

10<sup>th</sup> August 2022

**To whom it concerns:**

Submission on behalf of Horse Racing Ireland as part of the Public Consultation by the Independently appointed Review Panel to review Senior Public Service Recruitment and Pay processes.

Horse Racing Ireland welcomes the opportunity to provide this submission in the context of this review. This response has been prepared by the Remuneration Committee.

The first part of this submission paper will refer to points specific to Horse Racing Ireland. The organization has very relevant recent experience following a period of an unprecedented level of change in Horse Racing Ireland with the recruitment of its new Chief Executive Officer in 2021 for the first time in twenty years and the recruitment of a Director of Finance. In addition, HRI is aware of data relating to the recruitment processes relating to the role of CEO of the Irish Horseracing Regulatory Board (IHRB) and the Curragh Racecourse Limited (CRL).

The second part will raise points of significance which relate to Horse Racing Ireland and other State bodies and come within the scope of CEO roles in general.

**1. Horse Racing Ireland:**

Horse Racing Ireland is a commercial Semi State Body whose shareholder is the Department of Agriculture, Food and the Marine. HRI's mission is to develop and promote Ireland's horse racing and breeding industries, to administer and govern the sport of horse racing in Ireland, to cultivate and promote the highest standards of integrity and welfare.

The horse racing and breeding industries are incredible assets to this country and they are significant industries across all Ireland, producing in excess of €2 billion in total expenditure annually and supporting approximately 29,000 direct and indirect jobs. In 2019, the last full year unaffected by the Covid pandemic, racecourse attendances exceeded 1.3 million, making horse racing the second highest attended sport in Ireland. This figure included an estimated 80,000 tourist visitors.

**2. Remit, Functions, Budget and Staff Complement:**

- a. Horse Racing Ireland, ("HRI") is the national authority for the governance, development, and promotion of the thoroughbred horse racing industry in Ireland. Its general functions as provided for under the Irish Horseracing Act, 1994 and the Horse and Greyhound Racing Act, 2001 are:
  - The overall administration of Irish horse racing other than services operated by the Racing Regulatory Body

- The development and promotion of the Irish horse racing industry (including the development of authorised racecourses, the guaranteeing of prize money at race fixtures and the costs of integrity services)
  - The control of the operations of authorised bookmakers,
  - The allocation of race-fixtures and the setting of race programmes
  - The operation of racecourses which are owned or leased by the authority
  - The promotion of the Irish thoroughbred horse
  - The making of grants, loans or other disbursements to authorised racecourses and to any subsidiary of the Authority
  - Representing Irish horseracing internationally in respect of its functions
- b. The CEO is responsible for the leadership of the organisation and its 6 subsidiaries in meeting the targets set out in the mission statement and the Statement of Strategy including oversight of the Curragh Racecourse. The mission of HRI is to develop and promote Ireland as a world centre of excellence for horse racing and breeding. HRI also administers the sport of horse racing in Ireland.
- c. HRI receives a significant amount of its funding from the Horse and Greyhound Racing Fund. HRI has a total of approximately €150m in revenue, €136.7m in operational industry related costs and €15m in capital expenditure.
- d. The accounts of Horse Racing Ireland are audited annually by the Comptroller and Auditor General and are laid before both Houses of the Oireachtas and are publicly available.
- e. The racing and breeding industry's economic contribution has been valued at €2 billion per annum. It employs c. 29,000 people directly and indirectly and is Ireland's most consistently successful international sport. There are over 360 race meetings each year on 26 racecourses in Ireland. Horse Racing Ireland has a permanent employee headcount of 242 with a significant seasonal headcount increase at peak times during the year.
- f. In addition, HRI represents Ireland on international racing bodies including the International Federation of Horseracing Authorities, the European and Mediterranean Federation of Horseracing Authorities and the European Pattern Committee.
- 3. Key areas of performance and growth for the CEO over the next seven years highlighting an expanding and stretching portfolio within the context of a fixed term contract:**
- a. Horse Racing Ireland has an ambitious strategic plan for the next five years which is attached by way of reference to this submission. Irish racing and breeding is already a vibrant industry, represented across every county and playing a vital role supporting the rural economy. Ireland leads on the international stage, being the third highest producer of foals globally with the thoroughbred being more common in Ireland on a per capita basis than anywhere else in the world.

We are projecting the following challenges (amongst other strategic priorities) which will be led by our CEO during the successful implementation of HRI's Strategic Plan over the next five years:

- Generating and managing an increase in total expenditure from €2bn to €2.5bn;
- Facilitating and supporting an increase in core racing and breeding expenditure from €1.05bn to €1.25bn;
- Working towards increasing sustainable employment from 28,000 to 33,000;
- Increasing core Racing and Breeding Employment to increase from 9,000 to 12,000 within the industry;
- Managing the impact of Brexit on the breeding and horse racing industries;
- Overseeing initiatives to improve horse welfare and human welfare

We anticipate at least 2 significant capital development projects in addition to supporting the upgrading and enhancing of horse racing facilities to attract greater attendances drawn from national and international patrons which will be led by our CEO:

- establishment of a new Irish Equine Centre
- new all-weather track located in Tipperary to add considerable value to the industry

#### 4. Recruitment process relating to the CEO 2021: Key points to note

- a. The recruitment process for the new Chief Executive role commenced in March 2021 and was supported by our executive search partners Mazars. Mazars were awarded the contract following a detailed national tender process which commenced in November 2020.
- b. The campaign was conducted over a three-week period and utilised a full suite of advertising methods including national press advertisements, digital media, international publications, and the public service jobs portal.
- c. The recruitment process was open to both internal and external candidates and we received a wide selection of both coupled with national and international applications.
- d. It was evident from the commencement of the process that the terms of conditions of employment were an important factor for candidates nationally and internationally both in the enquiry and application phase. In some cases, we were unable to convert enquiries to active applications based on the proposed terms and conditions of employment particularly the salary level and tenure of the position.

#### 5. Current Terms and Conditions of Employment:

- a. A detailed analysis of comparator terms and conditions of employment was conducted by our independent advisors Mercers in 2019 in relation to the market rates and comparator rates for roles at the level of Chief Executive including comparator roles with the semi state sector in general and the semi state sector under the auspices of the Department of Agriculture Food and the Marine.
- b. The analysis showed that the average salary level for the role of CEO in the Mercer General Industry Data was ██████ in a range of lower to upper quartile of ██████.
- c. The median actual total compensation is closer to ██████ in a range of lower to upper quartile of ██████.

- d. HRI conducted an independent review of its Reward Strategy in 2015 which indicated, almost seven years ago, that we were below the market median for roles at CEO level. HRI has continued to benchmark key roles bi-annually since then and the data in relation to our benchmark position continues to disimprove.
- E. The current terms and conditions do not include any additional benefits such as healthcare, share/bonus scheme and rentention payments which would be unusual given the size and scale of the role.

**6. Departure from Government Guidelines 2011 in relation to roles at CEO level:**

- a. The proposed salary range (2011) is below the Irish and International Market for roles of this nature.
- b. This proposed salary range (2011) is lower than that currently paid to the senior level positions across the Thoroughbred Industry Nationally and Internationally.
- c. [REDACTED]  
[REDACTED]  
[REDACTED].(\* Commercially sensitive information).
- d. The proposed salary range (2011) is well below the equivalent salary levels of a number of other sporting bodies in Ireland and would represent a significant downgrade of the position.

In summary Horse Racing Ireland would find it impossible to replace its current Chief Executive with a similar calibre of Chief Executive on the proposed salary scale (2011).

**Part Two: Future considerations:**

Horse Racing Ireland would welcome the inclusion of the following areas in the overall determination of CEO Contracts and Pay Structures:

**1. Recruitment processes:**

- a. Role of recruitment partners as distinct from the role of executive search partners:
  - i. Public procurement processes can result in value for money driving the awarding of contracts to recruitment partners to assist in the delivery of the admisitative side of executive recruitment only
  - ii. The role of executive search is a distinct and important factor for key appointments which potentially in the current system is being lost to the detriment of the organisation

**2. Benchmarking:**

- a. Bi-annual benchmarking processes reflecting national and international data particularly for CEO positions that attract both a national and international applicant should be an integral part of contract management in the future

**3. Contract Nature:**

- a. The relevance of fixed term contracts should be addressed in the first instance.
- b. The role of CEO is becoming increasingly complex particularly as major projects of industry significance are increasingly complex and lengthy in duration.
- c. Fixed Term Contracts potentially only attract candidates at a certain stage in the career trajectory making it potentially more complex in the context of attracting the right candidates for key roles.

**4. Contract Duration:**

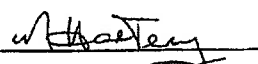
- a. Minimum contract duration, if required in the future, should be seven years.
- b. Flexibility on contract duration and renewal particularly in situations whereby a CEO Position and Chair of the Board may be up for renewal at the same time
- c. Rigid contract duration is also a potential deterrent to internal candidates who lose job security if they gain promotion to the role of CEO

**5. Reward Design:**

- a. Wider span on the reward design:
  - i. Salary scales that benchmark well nationally and internationally
  - ii. the re-introduction of performance related pay and performance related bonuses.
  - iii. Flexible benefit options
- b. Pay Progression:
  - i. It is not sustainable to effectively impose a pay freeze for the role of CEO for the full contract duration at the same time as having ambitious growth potential for the organization/ industry.
  - ii. Pay progression should be in place based on performance
- c. Avoidance of salary scale minimum entry level requirements as this will prevent succession planning from within Senior Management Teams.

As previously outlined Horse Racing Ireland has welcomed this review and its opportunity to submit feedback for consideration. We would be happy to provide any further information required and look forward to being included on the outcomes of this reviews.

Yours sincerely

  
**Nicholas Hartery**  
Chairman HRI