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Mr Brenton Scott
Chief Executive Officer
NSW Greyhound Breeders, Owners & Trainers Association
P.O. Box 485
Glebe NSW 2037

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

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T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.granthornton.com.au

Dear Mr Scott,

GOVERNANCE FRAMEWORK REVIEW

This letter details the findings and recommendations arising from our review of the NSW Greyhound Breeders, Owners and Trainers Association's ('NSW GBOTA' or 'GBOTA' or "Association") Governance Framework.

We would like to thank the Board of Directors for their time and co-operation extended to Grant Thornton during the course of the review. The review was conducted in accordance with our Engagement Letter dated 3rd September 2015.

Key findings

Based on our discussions and review of available documentation, it would appear that the existing Board of Directors ("Board") is failing to meet their corporate governance responsibilities. This opinion is based on the following observations:

- The composition and size of the Board is inappropriate, impacting the effectiveness of the decision making process
- The current Board does not have the right mix of skills, experience, knowledge or diversity to represent the best interests of the Association
- The current Constitution and more specifically the process for the election and appointment of Directors are hampering the Association's ability to attract and retain independent Board members with relevant skills. To amend it, 75% of the Association's members need to vote in favour of the change
- Board meetings are not run efficiently or effectively
- We have not seen any evidence from our review to suggest that the Board has approved a Strategy that is aligned with the purpose of the Association, its value drivers of its operations, or the interests and expectations of its members

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- Most Directors appear to be performing day-to-day operational tasks rather than informing and providing oversight on the vision and strategic direction for the Association.

Key recommendations

In response to these observations we recommend that:

- The number of Directors be reduced to five of whom at least three should be independent, including the Chair
- The Constitution of the Association is amended to facilitate this change, including a revision to the process for the election and appointment of Directors. If however, the Constitution cannot be amended, we suggest that a new entity be formed once the outcome of the Special Commission of Inquiry into the Greyhound Racing Industry in New South Wales is known, and a new Board of Directors elected.

Conclusion

Whilst it is evident that individual Board members are committed to the sector having both a love for and experience in the industry, it is also apparent that the current structure is ineffective and incapable of meeting the needs of the Association and needs to be restructured.

We have included further recommendations on each of the key components of good governance in the annexures of this report. Should you require further discussion on any of the matters raised please feel free to contact me.

Yours sincerely

GRANT THORNTON AUSTRALIA LIMITED

Mark Griffiths
Partner

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Appendix 1 Detailed Findings and Recommendations
Appendix 2 Engagement Letter