



8 January 2026

Dear Members

PROPOSED NEW CONSTITUTION UNDER THE INCORPORATED SOCIETIES ACT 2022

Hawke's Bay Racing Incorporated (HBRI) is required to update its Constitution to comply with the Incorporated Societies Act 2022, which replaces the Incorporated Societies Act 1908. All incorporated societies must adopt compliant constitutions and re-register under the new Act within the statutory transition period.

In anticipation of this, New Zealand Thoroughbred Racing Inc (NZTR) has led a sector-wide redrafting process to provide Racing Clubs across New Zealand with constitutions that meet the new legislative requirements and align with NZTR's governance expectations and the Rules of Racing. The attached draft Constitution for HBRI is based on the NZTR template, has been prepared by NZTR's solicitor, and has been reviewed by HBRI's solicitor, who has confirmed that it incorporates all required minimum clauses under the new Act.

Side-by-Side Summary of Material Changes

To assist Members, we have prepared a separate document titled "Side by side Constitution – Material Changes". This sets out, section by section:

- The relevant provision in the proposed new Constitution, and
- The corresponding position under the current Constitution, or where provisions are new.

In that comparison you will see a number of items marked "To meet minimum requirements". These are areas where the 2022 Act requires societies to include express provisions, or where the NZTR template has been adopted to ensure consistency across Racing Clubs.

Key examples include:

- Updated Definitions and clarifications of the Club's Objects;
- Clearer provisions on membership, including classes of membership, admission and cessation of membership;
- Modernised rules for General Meetings (including notice, quorum and voting), and for Board Meetings and decision-making;
- Express provisions on conflicts of interest (clause 13), a register of members (clause 14), and related governance controls;
- Updated provisions relating to funds, bank accounts, expenses, indemnity and insurance, and the appointment of an auditor;
- Requirements for the annual report and statement of accounts, and for amending the Constitution and signing documents;
- Clarification that the Club must comply with NZTR's Constitution and the Rules of Racing; and
- A dedicated dispute resolution regime (clause 25 and Schedule Two), setting out how complaints and internal disputes are to be handled.

Members are strongly encouraged to read the side-by-side document alongside the proposed Constitution to understand how the key changes affect the structure and operation of the Club.

The New Act - Purpose and Mandated Clauses

The Incorporated Societies Act 2022 was introduced to modernise an outdated framework that had remained largely unchanged since 1908. The key aims of the new Act include:

- Improving governance standards and clarifying the duties and responsibilities of those who manage societies;
- Ensuring greater accountability and transparency in how societies are run;
- Providing clearer rules for membership, disputes and decision-making, so that societies can operate fairly and efficiently; and
- Aligning the law with contemporary expectations of organisations that hold community assets, administer public or member funds, or perform significant public-facing functions.

To give effect to these aims, the Act requires constitutions to contain a number of mandatory or minimum clauses, including (among others):

- Clear rules regarding officers / Board Members, their appointment, removal, powers and duties;
- Procedures for managing conflicts of interest and recording these appropriately;
- Rules on membership, including how people become members, cease to be members, and how a register of members is to be maintained;
- Prescribed disciplinary and dispute resolution procedures; and
- Provisions dealing with financial reporting, use of funds, auditing, amendments to the constitution, and the winding up of the society and distribution of surplus assets.

These mandated elements have been incorporated into the proposed HBRI Constitution and, where relevant, are signposted in the “Material Changes” comparison.

Governance Benefits for HBRI

While the adoption of a compliant constitution is a legal requirement, the Board considers that the proposed Constitution delivers important governance benefits to HBRI, including:

- Clearer roles and duties for Board Members

The draft sets out more explicit expectations of officers, supporting better decision-making and helping individual Board Members to understand their responsibilities and potential liabilities.

- Stronger controls around conflicts, money and risk

The inclusion of detailed conflict-of-interest rules, clear provisions on funds and bank accounts, and updated insurance and indemnity clauses will help the Club manage risk in a more structured, transparent way.

- Improved transparency and accountability to Members

Enhanced financial reporting requirements, a clear member register, set processes for meetings and resolutions, and a defined dispute-resolution pathway all contribute to greater confidence for Members and stakeholders.

- Alignment with NZTR and national racing governance

By adopting the NZTR-aligned template and expressly recognising NZTR’s Constitution and the Rules of Racing, HBRI’s governance framework will be consistent with other Racing Clubs and the broader regulatory environment for thoroughbred racing.

Board Recommendation

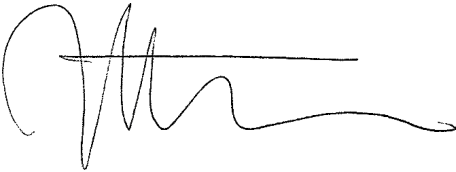
After working with NZTR and taking legal advice, the Board is satisfied that the proposed Constitution is compliant, modern and fit for purpose, and that it appropriately balances:

- The Club's need to meet the requirements of the Incorporated Societies Act 2022;
- The expectations of NZTR as the industry's governing body; and
- The practical governance needs and interests of Members.

Accordingly, the Board recommends that Members adopt the proposed Constitution at the forthcoming Annual General Meeting.

We thank you for taking the time to review both the draft Constitution and the accompanying 'Side by side Constitution – Material Changes' document. If you have any questions ahead of the meeting, please direct them to CEO in the first instance.

Yours sincerely



Fred Coates

Chairman

Hawke's Bay Racing Incorporated