

EQUESTRIAN AUSTRALIA VOLUNTARY ADMINISTRATION

QUESTIONS AND ANSWERS – 9 JUL 20

1. Why is Equestrian Australia (EA) under voluntary administration?

On 9 Jun 20, the EA Board placed the company into voluntary administration, due to their concerns that “the Company was likely to become insolvent in the near future” (KordaMentha report, 7 Jul 20).

The KordaMentha report of 7 Jul 20 shows that EA is clearly solvent and that net assets exceed \$1.8m.

The Equestrian NSW Board regards the whole EA administration process to be unrelated to insolvency and will cost more than \$250k of members’ money and the real reason is that the current EA Board wants a plebiscite of members to justify constitutional change, with the threat of EA being wound up if this is not agreed to.

2. What will happen at the Second Creditors Meeting on 14 Jul 20?

Essentially, creditors will choose between two Deeds of Company Arrangements (DOCA), proposed by KordaMentha and the State Branches.

3. Will Equestrian NSW members be recognised as valid creditors at the Second Creditors Meeting?

No. KordaMentha has decided that “Members of EA whose membership period expired on 30 June 2020 no longer have a claim in the Administration”. Even though all Equestrian NSW memberships were extended until 30 Sep 20 and some members have already renewed before 30 Jun 20, KordaMentha has determined that Equestrian NSW members are not valid creditors and therefore not entitled to vote in the administration process at the Second Creditors Meeting.

4. Will EA members still have a say?

Yes. The whole purpose of the EA administration, driven by the current EA Board, is to hold a non-legally binding plebiscite, for members to vote on constitutional change. This means that Equestrian NSW members can register and vote at the Second Creditors meeting and their intentions will be recorded for the purposes of deciding which DOCA should be accepted and therefore how changes to the EA constitution will be voted on. The State Branches have simply provided an alternative solution for consideration by members.

5. How do I vote in the plebiscite?

Equestrian NSW members should have received an email from Equestrian Australia, providing the details about how to vote and how to give your vote to a proxy. Please check your Junk folder and contact KordaMentha at ea@kordamentha.com if you haven’t received it.

6. How should I vote?

It’s up to every member to decide how to vote. Equestrian NSW Board President Peter Dingwall (Equestrian NSW member number 2113408) will vote in favour of the State Branch solution and you can give him your proxy if needed.

7. What will happen if the KordaMentha DOCA is approved?

- i. The Current EA Board will be removed and a Nominations Committee will be appointed to choose an Interim Board.
- ii. A Special General Meeting will be called, asking the six State Branches to amend the EA Constitution to allow all 20,000 members to vote on future changes (ie one member one vote).

8. What will happen if the amended State Branch DOCA (to be submitted today) is approved?

- i. The Current EA Board will be removed and a Nominations Committee will be appointed, comprising two Discipline representatives, one from the State Branches and an Independent Chair, to choose an Interim Board.

Separately, the State Branches have requisitioned a Special General Meeting, with a motion to amend the EA Constitution to allow a representative group (56 in all) including State and National Discipline and Coaching Committees, as well as the State Branches to decide future changes (eg which model should be adopted).

9. Does Equestrian NSW object to the one member, one vote principle?

No. However, no National Federation affiliated with the FEI (eg Britain, United States, Germany and Canada etc) nor any Australian National Sporting Organisation (eg Sailing Australia and Cycling Australia) has this. In any case, NSW has more than 40% of EA's members, so will likely benefit the most.

10. Why is the 56 Stakeholder model better?

The group of 56 will include:

- States Discipline Committees and Councils (35)
- State Coaching Committees (6)
- EA Discipline Committees and Coaching Committee (8)
- State Branches including Equestrian Northern Territory (7)

The State and National Discipline and Coaching Committees, who will have most of the votes:

- Understand and in most cases deliver our sport.
- Will represent all Disciplines and States fairly.
- Are better placed to engage directly with members to understand their needs and aspirations.

11. Will the State Branch DOCA deliver the outcomes required by Sport Australia, the FEI and AOC?

Sport Australia, the FEI and AOC all want democratic and representative governance and have not been prescriptive about mandating one member one vote. It's inappropriate for KordaMentha to speculate in its report that the State Branch proposal won't deliver the outcomes required by Sport Australia, the FEI and AOC.

12. Does Equestrian NSW support governance reform?

Yes. In 2018, Equestrian NSW did a significant body of work and tried to engage with EA towards agreeing roles and responsibilities but was unable to do so because EA wouldn't release costing details for the proper analysis to be done.

Irrespective of the legitimacy of the EA administration, Equestrian NSW supports the process to achieve necessary governance reform.

13. Does the Equestrian NSW Board have a preferred governance and business model?

No. Equestrian NSW is fortunate to have really good working relationships with our Discipline Councils and Committees, as well as our Coaching Committee. We have been successful in securing significant government funding and providing member services, whilst allowing our Councils and Committees to get on with running their sports.

Equestrian NSW does however, want to make sure that proper due diligence is done on all the governance options. Lots of good work has already been done, but more is needed to assess the options against a solid criteria including financial stability and equity.

It is important that the Australian equestrian community adopts a model that is right for our unique circumstances and geographical environment. Other equestrian bodies or Australian sports can be used as a guide to develop a model but we have to respect our members and consider the positive and negative aspects of all models to come up with one that represents equestrian in Australia and future proofs it for many years to come.