

Review of Certain Matters relating to Horse Sport Ireland

Submitted to

**Department of Agriculture, Food and
the Marine**

Prepared by

Indecon International Consultants

Indecon

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Executive Summary

INTRODUCTION

This independent report was undertaken by Indecon International Consultants and was commissioned by the Department of Agriculture, Food and the Marine. The report comprises of a review of certain matters relating to Horse Sport Ireland.

The review is focused on considering whether the horse sport industry is organised in a manner calculated to best achieve the objectives in 'Reaching New Heights' and whether there is an appropriate balance between the important representative function of existing structures and the need to develop commercial opportunities, enhance co-operation and maximise the contribution of the sector to the economy. One of the strengths of Horse Sport Ireland is that it includes representation from the Northern Ireland sector which is important in ensuring an integrated approach to the development of the sector on the island of Ireland. The evaluation of Horse Sports Ireland (HSI), in line with Terms of Reference, has involved four main areas as follows:

- Evaluation of whether HSI operates in accordance with best practice governance principles.
- Review of the structure of relationship between HSI, the Irish Horse Board and other affiliates.
- Review of equine regulation, breeding and performance database structure.
- Review of programmes and supports provided by HSI to wider equine sporting and breeding industry.

EVALUATION OF HSI GOVERNANCE

In reviewing the governance in Horse Sports Ireland it is important to consider the role of the Board, as the directors are ultimately responsible for governance. It is also useful to examine the methods of appointment of directors, the size of the Board and the skills of directors. These are relevant in ensuring the organisation operates efficiently and effectively in order to maximise the potential of the industry.

ROLE OF MAIN BOARD OF HSI

In line with best practice governance the Board of HSI should fulfil governance functions which inter alia include:

- (a) Strategic direction and major plans of action.
- (b) Risk management and financial governance.
- (c) Overseeing major capital expenditure and investment decisions.

STRATEGIC DIRECTION AND MAJOR PLANS OF ACTION

A Strategic Plan 2016 – 2020 was discussed as a draft working document by the HSI Board in January 2016. A number of gaps are evident in the Draft Plan, including in relation to International Marketing. Indecon notes that the draft working document has not been updated formally since 2016.

The implementation of the Strategic Plan involves Board direction on the planning and budgetary process. This requires the setting of performance objectives for the organisation and the monitoring of the implementation of these objectives by the management. Our review and discussions suggest that the Board of HSI is committed to reviewing and examining performance achieved against the objectives set, but no formal progress reports on the achievement of the Strategic Plan have been made to the Board.

RISK MANAGEMENT AND FINANCIAL GOVERNANCE

Best practice requires that the Board of HSI should review the controls and procedures in place to ensure that they are adequate to secure compliance with all their governance obligations. While responsibility for risk management and financial control must remain with the main Board, it is important that there is a well-resourced Audit and Risk Committee. Within HSI there is a Finance Committee which undertakes such functions. The Finance committee of HSI was originally envisaged as comprising of four non-executive members of the HSI Board plus the CEO and the Finance Manager. The current Finance Committee has an independent chair and two non-executive Board members. Neither the chair nor any of the non-executive members of the Finance Committee are currently directors of HSI. Indecon is very supportive of the Committee having members drawn from outside the HSI Board where appropriate to secure specialist skills. However, there may be merit in ensuring that the Committee has one or more main Board directors in its membership.

The requirement to make risk management a standing item on the Board Agenda and the reviewing of risk management policy can be greatly facilitated by a Risk Register which is well developed and monitored. Indecon understands that HSI does have a Risk Register but it appears that this was provided as a draft to Deloitte during the course of their audit of Horse Sport Ireland during 2015. The draft was subsequently adopted by the Board of HSI at end of January 2016. During our review Indecon was informed that a formal timetable for the Board Review of the Register is expected to be put in place at a subsequent HSI Board Meeting.

Internal auditing is an important component of risk management and internal control. It has the potential to provide an independent approach to risk management and governance. There is no internal audit department within HSI. We understand that HSI, due to its small scale places heavy reliance on DAFM and Sports Ireland control and checks. Indecon appreciates that the scale of organisation is such as to potentially not justify an internal audit department. Indecon, however, believes such a function could be outsourced. The HSI indicated that it is its intention to supplement controls by using a small accounting firm to do audits of topics from time to time with the Finance Committee agreeing the subjects to be considered for audit. We understand that no accountancy firm has been engaged to date.

OVERSEEING MAJOR CAPITAL EXPENDITURE AND INVESTMENT DECISIONS

The importance for any Board is ensuring that there are appropriate models in place for investment appraisal and in overseeing capital and investment decisions cannot be underestimated. However, due to the limited levels of capital expenditure and investment expenditures being incurred by HSI this may not be as significant an issue at this time, as for some other private sector or state funded organisations.

An analysis of the amount of HSI directors' time allocated to overseeing capital expenditures and investment decisions indicates a relatively low percentage of time allocated to this area. This is likely to reflect the current low levels of HSI capital spend. Indecon also notes that any capital expenditures in excess of €50,000 is one of the areas for reserved Board decision. Indecon's view is that the limited time spent by the Board of HSI on overseeing major capital expenditures is not of particular concern given the scale of capital expenditure incurred by HSI. However, if major investment decisions were required additional attention to this area would be required.

METHODS OF APPOINTMENT OF DIRECTORS

The methods of nomination and appointment (including rotation) of the Board members are set out in the Articles of the HSI Company. This prescribes that the Board of directors shall be comprised as follows:

- The Chairman shall be nominated by the Minister for Arts, Sports and Tourism in consultation with the Minister for Agriculture and Food.
- Four persons shall be nominated by the Show Jumping Association of Ireland.

- Two persons shall be nominated by Eventing Ireland.
- One person shall be nominated by Dressage Ireland.
- One person shall be nominated by the Royal Dublin Society, who will represent the views of the Medical Equestrian Federation and the Irish Universities Riding Clubs Association.
- One person shall be nominated by the Department of Defence who shall be the Officer Commanding or the acting Officer Commanding of the Army Equitation School for the time being and who shall represent the views of the Riding for the Disabled Association.
- One rotating seat shall be nominated consecutively, in accordance with Article 33(ix), by the Long Distance Riding Association and Para Equestrian Ireland.
- One rotating seat shall be nominated consecutively, in accordance with Article 33(ix) by the Irish Pony Clubs and the Irish Pony Society.
- One rotating seat shall be nominated consecutively in accordance with Article 33(ix), by the Association of Irish Riding Establishments and Irish Riding Clubs.
- Five persons shall be nominated by the Irish Horse Board to represent the breeding industry.
- One person shall be nominated by the Northern Ireland Horse Board.

Only the Chairman is appointed by a Member in the Government. Also of significance is that directors are largely nominated by affiliated representative groups. This is very different from the position of most state commercial Boards. However, HSI is not a state organisation, although the majority of its funding is derived from the exchequer.

It is important that the collective responsibility and authority of the Board is safeguarded. The fiduciary duty of directors is an obligation to act in the best interest of another and in the case of HSI these fiduciary duties as a director are set out in Section 228 of the Companies Act 2014. This is complex in the context of the representative nature not just of how the directors are appointed but in the power of the representative organisations to require the removal or substitution of any director which they nominate. Also of relevance is that the Memorandum of Association specifies that certain directors shall represent the views of specific representative groups.

The terms of appointments of HSI directors is unusual in that some rotating directors are only appointed for two years, unless reappointed, while others are eligible to serve a different time period. The term of office for the Chairman is set at four years and the Chairman is eligible to serve a maximum of two terms. Directors other than those who are nominated consecutively on a rotating basis are eligible to hold office for a period of three consecutive terms. However, following their retirement, after the expiration of a full term, the retired Director may be elected to the Board again.

SIZE OF HSI BOARD

An unusual feature of the HSI Board is its size. There is an exceptionally large Main Board, with a total of 19 Members (as prescribed in the company's Articles of Association). This inevitably has implications for the operation and effectiveness of the Board. The frequency of rotation of Members on Board means that there has been as high as 24 serving directors within the one year with an ongoing number of new appointments and retirements.

Indecon notes that there are also some very large Sub-Committees of the Main Board. For example, the sports sub Board has 27 members while the HSI Breeding Sub Board has up to 19 members. We also note that the nominating bodies tend to nominate different people to the HSI main Board and to the Breeding and Sports Sub Boards. While Indecon understands the origins of this and the benefits of securing inputs from the important representative organisations, we believe this raises particular challenges for governance and Board effectiveness.

SKILLS OF HSI DIRECTORS

The HSI Board is comprised of committed volunteers with a range of backgrounds and experience. Indecon was impressed with the openness and commitment of Board members in their inputs to this review. In reviewing the skills we note that it is based on a volunteer based Board appointment process and that Board members do not obtain any fees for their inputs.

Best practice however is that specific skills required on the Board should be identified and this should be taken into account in making appointments to the Board. The Code of Practice for the Governance of State Bodies indicates that:

“Board members should have the appropriate skills and knowledge, updated as required, appropriate to the activities of the state body, to enable them to discharge their respective duties and responsibilities effectively. This should include the identification by the Board of any gaps in competencies and ways these could be addressed through future appointments.”¹

Because of HSI’s structure and its relationship with the Irish Horse Board and affiliates, HSI has no role in specifying or approving skill requirements for the Board. Indecon also understands that a skill set audit and evaluation of the skills required for Board members has not been undertaken by HSI. We also understand that Horse Sports Ireland accepts nominees from its affiliate organisations without any reference to skill sets. Most HSI Board members had not previously secured formal training in corporate governance and a majority of the HSI Board had not previously served on Boards of any significant commercial companies or any state-sponsored or statutory bodies. There is also the issue of the level of skills on the Board in key areas of finance and risk. This may have led to a pragmatic approach of appointing non-Board Members to the Finance Sub-Committee.

SUMMARY OF CONCLUSIONS ON HSI GOVERNANCE

Our analysis suggests there are high levels of participation by the individual Board Members who show a strong commitment to the sector and who put in significant time for no fees.

Indecon has not identified any significant breaches of corporate governance within the HSI Board. However, there are a number of issues which we believe should be considered to enhance best practice governance. These issues can only be comprehensively addressed in the context of considering HSI structural relationships. Specific areas which we believe merit review include:

- Additional focus on Risk Management;
- Reduction in Representative Nature of Board;
- Identification of required skills;
- Changes to Methods of Appointment;
- Reduction in Size of Board.

HSI STRUCTURAL RELATIONSHIPS

EXISTING HSI STRUCTURE

In reviewing the structural relations between HSI, The Irish Horse Board and affiliates it is useful to consider the historical context. In 2001 a former President of the RDS, produced a report setting out the principles on which a new body would be created. The rationale behind the proposal was the bringing together of equestrian sport and breeding into one body. In December 2006 Horse Sport Ireland was set up by the Ministers for Agriculture and Sport.

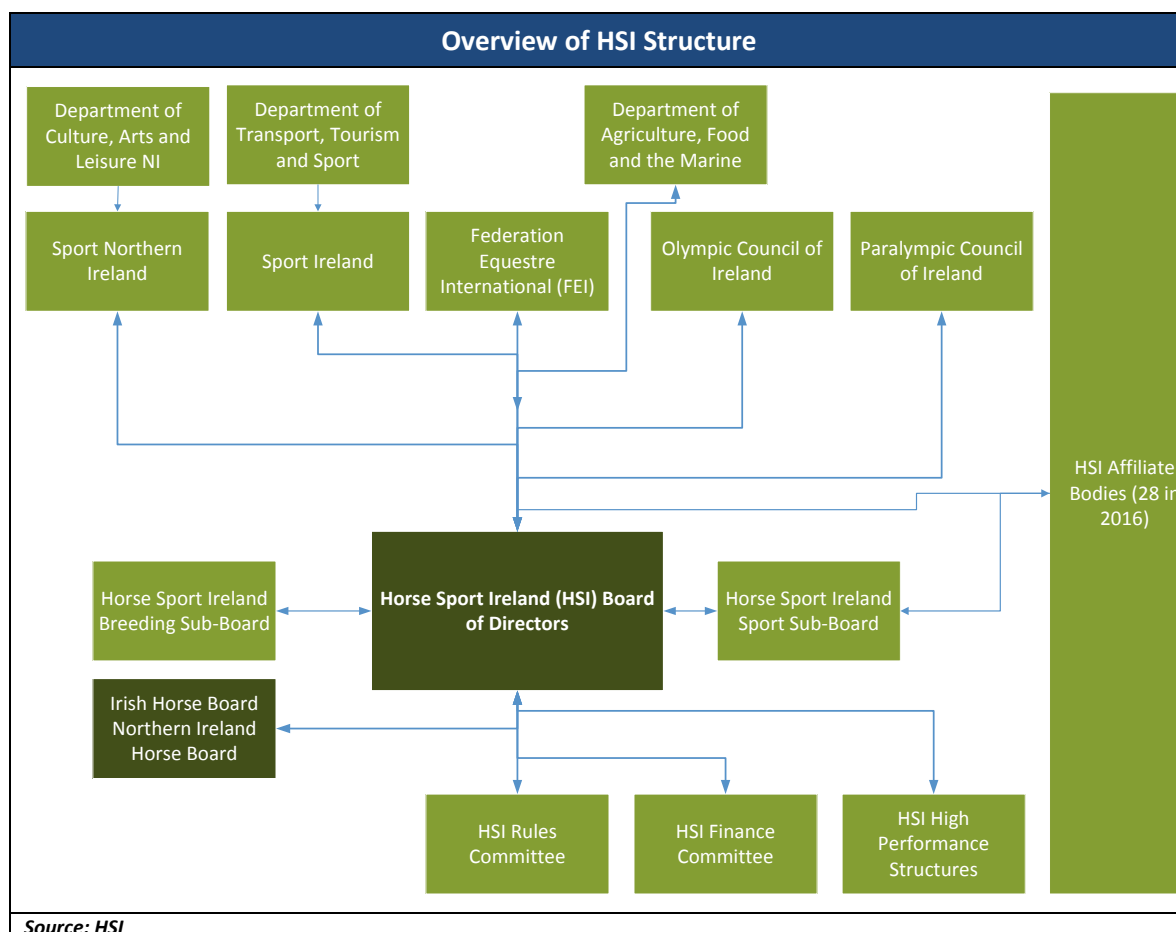
¹ Code of Practice for the Governance of State Bodies, August 2016, Department of Public Expenditure and Reform page 24.

The HSI structural relationships and its primary functions are set out in its Memo and Articles as follows:

- Interface with Government and Government Agencies on behalf of the sector;
- Act as the national Governing Body for Equestrian Sport, as recognised by the FEI, ISC OCI and Sport NI.
- Maintain the Irish Horse Register, which incorporates the Irish Sport Horse and Irish Draught Horse Studbooks under licence from the Department of Agriculture, Food and the Marine;
- Issue ID documents for horses under licence from the DAFM;
- Run High Performance Programmes for selected equestrian disciplines;
- Run the National Anti-Doping Programme for Equestrian Sport;
- Run the National Equestrian Coaching Development Programme with Coaching Ireland;
- Operate the outline Pedigree, Progeny and Performance database – CapallOir;
- Promote the Irish Sport Horse industry through the International Marketing Division.

One of these functions is in some way different from others, namely acting as the national governing body for equestrian sport. In this context it is of note that there are specific roles, responsibilities and requirements placed on national federations by the FEI.

HSI has a very complex structure which appears to have been largely a result of the agreements between different interests. An overview of the HSI structure is presented in the next table. Also of note is the very unusual situation that within this structure there is another independent company called the ‘Irish Horse Board’ which is a co-operative of breeders with a membership base and elected representatives. It is, however, not a subsidiary of HSI although its Board of management with three additions make up the breeding sub-Board of HSI.



The HSI Structure involves a complex web of organisations with a main Board, two sub-Boards and a number of Board Sub-Committees as well as the existence of an independent organisation, namely Irish Horse Board. The Breeding Sub-Board, currently comprising 15 members, of which 12 are Irish Horse Board nominees, plus one each nominated by CPBS, IPS and NIHB. The Sport Sub-Board, comprising representatives nominated by HSI's affiliate bodies (26 represented in 2016). The Sub Committee structure includes:

- Finance Committee;
- Rules Committee;
- High Performance Committees, including Senior Eventing, Para Equestrian, Senior Show Jumping, Pony Show Jumping;
- Vetting Referrals Committee.

CONCLUSIONS ON STRUCTURAL RELATIONSHIPS

In Indecon's opinion the existing structural relationships should be considered within the context of our findings on evaluation of HSI Governance. The existing structures have made a worthwhile and important contribution in terms of facilitating representational inputs from the sector. However, there are other ways in which this could be achieved and we question the balance between the advantages of representational involvement and the impact on best practice corporate governance. We also believe that the existing structure is over- complex and is not best aligned with the need to develop commercial opportunities and maximise the economic contribution of the sector.

REVIEW OF REGISTRATION, BREEDING AND PERFORMANCE DATABASE STRUCTURES

Our review examined the equine registration, breeding information and performance results database structure that is in place in HSI and its affiliates, with the objective of advising as to whether any improvements can be made, including through a more centralised solution. CapallOir is Horse Sport Ireland's online access to the Irish Horse Register database and includes pedigree, progeny and performance links. HSI has an internal database AMS. HSI affiliates also have databases dealing with aspects of the sector.

ASSESSMENT OF DATABASE STRUCTURES

There are a number of significant problems with the existing HSI equine registration, breeding, information and performance results database structures. As this is an important area for the development of the sector, consideration of the adequacy of these structures is needed to ensure the best outcome for the sector.

Since 2010, the breeding department of Horse Sport Ireland has developed an online database of horses registered by the HSI administrated studbooks. This provides a platform for breeders to research bloodlines and link to live performance records for the animals they have an interest in.

However, the access to performance data is not always easy, as most independent organisations protect their own data, both nationally and internationally.

The original concept for Horse Sport Ireland was that there would be one web portal and database based in HSI where all members of each of the affiliates would log on to register themselves and their animals to compete in each affiliate. The membership money and details of the membership would then transfer electronically from the HSI database to each affiliate as appropriate. However, to date this has not happened.

Many stakeholders in the industry understandably would prefer to enter their details once and not repeatedly with many national affiliates and also to have the pedigree of their animals correct and verified in the process for each database.

Particular issues which would need to be addressed if these requirements were to be met include the issue of a multiplicity of Irish sources of information and that of the lack of integration of data from other countries.

MULTIPLICITY OF IRISH SOURCES OF INFORMATION

There is a wide range of sources of information relevant to databases on equine regulation, breeding and performance. We understand that a number of affiliates of HSI separately record passport numbers, as well as certain details on breeding and owners and other variables. For example, we understand the same horse could be registered with Capalloir, Eventing, SJI and Dressage.

There is also a range of different source of information on results and performance. For example, one director of HSI indicated that:

“The results for an animal competing in the different disciplines are recorded by the respective affiliates, so to see the results, you would have to go to each affiliate and look up the animal records. There is no way to see how this animal is performing across all disciplines at once, i.e. to have all that horse’s results on one page”.

This director suggested that such an integrated outcome would be a huge improvement for potential buyers and sellers and this is something which Indecon believes should be addressed.

LACK OF INTEGRATION OF DATA FROM OTHER COUNTRIES

Irish horses compete not only in Ireland but internationally. It is therefore a deficiency of the Irish equine registration, breeding information and performance results database structure that there is no integration of data from other countries. We understand that there may be some difficulties in obtaining performance data from competition bodies outside Ireland.

As a result even if all of the Irish based performance and registration data was easily accessible, this would not present a comprehensive picture for the sector.

There is therefore merit in investigating ways of integrating the data for other countries and ensuring that the information is accurate. This issue was raised by a number of Board directors of HSI, although we would not like to give an over-focus to this one aspect.

CONCLUSIONS ON DATABASE STRUCTURES

A number of the key problems with the existing database structures have been identified by Indecon. These include the following:

- Multiplicity of Irish Sources of Information;
- Lack of Integration of Data from Other Countries.

A more centralised and integrated approach would add value for users of the databases and would assist the development of the industry.

REVIEW OF PROGRAMMES AND SUPPORTS PROVIDED BY HSI

In reviewing the supports and programmes provided by HSI to the wider equine sporting and breeding industry it is necessary to consider the levels of funding of HSI and how this is allocated.

DESCRIPTION OF SUPPORTS PROVIDED BY HSI

In examining whether the programmes and supports provided by HSI to the wider equine sporting and breeding industry are being delivered efficiently and transparently, and whether the allocation between different areas is optimal having regard to the successful development of the industry, Indecon analysed the approximate breakdown of HSI total annual expenditure between each of the organisation's main functions.

The single largest area of expenditure and staffing concerns the operation of the Breeding Department, accounting for a projected €2.5 million or 42.1% projected total expenditure, and 16.5 staff during 2016. This is followed by the operation of High Performance Programmes (€1.2 million of 19.7%). We also note the very low levels of spending on running the anti-doping policy and the online database and relatively low levels of funding to the equestrian coaching programme.

CONCLUSIONS ON PROGRAMMES AND SUPPORTS

Our analysis suggests that the areas where HSI is spending its resources is transparent and we do not see any major areas where a significant reduction in spending would be appropriate.

The Irish Sports Horse Sector has in Indecon's view significant potential and if expanded would result in a direct and indirect contribution to economic development particularly in rural areas.

There is a need to ensure the best use of scarce economic resources but Indecon believes that additional resources are likely to be required to facilitate the expansion of the sector.

Indecon, however, believes there is a need for an ongoing identification of cost effective expanded programmes and their impacts. This is discussed further in recommendations 2 and 3 of this section.

RECOMMENDATIONS

Indecon has identified a number of recommendations for consideration which we believe if implemented will assist this important sector in achieving the objectives in 'Reaching New Heights'. While we understand that there may be sensitivities within some of the interested groups to some of the proposed changes, we believe they would herald a new opportunity to expand and we hope this will be recognised by the sector as essential to realise the undoubted potential of the sector.

Our recommendations include some minor changes to governance to align with best practice, significant changes in the HSI organisational structure, as well as changes towards a more comprehensive and centralised database structure. The recommendations also cover critical area of funding to support the sector.

RECOMMENDATIONS ON HSI CORPORATE GOVERNANCE

Indecon recommendations on governance are designed to build on existing processes but to ensure HSI operates to best practice governance.

Seven recommendations for HSI governance are presented in the table below and are discussed in more detail in Section 6 of this report.

Recommendations on HSI Corporate Governance
1. Specific skills required by HSI Board should be identified in advance and should be taken into account in appointment of Directors
2. HSI Directors should act in the best overall interest of the company and its objectives and should not be restricted to presenting the views of any specific stakeholders.
3. HSI Directors should receive some accreditation in corporate governance.
4. Some of main Board Members should serve on the Audit and Risk Committee.
5. Board should review the allocation of its time to ensure that sufficient focus is given to each of its core responsibilities.
6. Some minor changes to operation of the Board should be considered.
7. HSI should commission an external practice to provide an internal audit function.

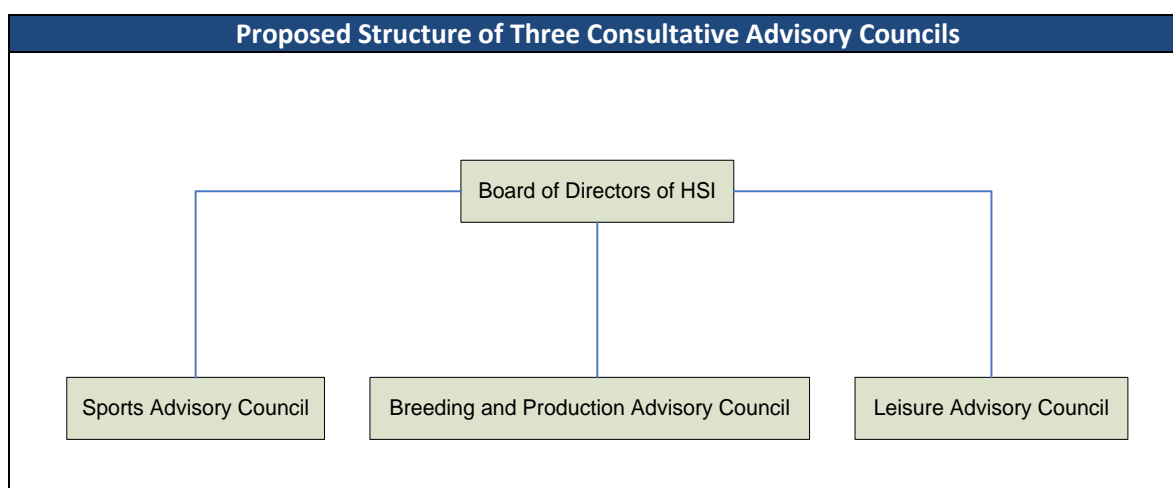
RECOMMENDATIONS ON STRUCTURE OF HSI

While the existing structure has had the advantage of bringing together different interests in the sector, Indecon believes that significant changes are required to the HSI structure in the interests of achieving the objectives set in 'Reaching New Heights'. Ten recommendations are summarised in the table below.

Summary of Recommendations on Structure of HSI
1. A simplified structure for HSI should be implemented with a small Board of directors and three consultative advisory councils.
2. The Consultative Advisory Councils should be established covering breeding and production, sports and leisure.
3. Each of the Advisory Councils should elect a Chairman who would also serve on the Main Board of the HSI.
4. Directors to the HSI Board should be appointed for a 5 year period.
5. The size of the HSI Board should be reduced from 19 to 9 to comprise of an independent Chair and external Directors.
6. The Chair should be appointed by the Minister for Agriculture, Food and Marine in consultation with the Minister for Transport, Tourism and Sport.
7. Four independent Directors as well as the Chair to be appointed by the Minister for Agriculture, Food and Marine in consultation with the Minister for Transport Tourism and Sport.
8. The Minister for Agriculture, Food and the Marine in consultation with the Minister for Transport, Tourism and Sport should also appoint a representative of the Northern Ireland sector.
9. The skills for the Chair and the independent Directors to be identified in advance.
10. The Chair and the independent Directors to be recruited via publicjobs.ie.

The proposed new structure for HSI is outlined in the chart below. This would enable a smaller corporate Board to focus on implementing and monitoring of a strategic plan for the sector which would be informed by three sub sectoral representative councils.

Indecon recommends that HSI should retain responsibility for national breeding policy. However, we also suggest that the proposed new Board should consider the merits of transferring the ISH and ID Studbooks to the IHB which would be treated impartially as an affiliate. This, however, requires evaluation by the proposed new Board to consider the most effective way to achieve the breeding and production objectives. The Board should also consider that appropriate governance structures are in place in any new arrangements.



RECOMMENDATIONS ON EQUINE DATABASE

In the next table the recommendations on the equine regulation, breeding information and performance results database structure in HSI and its affiliates are presented. These are designed to enhance cost effectiveness and to ensure rigorous updated information for the sector. This would enable the provision of updated information to improve herd quality, enhance the marketing of the sector and create an information hub for all industry participants. These objectives are aligned with the goals of 'Reaching New Heights'.

Recommendations on Equine Database
1. A more centralised database including up to date information on both horse registration and performance should be established.
2. A database Task Force Group with an independent Chair and membership of HSI and its affiliates should be formed to develop recommendations within 6 months to facilitate implementation of the centralised database.
3. There should be increased promotion of enhanced databases.
<i>Source: Indecon</i>

RECOMMENDATIONS ON SUPPORTS AND PROGRAMMES

Indecon's recommendations on supports and programmes provided by HSI to wider equine sporting and breeding industry are presented below. These recommendations reflect the need for additional funding if the ambitions for the sector are to be realised. This, however, must be based on identification of the impacts of additional resources in order to ensure transparency and cost effectiveness. It is also important that supports and programmes implemented by HSI are aligned with the objectives of Reaching New Heights. HSI should also take ownership of this industry strategy and should assume responsibility as the co-ordinating body for the implementation of this strategy.

Recommendations on Supports and Programmes
1. Additional resources for HSI are needed if the potential of the sector is to be realised.
2. Key areas requiring additional funding should be identified by HSI.
3. Board of HSI should develop a costed submission to the Government outlining what would be achieved from Exchequer Funding and what options exist to develop other non-Exchequer funding sources.
<i>Source: Indecon</i>

Acknowledgements and Disclaimer

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We would also particularly like to thank directors, management and staff within Horse Sport Ireland for their co-operation, assistance and inputs provided throughout the review process, including Professor Patrick Wall (Chairman), Damian McDonald (former Chief Executive), James Kennedy (interim Chief Executive), Mark Bolger (Director of Finance and Operations), Alison Corbally (Director of Breeding and Programmes), Elaine Hatton (Director of International Marketing), and Patricia Kennedy. In addition, we would like to express our gratitude to all of the members of the Board of HSI and members of the Breeding and Sport Sub-Boards for their valuable contributions to the review, including Sally Anne Tobin, Charles Hanley, Tony Hurley, Ray Buchanan, Peter Fell, Catherine Abbott, Lt Col Tom Freyne, Sam Smyth, Rita Dunne, Lt Col Gerry O’Gorman, Joe Reynolds, John Anthony Cogan, David McCann, Alex Deon, Barbara Hatton, Elizabeth Deane, Jane Darragh, Peter Molloy, Charles Powell, Jim Beecher, Jack Murphy, William Collins, Michael Grace, Neil Henry, Pat McCarthy, Kathleen Cunney, Helen Kelly, Marion Hughes, Noel Brett, John Malone, David Abbott, Brian O’Slattara, Alison Packman, David Stone, David Lawlor, James O’Sullivan, Peter Carroll, Paul Scott, Barbara Micks, Dorothy Guildford, Jane Hedge, Michael Hughes, Niall Walsh, Dr Antonia Lehane, Jerome O’Connor, Michael Kearney, Jim Bailey, Roisin Henry, Marian Condren, Elodie McGoldrick and Gwen Bastian.

We would also like to thank John Treacy (CEO, Sport Ireland) for his inputs to the review. Last but not least, we would like to acknowledge the valuable inputs provided by the many individuals from within the industry, who kindly shared their time and insights with the review team. These included Michael Duffy and Pat Hanly (RDS), Noel Cawley (Teagasc), Brian Mangan (FEI), Alain Storme, Ned Campion, and Barry O’Connor and all who contributed to the consultation programme.

We would also particularly like to acknowledge the very helpful submissions made to the public consultation process by over 60 individuals and organisations. These include submission from parents, participants, breeders and from those involved in sports and leisure sectors and from representative organisations. A list of the individuals and organisations who made submissions to the public consultation are presented in Annex 1. All of these were carefully considered and in cases where we required clarification subsequent contact was made. We would therefore like to thank each and every contributor.

The usual disclaimer applies and the views and analyses contained in this document are the sole responsibility of Indecon.

1 Introduction and Background

1.1 Introduction

This independent report was undertaken by Indecon International Consultants and was commissioned by the Department of Agriculture, Food and the Marine. The report comprises of a review of certain matters relating to Horse Sport Ireland.

1.2 Background and Terms of Reference

The review is focused on considering whether the horse sport industry is organised in a manner calculated to best achieve the objectives in 'Reaching New Heights' and whether there is an appropriate balance between the important representative foundation of existing structures and the need to develop commercial opportunities, enhance co-operation and maximise the contribution of the sector to the economy. The evaluation of Horse Sports Ireland (HSI), in line with Terms of Reference, has involved four main areas as follows:

- Evaluation of whether HSI operates in accordance with best practice governance principles.
- Review of the structure of relationship between HSI, the Irish Horse Board and other affiliates.
- Review of equine regulation, breeding information and performance results database structure in HSI and its affiliates.
- Review supports and programmes provided by HSI to wider equine sporting and breeding industry.

1.3 Report Structure

In Section 2 of this report we evaluate governance issues in Horse Sports Ireland. In Section 3 we review the structure of HSI. In Section 4 we examine equine database and in the following section we consider HSI supports and programmes. In Section 6 we outline our recommendations.

1.4 Acknowledgements and Disclaimer

Indecon would like to acknowledge the valuable inputs and assistance provided by a number of individuals and organisation during the course of this review. We would like to express our thanks to officials within the Department of Agriculture, Food and the Marine, including Brendan Gleeson, Gerry Greally, Patricia Ledwith, Joan Kennedy and Fintan Deere, in addition to officials within the Department of Transport, Tourism and Sport, including Maeve Nic Lochlainn, Sarah Doherty and Betty Griffin.

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the review, including Sally Anne Tobin, Charles Hanley, Tony Hurley, Ray Buchanan, Peter Fell, Catherine Abbott, Lt Col Tom Freyne, Sam Smyth, Rita Dunne, Lt Col Gerry O’Gorman, Joe Reynolds, John Anthony Cogan, David McCann, Alex Deon, Barbara Hatton, Elizabeth Deane, Jane Darragh, Peter Molloy, Charles Powell, Jim Beecher, Jack Murphy, William Collins, Michael Grace, Neil Henry, Pat McCarthy, Kathleen Cunney, Helen Kelly, Marion Hughes, Noel Brett, John Malone, David Abbott, Brian O’Slattara, Alison Packman, David Stone, David Lawlor, James O’Sullivan, Peter Carroll, Paul Scott, Barbara Micks, Dorothy Guildford, Jane Hedge, Michael Hughes, Niall Walsh, Dr Antonia Lehane, Jerome O’Connor, Michael Kearney, Jim Bailey, Roisin Henry, Marian Condren, Elodie McGoldrick and Gwen Bastian.

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The usual disclaimer applies and the views and analyses contained in this document are the sole responsibility of Indecon.

2 Evaluation of HSI Governance

2.1 Introduction

This section focuses on the governance in place within Horse Sport Ireland and evaluates whether HSI operates in accordance with best practice governance principles. In examining this it is useful to first consider the role of the Board. This is important as the directors are ultimately responsible for governance issues. We also examine the frequency of meetings of the Board, the methods of appointment of directors, the size of the Board, the skills and training of directors and the Board effectiveness. In Section 3 we consider the structure of HSI. The key principles for the role of Boards include providing leadership, ensuring ethical standards and compliance, operating with collective responsibility and fulfilling a Board oversight role. These are important in ensuring the organisation operates efficiently and effectively in order to maximise the potential of the industry.

2.1.1 Role of Main Board of HSI

The key principles which should underlie the role of the Board of HSI can be guided by the recommended approach for state bodies as presented in the next table. While Horse Sport Ireland is not a state body, as its main funding source comes from the Exchequer, Indecon believes it is appropriate to evaluate HSI governance against these principles which have been set for state bodies.

Table 2.1: Principles on Role of Boards of State Bodies	
1.1 Leadership	The Board's role is to provide leadership and direction of the State body within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board should agree the body's strategic aims with the Minister and parent Department, to the extent relevant, and ensure optimal use of resources to meet its objectives.
1.2 Ethical Standards	The Board has a key role in setting the ethical tone of a State body, not only by its own actions but also in overseeing senior management and staff. High ethical standards are in the long term interests of the body and a key means to make it credible and trustworthy. It is important that the Board sets the correct 'tone from the top'. The Board should lead by example and ensure that good standards of governance and ethical behaviours permeate all levels of the organisation.
1.3 Compliance	The Board should review the controls and procedures adopted by the State body to provide itself with reasonable assurance that such controls and procedures are adequate to secure compliance by the State body with their statutory and governance obligations.
1.4 Collective Responsibility	The collective responsibility and authority of the Board should be safeguarded. All Board members should be afforded the opportunity to fully contribute to Board deliberations, and where necessary to provide constructive challenge, while excessive influence on Board decision-making by one or more individual members should be guarded against.
1.5 Board Oversight Role	The management of the State body has a duty to provide the Board with all necessary information to enable the Board perform their duties to a high standard. The Board of the State body should take all necessary steps to make themselves aware of any relevant information and access all information as necessary. While the Board of a State body may establish an Audit and Risk Committee to assist with its consideration of issues relating to audit, governance and risk management, the Board of the State body maintains responsibility for and makes the final decisions on all of these areas.
1.6 Advice to Minister	The Board should ensure that the Chairperson keeps the relevant Minister advised of matters arising in respect of the State body.

In considering the role of the HSI Board, we examine the schedule of matters reserved for Board decision. These are in our opinion appropriate but it is important to place these in the context of the main functions of the Board.

Table 2.2: Schedule of Matters Reserved for Board Decision	
1	Approval of the annual Financial budgets
2	Approval of the annual audited accounts
3	Approval of the annual report
4	Selection policies for FEI Senior Championships & the Olympics
5	Litigation
	(A) Litigation Defence
	(B) Litigation Commencement
6	Approval of Key Employment Appointments
7	Approval of Employment terminations at CEO & Director Level
8	Capex in excess of €50,000
9	The Impact on the organisation's activities arising out of legislation changes
10	Key Taxation legislation changes that impact on the organisations activities
11	The promulgation of rules & regulations for sport and Irish Horse Register, stud book activities
12	Property and licensed agreements
13	Stud book license applications
14	Applications and proposals to the FEI
15	The engagement of significant contractors
16	Strategic Plan
17	Significant customer price changes
18	Approval of affiliation subscription fees
19	Approval of affiliation applications
20	Decisions to enter into significant contracts with third parties
21	Approval of deficit/expenditure over runs
22	Decisions required by the Memorandum & Articles of Association
<i>Source: HSI Code of Governance/Schedule of Matters Version 1 - September 2016</i>	

In examining the extent to which HSI governance is aligned with best practice we requested details of the terms of reference for the Board. We understand there are no customised terms of reference available but the high level functions and duties are covered in HSI's Memorandum and Articles of Association. These outline the role of the organisation and the directors' fiduciary responsibilities.

As a company the Board of HSI fiduciary duties are specified in Section 228 of the Companies Act 2014. These are as follows:

- To act in good faith in what the Board member considers to be the interest of the company.
- To act honestly and responsibly in relation to the conduct of the affairs of the company.
- To act in accordance with the company's constitution and exercise his or her powers only for the purposes allowed by law.

- Not to benefit from or use the company’s property, information or opportunities for his or her own or anyone else’s benefit unless the company’s constitution permits it or a resolution is passed in a general meeting.
- Not to agree to restrict the Board member’s power to exercise an independent judgement unless this is expressly permitted by the company’s constitution.
- To avoid any conflict between the Board member’s duties to the company and the Board member’s other interests unless the Board member is released from his or her duty to the company in relation to the matter concerned.
- To exercise the care, skill and diligence which would be reasonably expected of a person in the same position with similar knowledge and experience as a Board member. A Board member may be held liable for any loss resulting from their negligent behaviour, and to have regard to interests of the company’s members.

In line with best practice governance the Board of HSI should fulfil key governance functions. These should include:

- (a) Strategic direction and major plans of action.
- (b) Risk management and financial governance.
- (c) Overseeing major capital expenditure and investment decisions.

2.2 Strategic direction, major plans of action

The setting of strategy is one of the primary responsibilities for the HSI Board of Directors. The Code of Practice for the Governance of State Bodies indicated that:

“The preparation and adoption of a strategic plan is a primary responsibility of the Board of a State body. Such plans should set appropriate objectives and goals and identify relevant indicators and targets against which performance can be clearly measured. All State bodies, whether they are commercial, non-commercial or, for example, regulatory bodies, should have a formal process in place for setting strategy”.

The Code also suggested that for commercial bodies each financial year consideration and approval of an annual rolling five year business and financial plan encompassing the strategy should be undertaken. Setting appropriate Strategic Direction requires inputs from a range of skills and a detailed discussion of objectives and what are the best ways for such goals to be achieved. An analysis of the time spent by Board members of HSI in the role of HSI directors on strategic and policy direction and major plans of action is presented in the table below. The figures show that on average a significant percentage of directors’ time devoted to HSI affairs (17.0%) is spent on strategic direction and major plans of action.

Table 2.3: Percentage of HSI Directors Time				
	Mean	Medium	Maximum	Minimum
Strategic and Policy Direction and Major Plans of Action	17.0%	15.0%	50.0%	0.0
<i>Source: Indecon Survey of HSI Directors. Refers to their percentage of time allocated to their role as directors of HSI</i>				

An important component of best practice governance is the need to ensure that appropriate business plans are established and that the performance is monitored. The review of Management Accounts and Annual Budgets is also one of the duties of the Finance Committee (as well as overall Board responsibilities). As noted previously, the Board of HSI has prepared a detailed Strategic Plan. The implementation of the Plan requires Board direction on the planning and budgetary process. This requires the setting of performance objectives for the organisation and the monitoring of the implementation of these objectives by the management. The estimated level of directors' time allocated to annual budgets, business plans, setting performance objectives and monitoring implementation and performance is presented in the table below.

Table 2.4: Percentage of HSI Directors Time			
	Mean	Medium	Maximum
Annual Budget, Resource Allocation and Business Plans	8.6%	10.0%	20.0%
Setting Performance Objective	7.1%	5.0%	20.0%
Monitoring Implementation and Performance	9.2%	10.0%	20.0%
<i>Source: Indecon Survey of HSI Directors. Refers to their percentage of time allocated to their role as directors of HSI</i>			

A Strategic Plan 2016 – 2020 was discussed as a draft working document by HSI Board in January 2016. A number of gaps are evident in the Draft Plan, including in relation to International Marketing. There is also a need for an ongoing examination and updating of the Plan and the monitoring of its performance.

Indecon notes that the draft working document has not been updated formally since 2016.

The implementation of the Strategic Plan involves Board direction on the planning and budgetary process. This requires the setting of performance objectives for the organisation and the monitoring of the implementation of these objectives by the management. Our review and discussions suggest that the Board of HSI is committed to reviewing and examining performance achieved against the objectives set, but no formal progress reports on the achievement of the Strategic Plan have been reported to the Board.

2.3 Risk Management Policies and Procedures

Best practice requires that the Board of HSI should review the controls and procedures in place and that they are adequate to secure compliance with all their governance obligations. The management of risks and ensuring appropriate financial and controls are established is therefore a core responsibility of the Board of HSI as is the case in all companies. While this function can be supported by an Audit and Risk Sub Committee of the Board, it remains a main Board responsibility.

An indication of the percentage of Board members time as directors allocated to risk management and financial control is presented in the table below. This is based on Board members own estimates of what percentage of their time as directors of HSI is allocated to different tasks. This indicates that on average Board members allocated 6.8% of their time to this responsibility. While there is no fixed allocation which would be appropriate, Indecon's opinion is this is a fairly low percentage of time which is allocated to such key responsibility.

Table 2.5: Percentage of HSI Directors Time				
	Mean	Medium	Maximum	Minimum
Risk Management Policies and Procedures and Financial Governance	6.8%	5.0%	20.0%	0.0
<i>Source: Indecon Survey of HSI Directors. Refers to their percentage of time allocated to their role as directors of HSI</i>				

The Code of Practice for the Governance of State Bodies outlines what are the key elements of a Board's oversight of risk management as follows:

- "Establishing an Audit and Risk Committee to give an independent view in relation to risks and risk management systems.
- Making risk management a standing item on the Board meeting agenda.
- Advising the relevant Minister of the need to include risk management experience/expertise in the competencies of at least one Board member. Where composition of the Board does not allow for this, expert advice should be sought externally.
- Appoint a Chief Risk Officer or empower a suitable management alternative, and provide for a direct reporting line to the Board to identify, measure and manage risk and promote a risk management culture in the organisation.
- Approve the risk management policy, set the State Body's risk appetite and approve the risk management plan and risk register at least annually.
- Review management reporting on risk management and note/approve actions as appropriate.
- Require external review of effectiveness of risk management framework on a periodic basis.
- Confirmation in the annual report that the Board has carried out an assessment of the State body's principal risks, including a description of these risks, where appropriate, and associated mitigation measures or strategies."

The Code of Practice also presented suggested internal control procedures which Boards should ensure are in place includes the following:

- (i) “The steps taken to ensure an appropriate control environment (such as clearly defined management responsibilities and evidence of reaction to control failures).
- (ii) Processes used to identify business risks and to evaluate their financial implications.
- (iii) Details of the major information systems in place such as budgets and means of comparing actual results with budgets during the year.
- (iv) The procedures for addressing the financial implications of major business risks (such as financial instructions and notes of procedures, delegation practices such as authorisation limits, segregation of duties and methods of preventing and detecting fraud).
- (v) The procedures for monitoring the effectiveness of the internal control system which may include: Audit and Risk Committees, management reviews, consultancy, inspection and review studies, the work of internal audit, quality audit reviews and statements from the heads of internal audit.
- (vi) Confirmation in the annual report that there has been a review of the effectiveness of the system of internal control.”

The requirement to make risk management a standing item on the Board Agenda and the reviewing of risk management policy can be greatly facilitated by a Risk Register which is well developed and monitored.

Indecon understands that HSI does have a Risk Register but it appears that this was provided as a draft to Deloitte during the course of their internal audit of Horse Sport Ireland during 2015. The draft was subsequently adopted by the Board of HSI at end of January 2016. During our review Indecon was informed that a formal timetable for the Board Review of the Register is expected to be put in place at a subsequent HSI Board Meeting. We have also informed that the HSI Risk Register is subject to review by the HSI Finance Committee.

While responsibility for risk management and financial control must remain with the main Board it is important that there is a well-resourced Audit and Risk Committee. Within HSI there is a Finance Committee which undertakes such functions. The Finance Committee of HSI has a written Terms of Reference. These have not changed since 2009 and were last formally reviewed by Deloitte in early 2016. This, *inter alia*, recommended that the Chairman of the Finance Committee should attend HSI Board meetings as an observer. The Board agreed to that recommendation and implemented same in late 2015.

The Finance committee of HSI was originally envisaged as comprising of four non-executive members of the HSI Board plus the CEO and the Finance Manager. The current Finance Committee has an independent chair and two non-executive Board members. These two members are past directors of HSI but of note is that neither the chair nor any of the non-executive members of the Finance Committee are currently directors of HSI. Indecon is very supportive of the Committee having members drawn from outside the HSI Board where appropriate to secure specialist skills. However, there may be merit in ensuring that the Committee has one or more Board directors in its membership.

Internal auditing is an important component of risk management and internal control. It has the potential to provide an independent approach to risk management and governance.

There is no internal audit department within HSI and according to HSI this function is outsource function. HSI has indicated that the Department of Agriculture, Food and the Marine conducts checks from time to time, while Sport Ireland perform internal audits of its NGBs (the most recent of which was conducted by Deloitte in April 2016). This, however, is more akin to external checks rather than the type of internal audit function which would provide insights and awareness to management and to the Board. We understand that HSI, due to its small scale places heavy reliance on the DAFM and Sports Ireland control. Indecon appreciates that the scale of the organisations is such as to potentially not justify an internal audit department. Indecon believes such a function could be outsourced. HSI indicated that its intention is to supplement controls by using a small accounting firm to do audits of topics from time to time with the Finance Committee agreeing the subjects to be considered for audit. We understand that no accountancy firm has been engaged to date.

Our analysis of the role of the Board of HSI suggests that there is merit in the Board allocating more time to risk management policies and procedures and financial governance. This may require a reduction in the high percentage of Board time allocated to the presentation of views of Board members sub sectors

2.4 Overseeing major capital expenditure and investment decisions.

The HSI Board has responsibilities for a range of matters which are specifically reserved for its decision. A schedule of the matters reserved for Board decision was presented previously in this section. One of the matters relate to decisions on major investment and capital projects. The importance of any Board is ensuring that there is appropriate models in place for investment appraisal and in overseeing capital and investment decisions cannot be underestimated. However, due to the limited levels of capital expenditure and investment expenditures being incurred by the HSI this may not be as significant an issue as for some other private sector or state funded organisations.

An analysis of the amount of HSI directors' time allocated to overseeing capital expenditures and investment decisions is presented in the table below and the relative low percentage of time allocated to this area is likely to reflect the current low levels of HSI capital spend. Indecon also notes that any capital expenditures in excess of €50,000 is one of the areas for reserved Board decision.

Table 2.6: Percentage of HSI Directors Time				
	Mean	Medium	Maximum	Minimum
Overseeing major capital expenditures and investment decisions	6.1%	5.0%	20.0%	0.0

Source: Indecon Survey of HSI Directors. Refers to their percentage of time allocated to their role as directors of HSI

Indecon's view is that the limited time spent by the Board of HSI on overseeing major capital expenditures is not of particular concern given the scale of capital expenditure incurred by HSI. However, if major investment decisions were required additional attention to this area would be required.

2.5 Methods of Appointment of Directors

The methods of nomination and appointment (including rotation) of the Board members are set out in the Articles of the HSI Company. This prescribes that the Board of directors shall be comprised as follows:

- The Chairman shall be nominated by the Minister for Arts, Sports and Tourism in consultation with the Minister for Agriculture and Food.
- Four persons shall be nominated by the Show Jumping Association of Ireland.
- Two persons shall be nominated by Eventing Ireland.
- One person shall be nominated by Dressage Ireland.
- One person shall be nominated by the Royal Dublin Society, who will represent the views of the Medical Equestrian Federation and the Irish Universities Riding Clubs Association.
- One person shall be nominated by the Department of Defence who shall be the Officer Commanding or the acting Officer Commanding of the Army Equitation School for the time being and who shall represent the views of the Riding for the Disabled Association.
- One rotating seat shall be nominated consecutively, in accordance with Article 33(ix), by the Long Distance Riding Association and Para Equestrian Ireland.
- One rotating seat shall be nominated consecutively, in accordance with Article 33(ix) by the Irish Pony Clubs and the Irish Pony Society.
- One rotating seat shall be nominated consecutively in accordance with Article 33(ix), by the Association of Irish Riding Establishments and Irish Riding Clubs.
- Five persons shall be nominated by the Irish Horse Board to represent the breeding industry.
- One person shall be nominated by the Northern Ireland Horse Board.

Only the Chairman is appointed by a Member in the Government. Also of significance is that directors are largely nominated by affiliated representative groups. As is indicated in Table 2.7, this is very different from the position of most state commercial Boards, but it should be pointed out that HSI is not a state organisation although as outlined later the majority of its funding is derived from the exchequer.

Table 2.7: Commercial State Sponsored Bodies - Appointment Process	
	%
All Members Appointed by Minister	73%
Majority of Members Appointed by Minister	27%
<i>Source: Indecon research</i>	

Best practice is that Directors of Boards should act in the best interest of the overall HSI as a company. It is important that the collective responsibility and authority of the Board is safeguarded. The fiduciary duty of directors is an obligation to act in the best interest of another and in the case of HSI these fiduciary duties as a director are set out in Section 228 of the Companies Act 2014. This is complex in the context of the representative nature not just of how the directors are appointed but in the power of the representative organisations to require the removal or substitution of any director which they nominate. Also of relevance is that the Memorandum of Association specifies that certain directors shall represent the views of specific representative groups. For example, in a number of cases the directors are required to “faithfully represent the views and opinions” of certain organisations.

The terms of appointments of HSI directors is unusual in that some rotating directors are only appointed for two years, unless reappointed, while others are eligible to serve a different time period. The term of office for the Chairman is set at four years and the Chairman is eligible to serve a maximum of two terms. The Officer Commanding or Acting Commanding of the Army Equitation School is not subject to a term limit.

Directors other than those who are nominated consecutively on a rotating basis are eligible to hold office for a period of three consecutive terms. However, following their retirement, after the expiration of a full term, the retired Director may be elected to the Board again.

The Code of Practice for the governance of State Boards suggests that:

“Consistent with best corporate governance practice it is recommended that no member of a State Board should serve more than two full terms of appointment on the Board.....In this context, a full term is regarded as five years. It is recommended that the first appointment be for a period of five years which can be renewed for up to five years.”²

2.6 Size of HSI Board

Another unusual feature of the HSI Board is its size. This is an exceptionally large Main Board, with total of 19 Members (as prescribed in the company’s Articles of Association). This inevitably has implications for the operation and effectiveness of the Board.

Another issue of relevance is frequency of rotation of Members on Board. This in part reflects the position that a number of directors are nominated consecutively on a rotating basis. The period of office of such directors is defined as commencing on the date of their appointment and ending on the second anniversary of their appointment. This means that there has been as high as 24 serving directors within the one year with an ongoing number of new appointments and retirements as indicated in the next table.

The size of Horse Sport Ireland’s Board was recognised as an issue of a number of individuals and organisations who made submissions. For example a chairperson of a representative organisations suggested that “the current size of the HSI Board and sub-Boards is unwieldy and not conducive to effective decision making”. Another submission by a representative organisation indicated: “It is also felt that some method of reducing numbers to the main Board of Horse Sport Ireland has to be arrived at”. Another important submission suggested that “the current HSI Board requires to be streamlined”.

² Code of Practice for the Governance of State Bodies p.25

Table 2.8: HSI Main Board Rotations – 2013-2015			
Year	2013	2014	2015
Total No. of Serving Directors (at any stage during year)*	24	24	21
No. of New Appointments of Directors during year*	5	6	7
No. of Directors Retiring during year*	6	5	8
<i>Source: Indecon analysis of HSI information</i>			
<i>* Including Chairman of Board</i>			

Indecon notes that there are also some very large Sub-Committees of the Main Board. For example, the sports sub Board has 27 members while the HSI Breeding Sub Board has up to 19 members.

Also of significance is that the nominating bodies tend to nominate different people to the HSI main Board and to the Breeding and Sports Sub Boards.

To put the size of HSI Board in context it is noteworthy that an analysis of the size of a range of other commercial semi-state bodies in Ireland indicates that average size of these Boards was 11.

Table 2.9: Commercial State Sponsored Bodies in Ireland – Summary Statistics on Size of Boards	
Number of Bodies in sample	31
Average Number of Board Members	11
Median Number of Board Members	9
<i>Source: Indecon research</i>	

It is also interesting as background context to consider the size of equestrian Boards in other countries. It is not suggested that any of these organisations are directly comparable to HSI. The evidence, however, indicates a wide range of numbers of directors on the different bodies.

Table 2.10: Equestrian National Governing Bodies in Other Countries – Summary of Size of Main Boards – Selected European Boards

Country and Organisation Name	Main Board - No. of Members (including Chairperson where applicable)
France	
Federation Francaise d'Equitation - bureau	12
Federation Francaise d'Equitation - Committee (excluding Bureau members)	21
Gallop	12
UK	
British Equestrian Federation	8
British Horse Racing Authority	9
The British Horse Society	12
Belgium	
Jockey Club du Belge -Comité de Direction	4
Federation Royale Belge des Sports Equestres	22
Germany	
Fédération Equestre Nationale - Managing Board	4
Fédération Equestre Nationale - Presidium	15
Netherlands	
KNHS - Board	7
KNHS - Members' Council	17
Sweden	
Ridsport (Swedish Equestrian Federation) - Board	13
Ridsport (Swedish Equestrian Federation) - Election Committee	7
United States	
National Thoroughbred Racing Association	5
United States Equestrian Federation	52
New York Racing Association - Board of trustees	25
Kentucky racing commission	18
California Horse Racing Board - Board of directors	7
Canada	
The Jockey Club of Canada	86
Equine Canada	9
Australia	
The Australian Racing Board	17
Equestrian Australia	7
<i>New South Wales</i>	
Racing NSW	8
<i>Victoria</i>	
Horse Racing Victoria	11
Hong Kong	
Hong Kong Equestrian Federation	9
The Hong Kong Jockey Club	12
Source: Indecon research	

2.7 Skills of HSI Board

The HSI Board is comprised of interested volunteers with a range of backgrounds and experience. Indecon was impressed with the openness and commitment of Board members in their inputs to this review. In reviewing the skills we note that it is based on a volunteer based Board appointment process and that Board members do not obtain any fees for their inputs.

Best practice, however, is that specific skills required on the Board should be identified and this should be taken into account in making appointments to the Board. The Code of Practice for the Governance of State Bodies indicates that:

“Board members should have the appropriate skills and knowledge, updated as required, appropriate to the activities of the state body, to enable them to discharge their respective duties and responsibilities effectively. This should include the identification by the Board of any gaps in competencies and ways these could be addressed through future appointments.”³

Because of HSI’s structure and its relationship with the Irish Horse Board and affiliates, HSI has no role in specifying or approving skill requirements for the Board. Indecon also understands that a skill set audit and evaluation of the skills required for Board members has not been determined by HSI. We also understand that Horse Sports Ireland accepts nominees from its affiliate organisations without any reference to skill sets.

There is also an issue of possible skills in key areas of finance and risk on the main Board. This may have led to a pragmatic approach of appointing non-Board Members to Finance Sub-Committee. The Finance Committee of the Board is of particular importance in fulfilling the essential Board function of risk management and internal control. Risk is a matter for the Main Board and the Finance or Audit or Risk Committee should support the Board in this role. As noted earlier, Indecon is supportive of non-Board members being appointed to the Finance and Risk Committee but believes that the main Board should include strong expertise in these areas and that some main Board members should be on this key Committee.

It is also useful to consider the levels of training and induction provided to directors. Best practice is that there is formal induction training provided to Board members and that this is updated on a regular basis in order to refresh their skills and knowledge.

Indecon notes that this induction appears to have only commenced in October 2015 and further days were had at the end of March 2016 and in November 2016.

Indecon understands that new Board members receive induction training provided by the Company Secretary. Board members therefore receive basic induction training but there is merit in members of the main Board obtaining accreditation in corporate governance.

A Board Induction Pack was provided to new Board members, which includes the following information:

- Board Induction Attendance Sheet & Form Completion including:
 - Name and address
 - Date of birth
 - Nationality
 - Occupation
 - Qualifications/skills/experience
 - Areas of Interest
- Board Induction Purpose/Overview
- Company Directors Responsibilities under the Acts
- Copy of Dowling Report

³ Code of Practice for the Governance of State Bodies, August 2016, Department of Public Expenditure and Reform page 24.

- Board Structure/Composition
- Memorandum & Articles of Association
- Code of Conduct for Board Members
- Ethics in Public Office including conflicts of interest
- Expenses (expense claim form)
- Key Contacts
- Schedule of Matters reserved for Board Decision
- Risk Register
- Annual Report including financials
- Budget
- Copy of Deloitte Report/ Structural Review

Indecon understands that this Board induction training generally is conducted as a group session lasting approximately 4 hours. Individual induction was also given to the Chairman.

Indecon also requested in November 2016 information on the number of the current Board Members who have undertaken Board induction training. This indicates that in addition to the Chairman, 10 of the existing Board had undertaken Board induction training. We were also informed that an additional induction date was scheduled for recent Board members and a request to Board members to attend who sought a refresher or who had not previously attended an induction session.

In considering the levels of training provided to HSI Board directors it is useful to consider the levels of formal training in corporate governance received by HSI Board members. As indicated below most HSI Board members had not previously secured such training.

Table 2.11: Confidential Survey of HSI Board Members - Please Indicate Whether You Have Received Formal Corporate Governance Training or have Previous/Other Board of Director Experience

	Yes	No
Please indicate if you received any formal training in corporate governance from the Institute of Directors, the Chartered Institute of Accountants, or from other professional organisations prior to being appointed to the Board of the HSI:	24.0%	76.0%
<i>Source: Indecon Confidential Survey of HSI Board Members</i>		

It is also useful to examine whether members of the HSI Board currently or had previously served on Boards of any significant commercial companies or any state-sponsored or statutory bodies. The findings as presented below suggest that a majority had not served on such Boards.

Table 2.12: Board Directors Corporate Experience	
Percentage who serve or had served on significant commercial companies or state sponsored or statutory organisations	34.6%
<i>Source: Indecon Confidential Survey of HSI Board Members</i>	

Against this background of the previous experience and training of Board members, it is useful to consider Board member's assessment of the induction and other training provided by HSI. This indicated that most directors felt the training was good but a significant percentage appear to suggest the training was not sufficient.

Table 2.13: Assessment of Corporate Governance Training Received from HSI					
	Excellent	Good	Neither Good Nor Poor	Poor	Very Poor
Assessment of the level of training received from the HSI on corporate governance and guidance	0.0%	60.0%	8.0%	16.0%	16.0%
<i>Source: Indecon Confidential Survey of HSI Board Members</i>					

2.8 Board Effectiveness

While focusing on the role of the Board and the extent to which best practice principles are applied is important, it is also necessary to consider the effectiveness of the Board in fulfilling the key roles. The Board of directors of HSI and its committees effectiveness is therefore of central importance to the issue of governance. The HSI Board effectiveness will in part be determined by whether the Board has the skills and experience needed to fulfil the responsibilities and function of the Board. Effectiveness may also require formal induction which should be updated on a regular basis. There are also a range of operational and organisational issues which impact on the effectiveness of the Board including whether sufficient information is provided on a timely manner to the Board and whether the Board operates in a manner to achieve collective responsibility.

In considering Board effectiveness it is useful to examine the frequency of HSI Board meetings and Board attendance at meetings. The table below lists the Board meetings over the period 2014 – 2016. This indicates that the HSI Board met six times in each of the years.

Table 2.14: HSI Board Meetings		
2014	2015	2016
21 January	23 January	26 January
18 March	3 March	10 March
27 May	5 May	17 May
15 July	22 July	12 July
16 September	14 September	20 September
18 November	17 November	29 November
<i>Source: HSI</i>		

The attendance of individual Board members in each of the last three years is presented in the Table 2.15. Because of the different periods of appointment of Board members a number of directors were not directors. The figures show a high level of commitment and attendance by Board members.

Table 2.15: Attendance of Directors at HSI Board of Directors			
	2014	2015	2016
Chairman	100%	100%	100%
Director No. 1	100%	100%	80%
Director No. 2	100%	100%	80%
Director No. 3	100%	83%	60%
Director No. 4	100%	83%	60%
Director No. 5	50%	100%	80%
Director No. 6	83%	100%	50%
Director No. 7	100%	83%	100%
Director No. 8	100%	100%	100%
Director No. 9	83%	83%	100%
Director No. 10	100%	75%	100%
Director No. 11	100%	75%	100%
Director No. 12	100%	100%	100%
Director No. 13	50%	100%	80%
Director No. 14	100%	66%	60%
Director No. 15	100%	100%	100%
Director No. 16	66%	50%	60%
Director No. 17	83%	83%	100%
Director No. 18	50%	50%	100%
Director No. 19	100%	100%	100%
Director No. 20	100%	80%	66%
Director No. 21	50%	100%	100%
Director No. 22	100%	100%	100%
Director No. 23	66%	100%	40%
Director No. 24		100%	100%
Director No. 25		83%	

Source: Indecon Analysis of HSI Information

In evaluating Board effectiveness the best practice is that the Board should meet at least twice a year without any executive directors and without the CEO or management being present. This enables directors to raise / issue any relevant matter concerning the governance, the management, the sufficiency of information and the operation of the organisation. Indecon understands that this is not standard practice within HSI although at the 29th November 2016 Board meeting the Board discussed matters without the CEO and the Executive. We also understand that each Board meeting agenda includes the CEO report and the Executives other than the CEO, i.e. (Director of Breeding and Programmes, Director of Finance and the Director of International Marketing) leave the Board for this item. Indecon would note that this is a separate issue to the Board meeting without the CEO or any management.

The evaluation of the effectiveness of the Board is itself a Board responsibility. Best practice would require that the directors should undertake an annual assessment of the performance of the Board and its committees. This should cover all factors relevant to the Board effectiveness. There may also in Indecon's view be merit in undertaking an external review of Board effectiveness on a periodic 3/5 year basis.

We understand that the HSI Board has not undertaken any formal internal or external review of its effectiveness. As part of this study we invited Board members to provide their view to us on the effectiveness of the Board.

The findings suggest that while most Board members felt the Board was effective or very effective, a significant percentage of directors (28%) felt the HSI Board was not effective.

Table 2.16: Confidential Survey of HSI Board Members - Please Indicate your Views on Effectiveness of HSI Board and Sub-Boards					
	Very Effective	Effective	Neither Effective Nor Ineffective	Ineffective	Very Ineffective
Effectiveness of Main Board of HSI	16.0%	32.0%	24.0%	20.0%	8.0%
<i>Source: Indecon Confidential Survey of HSI Board Members</i>					

2.9 Summary of Key Findings

There are high levels of participation by the individual Board Members who show a strong commitment to the sector and who put in significant time for no fees. The matters reserved for HSI Board decisions are appropriate and no significant changes are proposed.

Indecon has not identified any major breaches of corporate governance within the HSI Board. However, there are a number of issues which we believe should be considered to enhance best practice governance. These issues can only be comprehensively addressed in the context of considering HSI structural relationships.

Specific areas which we believe merit review include:

- Additional focus on Risk Management;
- Reduction in Representative Nature of Board;
- Identification of Required Skills;
- Changes to Methods of Appointment;
- Reduction in Size of Board.

3 HSI Structure

3.1 Introduction

In reviewing the structural relations between HSI, The Irish Horse Board and affiliates it is useful to consider the historical context.

In 2001, Liam Connellan, former President of the RDS, produced a report setting out the principles on which a new body would be created. This followed widespread consultation. The fundamental rationale behind the proposal was the bringing together of equestrian sport and breeding into one body. Michael Dowling, former Secretary General of the Department of Agriculture, was subsequently appointed by the Departments' of Sport and Agriculture to produce an implementation plan. His report (**Dowling Report**) was completed in mid-2006 and in December 2006 Horse Sport Ireland as set up by the Ministers for Agriculture and Sport.

During 2007 the organisation recruited a CEO and Management Team and the Staff of the Irish Horse Board and the Equestrian Federation of Ireland transferred to House Sport Ireland. On 1st January 2008, the organisation became the Governing Body for equestrian sport in Ireland (32 counties) as recognised by the International Governing Body (FEI), The Irish Sports Council and the Olympic Council of Ireland (OCI). In July 2008, the Department of Agriculture transferred responsibility for maintaining the Irish Horse Register Ireland following a Special General Meeting of the Irish Horse Board.

3.2 Existing HSI Structure

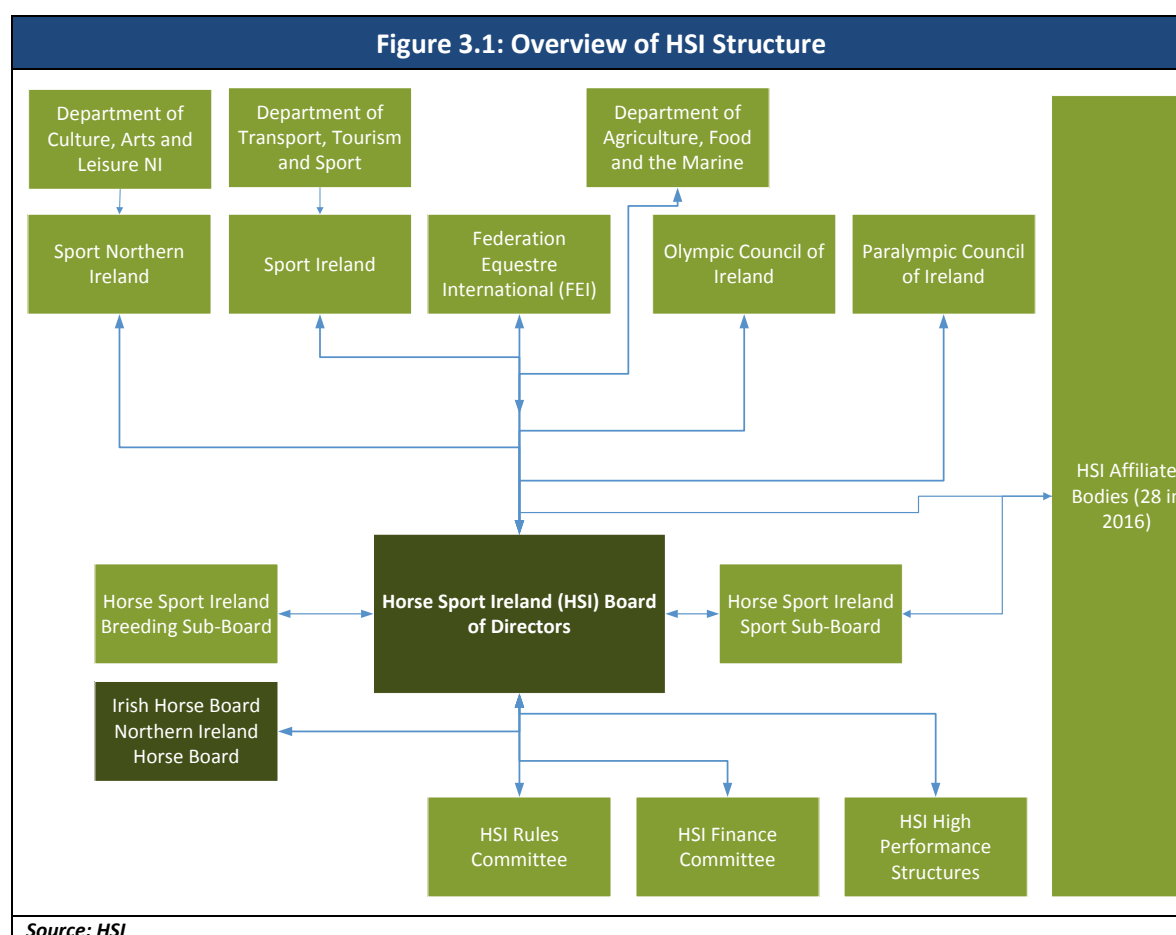
It is also important in evaluating the structural relationship to consider the functions of HSI and to note that HSI is a private company limited by guarantee. This differs from other organisations such as Horse Racing Ireland or Bord na gCon, where the functions of the organisation are set out in legislation. The primary functions of Horse Sport Ireland include in its Memo and Articles are as follows:

- Interface with Government and Government Agencies on behalf of the sector;
- Act as the national Governing Body for Equestrian Sport, as recognised by the FEI, ISC OCI and Sport NI.
- Maintain the Irish Horse Register, which incorporates the Irish Sport Horse and Irish Draught Horse Studbooks under licence from the Department of Agriculture, Food and the Marine;
- Issue ID documents for horses under licence from the DAFM;
- Run High Performance Programmes for selected equestrian disciplines;
- Run the National Anti-Doping Programme for Equestrian Sport;
- Run the National Equestrian Coaching Development Programme with Coaching Ireland;
- Operate the outline Pedigree, Progeny and Performance database – CapallOir;
- Promote the Irish Sport Horse industry through the International Marketing Division.

One of these functions is in some way different from others, namely the acting as the national governing body for equestrian sport. In this context it is of note that there are specific roles, responsibilities and requirements placed on national federations by the FEI.

The HSI has a very complex structure as outlined earlier. The structure appears to have been largely a result of the negotiated agreements between different interests. An overview of the HSI structure is presented below. One of the strengths of Horse Sport Ireland is that it includes representation from the Northern Ireland sector which is important in ensuring an integrated approach to the development of the sector on the island of Ireland.

Also of note is the very unusual situation that within this structure there is another independent company called the 'Irish Horse Board' which is a co-operative of breeders with a membership base and elected representatives. It is, however, not a subsidiary of HSI although its Board of management with three additions make up the breeding sub-Board of HSI.



When it was established in 2006, HSI had five senior executives, namely:

- Chief Executive
- Breeding Manager
- Finance Manager & Company Secretary
- Training and Education Manager
- Equestrian Sport Manager

According to HSI, with reduced funding the executive was subsequently reduced to three members, namely:

- Chief Executive
- Director Breeding & Programmes
- Director of Finance & Company Secretary

The above structure was increased by one member in 2015 as additional funding supported the inclusion of a Director of International Marketing. HSI currently has in situ an Acting Chief Executive who took over responsibility in November 2016. A job specification for the outgoing Chief Executive was not available to Indecon at the time of preparation of this interim report. We understand that a job specification will be drafted for the incoming CEO. We also understand that no job specification exists for the position of Company Secretary, as it was not regarded as a specific post of employment.

HSI Board Sub-Committees

A number of Board Sub-Committees have been established. Principal committees are as follows:

- Breeding Sub-Board, currently comprising 15 members, of which 12 are Irish Horse Board nominees, plus one each nominated by CPBS, IPS and NIHB;
- Sport Sub-Board, comprising representatives nominated by the HSI's affiliate bodies (26 represented in 2016);
- Finance Committee;
- Rules Committee;
- High Performance Committees, including Senior Eventing, Para Equestrian, Senior Show Jumping, Pony Show Jumping;
- Vetting Referrals Committee.

3.3 Effectiveness of Structural Relationships

The views of the HSI directors on the effectiveness of the structural relationships between HSI and the Irish Horse Board. While approximately 35% of directors felt the existing structure was effective only 3.8% of HSI directors believe the existing structure is very effective.

Table 3.1: Confidential Survey of HSI Board Members - Please Indicate your Views on Effectiveness of Structure of Relationship between HSI and the Irish Horse Board

	Very Effective	Effective	Neither Effective Nor Ineffective	Ineffective	Very Ineffective
Effectiveness of relationship between HSI and the Irish Horse Board	3.8%	34.6%	30.8%	19.2%	11.5%

Source: Indecon Confidential Survey of HSI Board Members

The views of Board members on the effectiveness of the relationships between HSI and other affiliates is presented in the next table. The results understandably showed a range of provisions but of note is that there were over 19% of Board members who suggested its relationship was ineffective.

Table 3.2: Confidential Survey of HSI Board Members - Please Indicate your Views on Effectiveness of Structure of Relationship between HSI and other Affiliate Bodies					
	Very Effective	Effective	Neither Effective Nor Ineffective	Ineffective	Very Ineffective
Effectiveness of relationship between HSI and the other affiliate bodies	11.5%	42.3%	26.9%	19.2%	0.0%
<i>Source: Indecon Confidential Survey of HSI Board Members</i>					

3.4 Summary of Key Findings

- ❑ The HSI has a very complex structure as outlined earlier. The structure appears to have been largely a result of the negotiated agreements between different interests.
- ❑ Also of note is the very unusual situation that within this structure there is another independent company called the 'Irish Horse Board' which is a co-operative of breeders with a membership base and elected representatives. It is, however, not a subsidiary of HSI although its Board of management with three additions make up the breeding sub-Board of HSI.
- ❑ In Indecon's opinion the existing structural relationships should be considered within the context of our findings on evaluation of HSI Governance. The existing structures have a worthwhile and important component in terms of facilitating representational inputs from the sector. However, there are other ways in which this could be achieved and we question the balance between the advantages of representational involvement and the impact on best practice corporate governance.
- ❑ We also believe that the existing structure is over complex and is not best aligned with the need to develop commercial opportunities and maximise the economic contribution of the sector.

4 Review of Registration, Breeding and Performance Database Structures

4.1 Introduction

This section reviews the equine registration, breeding information and performance results database structure that is in place in HSI and its affiliates, with objective of advising as to whether any improvements can be made, including through a more centralised solution.

CapallOir is Horse Sport Ireland's online access to the Irish Horse Register database and includes pedigree, progeny and performance links. Since CapallOir was launched both the Horse Sport Ireland website and the Irish Horse Gateway website have been updated with responsive / mobile friendly designs. HSI affiliates also have databases dealing with aspects of the sector.

4.2 Assessment of Database Structures

There are a number of significant issues with the existing HSI equine registration, breeding, information and performance results database structures. As this is an important area for the development of the sector, consideration of the adequacy of these structures is needed to ensure the best outcome for the sector.

Since 2010, the breeding department of Horse Sport Ireland has developed an online database of horses registered by the HSI administered studbooks. This provides a platform for breeders to research bloodlines and link to live performance records for the animals they have an interest in.

However, the access to performance data is not always easy, as most independent organisations protect their own data, both nationally and internationally.

The original concept for Horse Sport Ireland was that there would be one web portal and database based in HSI where all members of each of the affiliates would log on to register themselves and their animals to compete in each affiliate. The membership money and details of the membership would then transfer electronically from the HSI database to each affiliate as appropriate. However, to date this has not happened.

Many stakeholders in the industry understandably would prefer to enter their details once and not repeatedly with many national affiliates and also to have the pedigree of their animals correct and verified in the process for each database.

Particular issues which would need to be addressed if these requirements were to be met include the multiplicity of Irish sources of information and the lack of integration of data from other countries.

Key problems with the existing database structures have been identified by Indecon. These include the following:

- Multiplicity of Irish Sources of Information;
- Lack of Integration of Data from Other Countries.

Multiplicity of Irish Sources of Information

There are a wide range of sources of relevant databases on equine regulation, breeding and performance. For example, a number of affiliates of HSI separately record passport numbers, as well as certain details on breeding and owners and other variables. For example, we understand the same horse could be registered with Capalloir, Eventing, SJI and Dressage.

There are also a range of different sources on results and performance. For example, one director of HSI indicated that:

“The results for an animal competing in the different disciplines are recorded by the respective affiliates, so to see the results, you would have to go to each affiliate and look up the animal records. There is no way to see how this animal is performing across all disciplines at once, i.e. to have all that horse’s results on one page”.

This director suggested that such an integrated outcome would be a huge improvement for potential buyers and sellers and this is something which Indecon believes should be addressed.

One of the public submissions by an individual with expertise as a breeder, producer and competitor interestingly noted that “Data is only valuable if it is used to gain new insights and the more people that have access to that data, the more insights can be gained. Data becomes more valuable when it can be integrated with other sources of data, so the best outcome would be to have access to all the data from HSI and its affiliates”.

Lack of Integration of Data from Other Countries

Irish horses compete not only in Ireland but internationally. It is therefore a deficiency of the Irish equine registration, breeding information and performance results database structure that there is no integration of data from other countries. We understand that there may be some difficulties in obtaining performance data from competition bodies outside Ireland.

As a result, even if all of the Irish based performance and registration data was easily accessible, this would not present a comprehensive picture for the sector.

There is therefore merit in investigating ways of integrating the data for other countries and ensuring that the information is accurate. This issue was raised by a number of Board directors of HSI, although we would not like to give an over-focus to this one aspect. Some illustrative anonymised comments from directors on this point are outlined in the table below.

Table 4.1: Lack of Integration of Data from Other Countries

Recommendations by HSI Directors

“Collect database from results of eventing and showing horses in other countries that are Irish bred to improve performance data”.

“Try to incorporate database from other countries”.

“More national results for Irish bred horses in other countries”.

“More information from Irish Sport Horses eventing in England”.

4.3 HSI Directors Assessment of Database

In Table 4.3 the views of HSI directors on the current database is presented. This shows that 48% felt the database was very good but very few felt it was excellent. Around 18% felt it was poor and a further 26% felt it was neither good nor bad.

Table 4.2: Confidential Survey of HSI Board Members - Assessment of Current Equine Regulation, Information, and Performance Database					
	Excellent	Good	Neither Good Nor Poor	Poor	Very Poor
Please indicate your assessment of the current equine regulation, breeding information and performance database structure that is in place in HSI and its affiliates:	7.4%	48.1%	25.9%	18.5%	0.0%
<i>Source: Indecon Confidential Survey of HSI Board Members</i>					

Also of significance is the fact that most Board directors of HSI believed that improvements could be made in this database structure through a more centralised solution. As is reflected in our recommendation, Indecon is supportive of such an approach.

Table 4.3: Confidential Survey of HSI Board Members - Opinion on Improvements to Database Structure		
	Yes	No
Do you believe any improvements can be made to this database structure, including through a more centralised solution?	87.5%	12.5%
<i>Source: Indecon Confidential Survey of HSI Board Members</i>		

4.4 Summary of Key Findings

- ❑ There are a number of significant issues with the existing HSI equine registration, breeding, information and performance results database structures. As this is an important area for the development of the sector, consideration of the adequacy of these structures is needed to ensure the best outcome for the sector.
- ❑ Key problems with the existing database structures have been identified by Indecon. These include the following:
 - Multiplicity of Irish Sources of Information;
 - Lack of Integration of Data from Other Countries.

5 Review of Programmes and Supports provided by HSI

5.1 Introduction

In reviewing the supports and programmes provided by HSI to wider equine sporting and breeding industry it is necessary to consider the levels of funding of HSI and how this is allocated. This is important having regard to the need to effectively manage the limited resources available.

5.2 Funding of HSI

Of note is that existing funding only permits minimal investment in a range of development functions. Also of significance is the low level of funding from commercial revenues. Close to two-thirds of HSI's income derives from public funding supports.

Table 5.1: Horse Sport Ireland Funding 2008 to 2016

	2016*	2015	2014	2013	2012	2011	2010	2009	2008
Breeding:									
DAFM grant	€1.870m	€1.820m	€1.220m	€1.220m	€1.220m	€1.283m	€1.35m	€1.512m	€1.781m
DAFM NDP/ES	€0.500m	€0.557m	€0.559m	€0.640m	€0.607m	€0.498m	€0.505m	€0.585m	€0.766m
DAFM Total Grants (b)	€2.370m	€2.377m	€1.779m	€1.860m	€1.827m	€1.781m	€1.855m	€2.10	€2.55
Own Income	€1.139m	€1.279m	€1.084m	€1.218m	€1.062m	€1.171m	€1.190m	€1.22m	€1.648m
Total	€3.509m	€3.656m	€2.863m	€3.077m	€2.889m	€2.952m	€3.075m	€3.317m	€4.195m
Sport:									
ISC Grants (b)	€1.535m	€1.436m	€1.320m	€1.308m	€1.287m	€1.368m	€1.490m	€1.589m	€1.767m
Sport Capital	€0m	€0.015m	€0.030m						
Own Income	€0.98	€1.020m	€0.836m	€0.66	€0.619m	€0.594m	€0.776m	€0.682m	€0.848m
	€2.518m	€2.471m	€2.186m	€1.965m	€1.906m	€1.962m	€2.266m	€2.271m	€2.615m
(a)Total Income	€6.027m	€6.127m	€5.049m	€5.237m	€4.795m	€4.914m	€5.341m	€5.588m	€6.81m
(b)Total Irish Government Funding	€3.905m	€3.828m	€3.129m	€3.168m	€3.114m	€3.15	€3.41	€3.69	€4.31
Government Funding as % of Income	64.80%	62.50%	61.90%	63.20%	65%	64%	63.80%	66%	63.30%
<i>Source: HSI</i>									
<i>* Unaudited/budgeted</i>									

The relatively low level of funding for the sector was recognised in many of the submissions to the public consultation process. For example one organisation suggested “Our industry remains very underfunded”. Another individual submission by a breeder had a sub heading by a breeder simply stating ‘more funding’. Another representative organisation suggested the funding is “totally insufficient”.

5.3 Description of Supports Provided by HSI

An important issue is whether the programmes and supports provided by HSI to the wider equine sporting and breeding industry are being delivered efficiently and transparently, and whether these are optimal having regard to the successful development of the industry. Indecon has obtained an analysis from the HSI of the approximate breakdown of HSI total annual expenditure in 2016 between each of the organisation's nine key functions, and similarly for staffing allocation. Indicative estimates, presented below, indicate that the organisation expects to record an overall expenditure of €5.87 million in 2016 and with overall staffing of 31.5 full-time equivalent persons. It should, however, be noted that allocation of expenditures to any function in an integrated organisation requires allocation of support expenditures and overheads and so the figures should be seen as indicative.

Table 5.2: Approximate Staff and Expenditure Allocation by Function 2016 (HSI Draft)			
	Expenditure	% of Expenditure	Staff Numbers
1. Interface with Government	€ 76,459	1.3%	1.5
2. National Governing Body for equestrian sport	€ 976,170	16.6%	6
3. Running HSI Breeding Department*	€ 2,470,908	42.1%	16.5
4. Run High Performance Programmes	€ 1,156,466	19.7%	2
5. Run Anti-Doping Programme	€ 28,000	0.5%	0.25
6. Run Equestrian Coaching Programme	€ 190,037	3.2%	2
7. Operate Online Database – CapallOir	€ 31,925	0.5%	0.25
8. Promote Sport through International Marketing	€ 437,548	7.5%	1.5
9. Balance	€ 502,459	8.6%	1.5
<i>Source: HSI</i>			
<i>*Assumptions: Interface with Government is estimated as 5% of breeding and sport employment costs.</i>			
<i>Promote sport through international marketing - 50% split assumed as horse & rider are intrinsically linked.</i>			

The single largest area of expenditure and staffing concerns the running of HSI Breeding Department, accounting for a projected €2.5 million or 42.1% projected total expenditure, and 16.5 staff during 2016. This is followed by the operation of High Performance Programmes (€1.2 million of 19.7%).

The operational costs of running HSI as the National Governing Body for equestrian sport represent €0.98 million or 16.6% of total expenditure, rising to €1.05 million or 17.9% of the costs of “interface with Government” are included. These activities are delivered with 7.5 staff members.

Other functional areas within the HSI's core brief, including equestrian coaching and the operation of databases including CapallOir, account for very small proportions of spend. International marketing activities represent 7.5% of spend.

In view of the significance of expenditures by HSI breeding department it is useful to examine the breakdown of expenditures in this area as presented in Table 5.4 below.

Breeding Registration Unit Direct Costs incl. Labour	€696,688
Employment Costs allocated to Breeding Department	€559,108
Equine Support (formerly NDP) Projects Expenditure	€476,190
Breeding Sponsorships/Grants	€235,000
Other allocated Overheads	€193,857
Other Breeding Department Costs	€129,422
Rent/Service Charges and Rates	€88,759
IHB Grant	€59,245
Breeding Sub Board Expenses	€32,639
	€2,470,908.00

The expenditures presented above cover expenditures by Horse Sport Ireland on running the Breeding Department. This includes all animals registered in the Irish Sport Horse Studbook, the Irish Draught Studbook and the Irish Cob Studbook and ID docs. The employment costs includes staff working in breeding policy, breeding management and also allocated costs of staff from across company services to Breeding Department. The Breeding Department function is charged with maintaining the IHR (policy and production). Equine Support Projects are also related to this.

5.4 Board Views on Allocation of Funding

A key issue is whether the mix of supports and programmes is optimal in terms of developing the industry. We requested Board members to outline their views on this in a structured way and asked for an identification of areas where they felt there could be a reallocation of resources to other areas as well as areas where they felt additional resources were needed. The views of directors suggest a number of areas where they believe additional resources are needed.

Table 5.4: Confidential Survey of HSI Board Members - If Resources Were Available, Please Indicate Whether Any of the Following Areas Would in Your View Merit Additional Resources, or Whether Resources Should be Allocated from these Areas to Other HSI Functions

	Significant Additional Resources	Some Additional Resources	No Change in Resources	Reallocation of Resources to Other Areas
Interface with Government	21.7%	26.1%	47.8%	4.3%
National Governing Body for equestrian sport	65.2%	26.1%	4.3%	4.3%
Maintain Irish Horse Register	23.1%	61.5%	11.5%	3.8%
Issue ID documents for horses	23.1%	57.7%	15.4%	3.8%
Run high-performance programmes	42.3%	42.3%	11.5%	3.8%
Run anti-doping programme	16.0%	52.0%	32.0%	0.0%
Run equestrian coaching programme	38.5%	38.5%	23.1%	0.0%
Operate online database - CapallOir	12.5%	37.5%	45.8%	4.2%
Promote sport through international marketing	30.4%	43.5%	21.7%	4.3%

Source: Indecon Confidential Survey of HSI Board Members

While directors suggested additional resources in most areas a majority proposed significant resources to support the work as national governing body for equestrian sport. There was also strong support for the running high performance programmes, equestrian coaching programmes and promoting sport through international marketing.

As part of our evaluation we considered whether the percentages of directors suggesting the need for significant additional resources in any area might in part reflect specific sectoral interests.

The views of Board members representing the breeding sector indicated very strong support for expanding funding for the Irish Horse Register but there was also strong support for additional funding as the national governing body for equestrian sport and for running of high performance programmes.

Table 5.5: Confidential Survey of HSI Board Members in Breeder Sector - If Resources Were Available, Please Indicate Whether Any of the Following Areas Would in Your View Merit Additional Resources, or Whether Resources Should be Allocated from these Areas to Other HSI Functions

	Significant Additional Resources	Some Additional Resources	No Change in Resources	Reallocation of Resources to Other Areas
Interface with Government	11.1%	33.3%	55.6%	0.0%
National Governing Body for equestrian sport	44.4%	33.3%	11.1%	11.1%
Maintain Irish Horse Register	50.0%	50.0%	0.0%	0.0%
Issue ID documents for horses	25.0%	58.3%	16.7%	0.0%
Run high-performance programmes	41.7%	33.3%	16.7%	8.3%
Run anti-doping programme	27.3%	54.5%	18.2%	0.0%
Run equestrian coaching programme	33.3%	25.0%	41.7%	0.0%
Operate online database - CapallOir	10.0%	40.0%	40.0%	10.0%
Promote sport through international marketing	33.3%	33.3%	33.3%	0.0%

Source: Indecon Confidential Survey of HSI Board Members

A somewhat different focus was evident in the views of Board members representing the sporting sector where the role of HSI national governing body and for running of equestrian coaching programmes were given higher weight.

Table 5.6: Confidential Survey of HSI Board Members in Sporting Sector - If Resources Were Available, Please Indicate Whether Any of the Following Areas Would in Your View Merit Additional Resources, or Whether Resources Should be Allocated from these Areas to Other HSI Functions

	Significant Additional Resources	Some Additional Resources	No Change in Resources	Reallocation of Resources to Other Areas
Interface with Government	28.6%	28.6%	35.7%	7.1%
National Governing Body for equestrian sport	86.7%	13.3%	0.0%	0.0%
Maintain Irish Horse Register	6.7%	66.7%	20.0%	6.7%
Issue ID documents for horses	20.0%	53.3%	20.0%	6.7%
Run high-performance programmes	40.0%	53.3%	6.7%	0.0%
Run anti-doping programme	6.7%	53.3%	40.0%	0.0%
Run equestrian coaching programme	40.0%	60.0%	0.0%	0.0%
Operate online database - CapallOir	14.3%	42.9%	42.9%	0.0%
Promote sport through international marketing	28.6%	50.0%	14.3%	7.1%

Source: Indecon Confidential Survey of HSI Board Members

In evaluating the allocation of funding Indecon believes it is useful to place an emphasis on the key recommendations of the Reaching New Heights Report. Programmes to be implemented by HSI should be aligned with the objectives of Reaching New Heights. HSI should take ownership of this industry strategy and should assume responsibility as a co-ordinating body for the implementation of this study. Among the key recommendations were a series of actions to achieve the objectives outlined in Table 5.7. These focussed on herd quality, education and training, marketing and participation. Other objectives included developing and enhancing the studies to improve the health and welfare of horses and the developing of institutional capacity to deliver the strategy.

Table 5.7: Selected Key Objectives of Reaching New Heights

1. Improving Herd Quality
2. Deliver an education and training structure to deliver on the goals of the strategy
3. R3 Improve the Marketing and Sales capacity across the entire industry
4. R4 Increase participation and improve the experience of participants in the sector

Source: Reaching New Heights

It is worthwhile outlining the key recommendations under each of these areas. In Table 5.8 the specific objectives set for improving herd quality are presented. These are designed to impact on breeding structures to allow Ireland to produce horses which are recognised in the top of the WBFSH rankings. While HSI existing programmes would be supportive of these objectives it appears to Indecon that funding to achieve a number of these objectives is not available.

Table 5.8: Objectives Set for Improving Herd Quality**Improving Herd Quality**

- Aim to be in the top division of the WBFSH Studbook Rankings for Show jumping within fifteen years and on a par with studbooks such as BWP; KWPN, HOLST and SF; and furthermore to maintain our position at the top of the WBFSH Eventing Stud book Rankings.
- Develop individual breeding strategies to produce both show jumping and eventing horses, which are internationally benchmarked and establish a development programme for the traditionally bred horse.
- A radical rebuilding of existing breeding infrastructure to have a world leading scientific programme to breed for the market is required, with a significant improvement in export performance and profit.
- Profile and benchmark the mare herd.
- Breeding Organisations should be required to ensure that their breeding programmes are appropriate to the market place.
- A highly selective colt retention scheme based on genetics, phenotype and performance should be introduced with criteria benchmarked against that in competitor studbooks such as KWPN, SF, HOLST and BWP.
- Irish Bred Restrictions' at the Dublin Horse Show should be reviewed by the Royal Dublin Society.
- Develop a breeding plan, infrastructure and knowledge transfer in relation to ponies.
- Increase the number of horses registered with verified pedigree, facilitated by an incentivised registration fee structure for breeders.
- Provide improved information, training and access to technologies such as artificial insemination, embryo transfer and advanced reproductive technologies coupled with access to artificial insemination technicians for equines.
- Improve the transparency and recording of sales price information for horses sold in Ireland and overseas.
- Increase the usage of cost and profit management.

Source: Reaching New Heights

The objectives set to deliver an education and training structure required to achieve the goals of the strategy are presented in Table 5.9. While current HSI expenditures support an equestrian coaching programme and operates an online database, Indecon’s opinion is that the tasks set in ‘Reaching New Heights’ require a more significant investment in education, training and provision of information.

Table 5.9: Objectives Set to Deliver Education and Training

Deliver an education and training structure to deliver on the goals of the strategy

- Establish a Knowledge Transfer Equine Programme (K.T.E.) along the lines of the existing successful Dairy Efficiency Programme and Beef/Sheep Technology Adoption Programmes.
- Develop a single progressive accredited education system, - a National Equestrian Education Pathway (N.E.E.P.) – a single progressive system for breeders, riders and those involved in the equestrian industry under the Department of Education.
- Provide a tailored mating information service for different breeding directions to assist breeders in making decisions.
- Certify horse and pony riders and producers (breaking and competition).
- Create an information hub for all industry participants.

Source: Reaching New Heights

Development of a significant market position for the Irish sector in international markets requires implementation of a number of major initiatives. The objectives set for this area in ‘Reaching New Heights’ is presented below. While some enhanced focus marketing has been implemented it is clear that significant work remains to be completed.

Table 5.10: Objectives Set to Improve Marketing and Sales Capacity

Improve the Marketing and Sales capacity across the entire industry

- Develop an Irish Sport Horse marketing division within Horse Sport Ireland.
- Invest in greater prize money to provide more of an incentive across the industry.
- Develop mare and stallion competition classes, incentivised by prize money, to attract mares and stallions to competition.
- Re-evaluate the current competition structure and scheduling of young horse and pony competitions (three to six year olds) with greater emphasis on equitation and on the appropriate development of young horses.
- Aid consumer decision-making ‘Star Rate’ equestrian centres and livery yards in relation to their quality of husbandry, facilities, horses, instruction (where applicable) and other services provided by an independent body.
- A range of equine tourism and recreationally focused initiatives should be fostered to promote increased participation across the sector supported by an improved multi-agency, all-island approach.
- Work with national and local enterprise structures to maximise employment within the sector.

Source: Reaching New Heights

The objectives set for increasing participation are outlined in Table 5.11. A number of HSI programmes support these objectives but it is clear that further progress is needed.

Table 5.11: Objectives Set to Increase Participation and Experience of Participants

Increase participation and improve the experience of participants in the sector

- Promote participation by instituting a single registration fee or a discounted bundle package for participation across all affiliate bodies of H.S.I.
- Improve the structure of education for young riders and producers.
- Create opportunities for the exposure of primary and secondary school children to the sport horse industry
- The current young breeders programme should be expanded and further developed.

Source: Reaching New Heights

5.5 Summary of Key Findings

- ❑ Our analysis suggests that the areas where HSI is spending its resources is transparent and we do not see any major areas where a significant reduction in spending would be appropriate.
- ❑ We, however, note that the largest element of expenditures is on the operation of the Breeding Department and on running the high performance programmes with funding for HSI role as national governing body being the next largest area of spend.
- ❑ We also note the very low levels of spending on running the anti-doping policy and the online database and relatively low levels of funding to the equestrian coaching programme.
- ❑ The Irish Sports Horse Sector has, in Indecon's view, significant potential and if expanded would result in a direct and indirect contribution to economic development particularly in rural areas.
- ❑ There is a need to ensure the best use of scarce economic resources but Indecon believes that additional resources are likely to be required to facilitate the expansion of the sector.

6 Recommendations

6.1 Recommendations on Corporate Governance

Indecon have identified a number of recommendations for consideration by the Board of HSI and by the Department of Agriculture, Food and the Marine and by the Department of Transport, Tourism and Sport. This covers areas of governance, structure, equine database and supports for the sector. In Table 6.1 seven recommendations on corporate governance are outlined. These are designed to build on existing good practices and to ensure HSI operates to best practice governance.

Table 6.1: Recommendations on HSI Corporate Governance

- | |
|--|
| <ol style="list-style-type: none"> 1. Specific skills required by HSI Board should be identified in advance and should be taken into account in appointment of Directors 2. HSI Directors should act in the best interest of the company and not be restricted to presenting the views of any specific stakeholders. 3. HSI Directors should receive some accreditation in corporate governance. 4. Some of main Board Members should serve on the Audit and Risk Committee. 5. Board should review the allocation of its time to ensure that sufficient focus is given to each of its core responsibilities. 6. Some minor changes to operation of the Board should be considered. 7. HSI should commission an external practice to provide an internal audit function. |
|--|

1. **Specific skills required by HSI Board should be identified in advance and should be taken into account in appointment of Directors.**

Best practice governance would involve an identification of the skills required to ensure an effective HSI Board and this should be reflected in recruitment of directors. Specific skills which would be important include expertise in finance and risk, in international marketing, in database technology and in the regulation and development of the equine sector.

2. **HSI Directors should act in the best interests of the company and not be restricted to presenting the views of any specific stakeholders.**

It is important that the HSI Board operates with collective responsibility and in the best interests of the company and its objectives. Obtaining the views of the different sub sectors of the industry and the position of the stakeholders is of real value to HSI in making the correct decisions. However directors should not be restricted to simply presenting the views of any representative organisation.

3. HSI Directors should receive some accreditation in corporate governance.

Indecon believes that there is merit in directors receiving some accreditation in corporate governance. We believe a mini accreditation process by a recognised organisation and structured possibly as a group session may be appropriate.

4. Some of Main Board Members should serve on the Audit and Risk Committee.

Indecon believes there is merit in including some outside experts on the Audit and Risk Committee. However, in view of the importance of this Committee in advising the Board on this area of their responsibility, we recommend a number of main Board Members should be represented on this Committee.

5. Board should review the allocation of its time to ensure that sufficient focus is given to each of its core responsibilities.

While there is no set allocation which should be allocated to the Board to its different duties, it is important that this is considered by the Board to ensure a sufficient focus is given to strategic and policy direction and major plans of action, risk management and financial and ethical governance, annual budgets and business plans, setting of performance objectives and where appropriate, overseeing major capital investments. Such a review may lead to a greater focus on risk and less on a discussion of the views of sub sector representative organisations. This would also facilitate the Board to develop plans to generate commercial opportunities and to expand the sector.

6. Some minor changes to operation of the Board should be considered.

Areas which may merit some changes in the Board of HSI include a regular annual allocation of part of the Board Meeting to discussing issues without any executive present, establishment and review of a rigorous Risk Register and the completion of annual reviews of Board effectiveness. A regular monitoring of progress in achieving objectives should also be included.

7. HSI should commission an external practice to provide an internal audit function.

Indecon accepts that the establishment of a dedicated internal audit division would not be appropriate given the scale of the organisation. However, we recommend the outsourcing of this function to an external practice. This could be done jointly with another body if appropriate to minimise costs.

6.2 Structural Recommendations

Indecon's recommendations for the structure of HSI are outlined in the next table. These are designed to ensure that there is an informed consideration by the new advisory councils of the distinct issues facing the breeding and production, sporting and leisure sectors. They are also designed to ensure a more focused overall corporate Board in line with best practice principles.

Table 6.2: Summary of Recommendations on Structure of HSI

Structure, Size and Appointment of Board
1. A simplified structure for HSI should be implemented with a small Board of directors and three consultative advisory councils.
2. The Consultative Advisory Councils should be established covering the breeding and production, sports and leisure areas.
3. Each of the Advisory Councils should elect a Chairman who would also serve on the Main Board of the HSI.
4. Directors to the HSI Board should be appointed for a 5 year period.
5. The size of the HSI Board should be reduced from 19 to 9 to comprise of an independent Chair and external Directors.
6. The Chair to be appointed by the Minister for Agriculture, Food and Marine in consultation with the Minister for Transport Tourism and Sport.
7. Four independent Directors as well as the Chair to be appointed by the Minister for Agriculture, Food and Marine in consultation with the Minister for Transport Tourism and Sport.
8. The Minister for Agriculture, Food and the Marine in consultation with the Minister for Transport, Tourism and Sport should also appoint a representative of the Northern Ireland sector.
9. The skills for the Chair and the independent Directors to be identified in advance.
10. The Chair and the four independent Directors to be recruited via publicjobs.ie.

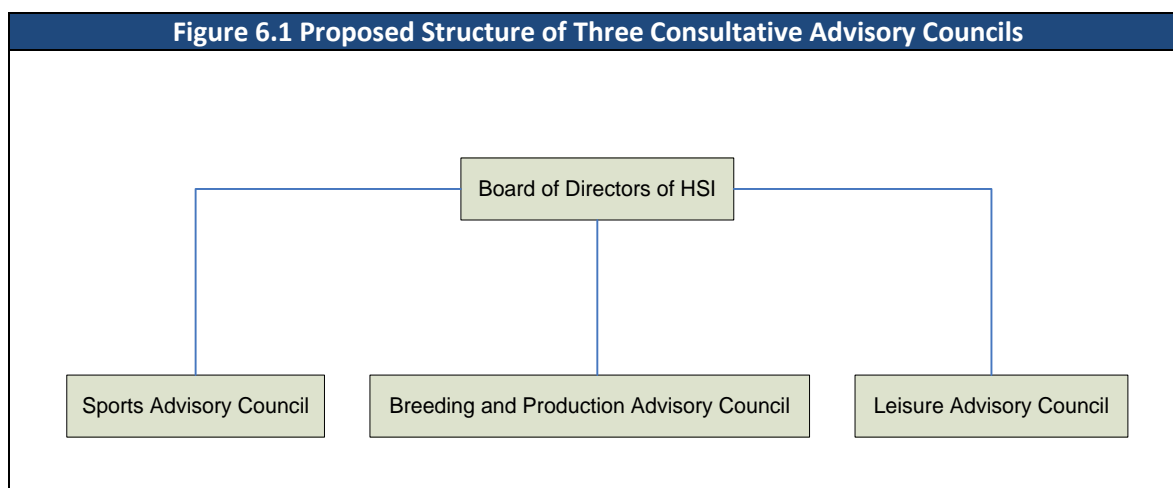
1. A simplified structure for HSI should be implemented with a small Board of directors and three consultative Advisory Councils.

The existing structure of HSI was designed to attempt to integrate a range of different areas including breeding, sporting and leisure activities. These have understandable linkages but often have a different focus. The resultant structure which has emerged is a very complex one which has a very large diverse representative Board and a range of large sub Boards, typically with different membership. Indecon believes a more simplified structure would be appropriate. The issues involved were in part reflected in a number of inputs from Board members and while views differed strongly with some recommending the separation of breeding and sport and with IHB implementing breeding policy, Indecon believes that on balance there is merit in the view of one director who suggested that:

“I am not convinced that the overall organisational model or structure of HSI isthe best available.....however, a complete scrapping or dismantling of the structure will not benefit the overall situation”.

Indecon therefore recommends that while the HSI should continue as an organisation, a much simplified structure should be implemented with a small strategic oriented Board of directors supported by three important consultative advisory councils. The proposed structure is presented overleaf.

Indecon recommends that HSI should retain responsibility for national breeding policy. We also suggest that the proposed new Board should consider the merits of transferring the HSI and ID Studbooks to the IHB which would be treated impartially as an affiliate. This, however, requires evaluation by the proposed new Board to consider whether this is the most effective way to achieve the breeding and production objectives. The Board should also consider that appropriate governance structures are in place in any new arrangements.



The HSI Board would as is normal practice establish an appropriate committee structure to include an Audit and Risk Committee and any other committee required to undertake its corporate responsibilities.

2. Three Consultative Advisory Councils should be established covering breeding and production, sports and leisure areas.

These three focused advisory councils would be a critical source of advice to the main Board on issues in their respective areas. For example, the Breeding and Production Consultative Advisory Council should be targeted with providing advice on all aspects of the breeding and production and inputs into sources of funding for this area and inputs into decisions on resource allocation to improve herd quality. Similarly the other advisory councils would provide key insights into the development of these areas based on their sectoral expertise. The consultative councils should act as a key source of knowledge and expertise and not a way of communicating to affiliates what the HSI Board has already decided which is what one Board member suggested is the current position. Indecon also recommends that nominations of members to each of these councils should be made by the representative bodies/HSI affiliates for these sectors. It would be important that the Breeding and Production Advisory Council should facilitate the option of inclusion of all studbooks. We also recommend that the NIHB should be a member of this Council.

3. Each of the Advisory Councils should elect a Chair who would then be appointed to the Main Board of Directors of HSI.

The appointment of the Chair of the advisory councils to the HSI Board would ensure that the sectoral insights and expertise are available on the main Board of HSI.

4. Directors to HSI Board should be appointed for a 5 year period.

Directors to the HSI Board should be appointed for a 5 year period with a maximum of 2 terms. A planned rotation to ensure Board continuity should be implemented.

5. The Size of the HSI Board should be reduced.

Indecon recommends that the size of the Board should be reduced from 19 to 9. This would comprise of an independent Chair and 8 external directors. The Chief Executive and Company Secretary would attend and participate at Board meetings. This would enable a focused Board more aligned with best practice and would constitute a strategic corporate decision making Board. This would also enable the Board to deal effectively and timely with substantive issues and to develop plans to secure commercial opportunities and expand the sector.

6. Chair to be appointed by the Minister for Agriculture, Food and the Marine in consultation with the Minister for Transport, Tourism and Sport.

HSI has in Indecon's view, benefitted from being an organisation with a government appointed committed independent Chair. Indecon recommends that the appointment of the Chair to the restructured HSI Board should continue to be made on this basis.

7. Four Independent Directors as well as the Chair to be appointed by the Minister for Agriculture, Food and the Marine in consultation with the Minister for Transport, Tourism and Sport.

The appointment of an additional four members by the Minister will enable the required skills to be recruited and will assist in ensuring the Board operates with collective responsibility.

8. The Minister for Agriculture, Food and the Marine in consultation with the Minister for Transport, Tourism and Sport should also appoint a representative of the Northern Ireland sector.

This recommendation is designed to ensure the new structure retains representation from the Northern Ireland sector. This is appropriate to ensure an integrated approach to the development of the industry on the island of Ireland.

9. Skills for the Chair and the Independent Directors to be identified in advance.

In line with best practice governance Indecon recommends that the skills for the Chair and the independent directors be identified in advance. These skills should be matched to potential candidates. This will enable sufficient skills on the Board to fulfil its corporate duties including in finance, marketing, equestrian controls and other areas as appropriate.

10. Chair and Independent Directors to be recruited via publicjobs.ie

The appointment of Chair and Independent Directors via publicjobs.ie will ensure an open and transparent approach consistent with public bodies. It will also facilitate recruitment of individuals with the required skills.

Given the responsibilities of the new Board Indecon believes it is appropriate for the Chair and the other Directors to receive fees at a level comparable with the size of the organisation. These fees to be paid by the Department of Agriculture, Food and the Marine. It will, however, be open to Directors as is the case with other state appointments to forego the directors' fees. Details of all fees for individual directors should be included in the HSI annual report.

6.3 Recommendations on Equine Database

In Table 6.3 the recommendations on the equine regulation, breeding information and performance results database structure in HSI and its affiliates are presented. These are designed to enhance cost effectiveness and to ensure rigorous updated information for the sector. This would provide information to improve herd quality, enhance the marketing of the sector and create an information hub for all industry participants. These objectives are aligned with the goals of 'Reaching New Heights'.

Table 6.3: Recommendations on Equine Database	
1.	A centralised database including up to date information on both horse registration and performance should be established.
2.	A database Task Force Group with an independent Chair and membership of HSI and its affiliates should be formed to develop recommendations within 6 months to facilitate implementation of the centralised database.
3.	There should be increased promotion of enhanced databases.
<i>Source: Indecon</i>	

1. A centralised database including up to date information on both horse registration and performance should be established.

There is a need to enhance the ease, accuracy and timelessness of the availability of accurate information on horse registration to address the objectives of 'Reaching New Heights'. A centralised approach would enable the required investment to achieve an exceptional authoritative source of information to be made in the most cost effective way. The new centralised database should be potentially open to all horses registered in Studbooks in Ireland.

2. A database Task Force Group with an independent Chair and membership of HSI and its affiliates should be formed to develop recommendations within 6 months to facilitate implementation of the centralised database.

While different organisations may wish to keep control of their respective information sources a centralised database is essential from a user perspective. There are, however, likely to be different organisational implications and potential revenue and cost impacts on the organisations involved. An integrated task force should consider both the technology and organisational options and develop clear recommendations to implement a centralised database. This should, inter alia, include consideration of any data protection issues. The HSI and affiliates should seek to agree an independent Chair for this Task Force and if there is not agreement a Chair should be appointed by the Minister for Agriculture, Food and the Marine.

3. There should be increased promotion of enhanced databases.

Once an updated and comprehensive centralised database is available there is a need to invest in increased promotion to drive traffic usage. The possibility of the database earning income via advertising, sponsorship or user fees should be subsequently explored. Such funds should be allocated to support the further development of the database and to support suppliers of information to the database.

6.4 Recommendations on Supports and Programmes

Indecon's recommendations on supports and programmes provided by HSI to wider equine sporting and breeding industry are presented below. It is also important that supports and programmes implemented by HSI are aligned with the objectives of Reaching New Heights. HSI should also take ownership of this industry strategy and should assume responsibility as the co-ordinating body for the implementation of this strategy.

Table 6.4: Recommendations on Supports and Programmes
1. Additional resources for HSI are needed if the potential of the sector is to be realised.
2. Key areas requiring additional funding should be identified by HSI.
3. Board of HSI should develop a costed submission to the Government outlining what would be achieved from Exchequer Funding and what options exist to develop other non-Exchequer funding sources.
<i>Source: Indecon</i>

1. Additional resources for HSI are needed if the potential of the sector is to be realised.

The Irish Sports Horse sector has in Indecon's view significant potential and if expanded would result in a direct and indirect contribution to economic development particularly in rural areas.

Indecon believes that additional resources are likely to be required to facilitate the expansion of the sector and to achieve the objectives set in 'Reaching New Heights'. There is widespread recognition in the sector of the need to address fundamental challenges along with what one submission referred to as "investments in physical and human capital" in order to transform the sector into a

high value-added industry. In considering investment in the sector, there is a need to ensure the best use of scarce economic resources. This should be based on a rigorous identification of cost effective expanded programmes and their impacts. This is discussed further in the recommendations outlined below.

Indecon recommends that a joint meeting of the Department of Agriculture, Food and the Marine and the Department of Transport, Tourism and Sport should be held on bi-annual basis with the CEO and Chair of Horse Sport Ireland. This meeting should examine the operation and performance of HSI and the funding requirements for the sector.

2. Key Areas requiring additional funding should be identified by HSI.

Specific areas meriting additional funding should be identified by the Executive and Board of HSI. These should focus on cost effective supports which could be provided to the wider equine sporting and breeding industry. Generalised requests for additional funding are not appropriate and are unlikely to be effective. As policymakers evaluate competitive demands for funding only targeted measures are likely to be considered.

3. Board of HSI should develop a costed submission to the Government outlining what could be achieved from Exchequer funding and what options exist to develop commercial or other non-Exchequer funding sources.

Any submission for funding by the new Board of HSI should outline what quantified impacts would be achieved. These should be aligned with the strategy set for the sector. Quantification of potential increased employment in rural areas or other measurable impacts would be beneficial.

All potential funding sources should also be examined including access to existing EU or national programmes in addition to any co-funding potential from commercial revenues, sponsorships or other non-Exchequer sources. Indecon's proposal for a revised structure with a commercial focused strategic Board should assist in the development of commercial opportunities. In examining the potential for additional income Indecon believes the new Board should as a priority, evaluate the implications of implementing the recommendation of Reaching New Heights.

Conclusions

Indecon believes that the recommendations made in this report will assist in achieving the ambitions set for the sector in Reaching New Heights and in what one submission termed "Developing more of what we can do well". This will require significant change and co-operation by the different interests. As one representative organisation indicated "If we are all pulling a little bit more together we might achieve much more success". It is hoped that these will be implemented in order to achieve the significant potential for expansion for this important sector.

Annex 1 List of Contributors to Public Consultation Process

1. James and Geraldine Berney, Motabower, Stud, Gorey, Co. Wexford.
2. James Kennedy
3. Kieran O’Gorman
4. Royal Dublin Society
5. John Wright
6. Barra Sweetnam
7. Jane Hancock
8. Patrick McCartan
9. Northern Ireland Horse Board
10. Jerry Kelliher, Department of Defence
11. Brian Gates, Irish Draught Horse Society (GB)
12. Dr. Angela Alexander
13. Mary O’Halloran
14. Geraldine Berney
15. John Doyle
16. Eamon Egan, Lloyd’s Country Manager
17. Adrian Flynn, Chairman, TREC Ireland
18. Warmblood Studbook of Ireland
19. Continental Irish Horsebreeders Association
20. E. H. Leonard
21. Association of Irish Riding Clubs
22. Martin Walsh
23. Kerry Bog Pony, Mary McGrath
24. The Mounted Games Association of Ireland, Debbie McCarthy
25. West Cork Horse Breeders Association of Ireland.
26. Mrs. D. E. Walton
27. Traditional Irish Horse Association, John Watson
28. Irish Shows Association Ltd.
29. Riding for the Disabled Association of Ireland
30. Paula Cullen, Paulank Sport Horses

-
31. Finbarr Mulligan & Joanne Fox, Patrick Duffy, and Brian Kenny
 32. Maeve McEvoy
 33. Kevin Croke
 34. Irish Pony Club, Barbara Micks
 35. Helen Kelly, Irish Draught Horse Breeders Association.
 36. Joan Keogh, Spruce Lodge Ballyrogan Stud, Redcross, Co. Wicklow
 37. Showjumping Ireland Robert Wallace
 38. Eventing Ireland Alison Packman
 39. Paul McDermott, High Performance Sport Ireland
 40. David Scally
 41. Endurance Ireland Anne Kinsella
 42. Sean McGuirk Irish Draught Horse Society Limited
 43. David Kirkpatrick
 44. Phoebe Bright
 45. Marcus O'Donnell
 46. Irish Pony Society, Michael Grace
 47. Southern Region Irish Shows Association, Kitty Cotter
 48. Horse Sport Ireland. Damian McDonald
 49. Irish Horse Board Co-Operative & North Western Region, Liam Cotter
 50. Irish Equine Centre
 51. Barry O'Connor
 52. Comdt. John Ledingham
 53. Harold McGahern
 54. Kevin Croke, The Stallion Owners Society
 55. John Wright
 56. Connemara Pony Society. Sharon McDonnell
 57. Christopher & Helen Kelly
 58. Thomas Duggan, Millstreet Equestrian Services
 59. Brian Mangan
 60. Jack Doyle
 61. Kathleen Kirsan
 62. Andrew Gardner
 63. David Lawlor – Hunting Association of Ireland
 64. Irish Draught Horse Society of Canada