



SOUTH AUSTRALIAN JOCKEY CLUB

CHAIRMAN'S NEWSLETTER – NOVEMBER 2009

Dear Fellow Member

As Chairman I write my first newsletter to you.

The newly elected Board first met on 15th June 2009. Each Board Member (BM) serves on two sub-committees. Ken Smith and I attend all meetings. Strict governance procedures are in train. All Sub-Committees agenda papers, reports and minutes are circulated, and are incorporated in the monthly Plenary Meetings' agenda – and not less than ten days prior to this meeting.

Nine uniquely diverse people are on the Board. Each brings something different by way of abilities, experience and expertise to their job. Everyone immediately got down to sheer hard work on the enormous workload, accepting this is still a long haul situation. No-one has failed to do his or her duty and each has strongly contributed. There are no slackers. Factions? None!

CLUB'S FINANCIAL POSITION

Overwhelmingly Members believed that the payment of \$20m from the projected sale of Cheltenham in May 2009 meant "the good times" were here.

The Annual Report shows that these monies, and more, were paid out or committed even before this Board took up its job.

An operating deficit of \$3m, and a \$5m debt, are starkly shown in the Annual Report. We have had to be incredibly careful, even austere, in the management of our financial position. Unfortunately this scenario will almost certainly have to continue for the next 12 months.

As Members we know we inherited the wind – now we have to tame it.

The Board will do the very best for the Club, and although there are still many hurdles to overcome, we are determined and resolved to do so. We simply need time to do so.

2008 and 2009 Elections

In November 2008 the Honourable Justice Gray in the supreme Court made interim Orders for injunction in relation to the 2008 election.

A subsequent election was held in 2009. The results were (as to the same 9 candidates) as follows:

	<u>2008 Election</u>	<u>2009 Election</u>
Wayne Francis	743	457
Kerry O'Brien	660	514
Alistair McFarlane	640	366
Rick Lovell	579	416
David Peacock	437	630

Ken Smith	310	627
Chris Sargent	248	499
Kevin Harrison	200	319
John Thompson	131	207

The two continuing BMs, Bill Spear and Sharon Forrester-Jones were profoundly validated and vindicated by their extremely high vote in the 2009 election.

LEGAL FEES

To 31st July 2009 the Club spent about \$314,000 in legal fees. Usually the yearly figure is about \$25,000-\$30,000.

To allow us all to move on I advise that, amongst other things, the Club paid out on matters relating to the Lipman Karas investigation the following:

(1) for S. Ploubidis	\$62,312.45
(2) for T. McLeay and W Crabb	\$12,122.00
(3) for W. Francis	\$ 4,372.00

Your Board immediately ordered a cessation of any such further or like payments.

No legal accounts were paid out for Alistair McFarlane, Bill Spear and Sharon Forrester-Jones.

In accordance with the deal brokered by TRSA the costs of Bill Spear's Supreme Court proceedings were paid by the Club at the agreed \$51,984.29.

The Club paid its own Lawyers \$128,408.48 for issues relating to the November 2008 elections and corporate governance.

FOOD AND DRINK PRICES

The prices for food and drinks at Allan Scott Park Morphettville have not risen for the past 3½ years. The Catering Department sought rises from July 2009, but the Board rejected these. A comprehensive review is underway.

The cost of our alcoholic drinks, by comparison, seem dearer than those of hotels and other competitors. We, under our licence, are at a cost disadvantage, but we have:

- (a) reduced drink prices by an overall 10%
- (b) not passed on the twice in a year tax hikes
- (c) agreed with major sponsor, Lion Nathan, to have James Boag as our preferred main beer - which has proved popular.

Members and race attendees deserve, and have got, some relief from these costs. As a Board we will closely monitor these matters.

BRENTON WILKINSON

Two days after taking office Ken Smith, Sharon Forrester-Jones, Bill Spear and I conferred with Brenton. Over 4½ hours Brenton gave an exposition of the major problems facing the Club. He gave an historical overview, identified the major issues, the several possible remedies, his preferred course of action, and all importantly, the likely costs.

He was impressive, both careful and passionate, yet simply and totally in command of his complex brief.

Brenton had for many months worked both as Acting CEO and Operations Manager. He could not possibly continue to do both.

In the early July 2009 school holidays Brenton took a week's leave. I took over his office and job for that week. It was certainly a hectic week, but it gave me a good insight into Brenton's job with its incredible demands, pressures and problems.

Brenton, clearly encouraged by the Board, "grew" into the CEO's position so well that he has been appointed, on a contract basis, to the CEO's position until February 2011. He shows himself to be alert, caring and hugely professional.

TELEVISIONS

We have now rolled out 340 Panasonic Plasma panel TV sets (including nine 103" sets which usually cost \$112,500 each). The strategically placed sets have superbly enhanced everyone's' viewing of races, odds and other information.

Sound quality updates on the 2nd Floor and Diva Lounge areas should be completed by late December 2009.

ANNUAL GENERAL MEETING

Called for 6.00 p.m. on Friday 27th November 2009, I ask you, if at all possible, to please attend as it is an important meeting.

Recommendations set out in the Lipman Karas Report are Special Resolution 8 matters. We have adopted these recommendations to avoid the calamities of 2008. A Powerpoint presentation will be given.

Resolution 9 relates to a deferred Joint Venture Payment Schedule regarding Cheltenham. A complete explanation will be given regarding this Schedule.

We have two deserving nominations for Life Membership.

The Board wants an input from and collaboration with its Members, and Members should be involved in such matters.

Vitally, the Annual General Meeting gives all Members their best opportunity to see and assess the performances of, and to speak directly to, their Board.

All matters raised will be fully, honestly and politely answered. Full disclosure is an imperative.

I intend calling upon other Board Members to answer and deal with matters relating to their specific areas and jurisdictions.

For several years Members have tried to get full details of specific Club businesses including Catering and Gaming operations, and matching costs against revenue at a segmented level.

Our Finance Department has tried to retrospectively provide a segmented report as to each Department. Due to time constraints, estimations of allocated costs have had to be made. Next year much better information will help clear the segmented reports so as to give a true picture of each Department's activities, costs and profit or loss status

GAWLER

Gawler Racecourse is transforming itself right now. Their Members have been given full reciprocal SAJC Membership for the year. In like manner, all SAJC Members will enjoy full Gawler Jockey Club rights and privileges for the season following the re-opening of Gawler's racecourse.

QUO VADIS?

It is a unique honour to be the Chairman of our Club.

I have to reiterate that, whether as Chairman or not, I will serve on the Board for a 4½ year period ending at the AGM in November 2013. This is irrevocable.

Generational change is necessary. All told, by 2013, I will have spent (in two stints) 15 years on the Club's Board.

Quintuple (5) heart by-pass surgery certainly sharpens perspectives. I retired from Legal practice "to smell the roses."

Retired, I am able to spend a usual three days doing Board work and attend all Morphettville race meetings. But there comes a time when retirement means retirement. We have a very good Board, and a gene pool and talent within our Membership well able to give service to the SAJC.

Thankfully, I have been able to coax Bill Spear to remain as a BM until November 2011's AGM.

There is a possibility that three or four current BM's will, by 2013, leave the Board. As such we should encourage and support those Members with the potential to take up such positions, despite their present heavy professional or business workloads.

We look forward to your company at the Members' Cocktail Party immediately after the AGM. Similarly, for the Twilight Meeting on 11th December.

All of the Board and staff of the Club wish you a very Merry Christmas and a happy and prosperous 2010.

There is a perception and feeling amongst Members and the public that the Club is "back in Town." We will do our very best to make sure of it.

Best wishes,



David Peacock
Chairman