

**MINUTES OF THE TWENTY-FIRST ANNUAL GENERAL MEETING OF MEMBERS OF THE RACING ASSOCIATION HELD AT 18H00 ON MONDAY 10 FEBRUARY 2020 IN THE PADDOCK ROOM, KENILWORTH RACECOURSE AND CENTENARY ROOM, TURFFONTEIN RACECOURSE**

**PRESENT: Directors: Messrs M E Leaf (Chairman)  
M F de Kock**

**G Paddock  
C Savage  
L Wainstein  
W Smith  
B Riley**

**(Gauteng)**

**33 Members in Western Cape** (As per the register)  
**12 Members in Gauteng** (As per the register)

**APOLOGIES: 1 Apology in Western Cape** (As per the register)  
**9 Apologies in Gauteng** (As per the register)

#### **1. WELCOME**

The Chairman welcomed Members and guests to the twenty first annual general meeting of Members of the Racing Association (RA). He said that this meeting would include Members from the Western Cape RA chapter and Gauteng Members who were in attendance by video link.

#### **2. INTRODUCTION**

The Chairman stated that the meeting would be conducted in two parts, one formal to deal with the business of the AGM and the other informal to deal with general business which would incorporate the stakes presentation and a special presentation by the Board on the future of the RA.

Moving to the formal part of the meeting, the Chairman informed the meeting that the proceedings at the annual general meeting are prescribed in the Racing Association Memorandum of Incorporation.

He welcomed Brian Friedman who was in attendance representing the company's audit firm, BRF and Co and Joshna Budhia representing Levitt Kirson, the company's secretarial firm to the RA. He also welcomed the CEO of Phumelela Gaming and Leisure Limited, John Stuart. Messrs Friedman, Budhia and Stuart were in attendance in Gauteng.

#### **3. QUORUM FOR AN ANNUAL GENERAL MEETING**

The Chairman informed the meeting that 7 Proxy forms had been received from members who wished to be represented by proxy at this meeting. The directors accepted 7 proxy forms.

Apologies from 10 members had been recorded.

He said that the number of members in good standing on the register is 1178. He further advised that 52 members were present at this meeting in person or by proxy. This represented 4,4% of members entitled to be present and vote at this meeting. In terms of 15.3 of the Memorandum of Incorporation, 20 members present in person or by proxy constitutes a quorum. The Chairman accordingly declared the meeting duly constituted.

Before proceeding with the business of the meeting, Ms Rowett enquired whether it would not be appropriate to deal upfront with the special resolution, namely, to condone the late calling and holding of the AGM as required by Clause 13.3 of the MOI.

The Chairman said while he agreed in principle, he had sought advice regarding this matter and the opinion was that he should proceed with the points of business as set out on the agenda as the matter would be addressed later in the agenda.

#### **4. DEATHS**

Before proceeding with the agenda, the Chairman asked members to be upstanding and observe a few moments silence as a mark of respect for the following members who had passed away during the year under review

B M Aaron	DS Alexander	EG Anderson
FC Blomkamp	SFG Habib	Dr R Maponya
BO Wiid	IAEJays	GT Peter

Messrs A Little, (Phumelela) and trainers J van Eck and S Ferreira had also passed away during the year.

#### **5. ORDINARY RESOLUTION 1 PROPOSES CONFIRMING THE MINUTES OF THE TWENTIETH ANNUAL GENERAL MEETING HELD ON TUESDAY 11 DECEMBER 2018 AS A TRUE RECORD OF THE MEETING**

The Chairman invited members to make themselves heard on the proposal to pass Ordinary Resolution 1. There were no questions from Members. The Chairman called for a proposer and a seconder.

Proposer: C Savage  
 Seconder: W Smith

IT WAS RESOLVED that Ordinary Resolution 1 be adopted.

## 6. THE REPORT OF THE CHAIRMAN FOR THE YEAR UNDER REVIEW

The Chairman said that the report of the Chairman had been available for some time. There were no matters arising from the Chairman's report.

Ms S Rowett enquired about the number of Trustees that should be sitting on the Thoroughbred Horseracing Trust. She said in her recollection, the number of Trustees should be 7. The response was that there had been an amendment to the Trust Deed that stated that there could not be less than 5 Trustees which is the case at present. 2 Trustees had been selected and their credentials had been submitted to the Master. A response was imminent.

Ms Rowett raised a further query relating to the shortfall in funds in the Trust accounts. The response was that there was no dividend from the PGL. Ms Rowett said that possibly the industry should have been more cautious as has been the case over previous years. The involvement in Supabets had not been a prudent investment. The Chairman said it was a strategic decision and we cannot change the past. It was a choice that was made at the time. Mr Savage said he had raised this at the previous annual general meeting and with the advantage of hindsight it was easy now to disagree. There was a request by the Trust to follow our rights and as a Board it was felt we had to maintain our shareholding in PGL. As per Clause 15.4 of The Trust Deed efforts will be made to continue to try and retain about 30%. Ms Rowett suggested that certain amendments should have been referred to the members of the RA. She requested that this matter should be considered. Mr Savage said he is not aware of any amendments that had been made to the Trust Deed that were done in contravention of the rules and procedures governing such changes. There had been clarity on SASCO members as one of their Trustees had to stand down.

## 7. ORDINARY RESOLUTION 2 – TO CONSIDER THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2019 INCLUDING THE REPORT OF THE DIRECTORS' AND THE REPORT OF THE AUDITORS' THEREON. THE AUDITED ANNUAL FINANCIAL STATEMENTS HAD BEEN INCLUDED IN THE ANNUAL REPORT

The Chairman invited members to make themselves heard on the proposal to pass Ordinary Resolution 2.

### 7.1 Servitude at Randjesfontein

Ms Rowett enquired about the sale of the servitude at Randjesfontein. Mr Wainstein explained that a developer was proceeding with the building of units adjacent to the training centre and had approached Randjesfontein to acquire a small portion of the land.

The offer had been presented to the Board and after due consideration this was agreed to.

### 7.2 Revenue and trade receivables

The increase reflected in the audited financials relating to the increase in trade receivables in respect of Kenilworth Racing was raised by Mrs Rowett. Mr Savage confirmed that the information was in fact accurate as Kenilworth Racing owed R9,3 million to the Racing Association. Mr Wainstein said that two payments had been made and thereafter we had approached Kenilworth Racing seeking a payment plan. He said the Board had been kept informed of this matter including the fact that Kenilworth Racing may not have the funds available to pay. He said that this is a problem which had been raised by the auditors relative to impairment. The matter will be left in abeyance for the time being. Mr Wainstein said that Kenilworth Racing had acknowledged the debt and promised to pay when the funds became available. They had paid R1million after The Queens Plate but no further payments had been made. Ms Rowett concurred that this had contributed to the cash negative situation for the year. Mr Savage said hopefully the Board can provide suitable responses during the presentation later.

There being no further questions, the Chairman called for a proposer and a seconder.

Proposer: W Smith  
 Seconder: C Savage

IT WAS RESOLVED THAT Ordinary Resolution 2 be adopted.

## 8. ORDINARY RESOLUTION 3 – PROPOSES AUTHORISING THE DIRECTORS TO FIX THE AUDITORS REMUNERATION FOR THE PAST YEAR AND TO APPOINT THE AUDITORS FOR THE COMING YEAR

The Chairman invited members to make themselves heard on the proposal to pass Ordinary Resolution 3.

There were no matters arising regarding the Authorising of Directors to fix the Auditors' remuneration for the past year and the appointment of Auditors for the coming year.

In response to a query whether the RA rotate the auditors, Ms Turner said this will take place in 2023. The Chairman called for a proposer and a seconder.

Proposer: G Knowles  
 Seconder : W Smith

IT WAS RESOLVED THAT Ordinary Resolution 3 be adopted.

**9. SPECIAL RESOLUTION 1** – Members were requested to condone the late calling and holding of the AGM as required by Clause 13.3 of the MOI.

Mr Wainstein explained that a date had been set for the RA's annual general meeting in December 2019. Unfortunately, Phumelela had delayed the announcement of their results and the RA need to hold their annual general meeting after the PGL meeting in order that the RA would be in a position to announce the stakes. The Chairman called for a proposer and a seconder.

Proposer: C Savage  
 Seconder : G Knowles

The Chairman called for the persons present to vote by a show of hands to pass special resolution 1.

Members voted as follows:

All those in favour: 40 All those against: 1

IT WAS RESOLVED THAT Special Resolution 1 be adopted by a 76,9% majority

**9. STAKES PRESENTATION**

The Chairman stated that the stakes for the forthcoming season would form part of the presentation after the conclusion of the meeting.

**10. DIRECTORS**

The Chairman reported that nominations were held for national Board and regional chapters.

**10.1 National**

In terms of Clause 21.2 of the Memorandum of Incorporation of the Racing Association, Laurence Wernars and Michael Leaf resigned as national directors. In terms of the Memorandum of Incorporation, both Mr Leaf and Mr Wernars were eligible and agreed to stand for re-election. A further nomination was received on behalf of Mr Brian Riley. In terms of Clause 21.1, the Directors, in their discretion, took a decision not to proceed with a voting procedure but to accept all three nominees onto the RA Board. No additional nominations were forthcoming.

Laurence Wernars had since resigned from the Board of the Racing Association upon his appointment to the Board of the National Horseracing Authority.

Larry Wainstein, Director and CEO at the RA, had also resigned from the Board taking effect on the 29 February 2020.

With effect from this Annual General Meeting, the national Board comprises:

Michael Leaf  
 Grant Paddock Representing the Eastern Cape Chapter  
 Wehann Smith Representing the Western Cape Chapter  
 Mike de Kock  
 Charles Savage  
 Brian Riley

The Chairman stated that the Board is addressing the issue of vacancies on the Board and had invited Dr. John Lamola and Ms Mapule Sambo to be co-opted onto the board. Both candidates are widely experienced in the corporate sector and the Board believes that they would add enormous value to the Association.

The position of the CEO would be advertised.

**10.2 Eastern Cape Chapter**

In terms of Clause 25.1 of the Memorandum of Incorporation of the Racing Association, Grant Paddock and Jacques Strydom resigned. Messrs Paddock and Strydom offered themselves for re-election. Mr Strydom later withdrew

his agreement to stand. The matter of the EC Chapter would be dealt with in due course.

The Eastern Cape chapter committee is as follows:

Grant Paddock

### 10.3 Western Cape Chapter

In the Western Cape Chapter, in terms of Clause 25.1 of the Memorandum of Incorporation of the Racing Association, Mr Jonathan Snaith and Mr Justin Vermaak resigned. They did not make themselves available for re-election.

Nominations from four WC RA Members were received,

Troy Finch

Ashwin Reynolds

Philip Sarembock

Kevin Sommerville

The auditors carried out a voting procedure and Philip Sarembock and Kevin Sommerville were elected to the Western Cape Chapter Committee which is as follows:

Wehann Smith

Craig Kieswetter

Philip Taberer

Philip Sarembock

Kevin Sommerville

The Chairman thanked all of the chapter committee members who had made an invaluable contribution to the regional committees.

## **11. GENERAL BUSINESS**

Members had been requested to provide, in writing to the RA, by no later than Friday 31 January 2020, any item not on the agenda which the members wished to discuss. No items were submitted for discussion.

### 11.1 CEO – Larry Wainstein

The Chairman said that it was with some sadness that the Board bids farewell to its CEO, Larry Wainstein, who leaves at the end of February 2020. For the record, his departure had been of his own accord.

The Chairman further stated that the very nature of our industry can test the resolve of all those in leadership and it was inevitable that our CEO has had to face such challenges in his 12 years with the RA, both as Chairman and CEO, so the polarisation of views during his tenure was not surprising. Larry's significant contribution and efforts during his time with the RA were greatly appreciated and recognised.

## **12 THANKS AND CLOSE**

The Chairman said that the industry had been through a challenging year. He thanked the members for their support and the board and the staff for their commitment. This concluded the formal business of the AGM.

THERE BEING NO FURTHER FORMAL AGENDA ITEMS, THE MEETING CLOSED AT 19H00

CHAIRMAN

**AIDE MEMOIRE - PRESENTATION IN CONJUNCTION WITH THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE RACING ASSOCIATION HELD ON MONDAY 10 FEBRUARY 2020**

Mr Savage addressed the members. He said that he intended to keep the presentation informal and suggested that the persons present should feel free to raise any questions. He thanked Ms Rowett for putting questions to the Board as this is the appropriate forum.

**1 STAKES**

An amount of R53m has been taken out of the stakes pot in the last year for the following reasons:

- No dividend paid by PGL (R18 million in the previous year)
- R35million which is the 3% rebate from government.

The take-outs which make up the stakes pot have been publicised in various reports and are based on the following:

Net contribution - horseracing	30%	Net contribution – other sports	20%
Bookmakers' levies	30%	Unclaimed dividends and fractions	30%
Net lotto income	15%	Net LPM income	15%
Net GC and International royalties SA product	30%		
Net share of IOM tote limited income	30%	Fixed Odds	30%

Costs that come out of the stakes pot are in respect of jockeys' medical aid and insurance plus horse transport. There is an onerous liability for Kenilworth Racing which is currently in the region of R15-R18 million which comes out the stakes pot. Checks are carried out to ensure that the audit which is carried out by Phumelela appointed auditors, is accurate.

The following schedule was presented.

What determines stakes:

- Primary sources of revenue:
  - Tote turnover
  - PGL dividends
  - PGL bookmaker profits
  - Government taxes
- Primary sources of costs:
  - Kenilworth racing
  - Jockeys medical aid and insurance
  - Horse transport costs
- Role of RA

National Comparison : Stakes and Race Meetings										
	KwaZulu-Natal		Western Cape		Highveld		EC		NC	
	Stakes	Meetings	Stakes	Meetings	Stakes	Meetings	Stakes	Meetings	Stakes	Meetings
2007-2008	R 79,657,010	120	R 56,261,160	94	R 102,179,075	125	R 29,558,875	70	R 11,078,500	37
2008-2009	R 80,818,000	116	R 58,654,000	92	R 113,486,225	140	R 32,062,000	68	R 13,042,000	36
	1%	-3%	4%	-2%	11%	12%	8%	-3%	18%	-3%
2009-2010	R 81,390,250	107	R 58,424,430	87	R 117,065,500	148	R 33,876,500	68	R 13,166,000	36
	1%	-8%	0%	-5%	3%	6%	6%	0%	1%	0%
2010-2011	R 73,337,465	109	R 56,855,179	87	R 116,096,000	149	R 33,076,500	69	R 13,180,000	36
	-10%	2%	-3%	0%	-1%	1%	-2%	1%	0%	0%
2011-2012	R 73,417,785	106	R 53,892,270	86	R 118,893,625	148	R 32,553,000	68	R 14,325,000	36
	0%	-3%	-5%	-1%	2%	-1%	-2%	-1%	9%	0%
2012-2013	R 84,912,075	99	R 54,343,070	81	R 126,626,000	146	R 34,478,000	66	R 14,143,000	34
	16%	-7%	1%	-6%	7%	-1%	6%	-3%	-1%	-6%
2013-2014	R 95,254,750	100	R 61,436,675	78	R 133,769,000	144	R 37,644,000	67	R 14,886,450	34
	12%	1%	13%	-4%	6%	-1%	9%	2%	5%	0%
2014-2015	R 95,839,950	110	R 69,419,000	84	R 140,218,500	144	R 40,867,000	71	R 14,786,000	34
	1%	10%	13%	8%	5%	0%	9%	6%	-1%	0%
2015-2016	R 112,346,000	122	R 68,795,000	83	R 145,449,500	147	R 42,419,000	72	R 15,002,000	33
	17%	11%	-1%	-1%	4%	2%	4%	1%	1%	-3%
2016-2017	R 110,645,775	115	R 92,149,275	84	R 148,861,400	147	R 44,459,000	71	R 16,785,775	33
	-1.5%	-6%	33.9%	1%	2.3%	0%	4.8%	-1%	11.9%	0%
2017-2018	R 110,817,413	106	R 88,844,000	82	R 148,621,910	139	R 45,007,000	69	R 18,391,000	35
	0.2%	-8%	-3.6%	-2%	-0.2%	-5%	1.2%	-3%	9.6%	6%
2018-2019	R 114,520,875	109	R 83,610,450	74	R 151,697,950	139	R 47,751,000	72	R 17,949,000	34
	3.3%	3%	-5.9%	-10%	2.1%	0%	6.1%	4%	-2.4%	-3%
2019-2020	R 109,848,000	106	R 74,561,000	76	R 131,809,750	136	R 41,468,000	72	R 16,255,000	37
BUDGET	-4.1%	-3%	-10.8%	3%	-13.1%	-2%	-13.2%	0%	-9.4%	9%

Mr Wainstein reported that the RA was doing whatever it could to assist in keeping small owners in racing. To this end, the industry had been paying stakes down to 10 places in stakes and had undertaken to re-address this in January 2020.

Mr de Kock said that the broodmare population had been hard hit and a number of horses were being relocated to race in Mauritius. This also impacted on local field sizes.

Mr Sarembock said that in view of the fact that jockeys' remuneration comes out of the stakes pot, he enquired whether the jockeys also take a reduction. He suggested that this be considered with a view to reducing jockeys' fees to give more back to the owners. Mr Wainstein said he has been negotiating with jockeys over the past three years, in particular, as regards medical aid and insurance. These benefits had been reduced and a limit was put on the payouts for insurance as well as the number of dependents covered by medical aid. By 2021 the medical aid subsidy will fall away. The Board felt that in order to be fair, they undertook not to cease paying this benefit immediately as this would impact negatively on certain jockeys. Discussions were on-going.

## 2 PROPOSED CHANGES TO STAKES

- Negotiation with PGL
    - Sponsorship allocation to Stakes - Mr de Kock said that he had been surprised upon being elected to the RA Board that sponsors' money does not go to the stakes but rather to PGL's bottom line. He said that the race operators were generating income from the racing product and he had suggested that the RA should be asking for a 50-50 split whereas at present, the scenario is 30-70 to Phumelela's benefit which was preferable to what we had previously.
- Mr de Kock said that sponsors wanted some of the funds to be paid towards the stakes. It would be in our interests to support this to ensure that we could retain the existing people in racing.
- Improve Stakes Agreement
- Review decision to pay stakes down to 10<sup>th</sup> place - Mr de Kock explained that paying to 10<sup>th</sup> place was put in place to try and attract larger fields. This had not had the desired effect and therefore, we are going to revert to the first 6 runners past the post receiving a stake.
  - Review distribution of Stakes
    - National program
    - Seasonal stakes - Seasonal stakes had been recommended in that during the winter months, lesser horses running would be offered lower stakes and bigger stakes during the spring/summer seasons. He said that a number of roleplayers felt that the market place would dictate what needed to be done.

Peter de Beyer said there used to be different stakes paid on weekdays as opposed to a Saturday racing fixture. Mr de Kock said that this system was also being looked at. He said that the RA

would be engaging with PGL and the NHA to get the best solution for the industry. Mr Sarembock said that a paper had appeared on the sahorseracing.com website and he enquired what was being planned regarding dictating stakes and payouts. Mr de Kock said this was dealt with by the Stakes Committee in conjunction with the race operators and applied in the case of Maiden Plate races. Mr Wainstein agreed with Mr Sarembock's comments. Mr Savage said that the RA Board would address these matters with PGL, taking into account income and expenditure.

### 13.3 STATE OF THE NATION

Mr Savage said that with the benefit of being an RA director and engaging the industry over the past year, he had learnt a lot about the state of the industry and felt it important to share his findings more broadly.

- National Unity
  - Re-organise racing under single banner
  - Review current structures – The current structures were set up 20 years ago and had failed to either protect or advance the industry adequately since then. In many instances, the structures prohibited the RA and other organisations in racing to make timely and effective decisions and as such warranted some review. Mr Savage assured members that whilst it was our intention to review these structures, nothing will be implemented without the support (75%) of the members.
- Cashflow crisis
  - Industry asset rich – cashflow poor - Cash flow crisis should come as no surprise to members but Mr Savage said he felt that the reality of the situation was not well understood. If you looked at the most recent annual financial statements of PGL you would find that they have around one month of cash cover over their operating expense base and limited ability to lend more money from their bankers. Given this and the simple fact that in order to turn around their own fortune, it would be easy to conclude that you could expect PGL to be seeking out capital in the year ahead and that the industry needs to stand prepared to support this and retain their rights.
  - Cashflow deteriorating everywhere – All organisations in racing were showing deteriorating cash flows.
  - Funding model for racing needs urgent review
  - Balance sheet of racing needs to be more productive
  - If the status quo remains further stakes reductions in the years ahead was a certain trend.
- Stakeholder relationships
  - Government – Taxes – Mr Savage said in his view, government will not easily give back the 3% that had been taken from PGL. Hopefully government would reconsider but at this stage it would appear that this was not the case. He said as an industry, we needed to ensure that our assets were more productive. Stakeholder relationships had never been worse and the Public Protector's report had cast a shadow over the entire horseracing industry. We seriously needed to consider how we re-engaged all stakeholders and improved relationships along with understanding our industry.
  - Bookmakers – Open Bet - Our relationship with bookmakers is another area that needed focus. We must find common ground and work with them to grow our industry. In summary improving government and bookmaker relationships were going to be key to our future success.

## 4 MISSION 2020

Mr Smith said that with the state of the nation in mind, he recommended that a new Mission Statement should be adopted.

- To protect and advance the interests of all owners, while ensuring an excellent racehorse ownership experience and playing a leading role in the inevitable restructure, transformation and re-capitalisation of the horseracing industry.

## 5 FOCUS 2020

- Protect and Advance
  - Responsible committee – Finance/Risk
  - Responsible directors – Messrs C Savage (Chair), W Smith, M Leaf, M Sambo
  - Review strategy, funding, governance, management and organisation structures of:
    - RA
    - National Horse Trust
    - PGL (indirectly 29%)
    - KR (indirectly 100%)
    - Randjesfontein (directly 100%)
  - Create efficiencies in decision making
  - Increase clarity on responsibility and accountability
  - Work with PGL to increase tote revenue through industry co-operation

- Ownership Experience
  - Responsible committee – Sales/Marketing/Racing Operations
  - Responsible directors – Messrs B Riley (Chair), M de Kock, M Leaf, C Savage, W Smith, G Paddock, M Sambo, J Lamola
  - Establishment of national ownership body, tiered levels of membership and benefits
    - Gold Circle
    - RA existing regions
  - Review and revamp RA benefits - Reviewing regional chapters with a look at having a single RA board.
  - Overall improvement of raceday experience for owners
  - Stakes/Programming – There is an existing agreement in place and we need to continue engaging with PGL as we are conscious that this needs to be improved.
  
- Stakeholder Relationships
  - Responsible committee – Transformation/Social/Ethics
  - Responsible directors – Messrs M Leaf (Chair), M de Kock, B Riley, J Lamola
  - Key stakeholders focus 2020
    - Government – play pivotal role in creating and fostering strong Government and Gambling Board relationships - National unity cannot be emphasised enough. The RA sits in a situation where they are in a position to achieve this goal. We need to speak with one voice.
    - Bookmakers – win back the open bet
    - NHA – work together to improve ownership experience
    - Grooms
    - Trainers
    - Industry bodies, including TBA, SAEHP and SAJA
  
- RA Operations
  - Responsible committee – National Board
  - Improved transparency and communication
    - Technology
  - “Right-size” and organisational structure to support Focus 2020
  - Invest in partner initiatives aligned with Focus 2020

The RA had direct and indirect control of a number of racing interests and a decision had been taken by the Board to review strategy. We had a structure where racehorse owners came on board as RA members but this did not attract significant income. It was the considered opinion of the Board that all people who contributed towards nominations and declarations must be recognised for their contribution to racing.

The Board had given consideration as to how the Board’s objectives could be achieved in a cost effective manner. Mr Wainstein had resigned and the Board needed to fill this position. The Board was taking a hard look at the organisation structure. We considered it a priority to improve communication which we acknowledged had been lacking and we realised that we needed RA members’ support whilst reviewing current agreements that were in place. We were also cognisant of investing in initiatives along with other stakeholders.

Mr Savage called for questions from the members in attendance.

The following questions and comments were raised:

John Kingsley

As regards ownership experience, Mr Kingsley enquired whether Gold Circle would be interested in getting involved.

Further, as regards stakeholder relationships, a serious issue related to grooms. Mr Kingsley was advised that the Board has had confirmation that Gold Circle were interested and would be prepared to enter into negotiations.

Mr Wainstein said that the issue the industry was facing concerning grooms was that Grooms Associations had been formed but unfortunately, in spite of many appeals, they could not come up with numbers that they represent. Every groom in each region is registered. Mr Wainstein concluded saying that the people running the Grooms Associations as such were delinquent. He said that they had agreed on Summer Cup day that they would be registered with the NHA to deal with their complaints. The problem was that the trainers employ the grooms. The issue on Summer Cup day was that the grooms wanted 5% takeout from stakes whereas they currently received 1%. Mr de Kock acknowledged that this did create a problem and further, provision of reasonable accommodation needed to be addressed. We had to address this across the board. The initiative taken with Hollywood Bets specifically to acknowledging grooms was a huge success as money goes a long way towards making people happy. It would in all probability, rest with the owner as with most other matters. In terms of legislation, it was in the stable leases that a trainer could be evicted from the training centre if grooms were not treated properly. It was also covered in the NHA rules. Mr de Kock recognised that it was crucial that we recognised the value and gave grooms equity in this industry. Mr Savage said that ESG was going to be central to our success as an industry and it was critical that we take this far more seriously.



Adam Kethro

Hollywood Bets – If it is a fact that Gold Circle and Hollywood Bets were doing well but our bookmakers were not, it stood to reason that we were doing something wrong. Whether Gold Circle was doing well was not clear. Hollywood Bets were definitely looking after the punters.

Tote technology is outdated – We did not have the infrastructure to compete. We needed to decide where we would spend our capital. Our stakes depended upon greater turnover on the tote and from our bookmakers. Mr de Kock said that the bookmakers were not our enemies and the sooner we engaged them the better for us.

Robert Bloomberg

Bookmakers' integration – this had probably cost the industry R750 million over the past 7 years. Mr Bloomberg said he would be meeting with Gold Circle the following day to address this subject and hopefully come up with some resolution. Matters for discussion would include, amongst a number of issues, legal costs, closure of agencies and a deal on the table which had been rejected previously by Rian du Plessis. If we could resolve this, they may be prepared to sponsor in the other provinces. We needed to resolve the Tellytrack impasse with the bookmakers. Mr Savage said whilst it was convenient to blame Rian du Plessis, we stood by as stakeholders and supported this stance even if just by being complicit with our votes. He said that we needed to get resolution on this and move forward.

Grooms – An issue that we must not lose sight of with grooms registering with NHA is that they were between a rock and a hard place. The NHA was not the infrastructure likely to deal with the problems. They could only act against a trainer as defined by a competent body which meant CCMA or a court of law. Mr Bloomberg cautioned that the registration of grooms by the NHA would not change anything.

Ken Truter

Government co-operation – Mr Truter asked whether the RA were making efforts to garner influence with politicians regarding the tax that was about to be implemented. Mr Savage responded that the RA were a related party and were planning to try and influence politicians. However, at this stage, we may be too late. Mr Truter disagreed with Mr Savage's notion that we needed to work with bookmakers, he said that they inflicted massive damage on the industry and had been bad for horse racing in laying the open bet. Mr Savage said he was against the perception that bookmakers are bad. They were part of the solution and we needed to recognise that.

Garth Towell (Johannesburg)

Mr Towell said he was small owner and was pleased to advise that from what he has heard at this forum, he would go away with some hope. He thanked the board for outlining what was needed and was sure that this would be achieved with good people on the board. Execution by sub committees would be only as good as the management teams that would execute this. However, he enquired whether timelines around these initiatives had been considered.

As regards his opinion on the point of the grooms, Mr Towell said he regularly watched his horses and it had struck him that an owner has the confidence to entrust the well-being of their horses, which often cost in excess of R1 million, to a man who was at times not given the respect that he deserved. He totally agreed that owners needed to step up and look after people in the correct manner.

Mr Smith thanked Mr Towell for his comments and said the Board have no illusion about the amount of work that had been undertaken. He said that the Board intended reporting back to members by mid to end April with firm plans. It was for this reason that the Board were not rushing into appointing a CEO.

Alan Preddy (Johannesburg)

Mr Preddy raised the question whether the RA was able to pick their partners for the hurdles ahead. In particular, he spoke of stakes going to Kenilworth Racing and sponsorship by Sun International should go to KR and not PGL's bottom line.

Charles Faul

Mr Faul said it seemed that we needed a strong NHA. He acknowledged that there were good people on their board and they needed to work towards making a difference. Positive changes had been experienced but we needed to strengthen all stakeholders within the industry. Success often came from failure and we must learn from this. Mr Savage said whilst we appreciated that the NHA must be an autonomous body, there must be co-operation.

Joe Soma (Johannesburg)

Mr Soma thanked the Board for the presentation.

He put it to the Board that in his opinion, we have left a key player out of the discussion. He said that the most important factor revolved around stakes and with this in mind, the owner and the punter were the most important players and crucial to the sustainability of the industry. The race operators had not treated the punters fairly over the past few years. He asked that we make crucial decisions immediately to show the punter that we were on his side because as things stand, we were chasing our current punters away. Mr Soma thanked the Board for their efforts and wished them well with the endeavours.

In response, Mr Smith said the plan was to work with race operators, NHA, and bookmakers going forward.

A Mahalangu

Mr Mahalangu enquired whether the RA had a relationship with government ministers. In response, Mr Smith said we were aware of the need to develop such relationship and to this end, we had invited John Lamola and Mapula Sambo to participate in the Board structures.

Alan Preddy (Johannesburg)

Mr Preddy agreed with Mr Soma's comments and said it was in the best interest of the Board to take cognisance of his remarks. Mr Smith acknowledged past mistakes and recognised that we needed to work with all stakeholders in order to succeed.

Mr Preddy said he had been very disappointed with the promotion of the Sun Met and suggested that the industry needed to look at what other sports are doing. Mr Smith acknowledged the comment and said that was why we held this meeting in Cape Town to acknowledge the importance of KR.

Ettienne Braun said that R3000 to attend the Met was far too expensive.

Robert Bloomberg said that without pointing fingers at PGL management, they played a significant role in the reduction of the stake in the Met.

Mr Snaith said that Kenilworth Racing outsourced the event to Circa who handled the event for them. It had nothing to do with Kenilworth Racing. We believed that in two key areas, they had failed. Firstly they tried to replicate the Queens Plate. The Met is a "peoples' day" and the second is that they priced themselves out of the market. We did not work hand in hand with other sporting events. It was suggested that consideration be given to the board (chapter) being paid a salary so that they could give input into these promotions. As it stood, they did not take their role seriously.

The Chairman thanked members for attending the meeting and invited them to join the directors for cocktails.

The proceedings concluded at 20h10