

CIRCULAR 2302

To: All Clubs & Kindred Bodies

Date: 19th May 2023

PROPOSED REVISED BOARD STRUCTURE AND VOTING MODEL & INTENTION TO HOLD SPECIAL GENERAL MEETING

Following the 2022 Annual Conference, Harness Racing New Zealand (HRNZ) collated the feedback from clubs and kindred bodies regarding the proposed new Board structure and voting model for HRNZ, and identified areas where greater clarity was sought from clubs and kindred bodies.

To better understand the views of clubs and kindred bodies and clarify some areas relating to the earlier governance discussions, a survey was sent on 17th March 2023. There was a good response from clubs and kindred bodies, although seven clubs did not complete the survey.

The HRNZ Board has reviewed the responses from clubs and kindred bodies and has detailed the proposed Board structure and voting model in this circular. The feedback from clubs and kindred bodies is to get the best people on the Board and for the Board to perform a strategic and governance function, which is the intention behind the Racing Industry Act 2020 (the Act).

GOVERNANCE STRUCTURE

- Board size of seven, comprising:
 - five national directors
 - two independent directors
- No direct appointments by the Auckland Trotting Club (ATC) or the New Zealand Metropolitan Trotting Club (NZMTC)

VOTING MODEL

- The current voting model will continue, such that:
 - the maximum number of votes per club will continue to be capped at 16. This cap on votes currently affects the NZMTC but does not affect any other club or kindred body
 - clubs not issued with a betting licence in the previous year will have a vote in the current year plus one more year
- The same voting model applies to both the appointment of directors, and the approval of matters at Annual and Special General Meetings

PROCESS FOR APPOINTING DIRECTORS

- **Governance Appointment Panel (GAP)**
 - A GAP will be set up comprising:
 1. a representative of HRNZ appointed by the Board
 2. an independent governance expert identified by the Institute of Directors, appointed by the Board
 3. an independent governance person appointed by 1 and 2

- **Skills Matrix**
 - the Board in consultation with the Chief Executive will prepare a skills matrix which will vary depending on any skills gap on the current board at the time a vacancy for a director exists
 - the skills matrix will consider skills that the Board should possess including; knowledge of the harness racing industry, governance, strategic planning, legal, financial, IT, marketing, HR, and business skills
 - the skills matrix will be published

- **Position Description**
 - a position description will be developed for each of the elected and independent director roles which will include the following:
 1. Overview of role
 2. Time commitment
 3. Skills and attributes sought

- **National Directors**
 - will be nominated by clubs and kindred bodies for national positions
 - clubs and kindred bodies are encouraged to use the skills matrix when looking at the suitability of nominees
 - the GAP may review the applications against eligibility criteria in any skills matrix, and then may refer the nomination back to the nominating organisation if there are concerns regarding the nominee meeting the requirements of the skills matrix
 - clubs and kindred bodies vote for their preferred candidate, or candidates where there is more than one national vacant position
 - will be voted on nationally

- **Independent Directors**
 - applications from candidates will be called for, reviewed, shortlisted and interviewed by the GAP
 - a skills matrix reflecting governance experience, independence and listed skills will be used during the selection process

- **Governance Training for the Board**
 - there was support for mandatory governance training for all Board members

TRANSITIONAL PROVISIONS

In order to retain the intellectual property currently existing within the Board it is sensible for there to be a transitional period which will allow the current board of eight to move to a board of seven, without the entire Board retiring at the same time, at the conclusion of the 2023 Annual General Meeting. The following table shows the date that the term expires for the current Board members:

Board Member	Elected or Appointed	Term expires
Kevin McNaught	Elected	2023 AGM
Robert Dunn	ATC appointment	2023 AGM
Bill McDonald	Elected	2024 AGM
John Grainger	NZMTC appointment	2024 AGM
Phil Holden	Independent Appointment Committee appointment	2024 AGM
Cam Bray	Elected	2025 AGM
John Coulam	Elected	2025 AGM
Anna Gallien	Independent Appointment Committee appointment	2025 AGM

In accordance with the proposed new Board structure, the ATC and NZMTC positions will cease at the end of the 2023 Annual General Meeting (AGM), and Kevin McNaught who holds an elected director position will retire by rotation at the end of the 2023 AGM. The following is suggested as a transition to the new Board structure:

Elections 2023 and Onwards

- In each year where there is to be an appointment of an independent director by the GAP, the appointment shall take place after the elections to enable any skills matrix and weightings being sought to be reviewed after the elected person(s) are known.

Transitional 2023

- Kevin McNaught (elected) and the ATC appointee terms end. NZMTC appointee resigns at 2023 AGM.
- Election held for two national positions.

Transitional 2024

- Bill McDonald (elected) and Phil Holden (GAP appointment) terms end and an election of a national Board member and one appointment by the GAP.

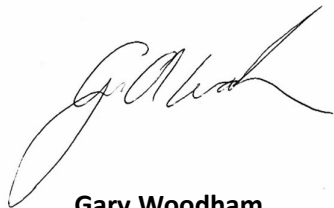
Transitional 2025

- Remaining existing Board members' terms end and an election for two national positions and one appointment by the GAP.

Timeframe

- Clubs and kindred bodies are invited to provide their feedback on the proposed governance structure by **Wednesday 31st May 2023**.
- HRNZ will review feedback from clubs and kindred bodies and will provide an update on any changes to the proposed governance structure.
- We are intending to hold a Special General Meeting on **Monday 10th July 2023** where clubs and kindred bodies will have the opportunity to vote on the proposed governance structure and voting model. Formal notification of this SGM will be provided together with any proposed changes to the governance or voting model following collation and review of feedback from clubs and kindred bodies.

Should there be any matters in this circular that require further clarification, please do not hesitate to contact Liz Bishop (lbishop@hrnz.co.nz).



Gary Woodham
Chief Executive