and I am still working on a few things, but it is in the pipeline. I thought it was e-mailed to you yesterday.

Chairman

The Chairman thanked the Minister for his address and wished him well in the coming election.

CHAIRMAN'S ADDRESS

"A Passion for Racing" was the terminology that our Board decided we needed to embark on in 2004-05. So earlier this year we identified seventeen projects that we wanted to make happen in a short space of time. I am pleased to say that fourteen of those seventeen are completed, or just about completed, and the remaining three have been highlighted as phase two as they were not quite as important as the first fourteen.

Before we started the projects we identified that our management team at head office was too bottle necked. Everything was going through the Chief Executive and we were frustrated he had so much knowledge and so much to offer the industry, but a lot of people were unable to get access to him. Therefore, NZTR was working at a fairly slow pace and we wanted to speed that up. What we did was to identify three sections and put them under General Managers - Alan Cole did the racing services role, the Assistant CE Simon Cooper did the communications role and Campbell Moncur took responsibility for the racing business side of things. It has worked tremendously well. They took more ownership of the business and we spread it out among four very good operators.

The first project we embarked on was the Pattern of Racing. We identified eight people in total, including some Board Members and some individuals from outside the office, ably led by Peter Fennessy. They met on numerous occasions. The reality was with the Pattern of Racing the Board felt we needed to crescendo our racing at certain times of the year. We had a calendar that was bits of this and bits of that, so in conjunction with racing managers, committee people, stakeholders and management the Committee sat down and came up with what it thought was a workable Pattern of Racing. It certainly got good feedback from you people. We are looking forward to implementing that for 2005-06 and hopefully it is as good as we think.

We identified middle distance racing and staying racing as being a strength of New Zealand breeding and also the NZ horses and we wanted to identify that first and then build up our races towards key events. The other thing that should be noted was that we also felt the product wasn't getting run enough times. Our maintenance programmes and our tracks had to be worked on, so in conjunction with the Racing Board we are planning to embark on getting a Warrant of Fitness in place this year so we can be smarter and use our product on a more regular basis.

We reviewed the Board operations and this is still continuing. Basically where we are at now, depending on the format of Clusters and where we finally finish up, is that we need to look at our voting for the NZTR Board and at everything that is involved around 'running the business'. We have finished with the consultants, we have all the information and we are putting it together. I hope over the next month or two, with the consolidation of Clusters, that we will be able to come back to the industry before Christmas with some outcomes on that paper.

Simon Cooper took ownership of communications. I mentioned last year that we had been guilty of not communicating well enough with clubs so we tried to highlight a list of ways to better communicate with clubs, such as regular circulars and releases, introduction of NZTR Board Report, upgrade of the Thoroughbred Racing Monthly, RadioSport and Radio Trackside News Bulletins, a weekly Media Bulletin, consultation with the NZRB, Race Café and non racing media briefings. We believe we have been successful. After each Board Meeting now we have e-mails sent relating the outcomes of the meeting, and for those of you who have not given Simon Cooper your e-mail address please make sure you do because it will get you in the loop. We want to get as many people aware of what is happening at NZTR as possible.

The Board felt it was not appropriate in this day and age for us to own property. We had been in the Taranaki Street building for many years and we put together a small team to execute the sale of the property. I want to thank Nelson Chamberlain for the work he did on this particular project. We obtained valuations from two of the major real estate firms. One valued it at \$1.6m and the other at \$1.8m. You will see in our books that we ended up selling it for \$2.4m and the Board was satisfied it was a very good outcome. It was felt the logical place to re-site the NZTR offices to was the TAB building in Petone, for a variety of reasons. Obviously the main reason was to be sited near to the Racing Board to enable us to work closely with it. The Board was very accommodating and located us on the third floor and we thank the Board for its assistance. For those who have not visited the building, you are welcome to have a look and see the operation.

We believe a ratings based system will allow us to be smarter about the number of times we can get product on the race track. Obviously every time we get extra horses racing there is more turnover for the industry in general and for us, so we embarked on what we called a ratings based programme. I must thank Alan Cole, Dean Nowell and Tim Aldridge who were part of this. We got a lot of the Racing Managers involved as well. We identified how we could move horses up and down the system and better utilise them. Hopefully, starting from the new season, you are going to see a lot more product out there and you will certainly see a lot more ratings based races.

I think this has been a very successful programme. We invited Greg Carpenter from Racing Victoria to come over and do an audit on what we had done. He gave it five stars and said we were ahead of where they were in Australia.

The IT checkpoint was a programme where we wanted to put a stake in the ground and see where we were spending the money. IT absorbs a lot of money on the balance sheet and while we want to move out of the dark ages and get more attuned to current technology, the reality was the Board felt we were just plucking a number out of the air each year for spending on IT. Campbell Moncur led a programme checking where we were at and what we needed to do. We now have a far more professional programme going forward. We are quite excited about the amount of new initiatives we have coming up for next year.

With regard to sustainable finances, obviously you will all be in tune with this when running your own businesses. John Rattray and Simon Cooper carried out this programme where they put a lot of emphasis on the expenses and not so much emphasis on the revenue. It is fair to say we did come out with some very good results. As a consequence of a December court ruling on HRNZ operations we found we had been acting illegally in the way we were imposing levies. You cannot create levies when you are not legally entitled to do it. We are now very happy with the outcome and are in a position where we are charging people for services provided. Grants have been created so the bodies that were getting assistance from NZTR still do so, but we have also tried to keep the fees at a realistic level.

HRM refresh - this is an endorsement of the faith and support the Board wants to give the staff. We obviously believe the staff are our finest investment and we need to put job descriptions and performance reviews in place that will allow our staff to better themselves and feel part of the team. That is just about finished and we are working through the Policy Manual which we hope will be finished within the next two to three weeks.

Regional Racing Clusters - I am pleased to say we are down to six Clusters. At one point we thought it might have been five, but I understand and I support the extension to six. We have a very good buy-in nation wide. There are one or two smaller clubs standing out, but hopefully we can convince them that this is going to add value to their business and we want to keep the door open for them to be part of it all and will keep talking to them. From 2005-06 we will be dealing with six Clusters and hopefully when we report this time next year there will be some exciting outcomes from that.

We are all conscious that Allan Fenwick is moving on in November this year and we have been attempting to get all the information and knowledge he holds spread around within the office to senior management. That is obviously ongoing, but has been very successful to date and hopefully will be completed by October.

The calendar and funding are two words that should go together. For those of you that get involved in the dates allocation, the placement of dates and the funding will know you can't do one without the other. The managers keep reminding us of that. We have, I think, come out with a satisfactory dates outcome. The Board is not comfortable about harness continuing to grow its product on Saturdays, but we will continue to fight that on your behalf. At the end of the day, we appreciate we have got to work for the good of the industry, but they have opportunities on other days of the week that we don't have and we are concerned about their encroaching onto Saturdays. David Ellis has done a wonderful job in fighting our cause here and hopefully we won't let him down in the coming twelve months when the next round of dates takes place. I think the process needs to start a lot earlier than it does. There is no reason as far as I am

concerned why we can't start next week for next year. We had our team in Wellington which worked literally day and night, including various Racing Managers, to get our dates and funding to the Racing Board by 3 December. We did that and for some reason unbeknown to me we have only just got our dates and funding. That is very disappointing, but I think at the end of the day we have an outcome we should be happy with.

On the funding, the Minister touched on the Super Saturdays. We believe the growth area for us in New Zealand racing is going to come on Saturdays, with country racing on Sundays - we see that as potentially an enormous growth area - and also with Carnivals. Those three and the funding have been identified as major growth areas. Also, if the business is to grow it has to happen off shore and I know the Racing Board is working hard on that. Allan Fenwick and I, when we can, do approach as many off shore countries as possible to take our product. Together I am sure we will get some racing off shore and we may have some good news in that area in the not too distant future.

International harmonisation - this is just sharing knowledge with people in other countries. We do that with Hong Kong and Australia in particular. We are going to try and increase the amount of overseas exposure we get. Justin Blackburne does a lot of work in the Stud Book Department with people off shore.

The Strategic Plan for 2005-08 was completed and given to the Racing Board. It has now come back from the Board with a request to make some changes to it. We are going through that process now and in the next three to four weeks will hopefully have the final version completed.

With regard to the Chief Executive recruitment programme, we have had four members of the Board dealing with this - Alistair Sutherland, John Rattray, Brian Kinley and myself. I am pleased to say we got 49 applicants of a very high standard which were whittled down to ten. It was then taken down to three and the interviewing of the final three candidates has now been carried out. They were all strong and worthy candidates and one of them is to be made an offer in the next ten days. I should be in a position to announce the new Chief Executive in around two weeks' time and I can assure you that you will not be disappointed - it will be a racing man, or woman.

Customer satisfaction is a project that we have not started in its entirety, but we are going to get into that this year. We want to move the on line services more to get rid of some of the paper war we have.

The Racing Board synergies programme - David Walsh from the NZRB and Campbell Moncur from NZTR are working through this slowly, but the whole idea of moving to Petone was to try and work closer with the Racing Board. While we are doing that, we can improve on it and go a step further. Optimistically, by year end we will have something else in place.

I will quickly run through what we have done as far as other activities are concerned.

Dudley Brown, Geoff Humphries and Sally Watters have all done a wonderful job with equine training and we appreciate their work. They have run focus groups, signed up 73 secondary school students for equine e-learning, promoted expos/National Field Days/DVDs/brochures to schools and met with Careers' Advisors. They have strengthened the Apprentice School with 75 apprentices currently registered - up 10% - and there are 13 apprentices in the South Island, which might sound trivial to the North Island representatives, but to the South Island it is a major move forward. We now need to get a few more races programmed and I know Tim Mills is going to look at that.

The Academy at Cambridge is going very well and we also have a lot more overseas students coming out. That is also a positive and an area where we can generate additional income.

Working with ACC to secure better rates for the equine industry has to be laid firmly with NZTBA and the NZTA. I think many of you are not aware of the tremendous work those two organisations did, they need to be applauded because they have taken the ACC rates from 8% roughly down to 4.6% which is something like a 40% decrease in ACC levies. I know for all of you involved in training or breeding that is a major saving, so thank you very much to Michael Martin and Mary McCarty.

The Stud Book was published this year containing the stud records of 11,609 mares. We must, however, question whether there is a necessity to have a hard copy. There are 1000 copies available and it will be interesting to see how many of those are sold. At present it is on target as far as sales are concerned, but in this day and age with on-line services it may be something we need to look at for the next run. Having said that, if the desire to have the Stud Book printed is strong we will have it printed.

The Thoroughbred Bonus Scheme means an additional \$2m going into racing over three years. We have almost completed the first year. The focus is on three year old racing so next year you will see a lot more thoroughbred bonus races out there than you have seen this year. It has been well received, but enrolments are down a little bit this year.

We think part of that could be due to the fact that the focus was possibly on the three year old racing and people haven't seen a lot of races with the TBS attached to them, so maybe it will stimulate more interest for next year. We also need to look at having the odd bigger stake. I know some of the trainers have indicated to us that it was much easier to sell a horse with a dream of running for half a million or a hundred thousand dollars as opposed to a fifteen thousand dollar bonus, but it's all positive stuff and mostly it is getting hit. I see the bonus yesterday at Ruakaka was hit which was great news for the owners and connections.

Two new initiatives coming up this year are the National Racing Museum and New Zealand Racing Hall of Fame. The Hall of Fame is to be launched in March next year at Auckland Cup time. There will be a dinner and that will be the first step. They are trying to work as closely as they can with the Racing Museum. I am on that Board along with Barry Thomas, Bill Gianotti and Wendy Pye whose enthusiasm is unbelievable. We have already raised a substantial amount of money. Susan Archer is the Project Manager and has done a wonderful job. The whole focus with the Museum is that it is a signal about the way we want to move away from just being a racing business. This is going to be focussed on tourism and will attract a lot of people to Auckland. Wendy Pye showed you last year some plans for the site and the building.

Microchipping is a project people said we couldn't get done in under 18 months, and it actually took us about three. That only happened because of the hard work done by Justin Blackburne, Michael Martin and the team in Australia. We aligned ourselves to the Australian system, which makes life a lot easier for everybody putting the microchips in. The foal crop this year is having chips implanted. It is an indication of what we can do when we put our minds to making it happen. 5,000 micro chips have been distributed to veterinary surgeons for the 2004 foal crop.

I am sure most of you know the Warrant of Fitness is probably going to be one of the most important exercises that we conduct over this coming twelve months. We will be starting next week and David Lloyd who is well known to you, will be responsible for going around the country in conjunction with field staff and Campbell Moncur from our office to audit the amenities and facilities. We will have two track people, Gary Foskett and Neil Treweek, as well who are going to assess what the requirements are going to be for the tracks. We want to have this all done within the next couple of months. The first part of the Warrant of Fitness is to do an audit to see exactly where we are and what we have to do. You have all had a chance to have an input into the template that has been sent out to you. I am pleased to say there were not a lot of alterations and people seemed to be quite happy with the questions we are asking and where we want to get to. That information will all be brought together and it will give us and the Racing Board an opportunity to identify exactly where we are and where we are going to strategically place ourselves as far as venues are concerned going forward. It is not a threat to smaller clubs, it's not being designed to close clubs down or anything like that so people can rest easy in that area. It is just basically putting a stake in the ground and finding out where we are.

The second part of the audit will be a race day audit and basically what we are doing here is to set a standard which will be checked off, probably at this stage by the Stipendiary Stewards, before race day to make sure that everything is in place. We are in the entertainment business and there are a whole lot of reasons why we have to raise the bar. On race day the standards will obviously be different for country racing as opposed to metropolitan racing, but the reality is that we will have a set of standards and you must abide by them. If you don't, you won't get your licence to race at that venue. It is as simple as that.

Track descriptions will change from 1 August to line up with Australia. The actual penetrometer figures will not be the same in Australia because they have completely different readings, but the actual descriptions will be the same. We have done this because Australia is becoming a big part of our market. There is a lot of betting coming out of Australia and for the clubs lucky enough to get their racing into Australia it is becoming a major source of their income and part of their bottom line, so we are trying to improve that. Obviously another way of improving that is to improve the information. We are working with the Racing Board to try and get better information out to the punters, not only in New Zealand, but also in Australia.

Finally, I want to touch on where we want to focus. I did talk before about the calendar, but just to confirm there are the three areas where we want to get in and support racing strategically in the not too distant future - four strategic carnivals (12 days), Super Feature Saturdays and Country Cups. It is interesting that twelve days account for 12% of our turnover. It is quite frightening really. You saw what happened yesterday when Wellington's second biggest day was unfortunately rained out. We can't afford to have that happen on one of those twelve days, the Kelt or the Auckland or Wellington Cups. We need to make sure that everything possible is done to support country racing, feature Saturdays or Saturdays in general and also and most importantly, these Carnivals.

I would like to make an announcement with regard to a press release being made this afternoon relating to Wellington Racing Club, which is embarrassed about what happened with the cancellation of yesterday's race meeting. We have had three meetings with the club over the last 24 hours and we are putting together an Industry Board of Management that will go into the Wellington Racing Club. It will be headed up by NZTR Director Keith Neylon and will include members of our Racing Board, the Wellington Racing Club, N Z Racing Board and the Cluster. We have two or three key people we have to sign off with over the next few hours that will be taking a positive position. The Board believes Trentham is a strategic venue and we want to stress that. We also want to respect the fact that in Wellington there are probably three iconic venues - Te Papa, Westpac Stadium and, we believe, Trentham. We have to look at some short term and long term solutions for Wellington. We want to work with them and we are looking forward to doing that.

PRESENTATION BY N Z RACING BOARD

The Chairman welcomed Warren Larsen, Graeme Hansen and David Walsh.

Mr Larsen said he would cover the bigger picture issues for the Racing Board, Mr Hansen would expand on some of those issues and then David Walsh would cover the financial area.

Mr Larsen said there was absolute transparency in the business. Every quarter each code gets a copy of the financial returns for the NZ Racing Board, which operates in the same way as a listed company would work.

QUESTIONS ON NZRB PRESENTATION

Garry McDonnell, Central Otago Racing Club

I would like to make it known to the racing fraternity that since the inception of Radio Trackside into New Zealand, or the makeover, the greater Central Otago area of Lawrence, Roxburgh, Alexander, Cromwell, Omakau and Ranfurley has been deprived of any Trackside presentation. I would also like you to know that the Queenstown/Wanaka area, one of the greatest growth areas in New Zealand has been deprived of Radio Trackside commentary for probably twenty years. When are you going to do something about it?

Mr Hansen

We are aware of it. It is part of the negotiations for getting those frequencies sorted out. We are still doing some horse trading on frequencies with CanWest and it is very much a work in progress issue that has not been forgotten.

Mr Brett Wilson, Secretary, Buller West Coast Racing

Last year you talked about the idea of investing in marquees and using them throughout New Zealand for race meetings. I wonder whether there has been any further thought on this by the New Zealand Racing Board?

Mr Hansen

Yes, marquees are a work in progress issue. We have had discussions with some of the codes. We wanted to knock off the big screen opportunity first and marquees are next on that list. We will be discussing them as part of the summer series opportunities when we meet next week to see what the interest is on-course and what the potential benefits are. Then we will go out and do the same exercise as we did with the big screens to see the costs and how we can best structure it.

Mr Gerald Fell

My question is to Mr Larsen with regard to the income tax project that you presented to the Government six months before the budget. We know the outcome and we know the answer was that they have put \$275,000 aside to review the review that you have just done! The first question I am going to ask is how satisfied you were with that and the second is that as a Government appointee, as are your three independents, how hard are you driving, or have driven, that taxation issue, because as we all know it is critical to us and to our industry. You and your Board are the only formal organisation that we have that can, will and should be driving those issues hard with the Government. I ask this question, sir, with the knowledge that last year you told this meeting to forget about taxation, that taxation wasn't a major issue. So my real question is how hard are you fighting for us on this issue?

Mr Larsen

To answer the first part of your question, am I satisfied after the quantity of work that went into it and the importance to the industry, the answer is obviously not. Secondly, how hard am I fighting? I explained to you last year, and I have no reason to change my mind, the only way in my view is - and I might be charged with being wrong on this - to effect change of this magnitude you have to enter into dialogue with somebody. Certainly the high profile promotion of a group within the industry brings attention to these sorts of issues, but in the end you don't win these arguments unless you convince the officials, first and foremost, not the politicians. That is the way I have historically operated, that's how I have learnt is the most successful way of dealing with these things and I have no reason to change my view. So, am I working hard? I am very much involved in trying to rationalise any of the outstanding issues yet again that the Government has regarding the taxation report. In addition, the Government itself has started to change its view on who is responsible for what in taxation. We were having dialogue with other parts of Government in trying to progress it. I think in looking back at what we have done we agreed that as a Board, and based on personal experience I was very much part of that, to approach it the way we did. Would we do it any differently again? I think not, no matter who was in power. What is more certain, and one of the reasons why we have had so much trouble, is that inside certain Government institutions there is a very bitter assessment of the worth of this segment of the economy. We have done a lot in the last year to try and change that attitude and try and argue the case on the merits of the economic argument. So I say again, you can stand on the nearest pulpit and argue how important the case is, but in the end you win these arguments with IRD officials, economic development officials and Internal Affairs' officials on the strength of the argument because they put the papers up. That in my view is the best path to success. I have no qualms about the effort I am putting into it and would I do it again the same way? Yes.

Mr David Sim, Marlborough Racing Club

Relating to the minimum standard of venues, a lot of clubs generally have maintenance programmes and I just wondered whether that was available now, or when is it going to be released?

Mr Hansen

We have to work first with NZTR and others on the Warrant of Fitness work that has already been done. It would be stupid not to have joint efforts on that work load. We have not set about defining the minimum standards yet and I don't have in my mind a specific timeline other than the fact that we have to have it in place well in advance of next season so that people can understand what sort of condition is going to be attached to the licence as far as 2006-07 is concerned.

Mr Michael Martin, N Z Thoroughbred Breeders' Association

I am interested in the Chairman's comments on the taxation issue. We have as a group of breeders and owners put in a considerable amount of work with the National Party over the last three years and we have got a policy that they tell us isn't a negotiable policy, it's what they would do if they got into power. This is very heartening to us because one of the things that you highlighted earlier was the lack of foals being produced - we are 10% down in the last three years.

The important issue here is what would happen if we had a change of Government and we got this additional \$25m plus back into the industry. How would we use that money? I take your point about efficiencies within the industry and tax is not the only thing, but we have got a really strong chance of getting them alongside the other breeding "incentives" (I don't like calling them incentives because they are common sense, quite frankly), but if we don't get some of these things we are certainly heading the wrong way. Could you make a comment on how that money would be used and whether the formula distribution would be applied with that additional money as well?

Mr Larsen

Before I answer that I should add one more thing to Mr Fell's question. I think it is important to always remember that if you are in a position of dealing with Government, you have to be prepared to deal with the devil, because some are here today and gone tomorrow. You can't hitch your colours to the mast of just who happens to be in power on the day and who might succeed them. It is all very seductive and tempting to do that, but I think you win these arguments on the quality of your analysis and as far as I am concerned, I am a person who takes the utmost exception to the suggestion that I am some hired lackey of the Government. I am absolutely my own person and I am doing this, for whatever good, bad or indifferent outcomes occur, totally remote from any political party.

With regard to the distribution, when we distributed the report to the Government before Christmas the first reaction we got back was "if we give you this money". We had indicated in the report, if you read it, and the accompanying letter that

I sent, that we didn't expect to get it all in one hit because we thought the likelihood of getting in excess of \$50m in any concessionary way from a tax adjustment for one sector of the economy was unlikely. I still hold that view. So we discussed how we might pitch that and that is where the \$25m came from, which you will be aware now is actually part of the National Party Taxation Policy and I wonder where that number came from? You don't have to be a rocket scientist to figure it out. I got the three code Chairmen together and we had a discussion as to how we might indicate to the Government the likely partitioning of the first tranche of that money. On the second page of my letter, which was distributed with my report, we allocated \$8m to venue rationalisation facilitation, some back to the investor in terms of a higher take out rate and then another chunk to improve stake levels. There were three tranches that we identified. The Chairmen of the respective codes agreed that was a fair way to proceed and I was delighted with the outcome. As a consequence I was able to put that in front of the Government to address the issue that they kept asking us to show them that we had our business in order and that if they agreed to it we wouldn't just go on the way we had and nothing was going to change.

Mr Alastair Deans, Amberley Racing Club

Further to your words about the big screens, I see you had \$1.4m. Is that the higher rate that you will be putting in?

Mr Hansen

That is our share of the cost of the rentals.

Mr Deans

Where will they be situated? Are they available to most clubs, or are they only going to be on big days?

Mr Hansen

We identified a number of clubs who had sufficient on-course attendance to justify that sort of cost. We went round to each of those clubs and identified the days for each club and asked if they were interested in joining us with this venture. The vast majority have come back and confirmed that they would like to do so on those terms and a couple have declined the opportunity. Hopefully one of them might change their mind after recent discussions, but we remain open if others have a burning desire and think it is economically sensible and viable. We are certainly open to dialogue for extending the venture a little further.

Mr Deans

I understand that Mitsubishi, which is one of the big screen providers, has a major sponsorship of \$1m plus in Australia for country racing. Have there been any approaches to these companies to do a similar thing?

Mr Hansen

As part of our discussions with the big screen provider we are talking about how we work sponsorship off those screens at our racecourses.

Mr Tom Jamison, NZ Racing Board

Could I just try and encourage those that haven't committed to please rethink because the more we get into this programme the better the economics are and the better for everybody. I think it is a really good initiative and it has taken us a long time to get it to the starting point. I would just like to encourage you to join up.

Mr Sargent

When do you hope to have those big screens available for the clubs?

Mr Hansen

We are just doing the due diligence and the negotiations around the final contract now.

Mr Tom Jamison

The first event is scheduled for September and the contracts should be done by the end of the month.

Mr Tony Dennis, Southland Racing Club

With regard to the drug testing of horses at trials, and I applaud you for going ahead with this, I am concerned that the integrity would be better if you did it on the day of the trials instead of the day after. If the trainers say they can't do it on the day of the trials it is tough luck. They have to live with this and I believe it will help racing a lot better, and the integrity, if you do it on the day of the trials rather than the next day. I suggest you look into this and negotiate with the trainers again.

Mr Hansen

As you know, we sought feedback from the industry at the five forums and it was good to have the NZTR Chairman at each of those. It was starting to stall, frankly, and we wanted to push the thing forward so we came up with a compromise that seems to be acceptable. We will see how that goes and if that means there are gaps in what we are trying to do in terms of integrity, then yes we will have to revisit it. The way it has been structured, and we need to roll it out with the interested parties is that at a trial meeting a trainer will be tapped on the shoulder and informed that we want to come around the next morning and get a sample. The trainers will be asked to acknowledge that they cannot administer anything to the horse between then and the sample being taken without first getting clearance. So if the horse heats up overnight they will have to make contact with the authorities to confirm they are able to do something. When the officials arrive the next morning they will be asked again to give the trainer an opportunity to declare what might have been administered, either before the trial or afterwards, and the random sampling will proceed on that basis. Now, if there are difficulties with that because we cannot get substances that disappear within 24 hours or something, then we will have to review the process, but we are trying to work constructively with the industry, not to be antagonistic about it.

Mr Larsen

I think the objective is great. I would like to see it enhanced in any way possible because of the importance attached to integrity. I understand there are staffing issues that are the reason why there are practical issues that we haven't been able to resolve so the next best option is what we've got, but we hope we can move it ahead because, as I said earlier, anything we can do to enhance participation in the element of integrity is absolutely critical. Thank you for your comments. We are encouraged by them.

Mr Peter Hutt, Incoming NZTBA Nominated Director

I would like to make a point about a consequence of testing at trials. If the trials are deemed to be run under the Rules of Racing that will affect GST and you will wonder how on earth there can be any connection between those two things. At the moment, when a horse is sold in New Zealand at the Yearling Sales, if it is sold to an overseas purchaser GST does not have to be paid by that purchaser if they are not registered in New Zealand because there is a special extension period of twelve months from the time of sale that enables the horse to stay in New Zealand. It can be agisted, it can be broken in, it can be educated. Now that twelve month period can also be further extended to 18 months if an application is made for that extension. That means the horse can be in New Zealand for 18 months, contributing to the economy, and as long as it is exported before that time expires then no GST is payable by that overseas person as long as the horse isn't deemed to have been "consumed" in NZ as defined in the GST Act. This definition includes being raced. The Inland Revenue has agreed that trialling a horse doesn't constitute being raced because it is part of its education and also the trial is not a "race" under the Rules of Racing. So you can run a horse at the trials and technically it isn't raced as such. You have to have a good look at this from that angle. You might be able to do drug testing and not have the trials deemed to be run under the Rules of Racing. There is a huge GST implication to vendors if you were just to plough ahead and deem those trials to be run under the Rules of Racing.

RACING BOARD INITIATIVE WORKSHOP

STARTERS' INCENTIVES

Messrs Hansen and Jamison conducted a session based on a sponsorship initiative and starters' incentive initiative the Racing Board was keen to apply to the next year's funding (2005-06). It was hoped by NZTR that the negotiations with the NZRB could be concluded by the following week so they would be in place by 1 August.

Mr Jamison spoke on the starters' incentive for maiden races. The Board had made available \$750,000 for two seasons, beginning next season, to pay \$100 to non stakes winning maidens and those races would be restricted to maiden races only. So a special conditions maiden, which is normally run for a decent amount of money, is not part of the overall plan. The issue is to try and give owners an incentive to race their horses. The \$100 is payable directly to owners through the NZTR Owners' Settlement Account.

In terms of qualifying, the horse has to be mounted by the jockey and go out onto the track, which recognises the fact that from time to time there are late scratchings. In the case of a late scratching at the barrier due to a horse being injured or being scratched by the vet, then the \$100 would still be paid because the intention clearly was to start. Any horse scratched due to a change in track conditions will not receive the \$100.

There was an issue that some clubs pay back to fifth and some pay back to fourth. It was expected the existing stakes distribution policy currently employed by each club would remain the same, because if everybody switched to only paying to fourth place then there wouldn't be enough money in the budget to cover it, but at the moment on the current stakes' distribution with those paying back to fifth and those paying back to fourth, there would be enough.

Mr Les Lowrie, N Z Thoroughbred Racehorse Owners' Federation

How does it work in with the NZTR initiative of no nomination or acceptance fees for maiden and intermediate type horses at mid week and Sunday meetings?

Mr Hansen

It is a quite separate stand alone initiative. The NZTR one would not be in place next year and this would replace it.

Mr D Jewell, Racecourse Manager, Manawatu Racing Club

Is there a KPI to measure how this initiative is going to be performed and the value of it in the future? What is the expectation?

Mr Jamison

The initiative is around the participation of trying to get more horses starting. That is why the Board designated two years. At the end of the first year a review will be undertaken in terms of what actually happened with regard to starter numbers. Having committed for two years, clearly if there was no major increase in starters then maybe we would give it an extra year to bed in, but if it had no effect after the second year then the Board would be forced to discontinue it.

Mr Sargent

I understand the GST component is a bit of a sticking point at this stage. Is that correct?

Mr Jamison

The GST component exists currently because owners have to pay GST on nomination and acceptances and apparently 75% of owners are not registered for GST, so therefore there is a leakage. The wider issue with GST is something we are concerned about and the Racing Board is speaking with Mr John Aubrey to do some analysis in that regard to see if there is a way in which the Board can minimise GST for our participants. It is difficult at the moment because we are asking for tax relief from the Government and we don't need to be seen to be deliberately entering into transactions which alter tax payments.

Mr Sargent

I want to make it clear. From next season all maiden horses that do not receive a cheque will get \$100 back. That is part of our funding policy and we have worked with the Racing Board on it. Earlier we talked about paying for acceptance and nominations fees, but the Racing Board was more generous as that would have equated to about \$70 - \$80. The Board was comfortable with giving us \$100 so we took that instead. As far as the intermediate class was concerned, the Board decided we were better to try and inject more money into the Saturday intermediate races to get the horses racing on Saturdays, which were our big earners. This is a joint venture with the Racing Board so there will only be the starters' incentive.

Mr Lowrie

I note the Saturday incentive actual minimum stake is \$5,000. Is that a good look for Saturday super meetings to have maiden races on the programme at \$5,000?

Mr Sargent

No, we are hoping that, depending on the clubs that take up the super feature funding, the minimum stake on Saturdays will be \$10,000 in the Central Region and \$12,000 in the Northern Region. We are still waiting to have the clubs apply for that special funding. Now we are getting \$100 per starter that equates to roughly another \$1000 that could have gone on the stake. Our feedback from around the country was that the owners would appreciate any sort of income and we were better to give them back \$100 than put another \$1000 on the stakes. So the minimum stake you could say is \$6,000 realistically and in most cases it is more than that.

Mr Lowrie

Clubs will still be able to have a \$5,000 or \$6,000 maiden stake on those super Saturdays.

Mr Sargent

Yes, but they have to run for a minimum amount. In the Central Region to date they have to run on Saturdays for \$90,000. In the new season if they want one of those super feature funded packages they have to run for \$130,000, so the total stakes will be going up. In the Northern Region they will be going up to \$150,000. At present it is \$110,000. Yes, you might still have that low one at the bottom end, but there are substantial increases in the total package.

Mr John Rennie, NZTR Board Director

To comment on the GST issue, we were trying to design the payment in such a way that GST didn't attach to it. It wasn't a matter of trying to do something that was out of order.

SPONSORSHIP INITIATIVES

This is a Racing Board initiative in terms of providing \$2m of seed capital across the three codes for the next racing season with the aim being to support club initiatives that attract new and long term sponsors to the industry. There have been several discussions with each of the three codes, and in particular with the thoroughbred code, and I have had the opportunity to discuss it with the Central Cluster Board Members and a group of people in Auckland. We are looking for feedback, but the general guideline is that the Board has is to try to encourage more activity in the sponsorship area that spans more than one season. If you have an arrangement with a new sponsor and it is a multiple year sponsorship, the Board would be looking to subsidise that activity and its preference is for three year arrangements with new sponsors. What we need to do is work around how that will be implemented from a practical perspective. Because the subsidy is seed capital, it is available for one year only, which is why we are looking for three years, because if they were all one year deals we would get a spike in our stakes for one year that wouldn't be sustainable over a number of years. We are looking at the situation where any funds provided by sponsors must go into stakes. The subsidy that the Racing Board pays relative to that belongs to the club, cluster or group of people that you are dealing with and is available to those organisations to do with what they will. However, we wouldn't want to see clubs rushing out buying new tractors, etc., but would like to see the seed capital used to grow revenue for the business.

We have looked at the allocation across clubs and we are not yet firm on any particular method of allocation, although some form of market share is probably appropriate so all clubs have access to this initiative and all clubs are provided with an incentive to increase their overall sponsorship. We don't have any firm rules as such that I am aware of. The Central Cluster is interested in allocation as a group rather than on a club by club basis and that is an opportunity that others may grasp.

Mr Sargent

It is important that you realise this \$1.124m share of the \$2m is separate from the funding. This is an initiative to grow sponsorship by the Racing Board. The Board is asking here for any thoughts or views to help it to get this initiative under way for next season.

Mr Hansen

"Seeding" means we are making the funds available as a one-off only to use them to seed and grow other revenue streams.

Ms Vicki Fowler, Chain of Events, Ford New Zealand

Perhaps it would be a good idea to go first to the clubs with some suggestions as to how they could best utilise that money to achieve what should be achieved.

Mr Sargent

We have done that. Basically the proposition from the Racing Board is, you grow the sponsorship using 2004-05 as the base year and we will match you dollar for dollar or 50 cents for every dollar you get, whatever figure that may be and without being held to any percentages, and that money they match which goes into a consolidated fund within a Cluster or a club, together with the money they get from the sponsors, all has to go into stakes.

Ms Fowler

I was thinking one step back. How to increase that fund and the systems that could be in place to make sure it is maintained and grown in the years ahead.

Mr Sargent

I think one of the KPIs that would have to be part of this is that you would have to sign a sponsor up, probably for a minimum of three years, so you didn't get these ups and downs in stakes. It shouldn't be too hard if we are seen to be adding value for the sponsors, but you would have to have a minimum period.

Mr Jamison

The Racing Board has committed to hiring a National Sponsorship Manager based in Petone and that person will be available to assist clubs or Clusters with those systems that you speak of and help prepare presentations and approaches to sponsors.

Mr John Frizzell, Waipukurau Jockey Club

How do you see the money being allocated - will it be on a dollar for dollar basis, for example.

Mr Jamison

Again, we are open to that. Originally the suggestion was that it be dollar for dollar. We looked at the total sponsorship for thoroughbred racing clubs and the figure that came out of last year's accounts was \$6m gross sponsorship in total. We thought if it was 50 cents in the dollar that would give a target for the thoroughbred code of increasing its sponsorship by \$2m. If we can increase sponsorship by \$1m across all clubs then a one for one in the first year is achievable.

Mr Dean Logan, Whangarei Racing Club

You mentioned the other day that pokie machine grants weren't eligible for this and I think that should be clarified.

Mr Jamison

Sponsorship is looked at as having people attached to it and for those people to come along to the races so you get a two edged sword by exposing more people to the racetrack. Gaming machine grants don't fit that criteria. It was also a way of weaning away from the reliance that we have in that particular area.

Ms Fowler

There is probably an opportunity here to do like a Warrant of Fitness for sponsorship relationships so the money is benefited from in the long term. The cash the clubs get in the short term is only one benefit of the sponsorship, but you could do a check list of what are the other major benefits of a really fit sponsor.

Mr Hansen

How do we understand the total amount of sponsorship through the code? For example, using the hotels that sponsor clubs. We need a comprehensive list of all the sponsors around the industry to see that we are maximising the benefits and also that we are maximising the give back to them.

Mr Larsen

These points are extremely relevant. In today's world a sponsor, as you are hearing, asks a series of questions and at the other end of it there is "what are you going to do for me?". So there is a professional component that has to be constructed in this as to where the benefits are actually given and received. This scheme we are talking about will contain that sort of analysis so the aim of the sponsorship person we are attempting to employ will be to help facilitate these kind of approaches and how we can actually get the commitments from these professional people about what they get out of it. So if they do book a room at a racecourse to bring their customers along, they don't expect to have half a dozen other people added to it on the day before the race meeting. A set of rules as to what the sponsor gets.

Mr Jewell

Where a club has a major sponsor that has lapsed and is seeking to sign up a new sponsor to replace them for a major race, and possibly look to use some of that additional money to increase the stake for the race, would that person's contribution be seen as a total sponsorship net package as far as this incentive goes, or are you talking about the difference between A and B in the future? If you have a \$100,000 race, you have lost a \$20,000 sponsor and you get a new \$30,000 sponsor, does that mean the race goes up \$10,000 and that is all you are qualified for, or does it go up to \$130,000, in which case the club could well be \$20,000 behind. I believe if we could incentivise a new sponsor to come in then all of that should be part of the total package from a club's point of view.

Mr Jamison

What we are looking at is to lift the amount of money provided by sponsors to racing clubs. Using your example, I would expect the increase is what we would be looking to match.

Mr Hansen

It is difficult. We don't want to have a whole bureaucratic thing here that defeats the purpose. We are trying to inject money into the code, to ask how do we grasp this opportunity and run with it, how do we do it in a way that when our seed capital drops out next year it still runs forward without interruption. I think we would have to look seriously at the whole package, but if you are just kidding yourselves in terms of substitution, then you are going to suffer the consequence next year when you have got a glitch in your stakes level as a result.

Mr Simon Cooper, Assistant Chief Executive, NZTR

I would like to see some of that money put into a system that ensures existing sponsors reinvest, because one of the things we don't have enough of is information to allow those sponsors to make a reasoned decision. Following on from that line would existing sponsors, if they increase their sponsorship, come into that new scheme?

Mr Jamison

I think the increase definitely would because that is what we are trying to achieve. But it may well be that we need to look at all circumstances that arise without it becoming a full time job for half a dozen people, which would negate the benefit overall. We certainly need to raise the bar in terms of how we approach it. The difficulty is that we have clubs that range from one day clubs to 26 day clubs and they operate in different market places. That is why we are trying to keep the guidelines as wide as possible.

Mr Hansen

I would have no problem if, as an example, a club had the Duxton Hotel as a \$5,000 sponsor for the last ten years and they wanted them to increase it to \$10,000 - if they used our seed capital to do that in the first year, with a commitment that the Duxton would continue at \$10,000 for another two years after that, I would have thought that was what we were trying to achieve.

Mr Alastair Ring, Counties Racing Club

One way to get more sponsors to come on board, or the sponsors we have stay with us, is to use them more. At Counties we are in the process of producing a loyalty card for our members. Members will have a card to go along to our existing sponsors and buy their products from them so the sponsors are getting a lot more dollar for their sponsorship. Hopefully when their business increases they will come back again.

Mr Chris Weaver, Chief Executive, Auckland Racing Club

We need to be more professional. The first thing that happens when you present a sponsorship proposal to a major corporate it is measured through their agency, such as Saachi & Saachi. We need to improve our back office in terms of being able to anticipate and deliver the answers to questions and make this available to all clubs around the country. We need to know answers to questions such as how many people watch *Trackside* on a certain day.

NZTR ANNUAL GENERAL MEETING

INTRODUCTION

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

APOLOGIES AND WELCOME

Apologies were recorded from Messrs J Penny and E Rennell (Harness Racing New Zealand), Messrs T Deed and L Bickford (N Z Greyhound Racing Association); Messrs G Higgie and P Grieve (Trustees, General Trust Fund); **Mr J Bull** (Past President of the N Z Racing Conference); Mr C Wood (N Z Trainers' Association); Ms S Jenkins (N Z Jockeys' Association); Mr P Francis (N Z Thoroughbred Breeders' Association); Mr N Oldfield (N Z Thoroughbred Racehorse Owners' Federation and club representatives Mr L Redshaw (Hawke's Bay Racing) and S Bowen (Thames Racing Club).

Mr Sargent welcomed as invited guests Messrs B Kelly (Past President, NZ Racing Conference and Chairman General Trust Fund); Mr M Acklin, (past Chairman of NZTR and now NZTR nominee on the N Z Racing Board); Messrs W Larsen, G Hansen and T Jamison (N Z Racing Board); Messrs J Grant and P Kenny (Judicial Control Authority); Mr M Martin (N Z Thoroughbred Breeders' Association); Ms M McCarty (N Z Trainers' Association); Mr L Lowrie (N Z Thoroughbred Racehorse Owners' Federation); Mr R Tocker (N Z Apprenticeship Board); Messrs G Humphries and D Brown (Equine Industry Training Organisation); Mr C Jenkins (incoming Northern Regional Director) and Mr P Hutt (incoming NZTBA nominated Director).

OBITUARIES

The Chairman asked the meeting to stand in remembrance of two racing people that would be known to most present. The first was Apprentice Jockey Sam McRae who suffered a horrific race accident at Riverton Racecourse and the second, Arthur Hughes, a former President of the NZ Racing Conference for ten years from 1974 - 84, a past President of the Auckland Racing Club, and All Black.

ADOPTION OF MINUTES OF PREVIOUS ANNUAL GENERAL MEETING

The Chairman requested that the minutes of the previous Annual General Meeting held on 9 July 2004, which had been circulated, be taken as read and confirmed as a correct record. Moved Mr C Bary, seconded Mr A Dennis.

CARRIED

ADOPTION OF ANNUAL REPORT

The Chairman said he had addressed the meeting earlier in the day and invited representatives to ask any questions they might have with regard to that address or his report in the NZTR Annual Report which had been circulated prior to the meeting.

There were no further questions and Mr Sargent formally moved the adoption of the Annual Report and Mr B Kinley seconded the motion.

CARRIED

STATEMENT OF FINANCIAL POSITION AND STATEMENT OF ACCOUNTS

Mr Fenwick reported on the Statement of Financial Performance and the Financial Position of New Zealand Thoroughbred Racing, which were contained in the Annual Report commencing on page 24. In terms of the Statement of Financial Performance there was a net operating surplus of \$499K before taking into account the surplus on the sale of the land and buildings which compared with a loss in the previous year of \$134K. The gain on the sale of the land and buildings, which were sold for \$2.4m, was \$1.122m, giving a surplus for the year of \$1.6m.

This year the presentation of the financial statements had been amended to include the distributions that came from the Racing Board and also the surplus that the Racing Board paid out after the conclusion of their 2003-04 year end. This only came into effect from 1 August 2003 when the Racing Board came into existence. The Racing Act decreed that the Racing Board paid money to the code, which the code in turn distributed to the clubs. In the 12 months to 31 March 2005 \$34.397m came in from the Racing Board plus \$1.84m supplementary funding out of reserves and as well as the surplus of \$1.4m that was paid out in October last year which related to the Racing Board's first year of operation in 2003-04. Clearly that significantly increased the income from \$5m to nearly \$43m. During the year NZTR paid out its normal operating expenses, but in addition there were the club product payments, which was the funding policy of \$33.9m as well as \$1.6m paid out of the supplementary funding received from the Racing Board and \$741,000 paid to the clubs out of the \$1.4m of surplus from the previous year. Those items brought to account the twelve months from 1 April 2004 to 31 March 2005. An adjustment had to be made to the transactions between 1 August 2003 and 31 March 2004, representing the first eight months of operation of the Racing Board. They have been accounted for in the opening balance adjustments referred to in Notes 8 and 9.

The Stud Book income was higher which reflected the sale of Stud Books with the new edition that was printed during the year. Otherwise the majority of income items were comparable. In terms of expenses administration and general had gone up \$439,000. The major increases were in administration salaries, computer services, depreciation as a result of the shift to Petone, depreciation on new computer equipment, legal fees and the write off of furniture and fittings from Taranaki Street.

Two capital reserve funds, one arising from the sale of the Farish Street property when the Conference moved to Taranaki Street and also one held for the printing of Volume XXX of the Stud Book had both been moved into Accumulated Funds.

The Chairman moved the adoption of the financial report. This was seconded by Mr B Kinley.

CARRIED

Mr Tony Dennis, Southland Racing Club

Mr Dennis asked how much it cost to underwrite the jumping races for last season.

Mr Fenwick

Mr Fenwick said he did not have the specific figures, but it was part of the Funding Policy and was in the region of \$300,000.

Mr John Dodson, Woodville/Pahiatua Racing Club

Mr Dodson asked Mr Fenwick to explain the code distribution reserves. He said clearly NZTR had received more money from the N Z Racing Board than it had paid out. He asked if there were any plans to pay out the reserve of around \$800-900,000 that had been retained and what was the future policy with regard to reserve funds.

Mr Fenwick

Mr Fenwick said the code receiving the distribution from the N Z Racing Board was a new experience. NZTR did not receive any bulk funding for its own operations as previously until it received the surplus that came from the N Z Racing Board after July 2004. Out of the \$1.4m received \$741,000 was distributed to the clubs and the rest was intended to meet future NZTR expenses. All the money received to date that would have been traditional code distribution money had been reserved for that purpose. If it hasn't been spent then it sits in the reserve account and helps the Funding Policy going forward so it is not intended at this stage that any part of that would be used for day to day business expenses. Mr Fenwick also reminded the meeting that the accounts were to 31 March, the traditional year end for NZTR, whereas the Funding Policy runs to 31 July.

Mr Sargent

Mr Sargent confirmed that the Board did not have a policy to increase NZTR reserves.

General Trust Fund

Mr Fenwick said the accounts for the General Trust Fund were contained in the Order Paper on pages 4, 5 and 6. As at 31 March 2005 the General Trust Fund had accumulated \$914,000, the majority of which was invested on deposit.

The Trustees are appointed by the NZTR Board and are currently Messrs B Kelly (Chairman), G Higgin 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.

Mr Fenwick asked that appreciation of the work carried out by the Trustees be recorded.

Mr Fenwick recommended the adoption of the report of the General Trust Fund for the year ended 2005 and Mr Sargent moved the motion which was seconded by Mr David Smith.

CARRIED

Apprentice Jockeys' Fund

The accounts for the Apprentice Jockeys' Fund were contained on pages 7, 8 and 9 of the Order Paper. This fund represents the apprentice jockeys' shares of their riding fees that are retained for them on deposit. Today more and more jockeys are drawing on these funds when compared to previous times. Senior apprentice jockeys in particular provide a lot of their own transport, have their own cell phones, etc. The field staff make a recommendation on whether a payment should be made from the fund in each case when funds are requested. The field staff also endeavour to counsel apprentices on the proper use of their funds.

Interest earned in the year under review was \$44,800. After taking into account expenses, interest is allocated back to the apprentices to effectively use up the money available. As at 31 March 2005 there was \$880,000 held in the Apprentice Jockeys' Fund. \$643,000 was held on behalf of apprentices and \$223,000 held on behalf of their employers.

Mr Sargent moved and Mr G Cleland seconded the adoption of the report.

CARRIED

Appointment of Auditors

Mr M Brown moved that Deloitte, Touche, Tohmatsu be reappointed as auditors, at a fee to be arranged by the Board. This was seconded by Mr P Kenny.

CARRIED

Board Estimates for 2005-06 Financial Year

Mr Fenwick referred to the budget for the year ended 31 March 2006 which was set out on pages 10, 11 and 12 of the Order Paper for the meeting. Budgeted income for the 12 months to March was \$43.449m and budgeted expenditure was \$43.559m. The difference between the code distributions (\$37.86m) and the club product payment (\$37.378m) of \$481,000 has been transferred to reserves to meet future payments to clubs under Funding Policy.

Handicapping levy, the Racing Bureau levy, the Owners' Settlement and Trial fees had been reviewed and increases recommended, as follows:

	Current	From 1.8.05
Handicapping	250	350
National Racing Bureau	1,000	1,075
Owners' Settlement	300	375
Trial Fees		20% increase

A number of changes have been made as a result of a Court of Appeal case decision on what NZTR could and could not charge for in respect of export and import fees. Some of these changes will not take effect until 1 August, but as this is part way through the financial year they have been built in.

In terms of the base levy for 2005-06 season the Board had resolved that it will remain at \$2,700 per day, the same amount it has been for the last five years.

Mr Sargent moved the adoption of the budget and the levies for the year ended 31 March 2006 and this was seconded by Mr Peter Cordner.

CARRIED

Consideration of Notice of Motion

Mr John Wood, Westland Racing Club

Mr Wood put forward a motion on behalf of the Westland Racing Club " *That this meeting recommends that the amendment made by N Z Thoroughbred Racing to Rule 304 in January 2005 relating to officials be amended because of the discouraging influence it will have on the participation by volunteers in the running of race meetings*". Mr Wood said his club had interpreted what was proposed and believed that there was a whole raft of people who were potentially affected by this change. It had been taken in the broadest context in which it was presented. Mr Wood said he wrote to NZTR but had not received a reply to suggest that the club's interpretation was incorrect.

The club's interpretation was that this change meant it related to any official, such as committee member or other person appointed by the club to carry out various functions to do with the good running of a race meeting. The club had since been told this was not necessarily the case and the reasons for the change to the Rule.

Mr John McKenzie, Chief Racecourse Inspector

Mr McKenzie was asked to clarify the matter before the motion was put to the meeting. He said that NZTR believed that every club would appoint a responsible and capable person to hold the role of an official on race day. The Rules refer to an official as being the Clerk of the Scales, the Judge and his Assistant, the Starter and his Assistants. Under the Rules of Racing they are the only officials outside those of NZTR.

There is a perception that people who hold office as Stewards of a club who accompany jockeys to weigh in by the Clerk of the Scales are "officials". They are not. Stewards who act in that capacity are volunteers who are helping to carry out duties that will make the race meeting run smoother, but they don't hold a position as an official.

The stakeholders who are responsible under the Rules are entitled to expect that those who hold official positions, such as the Clerk of the Scales, the Judge and the Starter and their Assistants, are competent, because those stakeholders who are listed currently under Rule 304 such as the owners, owner trainers, licensed trainers, permit holders, jockeys, apprentices and Racing Managers can all be charged with a breach of the Rules.

Prior to this change to the Rules, for NZTR to deal with the officials they had to be charged with a serious racing offence where any person who came within the purview of the Rules could be charged. That was not an appropriate Rule in many cases.

Mr McKenzie pointed out that if anybody who was holding a position, volunteer or not, was taken before the Judicial Control Authority and charged with a breach under the misconduct Rule, there is a facility there for a submission from that person that they could be given a warning rather than a monetary penalty. Mr McKenzie said he felt it was important that the Rule stayed in place so that everybody was in the same playing field and those persons who were in a position of responsibility could be expected to be accountable for their actions.

Mr Wood

I feel we should still put forward the motion so it can be debated by other people who wish to comment on it.

Mr Wood put the motion forward which was seconded by Mr J Symes.

Mr John Symes, South Waikato Racing Club

I am still not sure who can and who cannot be charged. Can volunteers receiving no payment on race day be charged with a breach of the Rules?

Mr McKenzie

If a committee person put themselves into a position of accountability to hold the role of Clerk of the Scales, a Starter or a Judge, then yes they can be charged. It is the position that counts, it is not the role of the person in the club, it is the position they hold on race day.

Mr Symes

Whether they are a volunteer or not?

Mr McKenzie

I don't believe the stipend is relevant. It is the position they hold where, if they were the Clerk of the Scales, their decision could affect the stakeholders, or the owners of a horse that has been disqualified because it has been weighed in wrong. Or the Starter doing something wrong at the start that could affect the performance of a horse, the Judge who makes a mistake. Whether they get paid or not, whether they happen to be a committee member on the side or not, is irrelevant.

Mr Symes

From my club's point of view, if we request volunteers to help us out and they receive some monetary charge, we are going to have in place an insurance policy irrespective of whether it costs \$10,000, \$15,000 or \$20,000 a year to cover their expenses.

Mr Kinley

John McKenzie has made it plain that it is the position, rather than the individual.

Dr Murray Blue, NZTR Director

Given that, in the interests of keeping everybody happy, it seems to be a very simple matter for Mr McKenzie to specify those positions that will be in direct line of fire they should be specified in that Rule.

Mr McKenzie

The positions as I read them under the Rules - let us talk about people like veterinarians, club doctors, etc. While you might talk about official club doctors and official veterinarians, with due respect they are contracted employees to the club and are not pertaining to the performance of the Rules of Racing. It is only if they were to commit a breach that was deemed to be a serious racing offence that they could be classified as "any person" and therefore guilty by intent. In other words, if a veterinarian was to do something that was by intent then he could be charged with a serious racing offence. If an official does something without intent, but it is by an act or omission unacceptable, but still a breach of the Rules, then the only Rule that we could deal with him under unless we specifically put them into every Rule, would be misconduct.

Mr Symes

You raise an interesting point there. The biggest sponsor for our meeting for the last fifteen years is our doctor! Based on what he gives up by way of earnings to come and help us. You are suggesting we charge him?

Mr McKenzie

He is not an official. We could not charge him. He may be your official doctor, he is not an official under the Rules of Racing.

Mr G Cleland, Tapanui Racing Club

This is probably the first time I have disagreed with John Symes, but I don't really think the owners or the people that are involved in racing are going to be very happy if, just because a club doesn't pay their people, they should be under different Rules. I am quite happy with what Mr McKenzie has told us.

Mr Sargent put the motion as outlined in the agenda which had been moved by Mr J Wood and seconded by Mr J Symes. On a show of hands the motion was lost.

LOST

GENERAL BUSINESS

REGIONAL FORUMS

The Chairman reminded the meeting of the Regional Forums coming up over the next three weeks. NZTR was obliged under the Constitution to hold these Forums. He also said it was likely the N Z Racing Board would be holding more forums throughout the year and he urged representatives to partake in those.

Mr Deans

Can we make sure these meetings are properly conducted and there is an agenda and minutes of the meeting? It would be helpful to have minutes of meetings from other regions.

AGM FORMAT

Mr Cleland

I think the format of the AGM this year is disappointing. The forums as were held previously for the club representatives at AGM time are really important in addition to the Regional Forums. With Clusters coming in clubs such as ours are the third tier down the list and we really need to be involved in a national forum where we can talk about what our Clusters are doing.

Mr Sargent

The Board tried to make it a one day event purely from a cost angle, but I do take your point on board and we will ask for general comment on that as we go around the country.

JUMPING RACES

Mr Dennis

Underwriting of jumping races starts on 1 May. Southland has 90% of its jumping races before this date. We do not get any underwriting of jumping races - we are part of New Zealand, although some people might not think so! I don't believe we should be discriminated against. We supplied 46 horses from Southland to Riccarton which would not have been able to run its jumping races without Southland horses.

Mr Fenwick

You do, in fact, get funding up to 1 May exactly the same as the rest of New Zealand. The rest of New Zealand does not get the underwriting that the South Island gets between 1 May and 31 July. When we met with the Jumping Advisory Committee two years ago the decision was made that it was very important to ensure that there were jumping races run in that period from May leading through to the Grand National meeting in August so as part of that assurance that those races would be run, it was a request that the Board agreed to that between 1 May and 31 July the jumping races in the South Island did not cost the clubs money to be held. So the underwrite is the difference between the income earned from on and off-course turnover and the fees that are charged to the runners in those races and the stakes paid. That difference is made up for the club. Prior to 1 May it is not made up and we work on a subsidy per race as is done for the rest of the country. During the period from 1 May to 31 July you are, in fact, being significantly advantaged.

TAB

Mr Steve Moffatt, Otaki Maori Racing Club

I have a couple of frustrations with the TAB with regard to Trackside where, for instance, just as a race in Australia is starting they cut over to a greyhound race here and go back to Australia as the horses are coming down the straight. I wonder if the five minute rule is too rigid and we may be losing punters.

My other problem is being shut out of the phone betting with two minutes to go. I wonder how much betting money is being lost because people are being shut out and whether the TAB is correcting the problem.

Mr Hansen

The arrangements with the codes are that it is four minutes' lead in for a greyhound race and five minutes for a horse race. I am not aware of any discussions around changing that at present. With regard to getting shut out of the tote, that is why we are spending so much time and energy in trying to get the internet, touch tone and natural voice recognition going. We have a register that shows how many calls are waiting and you see as soon as we put the final field odds up on the screen immediately the calls register. If we put those odds up with three minutes to go before a race, we can count how many bets we miss. If we put them up seven minutes before they still don't start coming in before five minutes, so you can track it, but we see the most immediate benefit right now is to try and get customers migrated over to those other options and take the pressure off the phone bet system which is the most expensive channel we have got.

CHIEF EXECUTIVE

Mr Dennis

I would like to take this opportunity to thank Allan Fenwick very much for what he has done for racing over a number of years. This will obviously be his last Annual General Meeting as Chief Executive. He has always been very co-operative and we couldn't have wished for a better Chief Executive. At times he has had a lot to put up with, but I would like to thank him for what he has done.

CLUSTERS

Mr Walter Cameron, Kurow Jockey Club

I would have liked to have had some update on where the Clusters are at and what the impacts are going forward for the smaller clubs because now we are on a level playing field. Some of the smaller clubs have been very successful and it is important that we protect that entrepreneurship that has come from these clubs.

Mr Sargent

The clubs south of Waitaki are all part of the Cluster. We have a few issues sorting out some of the financials, but the mood has been very positive generally from that group. They are using their own funding model. I have to make you all aware that each Cluster is an independent entity so the Constitutions, Business Plans and Financial Models will vary from Cluster to Cluster. The northern South Island Cluster was only formed officially a week ago and we are still minus two small clubs there - Banks Peninsula RC and Marlborough RC - but we are very hopeful that both will join. At the bottom end of the North Island there are eight Board Members who have had one meeting and it appears that, apart from TRAC which has been going for quite a while, the Central one is an inspiration to us all. They have 21 clubs that have all come together. Foxton RC and Stratford RC have stayed out and once again we hope they can see fit to be part of it and use the exit clause as an opportunity to get out if they are not comfortable.

The TRAC one had four additions to it in the north and that has been going for twelve months. If you speak to anyone that joined that Cluster they will all be very positive about the outcomes they have enjoyed this year. The Waikato team is not a big Cluster - five members. They are very keen to join up with one of the other Clusters in twelve months or so should it work as well as we anticipate. In the north we are meeting on Thursday and hopefully I will be able to report in the near future that we have formed that Cluster. At this stage there is a problem with Counties RC, but hopefully all the goodwill shown by Auckland will flow back and Counties RC will join the Cluster, along with all the other clubs in the region.

Now, in conclusion, our retiring Directors David Ellis and Nelson Schick could not be with us here today, but I want to thank them on your behalf for the work they have done. At the same time we welcome Peter Hutt and Colin Jenkins as the new Board Directors. Our Chief Executive, Allan Fenwick, will be leaving later in the year and we will have a formal recognition at that time of the dedication he has put into thoroughbred racing.

I also want to thank my fellow Board Members, the staff at NZTR and all club personnel for the work you all do for thoroughbred racing and wish you well for 2005-06.

CLOSURE

There being no further business, the Chairman closed the meeting at 3.15 pm.