

## CONCERNED STAKEHOLDERS RESPONSE TO SUSAN ROWETT

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This communication is being disseminated by the representatives of the majority of the stakeholders in the National Horseracing Authority (NHA), referred to collectively as the Concerned Stakeholders, as laid out below:

The South African National Trainers Association (SANTA) - representative of the racehorse trainers nationally, and, for the process outlined below, also the jockeys;

- I. The Thoroughbred Breeders Association (TBA) – representative of breeders nationally;
- II. 4Racing - the racing operator staging horseracing in the Gauteng and Eastern Cape provinces;
- III. The Racehorse Owners' Association (ROA) – ownership body representing owners nationally, with a predominance in the Gauteng and Eastern Cape provinces;
- IV. Race Coast - the racing operator staging horseracing in the Western Cape and KwaZulu-Natal provinces, and the operator of the owners club known as the Race Coast Turf Club; and
- V. Mr Mark Currie - the Owner's representative currently serving on the Nominations Committee of the NHA

The Concerned Stakeholders are aware of two communications disseminated on Tuesday, September 30th by the NHA, namely; i) a press release noting the resignation of six of the National Board Directors of the NHA, and, ii) a letter addressed to all members by the outgoing Chair, Susan Rowett. It is the second communication we wish to address. Whatever Mrs Rowett's intention, the said communication was in the public domain within minutes of its distribution. Furthermore, the timing of Mrs Rowett's letter implies (whether inadvertent or deliberate) that the other five resigning board members share the same views as Mrs Rowett. Based on conversations held by certain representatives of the Concerned Stakeholders with some of the resigned board members, the Concerned Stakeholders are aware that this is not the case. Accordingly, this response is absolutely necessary.

The Concerned Stakeholders are horrified at Mrs Rowett's false and skewed narrative. The reality is almost the 180-degree opposite of the picture painted by Mrs Rowett.

Before delving into the pertinent details, some context and background are necessary. The NHA is the regulator of the thoroughbred horseracing industry in Southern Africa. One of its primary purposes is to uphold and ensure integrity in thoroughbred horseracing. Notwithstanding its regulator status, the NHA is an association made up of members. These members mainly comprise of owners, trainers, jockeys and breeders. The NHA is governed by its constitution (its laws). The constitution is decided on and determined by the members, and serves to govern the conduct of the National Board of the NHA and the board's selected executive management.

The NHA's existing constitution is an outdated document which, in the collective view of the Concerned Stakeholders, is no longer fit for purpose. It was written in a previous era, references outdated concepts and geographies, and has limited the NHA from functioning at its maximum potential. For example, the current constitution makes it very difficult to select the best possible candidates for seats on the board – archaic rules pertaining to outdated geographic representation, for example, do not lend themselves to selecting the best. The sport of horse racing and the integrity thereof have suffered as a result.

Regrettably, the NHA has had a litany of missteps over the recent past. Change is not only needed, but it is needed urgently, for the benefit of the entire racing industry. It is with this ideal in mind that the Concerned Stakeholders commenced the process of engaging with the NHA.

The Concerned Stakeholders have long sought meaningful changes to the Constitution and to the board composition. Efforts to bring about meaningful change have been frustratingly slow, with the National Board, under Mrs Rowett's leadership, serving to delay the process. Inexplicably so. The National Board, under the chair of Mrs Rowett, has sought to control the process at every step, trying to ensure that the National Board "conducted the band" when it came to changes to the constitution

and its own composition. After over a year of stilted progress and considerable frustration, the Concerned Stakeholders took it upon themselves to get together and hold discussions without representatives of the National Board of the NHA being present. These meetings took place over the last two months. After many weeks of hard work, rigorous debate, and compromise, the Concerned Stakeholders arrived at a unified view of a draft of a new constitution (the New Constitution) to be presented to the members for consideration and approval at a Special General Meeting (SGM). Each of SANTA, 4Racing and Race Coast was advised by their own experienced outside law firms, to ensure a balanced, comprehensive and rigorous process was followed in arriving at the draft of the New Constitution.

In terms of the current constitution of the NHA, signatures of 100 members of good standing are mandatory to request the board of the NHA to call for an SGM. The Concerned Stakeholders gathered considerably in excess of this amount and are thus in a position to call an SGM.

Mrs Rowett called a meeting of the stakeholders in early September for the purpose of chairing a forum in which the stakeholders could discuss their differences. This meeting took place on September 16th. Unbeknownst to Mrs Rowett, the Concerned Stakeholders and their legal representatives had already met, conferred and resolved all differences. The Concerned Stakeholders arrived at the meeting with both a completed draft of the New Constitution and the requisite signatures needed to call an SGM.

Part of the draft of the New Constitution presented requires the board of the NHA to step down immediately upon its approval at the SGM by the members. Thus, Mrs Rowett became aware that the Concerned Stakeholders had been able to resolve all their differences, prepared a new constitution for approval, and were requiring the resignation of the entire board at the SGM. The Concerned Stakeholders were requested by the Chief Executive of the NHA, Mr Vee Moodley, to delay submitting the signatures to the NHA to allow the NHA National Board the opportunity to call the SGM on a "friendly" or "voluntary" basis, and agreed to provide any National Board feedback to the drafted New Constitution by September 30th. Instead, all that was received was the press release outlining the resignation of six board members and the misleading, inflammatory letter of Mrs Rowett. To be clear, at the September 16th meeting, the Concerned Stakeholders confirmed that they would willingly receive comments on any clauses that caused the Board concern. In fact, preliminary discussions took place regarding some of the expressed concerns at the meeting. The door was not shut.

We now turn our attention to some of Mrs Rowett's libellous and inflammatory statements.

***Statement 1 direct quote from Mrs Rowett's Letter to Members: "Whilst the operators clearly feel entitled by virtue of the operator levy (which is commensurate with the safeguarding the integrity of the race meetings) to have increased influence over the NHA, it is questionable whether it is appropriate and in the best interests of racing industry, for them to have the concentration of power that they want. It is my opinion that the group's proposed constitution is a shameless and monstrous power grab by Race Coast and 4Racing, and to a lesser extent by other entities".***

This statement is false and misleading on numerous fronts:

1. The New Constitution expressly prohibits the racing operators (4Racing and Race Coast) from serving on the National Board of the NHA. That is the opposite of "concentration of power". It is critical to the racing operators for racing to have integrity, and for the regulator to be independent of the racing operators. It is for this reason that all the bodies overseen by the NHA are excluded from being eligible to sit on the board.

In short, the New Constitution ensures that the racing operators have no power on the board. This is the opposite of Mrs Rowett's allegations, which state "for them to have the concentration of power they want". As much as the racing operators would like to have a degree of oversight over the many tens of millions of rands paid to the NHA to support its existence, the racing operators have not done so.

2. The only area of involvement of the racing operators is in serving on the Nominations Committee. The New Constitution proposes that there are five members of the Nominations Committee:

- a SANTA representative (representing trainers and jockeys)
- a 4Racing representative
- a Race Coast representative
- an owner's representative, to be jointly appointed by SANTA, the ROA and the two racing operators
- a NHA existing National Board member

It is the Nominations Committee that appoints new board members, and the New Constitution requires that at least three out of five members must approve a candidate. This is the opposite of a concentration of power – the racing operators have only two seats on the Nominations Committee and are precluded from sitting on the National Board of the NHA. Importantly, why would it be assumed that the Operators will always agree? They are separate businesses with no common areas of control.

***Statement 2 direct quote from Mrs Rowett's Letter to Members:***

***“In my view, the group's proposed constitution amount to capture and would severely compromise the independence and autonomy necessary for the NHA to fulfil its role as a strong regulator safeguarding the integrity of the racing industry.”***

The most obvious point to debunk this false narrative is that the New Constitution is being put forward to members for their consideration and vote at the SGM. How can anyone be capturing the NHA if the members have the opportunity to vote in favour of or against the New Constitution? No constituent of the Concerned Stakeholders has the right or ability to impose the New Constitution on anyone. It is subject to a “one member, one vote” democratic process at the SGM. Mrs Rowett is entitled to vote for or against it, just like all the other members.

Furthermore, members will receive a complete draft of the New Constitution to review, along with a detailed document summarising all proposed material changes and the rationale behind them. In short, the members will have an opportunity to consider the proposals and vote as they see fit.

Of course, as described previously, no racing operator, trainer, or jockey can serve on the National Board. So how is it possible for there to be a capture of any sort by the racing operators or SANTA?

The irony here is that the funders of the NHA (the racing operators) are precluded from serving on the board, while other stakeholders are free to do so. This is an extreme distortion of the truth – the exact opposite of Mrs Rowett's allegations is true.

In closing, it is disappointing that Mrs Rowett would be so disrespectful of those who saved the very sport that the NHA regulates. Were it not for the funders of the operators, there would be no horseracing to enjoy. Collectively, their largesse has seen billions of Rands directed to this industry rescue and not a single Rand has been taken out. Yet Mrs Rowett alleges that the funders are ultimately capturing the sport via 4Racing and Race Coast. For what gain?

Sadly, the good intent of 4Racing, Race Coast, SANTA, the TBA and the ROA has been twisted to create a negative narrative that is self-serving. The participants of the thoroughbred horse racing industry in South Africa need each other in order to stimulate growth and create a sustainable future in which horse racing thrives. When one considers that the Concerned Stakeholders comprise and represent almost the ENTIRE industry, and are speaking with one voice for the first time in a long time, one can be forgiven for being confused by and disappointed in Mrs Rowett's outrage.

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