

South Australian Jockey Club Inc.  
Morphettville Racecourse  
79 Morphett Road  
Morphettville, SA, 5043  
08 8295 0111  
ABN 78 740 603 852



# SAJC Constitution Reform

12th July 2021

## **A message from the SAJC Board**

Since 1873, members of the South Australian Jockey Club (SAJC / the Club) have been at the forefront of thoroughbred racing in South Australia. SAJC membership brings together those who share SAJC's vision to encourage thoroughbred racing throughout South Australia and beyond.

In recent years, we have seen a rapid evolution in relation to SAJC's operations and the landscape of the racing industry more broadly. However, throughout this period, SAJC's Constitution has remained largely unchanged.

If we do not modernise now and keep up with the pace of change, we will be held back. To do this, SAJC's foundations must reflect best practice and good corporate governance as it stands in 2021, which is not the case with the Club's existing Constitution.

As advised at the 2019 AGM and in the 2019–20 Annual Report, the SAJC Board and Management commenced the in-depth task of reviewing the Club's current Constitution with the aim of modernising its contents in line with best practice principles of corporate governance and the expectations placed on the SAJC by its members and relevant stakeholders (as well as those placed on the industry by the SA Government).

A short summary of the key reforms is set out below, so that you may better appreciate what is being proposed.

### *1. Expanding the SAJC's objects*

- The SAJC objects, as they are set out in the existing Constitution, are outdated and do not properly represent our business today, nor do they allow the Club scope to broaden its business model.
- The proposed new Constitution provides for a modified objects clause, maximising the SAJC's flexibility, as it progresses its Masterplan, in a manner similar to several leading interstate racing clubs. Importantly, the proposed new objects clause does not compromise the SAJC's not for profit status or detract from the fundamental importance of the encouragement of thoroughbred racing to the Club (which will always be central to the Club's objects).

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## 2. Board

- The proposed new Constitution distinguishes between the concepts of Elected Directors and Appointed Directors. This is similar to the position adopted by leading interstate racing clubs and the Office for Recreation, Sport and Racing's model Constitution. This provides the Board with the ability to appoint up to 2 Appointed Directors, to supplement the 5–7 Elected Directors (who are elected by Members).
- In addition, the new Constitution requires all Board Members to have an appropriate understanding of the duties and obligations imposed upon the Board and an appropriate level of financial literacy.
- Further, the new Constitution introduces the concept of a director selection panel to assist the Club by ensuring the Board is comprised of persons with an appropriate composition of skills and experience who act in the best interests of the Club as a whole, identifying and reviewing the Board's composition of skills, reviewing potential candidates for the position of Appointed Director, and providing recommendations to the Board concerning the suitability of any candidates for appointment as Appointed Directors. The introduction of the director selection panel is consistent with guidance published by the South Australian Government's Office for Recreation, Sport and Racing.
- Currently, SAJC Board Members do not have limits on the number of consecutive terms they are in office. The reforms set out in the proposed new Constitution limit tenure on the Board to a maximum of three consecutive three-year terms. Limited tenure promotes regular board renewal, bringing the benefit of new input and fresh ideas without compromising board stability or the SAJC's ability to benefit from organisational experience and understanding.
- Importantly, the abovementioned reforms regarding the Board's composition and the mechanism for election, appointment and tenure of Directors does not affect the Members' ability to elect Elected Directors and remove any Director, by ordinary resolution.

## 3. Member participation and engagement

- COVID-19 and its associated social-distancing measures heavily impacted how organisations carry out meetings of members and associated governance-related issues. It arguably also fast-tracked the evolution of the "virtual AGM". The proposed new Constitution contemplates the introduction of both proxy voting and direct voting to maximise Member participation and engagement by allowing Members to cast their vote on any particular resolution in advance of a meeting, by nominating a proxy or by voting in relation to the resolution in advance of the relevant meeting (without needing to nominate a proxy to attend the meeting on their behalf).

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#### 4. Clarifying the operation of the SAJC Investment Fund

- Changes have been made to the layout and drafting of clauses which relate to the SAJC Investment Fund. Such changes were necessary to provide clarification given the current provisions are cumbersome, lack clarity and contain cross-referencing errors.
- In addition, the manner in which funds may be expended has been broadened to contemplate the “maintenance, development or improvement” of facilities at Morphettville Racecourse or other property owned by the Club.
- Further, the proposed new Constitution introduces the ability for the Board to use the Fund in a manner which is accountable to the Members, but prioritises “agility” in relation to the use of those funds (for example, no General Meeting would have to be held, and no “special quorum” convened). It is expressly contemplated that Members could be communicated with and given a reasonable period of time to respond with any comments or concerns. The Board may then, by unanimous decision, elect to proceed with the expenditure, but only following that reasonable consultation period.

In addition to the ‘key reforms’ outlined above, the more minor Constitutional changes affecting Members include:

- The proposed new Constitution contains improved detail and prescriptiveness regarding various administrative processes and a detailed interpretation clause, which will enhance clarity and promote administrative efficiency and, in certain circumstances, streamline processes and provide the Club with operational flexibility.
- The proposed new Constitution provides the Board with the ability to make By-Laws to supplement the Constitution. This is a model favoured by several of the Constitutions of leading interstate racing clubs that were reviewed as part of the preparation of the proposed new Constitution. Under this model, the Constitution is reserved for more “pure” corporate matters, whereas the By-Laws addressed more “day-to-day” operational matters. This provides SAJC with operational flexibility, without being prejudicial to the interests of Members.
- The proposed new Constitution provides the Board with the ability to determine/modify the Club’s classes of members and the terms and conditions that apply to each class. Constitutions of leading interstate racing clubs provide for a similar arrangement. This provides the Club with flexibility and agility, rather than having to pass a Special Resolution each time the Board/Club seeks to adjust the classes of members or the rights of those classes of members. In this respect, the proposed new Constitution and By-Laws:
  - remove the concept of “body corporate” members;
  - allows professional jockeys to be / become Members of the Club;
  - removes the class of “Senior Members”, on the basis that that membership category is not entitled to special privileges or benefits that would distinguish it from “ordinary” Members; and
  - sets out a revised process for the admission of Life Members and provides for a clear nomination, recommendation and approval process in respect of that class of members.

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You may access a draft of the proposed new Constitution in full by clicking [HERE](#). The draft By-Laws are also available [HERE](#). A summary of how the proposed changes compare with the SAJC's current Constitution ("Comparison") can be accessed by clicking [HERE](#). Please take the time to read these documents. Any member who would like a paper copy of the proposed new Constitution or the Comparison should telephone 08 8295 0111 or email [constitutionreform@sajc.com.au](mailto:constitutionreform@sajc.com.au).

To make these updates happen for the good of our club, we need the support of our members.

Under the current Constitution, to make a change like this, we need at least 15% of eligible members to attend a meeting for a vote to proceed, with a minimum of 75% of those present required to carry the motion.

The Club is seeking written responses on the draft documents by 6 August. Member responses will be collated and a series of focus groups will be scheduled in mid to late August.

Following the workshops, the documents will be updated and presented back to the Board for further consideration incorporating relevant recommendations from the Membership.

I encourage you to attend one of the focus groups and, when the new Constitution is put to a General Meeting of Members, to vote in favour of the special resolution proposing to adopt the new Constitution.

A contemporary and accessible Constitution is central to ensuring that SAJC continues to position racing and its Membership for a positive future in South Australia. This is a critical, once-in-a-generation opportunity for SAJC Members to modernise SAJC's Constitution. The outcome will influence the quality of member experiences and the health of the Club and racing in South Australia for years to come, so it's important that every Member has a say.

Yours sincerely,



Bob Holton  
Chairman SAJC