



NZTR GOVERNANCE REPORT – WHERE TO FROM HERE

Over recent years, we have all been affected by a number of changes that have occurred throughout our industry – some have been beneficial for our code and we have been able to adapt and include them in our day-to-day operations; others have created some additional challenges for us – challenges that still exist and perhaps cannot be successfully overcome without changing how we currently operate.

The NZTR Board and Management have recognised that in order to continue to operate successfully in the current environment and into the future, there would need to be some independent review of our current practices. This review would aim to provide some insight into whether or not our code was positioned to face anticipated challenges ahead, including evaluation of our current practices, leadership and business operations, and make recommendations to address these, if required.

Therefore, in October last year, we decided to commission an independent governance consultant, Graeme Nahkies, to undertake a comprehensive review of our governance structure. Some of you would have been involved in several workshops that were held as part of this process. The feedback from these workshops was used by Graeme to help develop an overview of how our member clubs and key stakeholders view our current structure and operations.

The final Governance Report is now complete and I have enclosed a copy for your information and review. The Board considered the report at its recent meeting on 6 April. There are, frankly, no great surprises, although there are some thought-provoking suggestions on some of our practices and future arrangements, which we have considered carefully.

We agree with the principal recommendation of the Governance Report and fully support the development of a 'new enterprise' which we believe will place us in the best possible position to meet current and future challenges – both strategic and operational – that face our industry and outlined in the attached report (pages 11-14).

We believe that the new enterprise approach (pages 43-46) would provide direct access between the industry's governing body and its stakeholders by reducing the two tiers that currently exist to only one. It would greatly improve our strategic capability and encourage a broader overview of the racing industry, allowing us to make decisions that benefit the entire industry rather than specific sections; improve our operation through the collaboration of key skills and people; produce efficiencies in the way that we operate on a day-to-day basis; and encourage greater information sharing and collaborative decision making which is noticeably absent in our industry.

There will undoubtedly be a lot of questions around how this would work, and we are asking those questions too. However, we need to recognise that this will not be an overnight process. It will take time to put together the specifics of what a new enterprise would look like and that will require the input of everyone in our industry. Once those specifics are clearer we will come back to you with a plan.

While, at one level, implementation of this approach might be seen as simply absorbing certain NZTR functions within the NZRB, we do not believe that would be acceptable to our member clubs and stakeholders, nor would it succeed in a fundamental sense. Consequently, we see the best option is to create a completely new entity combining the best of both organisations.

It is likely that a new enterprise approach would consist of one board and one management team, which would govern the racing industry – rather than the four separate boards and management teams currently operating. While this is the preferred outcome, we do not believe that the support of the greyhound and harness codes is necessary for the new enterprise concept to be successful.

We believe there is growing momentum for a change like this within our code and that the concept is likely to be broadly acceptable to the NZRB. At this stage, the other two codes are considering their positions and while we hope that they see the benefits of the initiative and lend their support, their participation at this stage is not essential to progressing the basic concept.

Our response to the report to date has been to share its findings with the NZRB and seek their thoughts on the proposed changes. Initial feedback has been positive.

We now need to move to the next stage in the process, which would be to assess the implications of establishing a new enterprise and any implementation issues that may exist. A critical issue for the NZTR Board is to ensure that the interests of the thoroughbred code are fully protected should a new enterprise be established. Yes – in essence we support the change – however should a closer look at the implementation issues demonstrate negative outcomes for the thoroughbred code – we would need to reconsider our approach.

To help look at these implementation issues in more detail, we have agreed that in conjunction with the NZRB, an action plan be developed to present to stakeholders for consideration and feedback. We would like to do that as soon as possible and both Boards have agreed that the most efficient and effective way to undertake this work is to establish an Implementation Taskforce that would include representatives from both NZTR and the NZRB, as well as two independent appointees to peer review the process.

It is anticipated that the taskforce will report its findings in July 2009. NZTR will then be holding a number of regional forums to seek feedback from its member clubs and stakeholders. We encourage you to participate fully in this process as it is your feedback and opinions that will help to form any final recommendations.

We recognise that this could be a substantial change for our industry and it is critical that each stage of the process is carefully planned, considered and consultative to ensure that the best outcomes are achieved for our industry. We are committed to keeping our member clubs and stakeholders informed about any developments and will be providing regular updates as the process moves forward.

Guy Sargent

Chairman, New Zealand Thoroughbred Racing