



**MINUTES OF THE 43RD ANNUAL GENERAL MEETING OF MEMBERS OF THE
SOUTH AUSTRALIAN JOCKEY CLUB INC HELD ON
THURSDAY 29 NOVEMBER 2018 IN THE GERARD PAVILION,
MORPHETTVILLE RACECOURSE, MORPHETT ROAD, MORPHETTVILLE**

DRAFT

1. OPEN AND WELCOME

The Chief Executive Officer (CEO), Mr Grant Mayer welcomed members and guests to the meeting at 6.00pm. Mr Mayer thanked and acknowledged his staff and Board members of the South Australian Jockey Club (SAJC) for their support during the past 13 months and acknowledged their commitment to change. Mr Mayer also thanked the Club members who have taken time to provide feedback, ideas and direction during his first year as CEO.

Mr Mayer stated that his focus is on taking the Club forward and improving financial results. Many opportunities to take the Club forward and make us more viable are being explored by Board and management and Mr Mayer stressed that no matter what we offer, it is about investing back into racing.

The racing industry does have its challenges at present and the importance of working together as an industry with breeders, trainers and owners was emphasized.

Mr Mayer made reference to the reporting of membership numbers in the Annual Report and stated that historically, staff members have been provided with a Guest Membership (excludes voting rights) however these memberships have been included in the total number of memberships for reporting purposes. Moving forward, these memberships will be separated.

Mr Mayer declared that he proposed to change the order of the Agenda so that the election of members to the Board would be dealt with at the end of the meeting as in previous years. Mr Mayer also advised the process and rules of this evening's meetings.

Mr Mayer handed to Board member Ms Christine Simpson to conduct the Annual General Meeting (AGM) of the Norwood Community Club at 6.05pm.

The CEO declared the 43rd Annual General Meeting of the SAJC open at 6.15pm presiding over an attendance of 90 members.

2. APOLOGIES

The following apologies were noted:

Ray Bradmore, Alan Copeland, John Curnow, Barry Ellison, Wayne Francis, Steve Georganas, Peter Hammer, Stuart Hillman, Lorin and Chris Jenner, Andrew Lathlean, Cherrie Mangos, Brian Moore, John Naffine, Bob Robertson, Bill Sanders, Raelene and Wayne Sands and Richard Walsh.

3. CONFIRMATION OF MINUTES OF PREVIOUS ANNUAL GENERAL MEETING

CEO Mr Grant Mayer sought confirmation of the Minutes of the 42nd Annual General Meeting held on 29 November 2017.

MOVED: TONY NEWMAN

SECONDED: BOB HOLTON

MOTION CARRIED

Mr Mayer introduced the Chair of the SAJC, Ms Bodelle Francis.

4. CHAIR'S ADDRESS

Chair Ms Bodelle Francis formally welcomed fellow Board members, staff, members and guests and acknowledged the traditional owners of the land. Ms Francis also paid respects to those life members and members who have passed away during the year.

Ms Francis reflected on her second year as Chair of the SAJC and noted the following achievements and disappointments that the Club has faced during that time:

- The Club has recorded its strongest operational result in eight years, recording a net operational loss of \$485,000; \$300,000 ahead of budget. This operational result and the strong performance of the Club's Investment Fund contributed to an overall net surplus of \$123,000.
- A major part of achieving this balance has been about generating improved sponsorship and non-race day revenues, and Ms Francis congratulated the executive team for this.
- The executive team continue to seek new revenue generating opportunities and are focussed on maximising Morphettville as a year round multipurpose venue.
- To date, the SAJC has not received any confirmation from Thoroughbred Racing SA (TRSA) as to whether the State Government intends to renew its commitment to the six million dollars in prizemoney funding which it has provided to the past two Festival of Racing Carnivals. This generous funding not only helped drive exposure and sponsorship for the Carnival but the nominations and acceptances helped generate improvements in the Club's and industry's bottom lines.

Ms Francis advised members that this meeting may be her last as Chair of the SAJC although plans to remain a contributor at Board level. Ms Francis referenced a flawed Constitution with regard to the election of Chairman, Vice Chairman and Deputy-Vice Chairman which is done on an annual basis and is out of step with standard governance procedures.

Ms Francis closed by thanking Vice-Chairman Bob Holton and Board member John Girvan for their dedication and service for the past three years and also thanked the other election candidates for their attendance this evening.

Ms Francis introduced Vice Chairman / Chairman of the Finance, Investment and Audit Committee Mr Bob Holton to address agenda item five being the financial report and agenda item seven being the appointment of the auditor.

5. TO RECEIVE THE ANNUAL REPORT FOR THE YEAR ENDED 31 JULY 2018

Mr Bob Holton advised that the Club has produced an operational loss for the year of \$485k, a strong progression on last year's operational loss of \$929k, and a significant improvement on the \$2.8M operational loss that was reported three years ago.

Mr Holton stated that investment returns were solid for the year after noting the impact of moving funds from previous investment managers Perpetual and Blackrock to FMD and Bentley Wealth Partners during the year. The change in investment managers resulted from a comprehensive review of the investment manager process.

Mr Holton advised the loss of funding from the industry body and the resulting impact on the Club from the decrease in prizemoney for the Festival of Racing will significantly impact the 2018/19 budget.

The Club initially budgeted a loss of \$435k but this has been increased to a loss of \$849k to cover these TRSA shortfalls.

Proposed by Vice Chairman Mr Bob Holton that the 2017/18 Annual Report and Statements of Accounts for the year ended 31 July 2018 be received.

MOVED: BOB HOLTON

SECONDED: TONY NEWMAN

MOTION CARRIED

OPEN DISCUSSION

Mr John Worthley criticized the method of financial reporting used. Mr Holton advised that the financial statements provided by the Club are in line with common accounting processes with Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) reported to allow a year by year direct comparison of operational performance.

Mr Joe Cannizzaro put forward his opinion on certain matters stating the following:

- The distribution of industry grants is incorrect and the notes to the financial statements are contradictory;
- The operating result should include investment income and depreciation;
- The reported increase in sponsorship and catering revenue is not reflected in the finances, in fact income has reduced;
- Expenses are reduced, largely due to maintenance savings;
- The Investment Fund continues to support the club operationally.

Mr Gil Della agreed with earlier comments regarding depreciation stating it is an expense of operating and the notes to the financial statements confirm this.

Mr John Lewis criticised the maintenance of the track suggesting the track needs fertilising to improve performance.

Mr John Worthley requested clarification on the \$1M adjustment made to a historical error as detailed on page 53 of the Annual Report. Mr Mike Cox (CFO) explained that this related to the Pro-Ride track and stated that this asset was added to the asset register in 2009 with an incorrect useful life span. After consultation with the auditors, this was rectified and signed off by the auditors.

Two members spoke of their disagreement with this process.

Dr Terry Hodgson complained about the reduction in nominations and horse numbers. Mr Holton assured the audience that the Club is also very worried about horse numbers and the state of the industry in South Australia and advised that the Club is addressing these concerning matters with the industry.

Mr Joe Cannizzaro questioned the reported member attendance numbers and associated revenue as detailed in the Annual Report.

Mr Dennis Markham criticised the format of the annual report and stated in his opinion the SAJC Board is bordering on being dysfunctional.

6. APPOINTMENT OF AN AUDITOR

Mr Bob Holton thanked BDO Australia for their diligence and competence during the audit process in the 2017/18 year and moved that the Board recommends to SAJC Members that BDO Australia be re-appointed as auditors of the SAJC for the year ending 31 July 2019.

MOVED: BOB HOLTON

SECONDED: DAVID PEACOCK

MOTION CARRIED

Mr Joe Cannizzaro requested that the audit is completed earlier than in previous years and the request was taken on notice.

7. LIFE MEMBERS

Vice Chairman Mr Bob Holton introduced **Board Member Mr Chris Sargent** to address the Life Member nomination.

In accordance with the Club's Constitution, Section 6.2 allows induction of a member to Life Membership "if the person has been a member of the Club and been involved in thoroughbred racing for more than 40 years." The Board received a written nomination for Ms Shirley Robinson and recommended Ms Robinson for Life Membership.

Chris Sargent spoke for Ms Robinson

MOVED: CHRIS SARGENT

SECONDED: JOE CANNIZZARO

MOTION CARRIED

The Chair presented a badge and plaque to Ms Robinson and Ms Robinson spoke indicating receipt of this Life Membership was a real honour.

8. CONSTITUTIONAL AMENDMENTS

Mr Chris Sargent took to the microphone to address the proposed changes to the Constitution. Mr Sargent advised that earlier in the day he had learnt of proposed changes to the Australian Rules of Racing and in particular the definition of a 'participant in racing' which will impact the proposed amendment to clause 17.6. Mr Sargent withdraw this amendment and propose it be revisited next year.

The first amendment for consideration by members was the removal of certain categories of memberships and Board Member **Mr Adam Glenn** outlined the proposed changes to Clause 5.1 which involves the removal of specific categories of membership such as Senior Members, Young SAJC Member, Country Members, Winning Owner Members and Trainer Members to provide flexibility to be creative with the categories of membership which are available.

Mr Bill Spear, Mr Ron Pratt and Mr David Peacock spoke against this proposed amendment and removal of specific categories, expressing their concern. Mr Peacock requested that Board members consider removing the item from the agenda and discuss further at a future member information session as the removal of these member categories is a significant amendment.

Mr Sargent put the motion the matter be withdrawn from a vote.

MOVED: CHRIS SARGENT

SECONDED: DAVID PEACOCK

MOTION CARRIED

The Board recommended a change to Clause 27.9 proxy voting with removal of the word proxy and reference to the corporate member appointing a representative at least 24 hours before the time of the meeting.

MOVED: CHRIS SARGENT

SECONDED: DAVID PEACOCK

MOTION CARRIED

9. WRITTEN REQUEST FROM MEMBER BILL SPEAR FOR THREE ITEMS OF BUSINESS

9.1 INVESTMENT ACCOUNT

Mr Bill Spear expressed his concern on the balance of the Investment Fund and the fact that the excess interest after capital payments is being used by the Club but is not clear where it is being spent. Mr Spear believes the Board should seek Member approval via a special resolution to spend these funds.

Mr Allan Burchard disagreed with Mr Spear and spoke in defence of the Board and as a former Chairman and Board Member, clarified that use of the proceeds from the Investment Fund interest is necessary and commended the Board.

9.2 BREACH OF CONSTITUTION

Mr Bill Spear again referenced the use of the Investment Fund and informed members that if the Investment Fund was not being used in accordance with Clause 22A of the Constitution there is a breach of the Constitution, however without the details of the expenditure, it is not possible to see if a breach has occurred.

The Chair stated that the Board believes that it is acting under the Constitution and in line with Clause 22A and based on the information to date there is no breach.

9.3 FERRIER HODGSON REPORT

Mr Bill Spear questioned members access to the Ferrier Hodgson Report. The Chair advised that a members information session has been scheduled for Wednesday 23rd January 2019 where the report highlights and findings will be shared with members.

10. OTHER BUSINESS

10.1 ADELAIDE CUP TIMING

Mr Dennis Markham requested clarification on the Board's position on the timing of the Adelaide Cup. Ms Francis confirmed that the Board's position has not changed and their preference is for the Adelaide Cup to be run in May on a Public Holiday. This position has been put forward to TRSA.

Mr Markham also expressed great concern with the funding shortfalls from TRSA and the potential impact from the loss of industry funding. Mr Markham also questioned a TRSA office relocation to which Ms Francis acknowledged that TRSA are planning to move premises in 2019 due to the expansion of their integrity unit and a requirement for more office space.

Mr Ron Pratt acknowledged the Board and commended their attempts to make the retail arm of the business viable and keep racing relevant and encouraged members to support the CEO and Board.

Mr Joe Cannizzaro commented that holding the Adelaide Cup on a public Holiday is a financial disaster with additional wage costs and questioned this stance. Ms Francis advised that much research has been undertaken by the industry in this regard and data and facts support this position.

Chair Ms Bodelle Francis introduced Mr John Sawley to announce the results of the election.

11. ELECTION RESULTS

Mr John Sawley advised that there were two vacancies and advised the votes were counted following close of receipt of ballot papers at 4pm on Wednesday 28 November by himself and fellow Returning Officers Mr Ron Pratt and Mr Ray Bradmore with assistance from the CEO Mr Grant Mayer.

John Sawley advised there were 484 ballot papers received. Four votes were declared invalid. The results in order of ballot paper were read as follows:

John Caruso	220 votes
John Girvan	188 votes
Bob Holton	217 votes
Kerin James	88 votes
Andrew Mooney	70 votes
Pets Southern-Ninnis	177 votes

Mr Sawley declared, subject to regulatory approvals, that Mr John Caruso and Mr Bob Holton were elected to the Board of the SAJC. Ms Francis thanked the scrutineers for their assistance with this important process, congratulated the successful candidates and invited them to address the meeting which they did, thanking Members for their support in voting for them.

Mr Holton took the opportunity to thank Ms Francis for all her efforts as Chair over the past two years.

Ms Bodelle Francis thanked Members for their attendance and closed the meeting.

AGM CLOSED: 7:54pm