

MINUTES

OF THE

ANNUAL GENERAL MEETING



**HELD IN THE HOLIDAY INN, WELLINGTON
ON FRIDAY, 12 OCTOBER 2007
COMMENCING AT 3.00 PM**

MINUTES OF THE ANNUAL GENERAL MEETING 2007

CLUB REPRESENTATION

| | | | |
|--------------------------|-----------------|--------------------------|------------------|
| AMBERLEY RC..... | ALASTAIR DEANS | POVERTY BAY TC | PROXY |
| ASHBURTON RC..... | TONY COOK | RACING MATAMATA | PROXY |
| AUCKLAND RC..... | BILL GIANOTTI | RACING ROTORUA | JOHN LLOYD |
| AVONDALE JC..... | GRAHAM MORGAN | RACING TAUPO | MARIE LEICESTER |
| BANKS PENINSULA RC..... | ANTHONY GRAY | RACING TAURANGA | PETER SILSON |
| BEAUMONT RC | PROXY | RACING TE AROHA..... | GARY COOMBE |
| CAMBRIDGE JC | LEIGH HAWKINS | RANGITIKEI RC..... | DAVID WILSON |
| CANTERBURY JC | JEFF MCCALL | REEFTON JC..... | PROXY |
| CENTRAL OTAGO RC..... | GARRY | RIVERTON RC..... | TOMMY WHITE |
| | MCDONNELL | ROTORUA & BOP H..... | PROXY |
| COUNTIES RC..... | STEPHEN COLE | SOUTH WAIKATO RC | JOHN SYMES |
| DARGAVILLE RC..... | PROXY | SOUTHLAND RC | TONY DENNIS |
| EGMONT RC..... | PROXY | STRATFORD RC | ANN GORDON |
| FEILDING JC..... | JOHN MCDONALD | TAPANUI RC..... | PETER MCDONALD |
| FOXTON RC | JOHN CREAVEN | TARANAKI RC | WAYNE BENNETT |
| GERALDINE RC..... | PROXY | TAUMARUNUI RC | DEREK STEPHENS |
| GORE RC..... | JIMMY ALLISON | THAMES JC | BRIAN HARE |
| GREYMOUTH JC..... | JILL BENNINGTON | TIMARU RC | PROXY |
| HAWKE'S BAY RACING INC.. | WAYNE MUDGWAY | WAIKATO RC..... | DAVID SMITH |
| HORORATA RC | PROXY | WAIKOUAITI RC | PROXY |
| KUMARA RC | TONY CONNORS | WAIMATE RC | PROXY |
| KUROW JC | PROXY | WAIPA RC..... | ROD TETLEY-JONES |
| LEVIN RC | DAVID ARCHIBALD | WAIPUKURAU JC..... | COLIN BREMER |
| MANAWATU RC | DAVID BENNETT | WAIRARAPA RC..... | GRAHAM HODDER |
| MARLBOROUGH RC..... | PROXY | WAIKOUAITI RC..... | ROSS CLARK |
| MARTON JC..... | DOUGLAS DUNCAN | WAIROA RC..... | PROXY |
| MASTERTON RC..... | SPENCER | WANGANUI JC | DAN O'LEARY |
| | SOUTHEY | WAVERLEY RC | BRIAN WILLIAMS |
| NTH CANTERBURY RC | PROXY | WELLINGTON RC | MIKE BROWN |
| OAMARU JC | PROXY | WESTLAND RC | JOHN WOOD |
| OPUNAKE RC..... | STEAK GOODIN | WHAKATANE RC | DANNY DEEGAN |
| OTAGO RC..... | MARION | WHANGAREI RC | DEAN LOGAN |
| | STEVENSON | WINTON JC | GREG WRIGHT |
| OTAKI MAORI RC..... | STEPHEN MOFFATT | WOODVILLE-PAHIATUA RC... | JOHN DODSON |
| PAEROA RC | RALPH BAX | WYNDHAM RC | DAVID MCKENZIE |
| PAKURANGA H | IVAN BRIDGE | | |

INTRODUCTION

The Chairman, Mr Guy Sargent, welcomed representatives of clubs and guests to the 2007 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, Keith Neylon, John Rattray, John Rennie, George Ritchie and Graeme Sanders; and NZTR Senior Management present, Messrs Paul Bittar, Campbell Moncur, Simon Cooper, Cameron George, Ms Amy Zavros, Darren Jones, Craig Baker and John McKenzie and the newly-appointed Industry Training Manager, Liz Luck.

PROXIES

Proxies were recorded from:

| | |
|---------------------------------|---------------------------------|
| BEAUMONT RC..... | PROXY TO OTAGO RC |
| DARGAVILLE RC..... | PROXY TO AUCKLAND RC |
| EGMONT RC..... | PROXY TO WAVERLEY RC |
| GERALDINE RC..... | PROXY TO CANTERBURY JC |
| HORORATA RC..... | PROXY TO CANTERBURY JC |
| KUROW JC..... | PROXY TO OTAGO RC |
| MARLBOROUGH RC..... | PROXY TO CANTERBURY JC |
| NORTH CANTERBURY RC..... | PROXY TO CANTERBURY JC |
| OAMARU JC..... | PROXY TO OTAGO RC |
| POVERTY BAY TC..... | PROXY TO HAWKE'S BAY RACING INC |
| RACING MATAMATA..... | PROXY TO RACING TAURANGA |
| MARLBOROUGH RC..... | PROXY TO CANTERBURY JC |
| REEFTON JC..... | PROXY TO GREYMOOUTH JC |
| ROTORUA & BAY OF PLENTY HC..... | PROXY TO ROTORUA RC |
| TIMARU RC..... | PROXY TO CANTERBURY JC |
| WAIKOUAITI RC..... | PROXY TO OTAGO RC |
| WAIMATE RC..... | PROXY TO CANTERBURY JC |
| WAIROA RC..... | PROXY TO HAWKE'S BAY RACING INC |

GUESTS

The Chairman welcomed all guests to the AGM. These were:

Messrs Bernard Kelly (Past President, NZ Racing Conference and Chairman General Trust Fund); Peter Grieve (Trustee, General Trust Fund); Murray Acklin, (Past Chairman of NZTR); Graeme Hansen (N Z Racing Board); Mr Gerard Brown (Judicial Control Authority); Robert Tocker (N Z Apprenticeship Board); Dudley Brown (Equine Industry Training Organisation); David Haworth (N Z Trainers' Association); Ms Mary McCarty (N Z Trainers' Association); Ms Sharron Jenkins (N Z Jockeys' Association); Dr Andrew Grierson (NZTR and NZRB Veterinary Advisor); Jeremy Kennerley (Greyhound Racing NZ); Mr Paul Gueorgieff (N Z Press Association); Allan Fenwick (Past CE, NZTR); John O'Flaherty (NZ Equine Health Association and NZEquine Research Foundation); Andrew Castles (Auckland Racing Club); Mrs Gayle Barkla (Cambridge Jockey Club); Tim Mills (Canterbury JC); Greg Mitchell (Counties Racing Club); Andre Klein (Otago RC); David Jewell (RACE Inc); Tony Enting (Waikato Racing Club); Mrs Lea Temm (Waipa Racing Club); Mrs Jenny Fenwick (Wairarapa Racing Club); Tony Severinsen (Wellington Racing Club); Meredith Deegan (Whakatane RC); Mr Jim Watters (TRAC) and Doug Stuart (Riverton RC).

APOLOGIES

Apologies were recorded from:

The Minister for Racing, The Rt Hon. Winston Peters, Messrs Alistair Sutherland (NZTR Board), Michael Stiassny (Chairman, N Z Racing Board); Trevor Deed (Chairman, N Z Greyhound Racing Association); Mike Colson (Bell Gully); John Tucker (Racing Matamata); Terry Fitzpatrick (Rotorua and Bay of Plenty Hunt); Peter Francis (NZ Thoroughbred Breeders' Association); Dave Taylor (President, NZ Jockeys' Association); Neil Oldfield (President, NZ Thoroughbred Racehorse Owners Association); Bob Bevege (Racecourse Inspector); Tony Bird (Taranaki Daily News); Owen Poland (One News);

Taylor Strong (Otago Daily Times); Derek Mayne (President Timaru Racing Club (Inc)); Tom Rooney (President, Geraldine Racing Club (Inc) and Michael Martin (N Z Thoroughbred Breeders' Association).

IN REMEMBRANCE

The Chairman read out the names of those who had been remembered by the Board over the past 12 months:

Laurie Collett (Trainer); John Goodwin (President of Foxton RC); Athlone Williams (Wife of Joe Williams); John Aspinall (Timaru RC); Nobby Bussell (Owner and Breeder); Jim Pender (Trainer); Richard Nelson (Auckland RC Judicial Committee); Rebecca Peters (Trainer and Jumps Jockey); Brian Weallans (Owner and Sponsor); Keith Gudsell (Vet, Owner and Bloodstock Agent); Sir James Fletcher (Owner); Ian Best and Colleen Otto (Richard Otto's mother).

In addition members wished the meeting to remember:

Kevin Coyle, Lindsay Moyle and Bill Brown

The Chairman asked the meeting to stand in remembrance of all those mentioned.

CHAIRMAN'S ADDRESS

The Chairman thanked members present for attending the 2007 AGM and stated that his address would cover some goals achieved by NZTR over the past 12 months and that the Chief Executive would expand upon some of these key items in his address around the financial statements.

The Chairman drew attention to the table on pages 12 to 15 in the Annual Report, which had been distributed to all members prior to the meeting and further copies of which had been provided to each attendee at this meeting. This table set out all key NZTR initiatives and outcomes over the 2006/07 season.

The Chairman explained that this AGM had been scheduled to be held at Riccarton, in line with last year's statement that 'AGMs would in future be held in different racing locations each year, thereby equalizing regional involvement and costs for all attendees.' However, due to changes to the 2007/08 calendar, the Canterbury Jockey Club requested that the AGM be held in Christchurch next year instead. It was therefore agreed to hold it in Wellington this year and in Christchurch in 2008.

The Chairman stated that this had been a year of considerable progress for the thoroughbred racing industry and NZTR across a wide range of initiatives. He set out NZTR's key goals from last year's AGM and compared them to outcomes since that time.

Specifically the Chairman highlighted the following initiatives:

1. Increase in returns to owners and renewed ownership focus

NZTR's primary mandate is returns to owners. A remarkable 30.5% increase was achieved, ahead of the projected 26%.

Owners have been a particular focus for NZTR, with a significant rise in stake levels, including increases in Group and Listed minimum stakes, the introduction of Free Racing for all events except those at Group, Listed and Prestige Jumping Race levels and minimalisation of GST leakage.

Significant investment was made in improving ownership in 2006/07, including the appointment of a dedicated Ownership Marketing Co-ordinator - Diane Kenny. Among the initiatives introduced were:

- E-Privileges
- Drafting of minimum standards for Owners oncourse
- Launch of 0800 4 Racing for potential and existing Owners

2. Improved Funding Model

NZTR has committed to a new funding model. The focus of the funding model is to ensure protection for clubs by way of underwrite for the majority of meetings, while still providing incentive opportunities to allow well-managed clubs to generate a profit. The policy is also aimed at ensuring that strategic training centres are provided with incentives, to be paid on a supply basis. This is critical in view of the direct relationship between number of starters and wagering turnover, the potential loss of runners due to poor training facilities, and the considerable annual loss by training centres.

NZTR is providing some relief to clubs through the funding by NZTR of core on-course raceday services. And with the withdrawal of Nomination and Withdrawal fees clubs are paid a fee per meeting calculated using average nomination and withdrawal fee income over the previous 12-month period prior to the end of November 2006 so that there is no impact on their financial position.

3. Internationalisation of the calendar with several new initiatives

The commingling of pools agreement between the New Zealand Racing Board, all three Codes and Australia's Tabcorp was underway by June. In the first year of operation the codes will share in \$12 million through increased betting turnover. The predictions are that in year two it will grow to \$17 million and the following year to \$22 million.

A key factor in successfully negotiating the deal with Tabcorp was establishing a suitable calendar. The seven-day schedule for New Zealand kicks off at midday to coincide with the 10.0am Eastern Standard Time start for betting in Australia. Friday has become a regular raceday and some eight-race programmes have been introduced to ease the burden on the available pool of horses for our meetings. The real opportunity now exists to take our racing and wagering into European, North American and Asian markets.

4. Completed work on strategic venues and investigation into synthetic surfaces

The Chairman reminded Members that in 2005 NZTR began a full review of venues throughout New Zealand, which put in place the Venue Warrant of Fitness. In alignment with this it appointed a National Venue Inspector.

That review has progressed to the Strategic Venue Report. This has taken into account the merits of holding industry days closer to horse populations, taking advantage of industry initiatives (e.g. DSHR), promoting new initiatives (e.g. Twilight / 6 - 8 race meetings), aligning race meetings with appropriate venues, factoring in human populations and horse populations, costs to service the different types of meetings, the potential to grow raceday income and non-raceday income, training centres and alternative racing

surfaces. The last of these is being reviewed by the NZRB as I speak and, subject to approval, will benefit our industry enormously.

A new initiative has seen NZTR engage Turftech to conduct a racetrack assessment programme of all tracks over the next two years. The outcome of this assessment programme will assist Clubs in the maintenance programmes they put in place for their tracks in the future. NZTR has also entered into negotiations with a contractor in the South Island and another one in the North Island to deliver an annual maintenance programme for tracks using specialist machinery.

5. Improved website and communication

In the area of communication NZTR now makes itself much more widely available to industry stakeholders at Regional Forums and Stakeholder Meetings, cluster and club Board meetings (by invitation), biannual discussions with the Race Club Managers' Group and others.

NZTR has redesigned and re-launched its portal – www.nzracing.co.nz. It receives more than 90,000 hits a day and 2.6 million a month and has over 13,000 Registered Users. It has become, in the space of the last 12 months only, the online 'Home of thoroughbred racing in NZ.'

The site provides a number of new features including:

- National Racing Bureau (NRB) online
- Race videos
- Interactive Map, Club and Course searches
- Fixture search by Club/Region/Course/Date
- Contact and 'how to get there' info
- Track diagrams and course images
- Online marketing opportunities (Features)
- Facilities, Membership details

The Chairman stated that the last year has seen further changes to NZTR's management structure and their primary goals and objectives. All of these are aimed at providing even better customer service and further efficiencies, which we can pass on to the industry.

6. Launch of NRB online

There are now 190 Trainers with logins and over 21% of all race entry transactions are conducted through NRB Online.

7. Feasibility studies

NZTR has also facilitated a number of Regional Feasibility Studies of clubs and venues.

8. Strengthening of Integrity capabilities

A wide range of recent measures has been taken to strengthen our integrity. These include:

- Enhanced Gear notification
- Safety of starting staff
- Review of structure & delivery of raceday services
- A full review of the Rules of Racing initiated

- Appointment and management of Raceday Officials
- Further enhanced swabbing and drug-testing regime
- Work with the Department of Labour on Rider safety
- Increased number of Stewards and resources, training & development

A training programme is currently being created for Cadet Stipendiary Stewards and development training for existing Stewards. This intensive full-time programme will include all facets of Racing Control, together with formal development plans.

Jockey Safety Vests and Helmets being used in New Zealand racing have been monitored by Stipendiary Stewards to determine which fall short of standards.

NZTR is also monitoring and testing Safety Stirrup Irons; monitoring recommendations from the Australian Racing Board's (ARB) National Jockeys' Safety Review, an ongoing review, through Racing Victoria's Des Gleeson (Integrity Manager) and David Charles (Welfare and Safety Officer) as well as the current Australian Barrier Running Rail trials at Geelong.

NZTR has recently introduced a Rule to preclude the use of diuretics by riders and is investigating the introduction of a Rule, which would preclude pregnant riders continuing to ride after a certain stage.

NZTR has put in place with the National Office of St John the provision of a standard level of St John service on race days.

9. Handicapping and Programming

The Chairman stated that the Board has taken a very active part in the prestige and number of graded stakes races in New Zealand to ensure a pyramid of quality for these races from Group One downwards based upon ratings.

Currently horses in New Zealand run an average of 5.5 starts per season. This compares to 6.0 starts per runner in the 1995-96 season and currently 6.3 starts per season in Australia. In an effort to achieve the goal of an additional start per horse per season, NZTR conducted a review into the Ratings Based Handicapping (RBH) System and Race Programming. As a result of this review new ratings bands have been introduced: Maiden / Rating 70 and under / Rating 80 and under / Rating 90 and under / Open.

These changes have been adopted to relieve the pressure on the horses within the lower division of ratings (those rated 76 and below).

From the inception of RBH it has the policy to not re-rate horses out of their grade for a place performance within their own grade. It was recommended that horses gaining a place performance in a race outside of their class be included under this policy. This policy is specifically aimed at increasing participation by encouraging lower rated horses to race in higher grades without being re-rated out of their current grade for a placed performance.

From now on Race Programmes will be released three months in advance, replacing the current four months.

NZTR is currently implementing a project plan with the aim of introducing centralised programming over the next six to twelve months.

10. Training and Development

The NZTR Board determined in late 2006 that it takes a strong leadership role in education and training policy and provision for the thoroughbred code.

The first full review by NZTR of industry training has now been completed based upon issues identified through a wide-ranging consultation process. Some major improvements have already been initiated including the appointment of Liz Luck, NZTR Industry Training Manager. It is NZTR's abiding aim to provide genuine career opportunities for those wishing to work in the racing industry.

11. Review of governance

The Chairman stated that clubs' views on governance favoured a Board of 9-10 seats, retaining sector seats, and combining Owners and Breeders into a single seat and Trainers and Riders into a single seat.

The Chairman then moved on to the business of the meeting.

ADOPTION OF MINUTES OF THE 2006 ANNUAL GENERAL MEETING

The Chairman requested that the minutes of the previous Annual General Meeting held on 14 July 2006, 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 John Rattray seconded their adoption.

CARRIED

ADOPTION OF 2006/2007 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 and further copies of which had been provided to each attendee at this meeting.

There were no questions and the Chairman formally moved the adoption of the Annual Report and Mr George Ritchie 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 35 to 43 in the Annual Report, which showed a net loss of \$793,960.

The Chief Executive highlighted some significant outcomes over the past 12 months and key aims for the next 12 months concerning the financial wellbeing of the thoroughbred racing industry, which is most accurately shown by a 40% increase in returns to owners over the past two years:

1. The need to ensure regional competitiveness, particularly stakes levels. This had been and will continue to be achieved through:

- removal of race entry fees, thereby saving owners over \$3 million each year
 - doubling of minimum stakes for Group One races over the past two years
 - commingling agreement – and much of the result for this successful outcome is due to the co-operation and hard work of the clubs
 - over 70% of riders' fees to be paid by the industry
 - \$650k of additional stakes for Fillies and Mares races and Stayers races
 - significant changes to the calendar including all Fridays, which had to date far exceeded budget and expectations
 - \$300k of subsidies for training centres
2. Promotion and success of the four key carnivals
 3. Under-writing of over 90% of off-course turnover and the lifting of mid and upper tier races. The Chief Executive stated only Saturday fixtures so far this season had required underwrites as a result of not meeting 90% of their budget. This had shown up the incorrect belief among clubs that they needed Saturdays to make a profit.
 4. Strategic Venues and maintenance programmes now in place.
 5. Potential introduction of synthetic tracks. The Chief Executive stated that the proposal is currently with the NZ Racing Board (NZRB) and, subject to the outcome of this, there are three further stages to be negotiated – geotechnical surveys, tendering and construction. These tracks require a 20-year maintenance cycle.
 6. A request for clubs to recognise and use the NZTR website which has over 90,000 hits per day
 7. The previous lack of and the subsequent dire need to invest in people, training and resources, most especially NZTR's integrity functions and resources
 8. Recognition among clubs that increased profitability comes from on-course revenue
 9. Possible inclusion of three NZ races in the Australian Stayers' Challenge, which is based on a points system, and the launch of an ANZ Apprentices Challenge at Easter 2008

The Chief Executive closed by expressing his appreciation of the work of the two departing Board members, Keith Neylon and Colin Jenkins and of the team at NZTR, and recommended the adoption of NZTR's Statement of Financial Performance and the Financial Position for the year ended 31 July 2007.

The Chairman asked if any members had any questions on the financial statements:

Mr John Woods asked why there was \$1.6 million missing from 'Other Department and Sundry' costs?

Ms Amy Zavros explained that because NZTR qualified for differential reporting it did not have to disclose details of all costs but in response to this request and for members' information would distribute details to all clubs after the AGM. *[Secretary's Note: These costs comprised: Club Levy Write-Offs \$587k, Motor Vehicles \$250k, Department Telecommunications \$123k, Grants \$274k, AGM and other Conferences \$130k and Other \$236k (FBT, Non-raceday Appeals, R&M etc)]*

Mr David Bennett sought confirmation that the NZRB's surplus of \$6.5 million was to be

spent on subsidies for Fillies & Mares races, Stayers' races and Riders' fees over two years and wished to have it recorded that while returns to owners were vital to the wellbeing of the industry, ongoing costs for club maintenance and facility improvements should not be ignored when the distribution of this surplus is considered in future.

The Chairman moved the adoption of the financial report and Mr John Rennie 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 2007 the General Trust Fund had accumulated funds of \$1,013,430, the majority of which was invested in short term deposits. This compared to \$958,260 for the previous year.

The Chairman stated that Trustee Gavin Higgie had retired in June and that Trustees Bernard Kelly and Peter Grieve had decided to step down from today. The Chairman thanked Messrs Bernard Kelly, Gavin Higgie and Peter Grieve for their work on behalf of the Trust over many years.

The Chairman reminded Members of the vital work of the Trust, which makes 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. 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.

The Chairman stated that with the Trust will take a more proactive approach to funding in future following a review of assistance granted to licence holders.

The Chief Executive recommended the adoption of the report of the General Trust Fund for the year ended 31 March 2007 and Mr Mike Brown moved the motion, which was seconded by Mr David Bennett.

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 2007 total funds stood at \$982,538, of which \$702,916 is held on behalf of apprentices and \$250,415 on behalf of their employers. This compares to a total of \$909,276 for the previous year, of which \$640,140 was held on behalf of Apprentices and \$249,409 on behalf of Employers.

Interest earned in the year under review was \$58,250. This compares to \$45,874 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 31 March 2007. Mr Bill Gianotti moved and Mr Douglas Duncan 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 Mike Brown seconded this motion.

CARRIED

BOARD ESTIMATES FOR 2007/08 FINANCIAL YEAR

The Chief Executive referred to the budget for the year to end 31 July 2008, which were set out in the Order Paper for the meeting.

Income for the 12 months to 31 July 2008 was projected to be \$6.28 million and budgeted expenditure to be \$7.62 million.

The Chief Executive reminded members that it was agreed at the 2006 AGM to review annually, instead of triennially, all fees and, if appropriate, increased in line with the annual CPI (average of quarterly CPIs). A letter dated 5 July 2007 was sent to all clubs setting out these changes following the Board's resolution to introduce levy changes for implementation on 1 August 2007, as follows:

1. Introduction of a new single levy based on meeting category
2. Allocation of charges for abandoned meetings;
3. Trial administration fee set at \$2.50 per nomination;
4. Abolition of the \$100 Administration fee for multi level race stages

The Chief Executive explained that instead of being charged five separate levies and a catch up annual levy at the end of the season, Clubs will be charged one per day payment immediately after the race meeting via the NZTR Club Settlement system. The per-day payment will be based on the meeting type – Premier, Metro, Industry or Community.

The levy structure is as follows:

| Race Meeting Type | Amount | GST | Total |
|--------------------------|---------------|------------|--------------|
| Premier | \$11,500 | \$1,437.50 | \$12,937.50 |
| Metro | \$9,000 | \$1,125 | \$10,125 |
| Industry | \$7,300 | 912.50 | 8,212.50 |
| Community | \$7,300 | 912.50 | 8,212.50 |

This replaces the previous structure of:

| Levy Type | Amount | GST | Total |
|--|-----------------|-----------------|-------------------|
| Bureau | \$1,110.00 | \$138.75 | \$1,248.75 |
| Handicapping | \$360.00 | \$45.00 | \$405.00 |
| Internet | \$50.00 | \$6.25 | \$56.25 |
| Owners Settlement Admin | \$375.00 | \$46.87 | \$421.87 |
| Club Levy | \$3,160.00 | \$395.00 | \$3,555.00 |
| Total | \$5,055 | \$631.87 | \$5,686.87 |
| Plus Balance of Club Levy at end of season | Based on T/Over | Based on T/Over | Based on T/Over |

The Chief Executive reminded Members that the new fee structure does not increase NZTR's overall levy revenue. The total levy revenue is in line with the 2006/07 increase for the additional 24 race meetings the code is scheduled to deliver this season.

These initiatives have been devised to simplify the levy system and charges and make the charges more transparent.

The Chairman asked members if they had questions.

Mr David Bennett asked how NZTR was planning to cover its projected loss in 2007/08. The Chief Executive replied that this would come from the Distribution Account, as shown in the budget.

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

CARRIED

MOTION TO AMEND THE CONSTITUTION FROM THE BOARD OF NEW ZEALAND THOROUGHbred RACING

Resolution 1

The Chairman explained the reasons for seeking a change to the Constitution which would allow the Trainers' Association to appoint a representative to the Board who was not a current licence holder.

The Chairman asked NZTR's General Manager, Communications to clarify the voting procedures for motions to amend the Constitution and those which did not seek to do so.

The GM Communications explained to members that any motion to amend the Constitution is decided on a straight show of hands of those members present; in other words, one club one vote. A three-fifths majority is required for the motion to be carried. Proxies cannot be applied in a show of hands. Any other motion, namely any motion which is not seeking a change to the Constitution, is decided on the number of licences granted to each club less any licences which have been transferred or forfeited between the start of the current season and the date of this AGM. A straight majority is required for the motion to be carried. Proxies are included in these votes.

The Chairman moved the adoption of this resolution to amend the Constitution and Mr John Rattray seconded the motion.

CARRIED

Resolution 2

The Board of New Zealand Thoroughbred Racing withdrew this agenda item.

MOTION TO AMEND THE CONSTITUTION FROM THE RIVERTON RACING CLUB

The Riverton Racing Club withdrew this agenda item.

MOTION TO AMEND THE CONSTITUTION FROM THE OTAGO RACING CLUB

Mrs Marion Stevenson proposed that the Constitution be changed to entitle only clubs within each area to vote for Regional Directors, instead of clubs from both areas within each region, and sought members' support.

Mrs Marion Stevenson moved the adoption of this resolution to amend the Constitution.

CARRIED

PROPOSAL TO DISBAND THE GRADED STAKES COMMITTEE FROM THE AUCKLAND RACING CLUB

The Chairman introduced this motion by explaining that it is invalid as it currently stands and would result in a resolution which is non-binding.

In order for the motion to take effect following resolution, the Rules of Racing would need to be amended. Clause 18(2) of the Constitution provides that an amendment to the Rules of Racing requires a resolution of the Board, following consultation of particular parties. The Board has a specific power under clause 11(3) (b) of the Constitution to make, alter or rescind Rules.

Neither the Constitution, nor the Racing Act, expressly provides members with the power to direct NZTR's Board to make, alter or rescind Rules. Further if the Board were obliged to comply with such a resolution it would mean that any subsequent consultation (which it is obliged to carry out in accordance with the Racing Act and the Constitution) would fail to be meaningful consultation as the Board would not be considering any responses with an open mind (i.e. one which could be changed on the basis of the consultation response).

The Chairman recommended that the meeting hears the debate around this motion on the basis that it is within the Board's powers and not those of the members to determine whether the Rules of Racing are amended and that members' recommendations are then considered by the Board, but the Board would be under no obligation to comply with that resolution.

The Chairman requested the Auckland Racing Club to present their proposal for members' consideration. Mr Bill Gianotti, Chairman of the Board of the Auckland Racing Club, introduced this proposal by seeking members' support for a more transparent

system for determining the promotion or demotion of black type races. He argued that the current system does not provide open and clear explanation of the decisions of the Graded Stakes Committee. He introduced Mr Andrew Castles to expand upon this.

Mr Castles reiterated Mr Gianotti's call for greater transparency around this process and that appointments to the Committee, made by NZTR and the NZ Thoroughbred Breeders' Association, are based upon appropriate skills and not upon representation of sector organisations. He added that the Auckland Racing Club proposes a consistent standard be applied to the rating of races, regardless of their geographic location, and that the ability to seek review of decisions as it currently stands is manifestly wrong. Subject to the outcome of this proposal and the NZTR Board's consideration of this issue, it is the Auckland Racing Club's wish to see a review of the Graded Stakes Committee completed by 31 December 2007. Mr Andrew Castles proposed these changes be considered by the Board of NZTR and Mr Dean Logan seconded the proposal.

The Chairman asked members if there were any further comments or questions.

Mr Tim Mills requested that the South Island's perspective is taken into account in any review of the Graded Stakes Committee and/or its functions and authorities.

Mr John Rattray set out several points for members' better understanding of the purposes and processes employed by the Committee to determine black type races. He explained that the Committee's transparency can be improved and that any perceived secrecy is not deliberate; the Committee is part of an international pattern and must maintain credibility for New Zealand black type races internationally (not just in New Zealand for New Zealand racing); and that the Committee is required to maintain a pyramid of quality, which is not currently in place due to too many Group One and Group Two races when compared to Group Three and Listed races and when compared to other racing jurisdictions.

Mr Dean Logan asked if New Zealand used international 'systems' to determine the quality of New Zealand black type races. The Chief Executive answered that the Committee uses ratings in its considerations. Mr Peter Hutt added that a wide range of information is used when considering the merits of each race and that it was a very thorough process.

Mr Gianotti wished it to be understood that the Auckland Racing Club was not advocating club control of the Graded Stakes Committee.

Mr David Bennett stated that this proposal should seek to review the Graded Stakes Committee, not necessarily to 'disband' it as stated in the Agenda. Mr Gianotti accepted this view.

The Chairman asked members whether or not they supported further consideration of this proposal by the Board of NZTR.

The proposal to request the Board of NZTR to review the composition, processes employed by the Committee for reviewing black type races and the need for greater transparency around the promotion and demotion of races was supported by members.

MOTION FOR THE INTRODUCTION OF A TRAVEL EQUALISATION SCHEME FROM THE SOUTHLAND RACING CLUB

Mr Tony Dennis sought Members' support for the introduction of a travel equalisation scheme for delegates attending the AGM to be implemented for the next AGM in line with a scheme managed by Harness Racing NZ.

It is proposed to work as follows:

1. An Air New Zealand account will be set up in the name of NZTR
2. A designated person for each club will be given the account number and password and allowed to book their club flights:
 - a. Two return flights for clubs' nominated delegates; and
 - b. Rules will be put in place to ensure flights to be booked are at a reasonable cost.
3. Where a delegate will be driving, the club will notify the NZTR Finance department of their intention to drive.

NZTR Finance will prepare a schedule of costs per the Air New Zealand Account and mileage travelled by delegates who have driven, after the AGM. The total cost will be averaged across all clubs and invoiced or credited to the clubs as appropriate.

Mr Tony Dennis moved this proposal to introduce a travel equalisation scheme for the NZTR Agm from the 2008 AGM.

CARRIED

GENERAL BUSINESS

The Chairman introduced general business by stating that New Zealand is still equine influenza-free. Australia has committed to eradicating the disease and New Zealand stands by that. It is hoped that the short-term impacts remain just that. The Chairman expressed the Board's sympathy for those in the Australian racing industry and introduced the General Manager, Communications.

The GM Communications presented key points around likely scenarios and response readiness planning for equine influenza (EI) to provide clubs with information on the disease to help them to be in a position to determine the best way forward and to be as prepared as possible in the event that it spreads beyond NSW and Queensland.

Scenario 1 - EI arrives and do nothing

Neither MAFBNZ nor the NZ Equine Health Association (NZEHA) considers this an option worthy of consideration. There are concerns about animal welfare with a naïve population - if we had the virus strain from Australia, it may mutate to a more pathogenic strain.

Scenario 2 - EI arrives followed by movement control, containment and possible vaccination. This is the current planned approach.

This would create considerable disruption and financial loss to NZ racing in the short and medium term. It would result in an immediate shutdown of all racing for a minimum of three weeks until infected zones had been identified and contained. During this period the virus would be identified. Then an appropriate vaccine for that strain could be sourced and applied to buffer zones if thought appropriate. Then there would be at least three months of no movement within the infected zones. As in Australia, the vaccination of 'strategic assets' outside the infected zones may be approved. With around 52% of NZ racing stock

stabled in the Northern Region, 28% in the Central Region, 12% in Canterbury and 8% in the South, the impact of an outbreak would vary greatly depending upon its location.

The dead vaccines (those currently registered and on order for NZ) generally require a course of two shots four to six weeks apart and then six-monthly boosters. Protective immunity is gained approximately two weeks after the second shot. It is felt that this is too long in the face of an outbreak to have any short-term impact bearing in mind the virulence of the disease.

On the assumption that NZ wished to pursue eradication, disease-free status would likely be granted one year from the date of clearance of the last identified case. The current best-case scenario for Australia is March-April 2009. On this basis, NZ would retain its current 'clean' trading status upon clearance, whenever that might be.

Scenario 3 - Pre-emptive (preE) vaccination and NZ remains EI free

Minimum short-term impact would be experienced under this scenario. However there are long-term potential impacts, around import/export restrictions and quarantine provision, which need to be considered.

If horses were preE vaccinated without NZ having EI we would have a much more difficult time convincing other countries that EI was not present in NZ and possibly have restrictions placed on the export of our horses. The biggest consequences of this could be the export of horses to Australia i.e. no weekend raids to Australia. Depending upon the situation in Australia at the time and MAFBNZ negotiations with AQIS, it could require five weeks quarantine. To maintain our 'freedom' we may have to undertake 'Active Surveillance' requiring regular testing of 10% of the horse population for any presence of the virus. There may be difficulties in getting countries we export to, to recognise any active surveillance programme as being equivalent to country freedom.

Movement to Australia could be restricted by the following conditions, subject to negotiation between MAFBNZ and AQIS:

1. Declaration of premises where horses originate being EI free for three months. Vaccination between 42 days and four months prior to export.
2. 21 days Pre Export Isolation (PEI) and testing to include ELISA or PCR
3. 14 days Post Arrival Quarantine (PAQ) and testing to include PCR (potentially x2 – need to debate with MAFBNZ)

There is currently not sufficient capacity to cope with PEI in NZ and PAQ in Australia for approximately 1,500 horses travelling between the two countries (2006 total) each year. This would see more top NZ-trained horses either spending their whole campaign in Australia or staying in NZ. NZ requires at least two-three more facilities in different sites to give more flexibility and more quarantine capacity, potentially from as early as February-March 2008, subject to MAFBNZ-AQIS negotiations. We currently have Karaka (IRT facility with 20 boxes only and little land – you cannot keep horses in training and mares and foals in boxes for five weeks). NZB has looked at some potential options.

Scenario 4 - Pre-emptive (preE) vaccination and EI arrives

The impact of this scenario would be more than scenario three but less than one and two. However, it would be likely that NZ's 'free' trading status would be more easily upheld after 'freedom.' It is difficult to project how quickly and what percentage of a preE vaccinated naïve horse population could race.

The Chairman asked Mr Graeme Hansen, Chief Executive of the NZ Racing Board, and Dr Andrew Grierson, NZTR's Veterinary Consultant, to join him on stage at the front of the room to provide members with the opportunity to ask questions about EI. A number of key points were raised particularly around the issue of whether or not to pre-emptively vaccinate, including:

1. Pre-emptive vaccination would provide protection for the continuance of racing and betting and providing stakeholders with the freedom to protect their assets and businesses including breeders e.g. stallions can become temporarily infertile with high temperatures. Mr Hansen stated that the projected loss in turnover for the TAB in the event of a three-month lockdown of racing would be in the order of \$330 million and loss of revenue of \$46 million.
2. Pre-emptively vaccinated horses can still be infected, though the severity of symptoms and the amount of virus shedding are reduced. Despite scientific evidence suggesting that 70% of the horse population would need to be vaccinated for protection to be effective (this depends upon contact) individual horses will still benefit. Vaccinating one of the sectors and carefully monitoring the participants will have little risk to others i.e. no contact between racing populations of thoroughbred, harness and sports horses of all types. Dr Grierson raised the question of whether or not it was reasonable to allow horses to suffer this disease if there is an effective vaccine that can stop/reduce the severity of symptoms?
3. A pre-emptive vaccination programme, including identification, could be instituted slowly over a year, prioritising racing stock:
 - Racehorses in training
 - Stallions, yearlings and sales horses
 - Broodmares and general stock
4. A decision would need to be made on the most likely subtype of EI that might arrive and an appropriate vaccine chosen. We may well get it wrong. (The live 'recombinant' GE vaccines are reported to give quite good immunity as soon as two weeks after the first dose - more effective than dead vaccines - but are not registered in NZ except for emergency use by MAFBNZ.)
5. Ongoing costs include not only the vaccine but also its application by veterinary surgeons and the ongoing vaccinating/monitoring programme. If a sector group or groups were to preE vaccinate they would likely have to commit to an ongoing compulsory programme and maintain it.
6. Surveillance for early detection, of either the first case in NZ or of new cases/places if the disease gets here, is heavily reliant on detecting clinical signs in individuals or groups of horses. Vaccination modifies the expression of disease signs. In a vaccinated population there is a risk of missing early cases, leading to delayed implementation of controls and increased 'silent spread.'
7. The disease has been introduced into many countries by vaccinated sub-clinically infected horses. Tests in quarantine are required to identify these cases. Also vaccination induces antibodies in vaccinated horses. Therefore even if we know a horse has been vaccinated, we lose an important means of differential testing providing intelligence on infected places if the disease gets here. It would be very unlikely that a vaccination campaign including all breeds/ classes would be made mandatory (by MAFBNZ) except in an incursion and then only to create 'buffer zones.'

8. Vaccinated horses would have to be carefully identified and monitored. Identification would entail Stipendiary Stewards accompanying vets to identify horses to be vaccinated, a 'beside the horse' identification /vaccination record and a database to record vaccinations and issue approvals for racing.
9. The NZRB are currently talking to Intervet on the supply of vaccines. Based on the strains, the new Intervet vaccines are the closest match, but still not an ideal match to Wisconsin/03, the strain in Australia. All of these vaccines would help reduce clinical signs of influenza in infected horses. That is to say, all these vaccines provide partial protection in the field - reduction of clinical signs in most cases and complete inhibition of virus replication in fewer cases. No vaccine, including Intervet's, is guaranteed to completely prevent virus shedding i.e. completely stop the infection process and contagion in 100% of horses.

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

Mr Alastair Deans asked if a list of attendees could be provided to all members on arrival at the AGM. The GM, Communications replied that this could be done for future AGMs.

Mr Bill Gianotti congratulated the NZTR Board and Management on a very productive year with many successful outcomes for the industry.

Mr John Wood asked that a transcript of the AGM be available for members if they requested it. The GM Communications confirmed that the AGM is recorded and that a copy of a transcript could be made available to members.

Mr Garry McDonnell asked whether there were any plans to improve the reception of Radio Trackside in the Otago region. Mr Graeme Hansen replied that work was currently being undertaken to improve the reception there.

CLOSURE

The Chairman expressed, on the Board's behalf, its considerable appreciation of the work of its Chief Executive, Paul Bittar, and his Management team and staff.

The Chairman thanked his fellow Board members for their work on behalf of the thoroughbred Code in a year of real change and wished them well for the remainder of the 2007/08 season

Finally, there being no further items of general business, the Chairman closed the meeting at 6.00 pm.