

MINUTES

OF

ANNUAL GENERAL MEETING



HELD IN THE CARLTON ROOM
NOVOTEL HOTEL, PALMERSTON NORTH
ON FRIDAY, 14 JULY 2006
COMMENCING AT 3.00 PM

MINUTES OF THE ANNUAL GENERAL MEETING 2006

CLUB REPRESENTATION

AMBERLEY RC.....	ALASTAIR DEANS	PAKURANGA H	IVAN BRIDGE
ASHBURTON RC.....	PROXY	POVERTY BAY TC	PATRICK BURKE
AUCKLAND RC.....	PAUL KENNY	RACING MATAMATA	JOHN TUCKER
AVONDALE JC.....	GRAHAM MORGAN	RACING ROTORUA	JOHN LLOYD
BANKS PENINSULA RC.....	BILL MCD STEVENSON	RACING TAUPŌ	MARIE LEICESTER
BEAUMONT RC.....	PROXY	RACING TAURANGA	PETER SILSON
CAMBRIDGE JC	PROXY	RACING TE AROHA	GARY COOMBE
CANTERBURY JC	GEORGE RITCHIE	RANGITIKEI RC.....	NEIL WELLS
CENTRAL OTAGO RC.....	PROXY	REEFTON JC.....	PROXY
COUNTIES RC.....	STEPHEN COLE	RIVERTON RC.....	TOMMY WHITE
DARGAVILLE RC.....	PROXY	ROTORUA & BOP H.....	TERRY FITZPATRICK
EGMONT RC	MURRAY ARMSTRONG	SOUTH WAIKATO RC	JOHN SYMES
FEILDING JC	COLIN YOUNG	SOUTHLAND RC	TONY DENNIS
FOXTON RC	JOHN CREAVEN	STRATFORD RC	MARTY TAYLOR
GERALDINE RC.....	PROXY	TAPANUI RC.....	PROXY
GORE RC.....	NEVILLE PATTERSON	TARANAKI RC	WAYNE DARLING
GREYMOUTH JC.....	JILL BENNINGTON	TAUMARUNUI RC	DEREK STEPHENS
HAWKE'S BAY RACING INC..	PETER ROEBUCK	THAMES JC	STEPHEN BOWEN
HORORATA RC	DENNIS WATSON	TIMARU RC	PROXY
KUMARA RC.....	PROXY	WAIKATO RC.....	DAVID SMITH
KUROW JC	PROXY	WAIKOUAITI RC	PROXY
LEVIN RC.....	JOHN BENTON	WAIMATE RC	PROXY
MANAWATU RC	GERALD FELL	WAIPA RC.....	ROD TETLEY-JONES
MARLBOROUGH RC.....	DAVID SIM	WAIPIKURAU JC.....	COLIN BREMER
MARTON JC	DOUGLAS DUNCAN	WAIRARAPA RC.....	GRAHAM HODDER
MASTERTON RC.....	SPENCER SOUTHEY	WAIKOUAITI RC	PROXY
NTH CANTERBURY RC	PROXY	WAIROA RC.....	LEN COOK
OAMARU JC	PROXY	WANGANUI JC	MIKE WEBBER
OPUNAKE RC.....	STEAK GOODIN	WAVERLEY RC	BRIAN WILLIAMS
OTAGO RC	MALCOLM LITTLE	WELLINGTON RC	MIKE BROWN
OTAKI MAORI RC.....	STEPHEN MOFFATT	WESTLAND RC	PROXY
PAEROA RC	RALPH BAX	WHAKATANE RC	DANNY DEEGAN
		WHANGAREI RC.....	PROXY
		WINTON JC	DOUG STUART
		WOODVILLE-PAHIATUA RC....	JOHN DODSON
		WYNDHAM RC	JOHN MCKAY

INTRODUCTION

The Chairman, Mr Guy Sargent, welcomed representatives of clubs and guests to the 2006 Annual General Meeting of New Zealand Thoroughbred Racing Inc.

The Chairman commenced the meeting by introducing all members of the NZTR Board, Messrs Murray Blue, Peter Hutt, Colin Jenkins, Brian Kinley, Keith Neylon, John Rattray, John Rennie, Graeme Sanders and Alistair Sutherland; and NZTR Senior Management present, Messrs Paul Bittar, Campbell Moncur, Simon Cooper and John McKenzie. He then asked the General Manager Communications to read out the appointed proxies.

PROXIES

ASHBURTON RC.....	PROXY TO BANKS PENINSULA RACING
BEAUMONT RC.....	PROXY TO OTAGO RACING CLUB
CAMBRIDGE JC.....	PROXY TO WAIKATO RACING CLUB
CENTRAL OTAGO RC.....	PROXY TO OTAGO RACING CLUB
DARGAVILLE RC.....	PROXY TO AUCKLAND RACING CLUB
GERALDINE RC.....	PROXY TO CANTERBURY RACING
KUMARA RC.....	PROXY TO GREYMOUTH JOCKEY CLUB
KUROW JC.....	PROXY TO OTAGO RACING CLUB
NORTH CANTERBURY RC.....	PROXY TO CANTERBURY RACING
OAMARU JC.....	PROXY TO OTAGO RACING CLUB
REEFTON RC.....	PROXY TO GREYMOUTH JOCKEY CLUB
TAPANUI RC.....	PROXY TO OTAGO RACING CLUB
TIMARU RC.....	PROXY TO CANTERBURY RACING
WAIKOUAITI RC.....	PROXY TO OTAGO RACING CLUB
WAIMATE RC.....	PROXY TO CANTERBURY RACING
WAIRO JC.....	PROXY TO WINTON JOCKEY CLUB
WESTLAND RC.....	PROXY TO GREYMOUTH JOCKEY CLUB
WHANGEREI.....	PROXY TO AUCKLAND RACING CLUB

APOLOGIES

Apologies were recorded from Messrs Warren Larsen (N Z Racing Board); John Penny and Edward Rennell (Harness Racing New Zealand), Trevor Deed and Lance Bickford (N Z Greyhound Racing Association); Chris Wood (N Z Trainers' Association); Bruce Harvey (Cambridge Jockey Club); Dave Haywood (Wairio Jockey Club); Noel McCutcheon (Chief Stipendiary Steward) and Taylor Strong (Otago Daily Times).

GUESTS

The Chairman welcomed all guests to the AGM. These were Messrs Bernard Kelly (Past President, NZ Racing Conference and Chairman General Trust Fund); Gavin Higgie and Peter Grieve (Trustees, General Trust Fund); Mr Murray Acklin, (Past Chairman of NZTR); Mr Graeme Hansen (N Z Racing Board); Mr John Grant (Judicial Control Authority); Mr Michael Martin (N Z Thoroughbred Breeders' Association); Messrs Neil Oldfield and Les Lowrie (N Z Thoroughbred Racehorse Owners' Federation); Mr Robert Tocker (N Z Apprenticeship Board); Messrs Geoff Humphries and Dudley Brown (Equine Industry Training Organisation); Ms M McCarty (N Z Trainers' Association); Mr Dave Taylor and Ms Sharron Jenkins (N Z Jockeys' Association); Dr Andrew Grierson (NZTR Veterinary Advisor); Mr Paul Gueorgieff (N Z Press Association); Mr Robin Bloor (Dominion Post); Mr Ron Gurney (Evening Standard); Mr Bob Bevege (Racecourse Inspector); Mr Chris Weaver (Auckland Racing Club); Mrs Gayle Barkla (Cambridge Jockey Club); Mr Greg Mitchell (Counties Racing Club); Mr Charlie Pearce (Foxton Racing Club); Mr John McGifford (Hawke's Bay Racing Inc.); Mr David Jewell (Manawatu Racing); Ms Kristine Jones (Poverty Bay Racing Club); Mr Neale Ames (Otaki-Maori Racing Club); Mr Trevor Lumsden (South Waikato Racing Club); Mr Tony Enting (Waikato Racing Club); Mrs Lea Temm (Waipa Racing Club); Mrs Jenny Fenwick (Wairarapa Racing Club); Messrs John Fokerd and Tony Severinsen (Wellington Racing Club); Mr Peter Grant (Racing Southland); Mr Jim Watters (TRAC) and Mr John McCarvill (Stratford Racing Club).

OBITUARIES

The Chairman asked the meeting to stand in remembrance of John Falloon, former Minister for Racing.

CHAIRMAN'S ADDRESS

The Chairman thanked members present for attending the 2006 AGM and stated that his address would cover NZTR initiatives in 2005/06 and NZTR key strategies for 2006/07.

He began by taking the opportunity to once again publicly thank the Rt. Hon Winston Peters, the Minister for Racing, for delivering to the racing industry considerable tax concessions and reinforced the racing industry's responsibility to ensure that these additional funds are employed to strengthen the industry for the long term. The Chairman also thanked Mr Michael Martin for his work in bringing about these tax concessions, particularly the accelerated write-down period for bloodstock.

The Board looked early in the season to improving its Governance and has put in place structural changes at NZTR to improve its efficiency and effectiveness. Five permanent Board Committees have been implemented and developed. These are Dates, Finance, Funding, Integrity and Staffing. The Chairman informed members that he chairs the last of these, the Staffing Committee, and thanked the chairmen of each of the other committees – John Rattray, John Rennie, Alistair Sutherland and Brian Kinley respectively, and the members of these committees, who put in considerable additional work. The Chairman also thanked Alan Cole, who had recently announced his departure from NZTR to move to Whakatane, for his work with the Dates and Graded Stakes Committees.

The Chairman emphasised that while responsibility for these central areas of NZTR activity remains with the Board, it is the role of these Committees to make recommendations for the Board's consideration. Details of these five Committees are listed on page four of the Annual Report.

During the year the Wellington Racing Club Industry Committee and the Warrant of Fitness Implementation Committees successfully carried out their tasks, as set out in their terms of reference, and were duly disbanded on completion. The Chairman thanked Board members Keith Neylon and Graeme Sanders for their chairmanship of these two committees respectively.

In the latter half of the year the Jumping Racing Review Committee was formed under John Boyle's independent chairmanship. It is anticipated that this committee will report to the Board in the spring.

At the same time the Board agreed to look at NZTR's role in education and careers in the thoroughbred code. Peter Hutt is heading this review on behalf of the Board. In the past the racing industry's priority has been to return every cent to stakes. NZTR is refocusing on investing in infrastructure while also maximising returns to owners. Education and training is a crucial part of that. This is at the scoping stage at the moment and it is planned to consult with appropriate stakeholders in the first quarter of the new season.

The Board agreed during the year to place more emphasis on regional forums. The reasons for this are to provide more opportunities to engage in discussion with all industry stakeholders and to encourage more robust discussion. Forums allow much wider attendance and participation. In future there will be two forums per year, instead of one at present – one in May/June and the other in November/December. It was also agreed that the AGM should be held at different racing locations each year, thereby equalizing regional involvement and costs for all attendees. The Chairman announced that the next NZTR AGM had been provisionally scheduled to be held in Christchurch on Friday, 12 October 2007, subject to the 2007/08 calendar and the outcome of the motion to change NZTR's financial year under agenda item nine.

The Board also initiated substantial organisational changes within NZTR Management during 2005/06. The Chairman formally welcomed Paul Bittar, who was appointed Chief Executive early in the new season and joined NZTR in November, taking over from Allan Fenwick. Paul, who grew up in Australia, is a Bachelor of Business, a chartered accountant, and holds an MBA. His lifelong love of sport and particularly racing drew him to Racing NSW followed by the British Horseracing Board. He occupied senior management positions in finance/projects at both organisations.

The Chairman informed members that improvements to NZTR, together with the upturn in the New Zealand racing industry following the tax concessions, was contributing to a higher calibre of applicant to several positions. This was most clearly demonstrated by the recent appointments of Fin Powrie to the new role of General Manager, Integrity, Darren Jones to Operations Manager, overseeing the amalgamated Stud Book and Registration services, and Cameron George to Senior Stipendiary Steward.

The Chairman thanked the NZRB and Graeme Hansen for progressing synergies between NZTR and the NZRB since NZTR's move to Petone at the start of 2005. This had resulted in service level agreements in finance and human resources between the two organisations during the current season. This had provided NZTR with a better resource at a more cost effective level. These changes had resulted in the disestablishment of four senior roles – Accountant, Registrar of Racehorses, Keeper of the Stud Book and Racing Control Administration Manager.

The Chairman reminded members that the Board had placed emphasis during the past season on the ratings system and handicapping. Victoria Racing's Senior Handicapper, Greg Carpenter, had carried out last year a thorough review of NZTR's Handicapping and Ratings systems, which was introduced on 1 August 2005. Mr Carpenter's report complimented NZTR's systems and placed the rating system ahead of Australia. As originally intended, the flexibility of the ratings is now allowing clubs and programming committees to write race conditions that will encourage better use of the horse population and allow horses to move up and down the handicap more quickly. NZTR is always reviewing its ratings system to ensure it is delivering what racing wants.

This review had also provided an opportunity to look at other aspects of handicapping within New Zealand, including minimum weights and the Weight-For-Age (WFA) Scale. One of the recommendations of the review was that New Zealand considers re-aligning its WFA scale with that of Australia. Australia currently has a 2.5kg gender allowance throughout the whole year, while New Zealand has a decreasing graduated scale of 2.5kg (1 August-31 December), 1.5kg (1 January-31 March) and 1kg (1 April-31 July).

Having regard to the close relationship and interaction that has developed between the Australian and New Zealand industries, the Board firmly believe it is prudent that New Zealand adopt the same scale as Australia so that commonality is re-established. This includes the 2.5kg sex allowance given to fillies and mares under the Australian scale.

NZTR has appointed a new Handicapper, Brett Scelly, who will look after the South Island but also play a considerable role under Dean Nowell in national handicapping policy.

A draft NZTR Handicapping Policy was developed in consultation with Trainers, the NZ Trainers' Association and Australian Authorities. That feedback has been incorporated in the Policy document. The document makes it clear that the ratings template is intended as a guide only and that rating bands for race conditions may change in accordance with horse populations and the frequency of programming meetings.

The Policy Document will be available in the new season.

The Chairman urged members to continue the 'good work' on clusters that had been achieved during the past year. The central cluster had proved that 22 clubs can come together for the improvement, both financially and operationally, of all clubs in the region.

The Chairman thanked Wendy Pye for her work on establishing the NZ Champions Racing Museum at Eilerslie and Gerald Fell and Chris Luoni on initiating and holding the inaugural Hall of Fame Dinner, both of which have raised the profile of racing.

The Chairman also expressed the Board's appreciation of the Thoroughbred Bonus Scheme, which had delivered 169 opportunities for nominators during the season and produced 131 individual winners of \$656,000.

The Strategic Venue Project was one of the largest NZTR initiatives of 2005/06. NZTR has now contracted a Track and Venue Consultant, Gary Foskett, to continue the work already done and oversee this project for the next 12 months. Thoroughbred racing has a poor record on lost opportunity costs due to abandoned meetings and refunds, particularly when compared to the other two codes. NZTR is currently overlaying the results of the venue inspections with financial and demographic data to better understand the current position and the needs and sustainability of thoroughbred tracks for the next 20 or more years.

Phase two of the Strategic Venue Project in 2006/07 will look at a number of specific criteria including human population, horse population, cost to service, potential to grow race day income and potential to grow non-race day income, training centres and alternative racing centres, as well as making better use of surfaces such as sand that suit certain times of the year.

The Chairman reiterated his comments from the regional forums that there are no 'black lists' or a pre-determined number of strategic venues and that it is up to the clusters and the clubs within those clusters to determine this.

NZTR presented its 2006/07 Funding Policy proposal to the Racing Board in June, following approval from the Board and its unanimous support of the Racing Board's partition of the additional funding. It is projected that funding for the thoroughbred code, before commitments to initiatives, will total \$61,500,000 in 2006/07, compared to \$49,000,000 in the current season. This proposal is the culmination of work by NZTR's Funding Committee, under Alistair Sutherland, and Management, which was initiated in November 2005.

The Funding policy's primary aims are to drive higher wagering by taking the risk away from clubs holding industry days and ensuring the best products are attracted to the best wagering days; rewarding clubs for on-course performance, where the clubs have most control; increasing returns to all owners (not just winning owners) as a percentage of stakes by eliminating nomination and acceptance fees and most GST leakage, standardizing fees for Group and Listed races and providing higher stakes at all levels to be competitive in the Australasian market.

New Zealand has fallen behind in the level of stakes offered at its strategic wagering days compared to Australia, although it remains reasonably competitive on midweek days. Owners and trainers should be rewarded for targeting their horses at the Saturday wagering days; the days that provide the greatest returns. There is not a sufficient differential between midweek and Saturday meetings to drive that behaviour.

The Board has committed to the 'Free Racing' model – no nomination and acceptance fees except for Group and Listed races. Entry fees for Group and Listed races should be standardized. A start date for 'Free Racing' is anticipated to be 1 February 2007.

The Chairman emphasised to clubs that all 2006/07 funding increases on the previous year must be directed to either stakes or initiatives to increase participation; that venues and, crucially, training venues need to work together – geographically and financially; and that the racing industry cannot continue to support 52 venues. The Chairman urged clusters to consider their strategic venues and their community venues, which enjoy strong community support, to plan where capital expenditure will be most effectively placed to ensure that it grows thoroughbred racing in their region.

He restated that, in line with the strategic venue project mentioned earlier, the new funding policy focuses on the best use of thoroughbred racing and training venues and includes provision for investigation into the applicability of an all-weather track in New Zealand.

The Chairman stressed that industry days will be located closer to horse populations in the next round of Dates Committee meetings. He gave the example that a race meeting that results in owners spending a similar combined amount on horse float fees as the total amount of stakes on offer does not make sense for the industry.

The Chairman announced that a number of regional feasibility studies are planned to be initiated in Auckland, the East Coast, Taranaki, in Gallop South under Peter Grant and across the West Coast-Buller region under Brian Kinley.

The Chairman advocated that clubs take advantage of industry initiatives, such as the Destination Summer Holiday Racing project, started in the 2005/06 season by the NZRB and explore other initiatives as demonstrated by Auckland Racing Club's twilight meetings, and look at 6-8 race meetings on a regular basis.

\$8,300,000 of the total additional funding next year has been reserved by the NZRB for infrastructure investment. These funds will be allotted across all three codes to infrastructure that will provide the most robust investment for the industry on a case-by-case basis. \$4,000,000 of the increased funding has been partitioned to returns to punters. This will bring New Zealand into line with Australian returns and will help set up the right conditions for potential future co-mingling into an Australasian market.

NZTR's single most important role is to ensure the integrity of thoroughbred racing. The Chairman stated that the Board recognised that there has been a lack of integrity resources on-course and there has been a lack of investment in these key resources. In addition to recruiting two key personnel for its integrity services, referred to earlier, NZTR is also putting in place more training for its integrity staff. Also NZTR and the JCA determined this year to work more closely to ensure that interpretation and application of the rules is consistent.

The Chairman reminded members of some of the initiatives that will be introduced in the new season including notification of gear changes, more swabbing, drug testing of riders and the previously mentioned strengthening and restructuring NZTR's integrity team.

The Chairman referred to NZTR's goal to continuously improve its customer service. The Board has committed to enhancing its website and e-commerce functionality and one of the first points being addressed is the development of NRB OnLine, which will enable trainers to manage their racing operations online. This will include lodgement of nominations, withdrawals, riders, scratchings for races, nominations for barrier trials, stable returns, gear change requests and a search option for pre-race campaign planning (programme) information.

It is anticipated that the online trainers' service will be in place early in the new season and the new website will be launched in late September.

The Chairman summarised work to be carried out by NZTR Board-appointed review committees in 2006/07 including the Thoroughbred Bonus Scheme under John Rattray, Gaming Opportunities under Colin Jenkins, Education and Careers under Peter Hutt, Governance under John Rennie, Jumping Racing under John Boyle, Section 16 of The Racing Act (2003) under Alistair Sutherland and Participation – Horse and Human also under Alistair Sutherland.

In closing his address the Chairman thanked Board members for their considerable work on behalf of New Zealand thoroughbred racing over the past year and thanked all those present for their contributions to the industry in a year of change and enormous progress.

ADOPTION OF MINUTES OF THE 2005 ANNUAL GENERAL MEETING

The Chairman requested that the minutes of the previous Annual General Meeting held on 17 July 2005, which had been distributed to all members prior to the meeting, be taken as read and confirmed as a correct record. The Chairman moved the adoption of the minutes of the previous Annual General Meeting and Mr Brian Kinley seconded their adoption.

CARRIED

ADOPTION OF 2006 ANNUAL REPORT

The Chairman invited representatives to ask any questions they might have with regard to the NZTR Annual Report, which had been distributed to all members prior to the meeting.

There were no questions and the Chairman formally moved the adoption of the Annual Report and Mr Colin Jenkins seconded the motion.

CARRIED

STATEMENT OF FINANCIAL POSITION AND STATEMENT OF ACCOUNTS

The Chief Executive, Mr Paul Bittar, reported on the Statement of Financial Performance and the Financial Position of New Zealand Thoroughbred Racing, which were contained in pages 31 to 38 in the Annual Report.

The Statement of Financial Performance showed a net loss of \$1,525,418 including extraordinary items.

The Chief Executive highlighted some significant items including a \$500,000 fall in revenue, an increase in income from interest payments from the Racing Board on the distribution account, higher expenses due to microchipping, IT investment and adjustments to depreciation which had been incorrectly calculated in the past, and extraordinary items including \$1,100,000 from the sale of NZTR's Taranaki Street property from the previous financial year.

The Chief Executive recommended the adoption of the Statement of Financial Performance and the Financial Position of New Zealand Thoroughbred Racing for the year ended 2006. The Chairman moved the adoption of the financial report and Mr Peter Roebuck seconded their adoption.

CARRIED

General Trust Fund

The Chief Executive referred to the accounts for the General Trust Fund, contained in the Order Papers, and reported that as at 31 March 2006 the General Trust Fund had accumulated funds of \$958,260, the majority of which was invested in short term deposits. This compared to \$914,666 for the previous year.

The Trustees are appointed by the NZTR Board and are currently Messrs Bernard Kelly (Chairman), Gavin Higgie and Peter 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. The Fund is operated entirely independent of the NZTR Board.

The Chairman asked that appreciation of the work carried out by the Trustees be recorded.

The Chief Executive recommended the adoption of the report of the General Trust Fund for the year ended 2006 and the Chairman moved the motion, which was seconded by Mr Mike Brown.

CARRIED

Apprentice Jockeys' Fund

The Chief Executive referred to the accounts for the Apprentice Jockeys' Fund, contained in the Order Papers, and reported that as at 31 March 2006 total funds stood at \$909,276. \$890,000 is held on short-term deposit, of which \$640,000 is held on behalf of apprentices and \$249,000 on behalf of their employers. This compares to a total of \$880,576 for the previous year, of which \$643,000 was held on behalf of Apprentices and \$223,000 on behalf of Employers.

Interest earned in the year under review was \$45,874. This compares to \$44,826 for the previous year. After taking into account expenses, interest is allocated back to the apprentices.

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 recommendations 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.

The Chief Executive recommended the adoption of the report of the Apprentice Jockeys' Fund for the year ended 2006. The Chairman moved and Mr Peter Hutt seconded the adoption of the report.

CARRIED

Appointment of Auditors

The Chairman moved that Deloitte be reappointed as auditors, at a fee to be arranged by the Board. Mr Stephen Cole seconded this motion.

CARRIED

Board Estimates for 2006/07 Financial Year

The Chief Executive referred to the two budgets for the year ended 31 July 2006 and 31 July 2007, which were set out in the Order Paper for the meeting. The reason for submitting two budgets is due to the resolution, under the next agenda item, to be moved by the Board to change NZTR's current financial year from the tax year 1 April - 31 March to the racing year 1 August - 31 July.

Budgeted income for the 4 months to 31 July 2006 was \$1,848,096 and budgeted expenditure was \$2,265,044. Budgeted income for the 12 months to 31 July 2007 was \$6,303,863 and budgeted expenditure was \$7,578,398.

The Chief Executive highlighted that the five-year colour renewals had occurred in the previous financial year, that included in the budget was provision of \$175,000 for Directors' fees for the first time, covered under agenda item eight, and that projects, including a review of the rules, the website and online trainers' service, regional feasibility studies and phase two of the strategic venue project, were projected to total \$443,000.

Further, the Board had resolved that it would increase the base levy for the 2006/07 season by 17%, the sum of CPI increases for each year since 2001. The Chief Executive explained that this levy does not currently cover NZTR's costs for the services provided under the levy and, even after this increase, will not cover NZTR's upgraded and wider services provided to clubs and reiterated that the levy had not been increased since 2001.

Similarly, the Handicapping levy and the Racing Bureau levy had been reviewed and increased by the current CPI of 3%, as follows:

	Current	From 1.8.06
Handicapping	350	360
National Racing Bureau	1,075	1,110

The Board agreed that all fees are in future reviewed annually and, if appropriate, increased in line with the annual CPI (average of quarterly CPIs). This is a change from the current practice of conducting a triennial review. Accordingly all licence fees and registration fees will be increased by the CPI rate of 3% on 1 August 2006. The Chief Executive referred members to the schedule of fees which was published in the Thoroughbred Racing Monthly's July issue.

The Chairman asked members if they had questions.

Mr Tim Mills stated that club costs have risen too and asked whether or not, as a consequence of this, the Board felt it was fair that clubs are 'squeezed' from both sides.

The Chief Executive repeated that current race day service costs are not covered by levy payments and that the choice is that NZTR 'top slices' its costs from the NZRB's distributable earnings before passing on funding to clubs or it retains the transparent and accountable system of charging for each service.

Mr Mike Brown suggested that the level of detail in the budget as presented was not sufficient, particularly around the amount budgeted to be paid to directors in fees.

Mr Peter Roebuck suggested that NZTR distribute more detailed projections to all clubs after the AGM.

The Chairman replied that NZTR would distribute more detailed projections to all clubs after the AGM, as requested.

Mr John Symes stated his opposition to the principle of paying fees to directors on the basis that club volunteers have never been paid.

The Chairman replied that he works on behalf of NZTR at least three days per week and each member of the Board puts aside at least two days per week for the racing industry and that it was not unreasonable to introduce a fee for directors. He also stated that fees provided accountability and helped in today's market to ensure quality candidates were attracted to serve on the Board, that NZTR was out of step with the NZRB, HRNZ and GRNZ, all of which paid directors' fees, and that the Board was to review governance in 2006/07 as stated in his address.

Mr Stephen Cole stated that the voting system should be included in the review of governance and that directors fees and directors costs should be clearly itemised in the detailed budget to be distributed to clubs after the AGM.

Mr Chris Weaver stated his support for recent improvements to NZTR's operation and urged members to place their confidence in these ongoing improvements and support the introduction of directors' fees as part of this change process.

Mr George Ritchie asked why the Calendar [Thoroughbred Racing Monthly] was projected to cost \$30,000 more to produce in 2006/07.

Mr Simon Cooper explained that the long-time printer and typesetter of the Thoroughbred Racing Monthly had been closed down by its parent company, APN, earlier this year within 10 days of the deadline for the publication of the March

2006 issue. NZTR had carried out a tender for the publication of the magazine one year before this and, in response to the sudden loss of its printer and typesetter, immediately appointed the company that had finished second in that tender and, separately, an independent typesetter. These changes had resulted in higher production costs. In addition NZTR projected that the average number of pages in the magazine in 2006/07 will be more than in the current year. Due to all of these factors the budget had been amended upwards.

Mr Stephen Bowden suggested that all clusters have equal voting rights at the AGM.

Mr Peter Roebuck questioned whether or not a fee of \$15,000 per director per annum was sufficient and would really make a difference to the calibre of candidate attracted to the role.

Mr Dave Smith suggested that each sector group contribute to their directors' respective fees and questioned whether or not there was any longer a need for the NZTR Board now that the NZRB was up and running.

The Chairman thanked members for their contributions to this debate, repeated that the Board believed that NZTR would not attract suitable candidates to serve on its Board in future without remuneration and reminded members that NZTR would not only be reviewing governance in the new season but would also be holding a second round of regional forums in early December at which all views on this and a number of other pertinent topics would be sought.

The Chairman moved the adoption of the budget and the levies for the year ended 31 July 2007 and Mr Gerald Fell seconded this.

CARRIED

Consideration of Motion to Amend the Constitution

Dr Murray Blue moved the adoption to amend the Constitution to alter NZTR's financial year from its current alignment with the tax year, 1 April-31 March, to the racing year, 1 August-31 July. Mr Tony Dennis seconded this.

CARRIED

Consideration of Motions to Amend the Constitution

Resolution 1

Mr Doug Stuart moved the adoption to amend the Constitution to bring Clause 11(2)(c) of the Constitution more into line with Clause 9 of The Racing Act 2003 in which Parliament has established the Functions of the Racing Board, including Function (1) (a): *'to develop the policies that are conducive to the overall development of the racing industry, and the economic wellbeing of people who, and organisations which, derive their livelihoods from racing.'*

Mr Tony Dennis seconded this.

LOST

Resolution 2

Mr Doug Stuart moved the adoption to amend the Constitution *'to bring Clause 11 of the Constitution more into line with the equivalent Clause 9 (2) Functions of the Board, in The Racing Act (2003).'*

Mr John Symes seconded this.

LOST

Resolution 3

Mr Doug Stuart moved the adoption to add a sub-clause (m) to Clause 11 of the Constitution *'to bring to the thoroughbred code a natural extension of Parliament's extension requirement on the Racing Board, and remove much of the gross unfairness and injustice of the TAB profit distribution policies applied to the thoroughbred code since 1997.'* Mr Stuart added that Section 16 (3) of the Racing Act 2003 requires that the distributable amount of the TAB's profit must be distributed by the Racing Board to the Codes in the same proportions to which the Codes contributed to the New Zealand turnover of the Board for that racing year.

Mr Colin Bremer seconded this.

LOST

GENERAL BUSINESS

The Chairman asked if there were any items of general business, which members might wish to raise for the meeting to consider.

There being no items of general business, the Chairman thanked his fellow Board Members, the staff at NZTR and all club personnel for all the work done for thoroughbred racing in 2005/06 and wished everyone well for 2006/07.

CLOSURE

The Chairman closed the meeting at 5.00 pm.