



2023

Constitution Amendments - Governance

The proposed amendments to the Constitution of Harness Racing New Zealand Incorporated, to be considered at the 2023 Annual General Meeting of Harness Racing New Zealand Incorporated on 14 October 2023 at Christchurch are outlined below.

The proposed amendments to the Constitution will come into force as set out in the remits.

These proposed amendments to the Constitution will follow presentation of the remits in relation to the Rules of Harness Racing, and Constitution relating to finance matters, provided separately.

10. Club Consultation Model

by the Board on behalf of Clubs and Kindred Bodies following consultation

Special Resolution (to come into force on 17 November 2023)

Amend the Constitution by inserting a new definition for director and deleting clauses 10.1 to 10.47 and inserting new clauses 10.1 to 10.50 (excluding footnotes, which have been added for delegates' information) that state:

director means in the context of the Board of HRNZ a member of the Board and vice versa.

10. *The Board*

Function

10.1 From the end of each annual general meeting until the end of the next, HRNZ shall be governed by the Board, which shall be accountable to the members for the advancement of the HRNZ's objects and functions and the implementation of resolutions approved by any general meeting.

Composition

10.2 The Board of HRNZ shall comprise seven directors¹ elected or appointed as follows:

10.2.1 Five national directors elected by the member totalisator clubs and the kindred bodies; and

10.2.2 Two independent directors appointed by the Governance Appointment Panel.

¹ Currently under s 45 of the Incorporated Societies Act 2022 the majority of directors must be representative of the totalisator clubs or kindred bodies. This may change under future regulations.

Eligibility for election or appointment

- 10.3 A person is not eligible to be elected, appointed as, or continuing to be a director who:
- 10.3.1 Is a paid official of HRNZ.
 - 10.3.2 Has at any time been or is disqualified for any serious racing offence under the rules of harness racing, the rules of racing or a corrupt practice under the former rules of harness racing, rules of racing or any equivalent rules of any recognised harness racing club, racing club, authority or body in New Zealand or any country.
 - 10.3.3 Has at any time been convicted of an offence or crime referred to in Schedule 1 of the rules made under section 40 of the Racing Industry Act 2020.
 - 10.3.4 Has at any time been struck off the role of a professional body or had their name removed from the register of a professional body and not restored to that register.
 - 10.3.5 Is disqualified as holding office under the Incorporated Societies Act 2022.
 - 10.3.6 From the 2019 annual general meeting of HRNZ has been a member of the Board for a total of nine years either consecutively or otherwise, unless approved by special resolution of HRNZ.

Skills matrix for nominees

- 10.4 Prior to calling for nominations the Board, in consultation with the chief executive, shall identify any particular skill matrix or other criteria that the Board considers appropriate for any nominees.

Nominations for and election of persons by totalisator clubs and kindred bodies

- 10.5 The chief executive shall notify the member totalisator clubs and kindred bodies of the number of pending vacancies that year to be filled by the nomination and election of directors by totalisator clubs and kindred bodies and of any skills matrix prepared under clause 10.4.
- 10.6 In the month of July each year or such other date, as the Board decides, each totalisator club and each kindred body may nominate one person for nomination as a director for each notified pending vacancy.
- 10.7 The nominee must consent in writing to be an officer of HRNZ and certify they are not disqualified from being elected as an officer of HRNZ.²
- 10.8 A nomination must be in writing, signed by the chairperson and the secretary of the nominating club or kindred body (or persons of equivalent office), and by the person nominated.
- 10.9 The chief executive must receive a nomination no later than 4:00 pm on 20 July in the applicable year or such other time and date as the Board decides.
- 10.10 If the number of nominations the chief executive receives does not exceed the number of pending vacancies, the person(s) nominated shall be declared elected.

² Section 47(2) of the Incorporated Societies Act 2022.

- 10.11 If no nominations are received, the Board in office must appoint an eligible person as a director for each pending vacancy for which there is no nomination. Every person appointed by the Board is deemed to be elected as a director by the totalisator clubs and kindred bodies.

Nominee information and review by the Governance Appointment Panel

- 10.12 A nominee may provide information about their background in a form prescribed by the chief executive and must provide any relevant information concerning any skill matrix identified by the Board.
- 10.13 The Board may refer any nomination and information provided to the Governance Appointment Panel for review.

Voting

- 10.14 If the number of persons nominated exceeds the number of pending vacancies, the chief executive shall prepare voting papers. The voting papers must include the following:
- 10.14.1 The number of pending vacancies;
 - 10.14.2 The names of the nominees;
 - 10.14.3 The method(s) by which the voting may be submitted; and
 - 10.14.4 The time and date at which voting closes. If no date is set, voting closes at 4:00 pm on 20 August in the applicable year.
- 10.15 The information provided by the nominee is to be included in the voting papers or sent with the voting papers.
- 10.16 The Board may approve one or more methods by which voting may be completed and submitted.
- 10.17 The chief executive shall forward one voting paper to each totalisator club and kindred body.
- 10.18 After receipt of the voting paper each club and kindred body must, by its committee or equivalent body, vote for one nominee for each pending vacancy.
- 10.19 The voting paper must be signed by the chairperson and the secretary of the club or kindred body (or persons of equivalent office) and returned to the chief executive on or before the date and time voting closes.
- 10.20 If the number of nominees is reduced by withdrawal or otherwise to a number which does not exceed the number of pending vacancies before the counting of votes is commenced, the remaining nominee(s) shall be declared elected.

Valid and informal votes

- 10.21 A vote that is not an informal vote is a valid vote.
- 10.22 A vote is an informal vote if the voting paper is not:
- 10.22.1 completed; or

- 10.22.2 submitted by an approved method; or
- 10.22.3 signed by the chairperson and the secretary of the club or kindred body (or persons of equivalent office); or
- 10.22.4 received by the time and date voting closes is an informal vote.

Counting of votes

- 10.23 The chief executive is the returning officer and must fix a date for counting votes.
- 10.24 The chief executive may appoint two scrutineers.
- 10.25 On the day fixed for the counting of votes, the returning officer shall receive the votes in the presence of any scrutineers and, after setting aside all informal votes, count the number of valid votes.
- 10.26 Where there is one pending vacancy the nominee who receives the highest number of votes shall be the duly elected director.
- 10.27 Where there are two pending vacancies the two nominees who receive the highest number of votes shall be the duly elected directors.
- 10.28 Where there is an equality of votes between nominees the returning officer shall, in the presence of the scrutineers, determine by lot which nominee has been elected.
- 10.29 The returning officer and the scrutineers shall report to the Board the election result. The scrutineers shall hand the votes adequately sealed to the returning officer, who must retain them for three months and then destroy them, including any electronic record of voting papers.
- 10.30 The chief executive shall publish the result of the election.
- 10.31 The chief executive and any scrutineers are not required to disclose the number of votes any nominee received.

Appointment by Governance Appointment Panel

- 10.32 When required, the Board shall establish a Governance Appointment Panel comprising of:
 - 10.32.1 one person representing HRNZ appointed by the Board (HRNZ appointee);
 - 10.32.2 one person appointed by the Board who has expertise in governance recruitment (governance appointee); and
 - 10.32.3 one person appointed by HRNZ appointee and governance appointee.
- 10.33 The chief executive may provide to the Governance Appointment Panel any skills matrix being sought from any independent director.
- 10.34 The Governance Appointment Panel shall call for applications and appoint the independent director.
- 10.35 In any year the Governance Appointment Panel may appoint a member to the Board the Chair of the Governance Appointment Panel must after the election and before 4:00 pm on 20 September or such other time and date as the Board decides, notify the chief executive the name of the person appointed by it as a member of the Board.

10.36 The appointee must consent in writing to be an officer of HRNZ and certify they are not disqualified from being elected as an officer of HRNZ.³

Failure to appoint

10.37 In the event the chief executive does not receive notification of the name of the person to be appointed under clause 10.35, the Board shall appoint an eligible person as an independent director and every person so appointed is deemed to be appointed by the Governance Appointment Panel.

Term of Appointment

10.38 Subject to this Constitution's provisions, every person elected or appointed to be a director shall come into office from the conclusion of the annual general meeting of HRNZ at which they are declared duly elected or appointed unless they sooner vacate office.

10.39 A director vacates office after the annual general meeting of HRNZ in their third year of office.

10.40 A director who vacates office under clause 10.39 may be re-elected or re-appointed providing they are not otherwise ineligible for election or appointment.

10.41 If for any reason the election or appointment of a director has not been concluded before the annual general meeting the director who would otherwise vacate office at the conclusion of the AGM may continue in office until his or her successor is appointed or elected.

Vacancies

10.42 The office of a director shall become vacant on their vacating office at the end of their term or if the director:

10.42.1 dies or resigns in writing addressed to the chief executive;

10.42.2 is absent without leave of the Board for more than two successive Board meetings;

10.42.3 suffers from incapacity affecting the performance of duty, neglect of duty, or misconduct, established to the satisfaction of the Board;

10.42.4 becomes ineligible to continue to hold office by reason of the fact that he or she has at any time been or is disqualified for any corrupt practice or serious racing offence as described under clause 10.3.2;

10.42.5 becomes disqualified from holding office under the Incorporated Societies Act 2022;

10.42.6 is removed from office by resolution of HRNZ; or

10.42.7 in the opinion of the Board, the director:

10.42.7.1 has failed to comply with the obligations of an officer under the Incorporated Societies Act 2022;

10.42.7.2 has acted in a manner unbecoming or prejudicial to the objects and interests of HRNZ or harness racing in New Zealand; or

³ Section 47(2) of the Incorporated Societies Act 2022.

10.42.7.3 has brought HRNZ or harness racing into disrepute.

- 10.43 In any case where the Board grants a director leave of absence for a period of more than three months, it may appoint a substitute for that member during such absence, provided that where the Governance Appointment Panel appointed the director the Board shall invite that committee to appoint a substitute member.
- 10.44 Whenever the office of a director becomes vacant, the vacancy shall be filled:
- 10.44.1 Where the vacancy is of a director elected by the totalisator clubs and kindred bodies by the chief executive calling for nominations from the totalisator clubs and kindred bodies and clauses 10.4 to 10.31 shall apply with necessary modification.
- 10.44.2 Where the vacancy is of a director appointed by the former Independent Appointment Committee or the Governance Appointment Panel by the chief executive inviting the committee to appoint a new member to fill the vacancy by a date determined by the Board and clauses 10.32 to 10.36 shall apply with necessary modification.
- 10.45 A director elected or appointed under clause 10.44 shall remain in office for the remainder of the term of the vacating member.
- 10.46 No act, proceedings, determination or matter of the Board or of any person acting as a director shall be invalidated because of a vacancy in the membership of the Board at the time of the act, proceedings, determination or matter or because of the subsequent discovery that there was some defect in the election or appointment of any person so acting, or that he was incapable of acting or being a director.

Transitional Provisions

- 10.47 The current members of the Board shall continue in office for the remainder of their current terms.
- 2023 Elections and appointments*
- 10.48 Prior to the 2023 annual general meeting there shall be an election of two directors by the totalisator clubs and kindred bodies.
- 2024 Elections and appointments*
- 10.49 Prior to the 2024 annual general meeting there shall be an election of one director by the totalisator clubs and kindred bodies, and one appointed by the Governance Appointment Panel.
- 2025 Elections and appointments*
- 10.50 Prior to the 2025 annual general meeting there shall be an election of two directors by the totalisator clubs and kindred bodies, and one appointment by the Governance Appointment Panel.

Reason

Implementing an updated governance model for the HRNZ Board structure and voting model in accordance with feedback from clubs and kindred bodies.

Following the 2022 Annual Conference, 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.

The HRNZ Board has reviewed the responses from clubs and kindred bodies and has detailed the proposed Board structure and voting model above. 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).

The proposed governance model is detailed as follows:

GOVERNANCE MODEL

- 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 position will cease at the end of its term at 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 NZMTC position will remain until the conclusion of its term at the 2024 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.
- 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.
- NZMTC appointee term ends.

Transitional 2025

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

**11. Proposed Constitution Changes on Consultation, Regional and National Forums and HRNZ Director Selection and Election
*by the Harness Racing Governance Working Group & NZ Standardbred Breeders Assn Inc***

* See attached document *

14 September 2023

For consideration at the 2023 Annual General Meeting

Harness Racing New Zealand

The Harness Racing Governance Working Group (HRGWG)¹ with the executive of the N.Z. Standardbred Breeders Ann Inc propose this remit to the 2023 Harness Racing New Zealand (HRNZ) Annual General Meeting for adoption by members:

1. A proposed new clause 10 of the Constitution formally establishing a national and regional stakeholder consultation structure.
2. A new Clause clause10A establishing a Directors Appointments Panel.
3. A new clause10B setting out the process for the appointment of the Board.

These three rules are a package. They are hand and glove. They are modern, timely and presented after a lot of considered study by the Harness Racing Governance Working Group and NZ Standardbred Breeders.²

The proposal is reactive to recent HRNZ practices and concerns by clubs and kindred bodies. That said, the intent is to be forward looking.

The drafters of the rules have considered the *Governance Review of NZ Rugby*³ which contains a relevant analysis of the issues and offers solutions. We have considered this review, drawn from it and current NZ good governance practice in high performing sport.

The HRGWG has met weekly and consulted widely in the last three months.

NZSBA and HRGWG are aware that HRNZ will offer members an alternate Clause based upon the consultations following the 2022 AGM.

Clubs and kindred bodies will be advised of Zoom meeting times for question-and-answer sessions prior to the Conference and AGM.

Proposed Clause 10 – Consultation, Regional Forums and National Forum

Consultation with Stakeholders

The proposed Clause 10 creates a framework from three regional forums to the National Forum through to the Board and management to strengthen information flows and stakeholder engagement.

¹ Members: Penny Baynes, Murray Little, Dave Barley, Greg Wright, John Hartnell, David Branch, Jamie McKinnon and Robert Famularo

² Both contributors had been working separately on governance proposals. With the support of clubs they have worked together to present this single proposal to the 2023 AGM.

³ Governance Review, NZRU, Ko Te kai a te Rangatira ko te korero, August 2023, p 62 copy at <https://www.nzrugby.co.nz/> middle of page.

Remit: new Clauses 10, 10A & 10B replacing current Clause 10 of the Constitution

It mandates HRNZ's obligation to consult on national, regional and local issues.

The regional forums build on the Southern Harness model creating a vehicle for consultation, coordination and communication with HRNZ on local, and regional matters. Clubs and kindred bodies in each region will be members.

The National Forum is a cross-harness code body that, with the best collective interests of the New Zealand harness sport at heart, provide:

- meaningful input to the selection of members of the Board by providing feedback on the required competencies and skills;
- appointment of three members of the Directors Nomination Panel
- perspectives on national matters that will inform the Board's strategic thinking before plans and long-term strategies are finalised; and
- contribute improved governance-level dialogue about matters vital to the future of harness racing.

Members of the National Forum are three persons nominated from the regional forums of the North Island and Upper South Island and two from the southern region, a small club's representative, and nominees of the three kindred bodies. The forum will select its chairperson.

The nexus between a board and its CEO, and management, is retained and the accountability chain is re-enforced.

Proposed Clause 10A - Directors' Appointments Panel

Clause 10A establishes the Directors' Appointment Panel.

The Panel will

- I. With the assistance of a recruitment firm call for nominations, create shortlist, and interview candidates.
- II. Advise HRNZ and the National Forum of the proposed candidates to fill the vacancies.
- III. Then, recommend to the HRNZ Annual General Meeting their nominees for the director vacancies.
- IV. The members will vote on the candidates based on the current Schedule 2 weighted votes or as amended at the 2023 AGM.

In undertaking their task, the Panel will be cognisant of the need to:

1. Meet the competencies and skills needed on the HRNZ board as a whole, and at that round of election in particular; and
2. Ensure a majority of the board has an affinity with and connection to the harness sport; and

Remit: new Clauses 10, 10A & 10B replacing current Clause 10 of the Constitution

3. At a minimum maintain a majority of directors as representative of the member clubs and kindred bodies as required by s.45 Incorporated Societies Act 2022.

The Panel will consist of:

- a. Three people appointed by the National Forum.
- b. An appointee of the Board.
- c. An independent chairperson.

At the 2024 AGM all seven director positions will be vacant. Current directors may re-apply. Three directors will retire in 2026 and four directors will retire in 2027, all being eligible for re-election.

Proposed Clause 10B - the Board

Why We Need the Best

Challenging and demanding questions are being asked of HRNZ and those that lead it.

The role of the HRNZ directors is rightly attracting far greater scrutiny. Hence this proposal seeks to find the best possible people to serve on the Board.

It is the board of directors who are ultimately legally accountable for setting and overseeing the strategic direction of harness racing.

Directors should be held to high standards for their assessment and management of the strategy and risks – particularly when they are not involved in the day-to-day running of HRNZ and so are assumed to have an extra level of independence and hence responsibility.

The bottom line is that the HRNZ board matter a lot. Why? The buck stops with the Board.

The HRNZ Board matters because it sits between the stakeholders⁴ the executive and management, but increasingly, between society and the impact of the wagering and horse racing on the community, our social licence.

The HRNZ board needs to raise its game because the challenge is complex and intense.

Ultimately responsible for the direction and oversight of harness racing, and one step removed from the day-to-day running of HRNZ, the Board should be perfectly placed to oversee and support a far-reaching transformation.

HRNZ needs experience and diversity of perspective on the board to test and challenge thinking, to consider decisions from a range of potential perspectives and scenarios, and to provide heavyweight support with critical stakeholders to create space for effective change and transformation. Business as usual is not an option.

⁴ Not just the clubs and kindred bodies as formal members of the incorporated society

Remit: new Clauses 10, 10A & 10B replacing current Clause 10 of the Constitution

So that horse racing and wagering, perceived to be social ills by one-third of New Zealanders, can operate and sustain itself over the long term the sport must pay full attention to the context in which it operates, however complex and uncertain.

While the statutory duty of directors is to HRNZ the incorporated society as a whole, the whole of community perspective is unmissable.

This is the primary responsibility of the board, as a part of its high-level strategic direction and oversight role. The risk landscape in our sport is changing very rapidly and very dramatically.

We need a board and management that is not blind-sided or flat-footed in response to sudden change.

The Board

We need the best HRNZ board possible.

A seven-person Board is proposed, elected by members at the 2024 AGM after a competitive, skills seeking, merit-based application and nomination process managed by the Panel. ATC and NZMTC appointed positions abolished.

Existing seven members plus the newly elected member Todd Anderson are retained until then.

These changes and the size of the Board will be reviewed in 2026.

Term of office is three years, maximum of three terms.

Conclusion

Harness racing stakeholders know that the future is not easy. It will be tough and may require major resets and tough investment decisions.

Stakeholders want increased transparency and clarity on how the sport is engaging with these key issues and forming responses, quickly.

Proactive engagement with clubs, kindred bodies and key stakeholders will sustain change.

This framework will enhance transparency and engagement with stakeholders.

So, the opportunity that now presents itself is for the Board and individual directors to step up and take responsibility and provide this leadership, with support from our sport.

In doing so, greater courage will be needed.

We need our directors to take that additional step that is the hallmark of true independence: the willingness to pose the really difficult questions and to challenge even the holiest of cows. All without looking over their shoulders or being second-guessed.

John Hartnell
Harness Racing Governance Working Group

Colin Hair
NZ Standardbred Breeders Assn Inc

10.0 REGIONAL AND NATIONAL FORUMS

Regional Forums

- 10.1 The Regional Forums are the:
- 10.1.1 “North Island Regional Forum” comprising of its members located in the North Island.
 - 10.1.2 Upper South Island Regional Forum comprising of its members located north of Oamaru.
 - 10.1.3 Southland Otago Regional Forum comprising of its members located in Oamaru and south.
- 10.2 Totalisator clubs and any affiliate or branch of a kindred bodies in a region must form a regional forum.
- 10.3 Members of a regional forum are:
- 10.3.1 the totalisator clubs in the region; and
 - 10.3.2 the affiliate or branch of any kindred body in the region and if there is no affiliate or branch a person nominated by the national kindred body for that region;
- 10.4 Members of a regional forum may include:
- 10.4.1 Any other registered club or affiliated entity in that region referred to in the First Schedule,
 - 10.4.2 Any key stakeholders in the region including organisation that run trials and workouts.
- 10.5 The purpose of regional forums includes:

- 10.5.1 To enhance regional harness racing operational, organisation and funding matters at a local and regional basis.
- 10.5.2 To provide communications, coordination, and planning for supporting the National Forum functions described in clause 10.9.
- 10.5.3 To appoint members to the National Forum.
- 10.6 Regional forums are self-regulating with membership (other than of totalisator clubs and kindred bodies) and governance arrangements at their sole discretion.
- 10.7 The regional forums shall document their membership and procedures in a charter document that will be publicly available on the HRNZ website.
- 10.8 If members of a regional forum cannot reach a consensus on a matter and a vote is requested each totalisator club in clause 10.3 shall have the votes set out in Schedule 2 and each kindred body one vote, unless otherwise agreed and recorded in the charter.

National Forum

- 10.9 The Harness National Forum (“National Forum”) is a cross-harness code body that, with the best collective interests of the New Zealand harness sport at heart, can provide:
 - 10.9.1 meaningful input to the selection of members of the Board by providing feedback on the required competencies and skills;
 - 10.9.2 the direct appointment of three members of the Directors Nomination Panel, who do not have to be members of the National Forum;

- 10.9.3 perspectives on national matters that will inform the Board's strategic thinking before plans and long-term strategies are finalised;
- 10.9.5 future of harness racing; and
- 10.9.6 a forum for cross-sport conversations and networking across the sport.

(This wording is taken directly from the NZ Rugby Governance Review 2023, p 86)

10.10 Membership of the National Forum shall consist of:

- 10.10.1 three members nominated by the North Island Regional Forum;
- 10.10.2 three members nominated by the Upper South Island Regional Forum;
- 10.10.3 two members nominated by the Southland Otago Regional Forum;
- 10.10.4 one member, and an alternate, elected by the small clubs as defined in the Racing Industry Act 2020 following a ballot conducted by the Chief Executive;
- 10.10.5 one member nominated by the N.Z. Standardbred Breeders' Association Incorporated;
- 10.10.6 one member nominated by the NZ Trotting Owners Association Incorporated;
- 10.10.7 one member nominated by the New Zealand Harness Racing Trainers and Drivers Association Incorporated;

- 10.10.8 a member co-opted by the National Forum, limited to two at any one time, for a specific purpose or project and for a fixed term not greater than two years.
- 10.11 The appointing bodies named in clause 10.10 (other than small clubs under clause 10.10.4) shall have sole discretion in determining the method for selecting or removing their nominee to the National Forum, including the appointment of an alternate.
- 10.12 The members of the National Forum shall hold office at the discretion of their nominating body with a maximum term of nine years, cumulatively.
- 10.12 The members of the National Forum:
 - 10.12.1 Shall elect a member as chairperson at their first meeting after the HRNZ annual general meeting to hold office until the end of the next annual general meeting.
 - 10.12.2 May remove the chairperson by majority vote two weeks after notice in writing and signed by four members have been received by the secretary.
- 10.13 The National Forum shall:
 - 10.13.1 Document their membership and procedures in a charter document, after consulting HRNZ, that will be publicly available on the HRNZ website.
 - 10.13.2 Meet as required, usually virtually, but at least once a year in person.
 - 10.13.3 The nominators of the National Forum members shall be responsible for the out-of-pocket expenses of their nominee's participation.

- 10.13.4 Through the chairperson of the National Forum send a report to the annual general meeting and at least quarterly to the Board.
- 10.14 HRNZ shall:
 - 10.14.1 make budget provision for the annual remuneration of the chair of the National Forum at 50% of the rate for the chair of the Board as determined at the annual general meeting;
 - 10.14.2 provide a member of its staff to be the secretary to the National Forum; and
 - 10.14.3 establish an annual budget for the secretariat's and chairperson's out-of-pocket and secretarial expenses.
- 10.15 For the avoidance of doubt the National Forum, and the Regional Forums established under this Constitution:
 - 10.15.1 do not have separate corporate status;
 - 10.15.2 are consultative forums, not a decision-making body, or another layer of governance; and
 - 10.15.3 are independent of HRNZ in their composition and functioning.

Consultation

- 10.16 HRNZ will undertake consultation on a regular basis with the National Forum on the initiation, development and implementation of strategies for the promotion, strategic development, and welfare of the harness racing sport.
- 10.17 HRNZ will undertake consultation on a regular basis with the regional forums to facilitate the function in clause 10.5.

10A DIRECTORS' NOMINATION PANEL

- 10A.1 The Board shall establish a Directors' Nomination Panel (the Panel) comprising:
- 10A.1.1 A chairperson nominated by the President of NZ Institute of Directors and endorsed by the Board of HRNZ.
 - 10A.1.2 Three persons nominated by the National Forum established under Part 10A.
 - 10A.1.3 A person nominated by the Board who is not necessarily a member of the Board.
- 10A.2 A person who would not be eligible to be appointed as a member of the Board is not eligible to be appointed or continue as a member of the Panel.
- 10A.3 Every person appointed to the Panel shall hold office for three years and be eligible to be reappointed with a maximum term of nine years, cumulatively.
- 10A.4 Any vacancy in the Panel may be filled by the appointing body in clause 10A.1.

Panel Procedures

- 10A.5 The quorum for the Panel is three members attending in person or virtually.
- 10A.6 Within five months of being first appointed, and on an as required basis thereafter, the Panel shall document its procedures for:
- 10A.6.1 the recruitment and nomination of directors in accordance with best practice for the recruitment of directors in NZ high performance sport organisations, this Constitution and the Incorporated Societies Act 2022.

10A.6.2 for the retirement of panel members in the first two years.

10A.7 The Panel will consult the National Forum on its procedures and then submit its procedures to the HRNZ Board for approval. HRNZ will publish the Panel's procedures on its website.

10A.8 On or before 31 March each year the Panel Secretary will notify the appointing bodies established under clause 10A.1, the clubs, the kindred bodies, the National Forum, the Regional Forums, and the Chief Executive, if any member of the Panel's term is due to expire in that year.

10A.9 The Panel shall appoint a secretary (Panel Secretary) who may be an employee of HRNZ.

10B THE BOARD

Composition of the Board

10B.1 The Board of HRNZ shall comprise eight persons, reducing to seven persons (to be known as "directors") at the end of the 2024 annual general meeting.

(Clause 2.1 "meeting means either an annual general meeting or a special general meeting or both (as the case may be) of HRNZ")

10B.2 In the event that the Board and the Panel determine that a significant skills gap exists within the Board members the Panel may appoint an additional person to the Board for a term that expires at the end of the next annual general meeting.

(There may be a rare occasion when the Board is left without a desired set of expertise. This clause enables the position to be filled until the next formal appointment round)

Eligibility for election or appointment

10B.3 A person is not eligible to be elected or appointed as or continue to be a director who:

10B.3.1 Is a paid official of HRNZ.

10B.3.2 Has at any time been or is disqualified for any serious racing offence under the Clauses, the Clauses of Racing or a corrupt practice under the former New Zealand Clauses of Harness Racing, Clauses of Racing or any equivalent rules of any recognised Harness Racing Club, Racing Club, Authority or Body in New Zealand or any country.

10B.3.3 Has at any time been convicted of an offence or crime referred to in Schedule 1 of the rules made under section 40 of the Racing Industry Act 2020.

10B.3.4 Has at any time been struck off the role of a professional body or had their name removed from the register of a professional body and not restored to that register.

10B.3.5 Is disqualified as holding office under the Incorporated Societies Act 2022.

10B.3.6 Has from the 2019 annual general meeting of HRNZ been a member of the Board for a total of nine (9) years either consecutively or otherwise, unless approved by special resolution of HRNZ.

Director Vacancy

10B.4 The office of any member of the Board shall become vacant:

10B.4.1 after the annual general meeting in their third year of office, except as provided in clause 10B.30:

10B.4.2 if they resign in writing addressed to the Chief Executive;

- 10B.4.3 if they are absent without leave of the Board for more than two successive Board meetings;
- 10B.4.4 if they suffer from incapacity affecting performance of duty, neglect of duty, or misconduct, established to the satisfaction and in the sole discretion of the Board;
- 10B.4.5 if they die or become ineligible to continue to hold office under clause 10B.3;
- 10B.4.6 if they are removed from office by resolution of a meeting of the Board or HRNZ;
- 10B.4.7 if they become bankrupt; or
- 10B.4.8 if in the opinion of the Board they have brought the sport, the Board or HRNZ into disrepute irrespective of whether the conduct is related to the sport or not.

Recruitment of Directors

- 10B.5 Prior to each recruitment for a director(s) the chief executive, after consulting the National Forum, shall:
 - 10B.5.1 advise the Panel of skills, competencies, and diversity that the Board and the National Forum believes need strengthening within their current group;
 - 10B.5.2 provide a generic position description for the role of member of the Board, including terms and conditions of remuneration; and
 - 10B.5.3 confirm with the National Forum if a professional recruitment firm is required to assist with the recruitment process including but not limited to recommending a short list of candidates to the Panel, and contract that firm.

(There may be an instance where a vacancy arises and an agreed candidate is suitable for the position and a recruitment firm is not needed.)

- 10A.6 In the event that the National Forum cannot reach a consensus on their three nominees to the Panel the Panel Secretary will conduct a ballot of each member of the National Forum with each member having three votes each which may be split.

Nomination Process

- 10B.7 The Panel Secretary shall notify the Panel, the clubs, kindred bodies, the National Forum, and the regional forums:
- 10B.7.1 no later than 30 April for the number of pending vacancies to be filled that year at the annual general meeting; or
 - 10B.7.2 within one month of a casual vacancy arising (except when a director's position term has less than a year left on the Board).
- 10B.8 The Panel Secretary shall initiate the recruitment process in consultation with the Panel chair by notifying the Chief Executive, the clubs, the kindred bodies, the National Forum, and the regional forums as the Panel's approved procedures require.
- 10B.9 The Panel shall notify the Chief Executive and the National Forum of the name of the person or persons it is proposing to nominate as a potential director, with a supporting brief of the qualifications for each nominated person and a general overview report on the recruitment process:
- 10B.9.1 by 20 August in any year for the usual cycle leading to the annual general meeting: and
 - 10B.9.8 a least eight weeks prior to a special general meeting called to fill a casual vacancy.

10B.10 The National Forum may, not later than two weeks after receiving the advice under clause 10B.9 ask the Panel to reconsider a candidate for director if they identify a serious impediment in a candidate's ability to perform their duties in a professional and independent manner and the Panel shall review its decision to nominate that person and may either:

10B.10.1 confirm its decision; or

10B.10.2 propose a new candidate for the vacancy.

10B.11 The Chief Executive shall notify the clubs and kindred bodies of the Panel's nominees for membership of the Board according to the notice period of the meeting in this Constitution, including with the meeting's papers the Panel's qualification's brief.

10B.12 The Panel will ensure:

10B.12.1 that their nominations comply with the requirements of section 45 and 47 of the Incorporated Societies Act 2022;

10B.12.2 that a majority of the board have an affinity with and connection to the harness sport.

10B.13 The Panel shall recommend to a meeting of HRNZ the exact number of eligible candidates as they have been notified to be filled, provided they have suitable candidates.

10B.14 The meeting of HRNZ shall consider each vacancy individually and vote for or against the recommended candidate.

(The election of directors will usually be at the HRNZ annual general meeting in October.)

10B.15 Notwithstanding any other clause in this Constitution, a representative of a club or kindred body entitled to attend the meeting, or their duly appointed substitute may vote on the appointment of a director and has

the number of votes listed in the Second Schedule for the club or kindred body they represent. A candidate shall be declared elected on achieving a majority of the votes cast.

10B.16 If a vote under clause 10B.14 is tied it shall be deemed lost.

10B.17 In the event of:

10B.17.1 the Panel not being able to recommend sufficient candidates to fill the vacancies; or

10B.17.2 a nominated candidate being unsuccessful at the meeting -

the director's position shall remain vacant until filled under clause 10B.18 unless the Board and the Panel agree that a director who retired at that meeting shall remain in office until his or her vacancy is filled.

10B.18 When a vacancy is not filled at a meeting of HRNZ the Panel may:

10B.18.1 offer an alternate nominee from that recruitment round at that meeting; or

10B.18.2 start the recruitment round again.

10B.19 If a vacancy occurs in any director's position that has less than a year left in the term the Board may fill the position with its nominee provided the Panel by majority vote endorses the nominee and that person shall fill that term for the balance of the term.

10B.20 Every person elected to be a member of the Board under this Constitution shall, subject to the provisions of this Constitution and unless he or she sooner vacates office, come into office from the conclusion of the meeting at which he or she shall be declared to be duly elected.

10B.21 A director who vacates office may be re-elected providing they are not otherwise ineligible for election.

Procedural Error

10B.22 No act, proceedings, determination or matter of the Panel or the Board or the National Forum of any person acting as a member or officer of the Panel or the Board or the National Forum shall be invalidated because of a vacancy in the membership of the Board, Panel, or National Forum at the time of the act, proceedings, determination or matter or because of the subsequent discovery that there was some defect in the election or appointment of any person so acting, or that he or she was incapable of acting or being a member.

Transitional Provisions

10B.24 Prior to the 2023 annual general meeting there was an election for a board member and that person shall take office at the end of the 2023 annual general meeting and hold office for one year until the end of the 2024 annual general meeting.

10B.25 The Auckland Trotting Club Incorporated nominated position for a member of the Board created under former clause 10.24 will cease to exist at the end of the 2024 annual general meeting. All provisions in the former clause 10 about the appointment of a person to that position shall apply until the end of the 2024 annual general meeting.

10B.26 The New Zealand Metropolitan Trotting Club Incorporated nominated position for a member of the Board created under former clause 10.25 will cease to exist at the end of the 2024 annual general meeting. All provisions in the former clause 10 about the appointment of a person to that position shall apply until the end of the 2024 annual general meeting.

10B.27 All the remaining five members of the Board at the end of the 2023 annual general meeting must retire at the conclusion of the 2024 annual general meeting.

Remit: new Clauses 10, 10A & 10B replacing current Clause 10 of the Constitution

- 10B.28 Prior to the 2024 annual general meeting the Panel will nominate seven persons for the Board to take office after that meeting and to hold office for a term as determined under clause 10.39..
- 10B.29 Immediately after the conclusion of the 2024 annual general meeting the Board shall hold a meeting and after the election of the chairperson and vice chairperson the Chief Executive shall conduct a ballot to determine the initial term of office for each board member by:
- 10.29.1 placing in a container three (3) samples marked “Two Year Term until the end 2026 annual general meeting” and four (4) samples marked “Three Year Term until the end 2027 annual general meeting”;
 - 10.29.2 asking each member to draw from the container a sample that determines that person’s initial term of office.
- 10B.30 For the avoidance of doubt the 2026 annual general meeting will fill three vacancies on the Board and the 2027 annual general meeting will fill four vacancies, and then the annual rotation continues.

REMIT RESOLUTION

That the above new Clauses 10, 10A and 10B are inserted into the Constitution after Clause 9 and current Clause 10 is repealed, subject to the saving provisions of clauses 10B.25 and 10B.26.