



TODAY

August
2020

NEWSLETTER



From the desk of the CEO

Dear Members

Welcome to the first edition of RA Today, our new monthly newsletter, and to our 2020/2021 racing season. This past year has proven itself a very challenging one for racing and I would like to thank you, our Owners, for your unwavering support and continued commitment to this industry under difficult circumstances.

The impact of the Covid-19 pandemic as well as the Phumelela Business Rescue process has been immense. However, with the Business Rescue Plan published and awaiting acceptance from Creditors as well as the move to Alert Level 2 of Government Restrictions, I am confident that we have set the course for a new path to success.

Over the next few months, I intend to share with you, our new initiatives, including tiered membership structures as well as improvements to the race day experience in all of our centres. The Racing Association Board has

also commenced with exploratory investigations into the feasibility, development and funds required to equip Randjesfontein Training Centre with race-day facilities and the possibility of hosting race meetings at that venue.

I am pleased to advise that no membership fee is payable for the new season and your parking discs and date bars will remain valid.

We are looking to relaunch RA membership going forward and due to the severe economic realities of the Covid pandemic, we felt it appropriate to forgo membership fees.

You will remain in good standing for the new season and further information will be communicated through to you in the coming months.

Should you have any queries regarding your membership, kindly email our Member Liaison Officer, Penny Morsner (penny@racingassociation.co.za) and she will be happy to assist. If you have already paid your membership fees for the season, kindly contact Penny to arrange a refund.

In the interest of transparency, the Board and I have agreed a performance contract which includes several short and long term objectives. Members can access this document under "Quick Links" on the RA website.

The Racing Association is committed to improving our service to Owners and I recognize the importance of regular communications to Members, similarly, I encourage you to engage with us on any issues that you may feel needs

our consideration. Kindly find the link "Engage with the RA Board" under "Quick Links" on our website and mark the email for the CEO's attention.

In closing, I would like to remind you of the call for nominations to the RA Main Board as well as to the Regional Committees for the coming year. Note the closing date for submissions is 12 noon on Tuesday 15th September 2020.

Best wishes to you and your families, continue to stay safe and I hope to see you all back at the races in the near future.

Warm Regards

Natalie Turner
CEO

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Update on Member Benefits

The RA will continue to award trophies to winning owners and grooms of feature races. Awarding of trophies to winning trainers and jockeys will cease. However, they will be able to order replicas through our trophy supplier.

With regards to the provision of live racing on Tellytrack.com, it is intended to cease this service. The majority of our members are DSTV subscribers and can access Tellytrack via the DSTV App. For those members who require assistance in installing the DSTV App

on their mobile device, we request that you contact Penny Morsner (penny@racingassociation.co.za) and she will be happy to assist. If RA members currently make use of the service and wish to retain it, we would request that you contact Penny and she will make the necessary arrangements.

The RA are no longer engaging the services of photographers at the racecourses throughout our jurisdictions and photos will no longer be made available on our Website Gallery. However, should winning connections

require prints, pictures can be viewed and ordered from the following suppliers:

JC Photos (Gauteng)
- 083 390 8954 or 081 769 1244 or
jcphotos@mweb.co.za

Wayne Marks (WC)
- 083 456 8310 or
wrmarks@gmail.com

Pauline Herman (EC)
- 076 511 9010 or
pix@paulineherman.co.za

Stakes

As previously communicated, The Racing Association together with Kenilworth Racing and Phumelela are pleased to announce that minor race stakes in our respective regions will be increased for the months of September, October and November. Graded, Listed and Non-Black-Type feature races will remain at the national reduced minimum levels during this period.

The Racing Association will continue to contribute to stakes over and above

the stakes paid by Phumelela and Kenilworth Racing in order to promote the sport of thoroughbred horseracing and in support of Owners as well as the broader horseracing industry. We will continue to engage with the racing operators on a regular basis pending the emergence of a new racing structure for the future.

The Stakes Committee comprises of Messrs Brian Riley, Mike de Kock, Wehann Smith and Ms Natalie Turner.



The Equus Awards 2020

The Equus Awards organising committee has started preparing for this year's Equus Awards to honour the champions of the turf, both human and equine. The ceremony will be in a virtual format due to the Covid-19 restrictions and will be broadcast on Tellytrack, DSTV Channel 249, on Sunday the 13th of September at 19H30. Your hosts for the evening will be Nico Kritsiotis and Neil Andrews. Please join us in honouring our Champions for 2020.

Regional Awards

2020

Our winners for the Northern, Eastern and Western Cape as well as for Gauteng will be awarded trophies in recognition of their achievements for the past season.





Biz News Noontime Webinar: A view of the future with Brian Riley and Charles Savage

Covid-19 had a devastating impact on the South African horse racing industry. A R100m lifeline from Mary Oppenheimer Daughters in May this year helped shore up Phumelela, the nation's biggest horse racing company, after the racetrack owner filed for a local form of bankruptcy protection. Brian Riley, the acting Chairman of the Racing Association (RA) and member of the Racing Restructuring Task Team and RA national board member Charles Savage joined BizNews founder Alec Hogg to give the latest from the parade ring, with a view on the future.

<https://youtu.be/ALZ0vdy1At4>



The RA's Claim to Phumelela Under Business Rescue

On the 8th of May 2020, Phumelela Gaming and Leisure Limited entered into Business Rescue proceedings. On the 20th of May 2020, The Racing Association submitted a claim to the Business Rescue Practitioner of Phumelela for unpaid stakes to be paid by Phumelela in terms of the Stakes Agreement and for amounts owed to the Racing Association arising from its normal course of business with Phumelela.

Claim for Stakes

In November 2013, The Racing Association NPC entered into a Stakes Agreement with Phumelela Gaming and Leisure Limited, the purpose of this agreement is to regulate the level of stakes paid by Phumelela in respect of thoroughbred horse races held in its jurisdiction.

In terms of clause 5.1 of the Stakes Agreement, the Annual Stakes for all horseraces held by Phumelela for each year of this Agreement is calculated with reference to the financial performance of Phumelela's previous financial year, (1 August to 31 July) less certain expenses agreed to by the Racing Association.

The Stakes Commitment runs from the period 1 January until 31 December.

Therefore, the Commitment to Stakes for the 2020 season was based on Phumelela Gaming and Leisure Limited's Annual Financial Statements for the

year ended 31 July 2019 and that commitment is paid out from 1 January 2020 to 31 December 2020.

The Commitment to Stakes calculated for the 2020 season was a gross amount of **R 239 674 782**.

For the period 1 January 2020 up to and including the 26th of March 2020, which was the last race meeting held before the country went into "lockdown", the actual amount of stakes paid out totalled **R 46 978 625**.

Therefore, the amount still outstanding as per the Commitment to 2020 Stakes was **R 192 696 157**.

Further to this, in terms of the Stakes Agreement, Stakes are calculated on certain percentages of turnovers. Phumelela has already earned these turnovers for the period 1 August 2019 to 26 March 2020. Therefore, our claim also included that percentage of turnovers that have been earned for the current year. This would be the Commitment to the 2021 Stakes.

This estimated Commitment to Stakes for the 2021 season, based on last year's turnover figures for a period of 8 months of the year, amounted to approximately **R 152 500 874**.

Therefore, the claim submitted by the Racing Association in terms of stakes payable was **R 345 197 031**. However, we did expect this amount to change once the actual and accurate turnover figures for the period of the 8 months could be obtained from Phumelela.

Claim for Trade Debt

Phumelela Gaming and Leisure Limited is currently listed on our Debtors Age Analysis as owing an amount of **R 675 325.06**. The Racing Association and Phumelela have had normal day to day transactions and invoices are raised on an ongoing basis.

The amount above includes invoices for, but not limited to, recoveries on Trophies, Contribution to the Equus Awards, Contributions to the Groom's Soccer Tournament and Hospitality costs.

Resolution of our Claim

The Business Rescue Practitioner has challenged our claim for Stakes on the basis that The Racing Association is not a creditor in terms of Stakes and therefore cannot claim unpaid Stakes from Phumelela. In order for The Racing Association to assert the right of a creditor, an amount would have to be unconditionally owing to the Association. In pursuing our claim, we referred the matter to Senior Council and based on their opinion, there is no unconditional obligation to pay Stakes to the Association. The claim was disputed by the Business Rescue Practitioner and will be rejected. We have therefore withdrawn our claim to Stakes. All principles pertaining to Stakes will be re-addressed in the New Stakes Agreement.

Our claim for trade debt will be resolved in our favour.

The Racing Association Contact Details:

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