



Consultation Document

28 September 2020

To all New Zealand thoroughbred racing clubs and stakeholders

Composition of NZTR

The NZTR Members' Council and the NZTR Board have been considering future governance arrangements for NZTR since the enactment of the Racing Industry Act 2020.

To reach an agreed position for consultation with the industry, a joint meeting was held on 17 September 2020.

The Board and Members' Council agree that the new Act provides an opportunity to enhance NZTR's governance arrangements, particularly given the shift in NZTR's role in relation to leading the thoroughbred industry.

NZTR has already taken, and will continue to take, steps to enhance communications and governance, including:

- Reviewing the structure and makeup of the Race Club Advisory Group, which acts as a sounding and advisory group for NZTR Management and Board on key industry matters;
- Developing, in accordance with the Racing Industry Act 2020, a Small Clubs' Advisory Group to comprised of representatives from clubs that have fewer than three race meetings per year. The role of this group will be to advocate on behalf of small clubs to NZTR's Management and Board;
- Continuing monthly teleconferences for all clubs and sector groups to provide updates and directly receive feedback; and
- Continuing to develop mechanisms (introduced during lockdown) to enable NZTR representatives to join club and sector group committee meetings by request.

The NZTR Members' Council

The Members' Council was established by New Zealand racing clubs in 2011 as part of the modernisation of NZTR's Board and governance. The establishment of the Council is to ensure that clubs and the stakeholders retain control of the appointment of the NZTR Board.

The Members' Council consists of nine industry representatives who are elected directly by the Clubs and sector organisations. There are two representatives elected by the Northern, Central and Southern Clubs, making a total of six regional Councillors. There are also three sector group Councillors who represent owners, trainers, jockeys and breeders.

The Members' Council role is to ensure that NZTR Directors are appointed, through a robust and independent process, based on their skills and merit. Further, it is the Council's role to hold the NZTR Board accountable for its conduct and performance.

The performance of the NZTR Board is assessed by the Members' Council every year to ensure the highest level of governance. This assessment is then discussed in full with the NZTR Board.

This structure reflects a trend across sporting organisations towards independent governance that is merit/skills-based to improve outcomes for stakeholders. It also ensures the ability to govern NZTR without any perception of alignment to particular interests. Each NZTR Director is therefore responsible for, and accountable to, every thoroughbred club and sector organisation.

Board and Members' Council proposal for change

The Board and Members' Council do consider that the current governance model requires updating.

The intention is that the Members' Council will act as a direct conduit between the Board and the industry, to ensure that the Board is wholly apprised of the industry's views.

An outline of the proposed changes is set out by the following clauses.

Clause 10 – Appointment of directors

The NZTR Board to consist of between 5 and 7 directors – with the Members' Council to decide whether a new director is needed (i.e. as vacancies arise).

The NZTR Members' Council to be obliged to appoint applicant(s) best suited for role as a director of thoroughbred racing, having regard to diversity of gender, ethnicity, regional location, and background.

Clause 11 – Powers and duties of the NZTR Members' Council

NZTR Members' Council to be collectively responsible for:

- *Appointing and removing directors;*
- *Abiding by a prescribed code of conduct;*
- *Reviewing the performance of the NZTR Board;*
- *Supporting the accountability of the NZTR Board by:*
 - *Providing advice to the Board on the views of the Clubs, including on specified matters where club views must be sought;*
 - *Requesting reports from the Board on behalf of the industry;*
 - *Requesting consideration of matters by the Board (with report back); and*
 - *Other matters/activities necessary to support Board accountability.*

The Members' Council to have the overarching duty to represent interests of relevant stakeholders.

NZTR will be required to allocate an agreed budget to the NZTR Members' Council to support its activities.

Clause 12 – NZTR Members’ Council meetings

The NZTR Members’ Council will:

- Meet as often as required (including utilizing technology as appropriate);
- Require each member of the Council to consult their region or sector organisation before and after each meeting of the Council;
- Meet with the NZTR Board at least three times a year (and more often if required), to an agenda set by the Members’ Council;
- Publish a report to clubs and stakeholders on each meeting with the Board.

Clause 13 – Eligibility for NZTR Board appointments

Clarify that any person who is not eligible for appointment to the NZTR Board is still able to apply to be considered for appointment and may be appointed pending a change in their position. For example, club committee members or licensed stakeholders may apply, but would have to resign any conflict of interest position if successful in being appointed to the NZTR Board.

The NZTR Board and NZTR Members’ Council unanimously agree this will provide a modern board governance structure, in order to lead a business which needs to grow. Additionally, and very importantly, this NZTR Board and Members’ Council proposal will ensure that Clubs and stakeholders have a more powerful voice through the Members’ Council which is made up of their own representatives.

Gallop South Proposal

The Board and Members’ Council have considered the proposal which has been circulated on behalf of the Gallop South group. Essentially that proposal envisages a reversion to the representative model of Board appointments where NZTR Board members are elected by, and accountable to, their respective regions (with the Board then to essentially co-opt further members). This also would see significant dilution of the role of breeders, owners, trainers and jockeys in the appointment of the Board.

The Board and Members’ Council have considered the proposal and do not support it, or a return to regionalisation. They believe doing so fundamentally contradicts the recommendations of the Messara Report on industry governance, which was almost unanimously supported by the industry. The Racing Industry Act 2020 did not change NZTR’s governance arrangements because they were already aligned with the Messara Report recommendations. The GallopSouth proposals move away from this alignment.

Next steps

We encourage clubs and stakeholders to discuss the NZTR Board and Members’ Council proposal ahead of the NZTR AGM in November.

Yours in racing



Dr Alan Jackson
NZTR Board Chair



Paul Humphries
NZTR Members’ Council Chair