



**CHAIRMAN'S REPORT - MR JOHN BAGSHAW
AHRC MID-SEASON MEETING 31 MARCH 2006**

Since our Annual Meeting in October 2005, a number of important issues and events have taken place. Of most significance is the decision of the Tasmanian Government to grant a license to Betfair to conduct a betting exchange in Australia despite opposition from all three racing codes and all other Australian states and territories. With Betfair now licenced in Australia, and more licensed betting exchanges likely in the future, we must now work to ensure that any potential impact on the integrity of our sport is minimized. Individual jurisdictions must take whatever steps are necessary to protect their existing revenue sources and to negotiate a fair product fee from those who use or intend to use their proprietary product data. You will notice from the Conference papers that major concerns still exist with respect to access, by Stewards, to full betting information from Betfair. It is hoped that these concerns are quickly resolved and dispelled through commercial negotiations.

During the period under review, South Australia indicated that it intended to allow the use of Frusemide under controlled conditions. I am pleased to report that after discussions with the AHRC Executive, veterinarians and our insurer that the plan has now been abandoned. This exercise has raised the question re whether our insurance cover for industry participants will remain effective if jurisdictions do not conform to Australian National Rules. The simple answer is that our insurance cover is based on Australian National Rules and any jurisdiction that does not follow them, or brings in local rules, runs the risk of a situation occurring where, in that instance, their insurance is invalidated. This is no different from any other insurance. If you go outside the conditions of the policy, you run the risk of having a claim rejected. It is not possible to include local rules into a national insurance policy.

The TVN/Sky dispute has caused racing product images to be split between two TV screens for nearly 12 months. This has lost us many punters and much revenue. Both of which will never be regained. All jurisdictions must continue to remind Governments just how much revenue is

being lost by both Government and the racing industry in this commercial struggle for market share.

After a great deal of effort on the part of our Chief Executive Officer, Rod Pollock, I am very pleased to report that a National Personal Accident Insurance Scheme has recently been implemented for the Safety and Well-being of Licensees.

With a new Commercial Board now in place in NSW it is hoped that the future ownership structure of Rise can be quickly resolved and we can establish a working party to progress the development of a National registration system which will materially benefit all jurisdictions.

Ray Sharman has been leading the discussions on our Racing Product and how to improve it for today's consumer. A wide ranging survey, seeking input from all participants in our industry, has recently been launched. It is planned to establish a small Working Party to review all survey responses and present a draft Product Review Plan for discussion at our Annual General Meeting later in the year.

In order for our Chief Executive Officer to participate more actively in the decision making process of Council, our budget for 2006-7 will include an additional part time assistant to take over much of the secretarial role that he currently performs in addition to his other National responsibilities for members. This will enable the CEO to prepare discussion papers on important issues under consideration by Committees and Working Parties.

This is a further step towards improving the effectiveness of Council for all Members.

We have again been invited to attend the Racing Ministers Conference in May. This is our only opportunity to liaise with Governments collectively and to raise current issues that affect us all as well as reporting on matters raised at previous meetings.

In closing, my thanks go out to all of you, who have devoted your time and energies to furthering the progress of our great sport.

John Bagshaw
Chairman