



CHAIRMAN'S REPORT - MR JOHN BAGSHAW
AHRC ANNUAL GENERAL MEETING 20 OCTOBER 2006

During the period under review significant progress has been made on a number of fronts; matters which we have been grappling with for some time are now either resolved or nearing resolution.

The most pleasing thing that has happened since our last meeting has been settlement of the TVN/Sky Channel dispute. All racing is back on Sky Channel and the consequent gradual recovery in betting turnover for all racing codes is being achieved. Considerable irrecoverable revenues have been lost to our industry and it is our participants who are now suffering as a consequence. This dispute and its impact on turnover, has served to illustrate just how vulnerable and dependant on television coverage we now are and just how important it is that our Racing Product is constantly reviewed to ensure we maximize the positive image and financial returns from our invaluable partnership with Sky Channel and its national exposure.

The licensing of a Betting Exchange in Tasmania has raised a number of integrity and intellectual property protection issues in all jurisdictions. Many of these issues are not as yet resolved. You may also have noticed that Racing Victoria Limited has amended its local rules of racing to make it an offence for any person associated in any way with the ownership or training of a racehorse to bet on a horse to lose. Unfortunately there is no entity with the power to speak on behalf of all jurisdictions in either Thoroughbred or Harness Racing as each jurisdiction is trying to protect itself and cope with the impact of betting exchanges in its own way. Today's Agenda papers, together with any updated information provided to the meeting will give the current position in each State.

A special Working Party, chaired by John Anderson, has been working to solve the unsatisfactory situation whereby betting on Tabcorp closes approximately 10 seconds before the start of a harness race and when the field is coming into line, but on Unitab it closes when

the field is released. It is hoped that agreement will soon be reached with Tabcorp and the Regulators to ban the cancellation of bets after the field lines up but allow bets to be accepted until the field is released.

You will have read the success of Council's negotiations on DNA Genotyping and our extended continuing agreement with Maxxam Analytics of Canada together with our National Public Liability Insurance with Liberty International Underwriters and ACE Insurance for Personal Accident Insurance. These important ongoing partnerships have produced and will continue to produce significant savings in the millions of dollars together with added benefits for our industry's participants and you as Members. It is satisfying to report that after considerable perseverance, two further modern protective vests have recently been submitted by manufacturers. These vests have passed the International BETA 2 Standard and are undergoing our own laboratory's testing. One is now approved for use. Drivers, in future, will have a wider choice in meeting their comfort needs without compromising their safety.

You will notice on our Balance Sheet that we have funds in reserve, earmarked for the integration of the State Controlling Body Databases and progressing the development of a National Registration System. Commencement of this project was suspended pending resolution of the ongoing structure and ownership of RISE. I understand that the future ownership structure of RISE is in final negotiation and will be finalized shortly. On this basis, I believe it is now time that we reviewed and re-confirmed the economic viability of this project. A Working Party can then be formed to finalize the specification of a comprehensive system that will meet the requirements of all jurisdictions. An updated feasibility report is now in preparation for consideration by the Executive Committee. I would advise that, when formed, this Working Party consist of a representative from each jurisdiction [the customers] together with a representative from RISE [the supplier].

My congratulations go to my predecessor, Mick Lombardo, the proud breeder and owner of Lombo Pocket Watch; certainly the most exciting Australian 2 year old I can recall in my many years as a harness racing enthusiast. I rank the experience of being at Ballarat, watching Lombo Pocket Watch win the Breeders Crown, comparable with that when I was at Lexington in 1980 and saw Niatross time trial in 1.49.2. The Lombardos are the Inghams of Harness Racing, and to own the best 2 year old ever bred in Australia is a fitting reward for their contribution to our great sport.

Over the last year, I have been very pleased with the smooth functioning of Council and the progress made on many fronts as detailed in the Agenda Papers now before you. This has been the result of a team effort. I would particularly like to thank those who gave of their time to participate in the various Committees and Working Parties. I would also like to thank my fellow Executive Committee Members Neil Busse, Bob Lette and Garry Scott; Rod Pollock, our Chief Executive Officer and all the Members of Council for their 100% support throughout my two year term of office.

In closing, to Geoff Want, your new Chairman and to all Council Members, good luck and my best wishes in leading Harness Racing through the challenges that lie ahead.

John Bagshaw
Chairman