

26 May 2016

Dear Council

On behalf of the Motorcycling Australia Board, thank you again for the time taken out of your weekend 21 May to dedicate to working in the interest of our sport.

As raised on Saturday, the Motorcycling Australia Board has now an accurate picture of our collective state of affairs to realise that the MA Alliance model simply does not go far enough to address the current performance issues and to achieve the improvement opportunities that were agreed by all SCBs and GMs at our workshops last year.

This realisation has only been arrived at following the benefit of time to correct MA's administration, and concurrently, observing the performance of each SCB in applying the most fundamental requirements of being a member as set out under Clause 12 of our Constitution– which as discussed at our meeting – this Board has found to be, on the whole, confounding and disappointing.

Notwithstanding there exists a constitutional contractual obligation to comply, in practice, it highlights that the current federated model, restricts our Board's and the MA administration's ability to lead, govern, and drive the change that is needed to advance motorcycling in a fun and inclusive environment.

Whilst we appreciate your acknowledgement of all the issues raised and commitment to addressing them with your SCBs, we are concerned that Council's faith that all the issues will be addressed once the MA Alliance Agreement is signed is misplaced. The issues we highlighted on Saturday are not reliant on a MA Alliance Agreement for success – rather they are matters of minimum constitutional compliance to function and it speaks to less than optimal performance and in some cases, abject failure, exposing us as directors and putting at risk our credibility to govern, administer and promote our sport.

It would be a disservice to our members, and to all who participate and support motorcycling for this current Board to go into its AGM and settle on the current draft of the MA Alliance Agreement as being the solution, without first committing to address the underlying problem of our organisation – namely its structure.

#### **Motorcycling Australia: 8 companies doing the same thing, differently.**

We have for 10 months, endeavoured to work within the model of some 45 decision makers and 8 CEO/GMs. Quite apart from the exhausting amount of time require to govern this model and the ridiculously inefficient decision making, we have witnessed the significant lost opportunities to deliver tangible benefits to our members.

Just in the context of the commercial and financial environment:

1. MA and the Company is beholden to the states for revenue, making it impossible to lead and set the direction and standard required by the Constitution.
2. Financial resources are wasted through duplication & inefficiencies – under the MA-SCB federated model there are multiple roles producing either identical output creating duplication and waste, or doing the same thing differently causing confusion and a constant need for follow up and redress.
3. Strategy, programs and communication are not aligned – currently we have eight different strategic plans in place and while alignment within the plans has improved it remains far from optimal. Each SCB continues to act first in the interest of its self and its own state, rather than for and on behalf of the interests of the Company, the Members and motorcycling. Decisions from permitting recreational venues, type of junior programs, through to purchasing commercial property are taken unilaterally without regard to their broader impact or the message it sends to our community. From the perspective of our clubs, licence holders, industry partners and stakeholders, our actions across the country must look nothing short of schizophrenic.
4. Our brand and marketing approach is compromised. We are in effect trying to promote eight different brands, when from our stakeholders perspective, there is only one. All the good work

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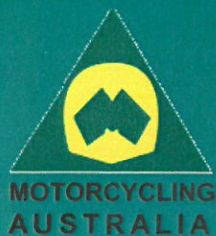


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that is being done by SCBs can not be capitalised upon because it is not attributable to a single brand to which our stakeholders can align and back. This further compromises our ability to market motorcycling, as quite apart from there being no unified brand, there is no visibility in advance of what is being done by the SCBs, and its impact on participation and growth.

5. Commercial revenue is not maximised – local sale of sponsorship dilutes the overall value proposition and reduces the value of our sport and ultimately reduces the commercial revenue we could be generating. We all know these are tough times to secure sponsorship, so its incumbent upon us to see that those who invest in our sport, maximise their return by providing them with alignment through the layers of our sport.
6. Our ability to secure increasingly lucrative commercial broadcast and media deals is compromised. Professionally managed sports are securing these deals (netball being the most recent example to land prime time free-to-air broadcast), placing motorcycling at a growing competitive disadvantage in the sports marketplace. Sponsors are focusing increasingly on those sports with large broadcast, participation and spectators audiences, which being fragmented limits what we can sell.
7. Lobbying and securing government funding is not optimised. Currently there are multiple and different approaches taken with no alignment on messaging and to our strategy.
8. Risk management is ad hoc at best. This is not acceptable to the Board given one of our fundamental purpose is to *ensure that all motorcycling in Australia is carried on in a manner, which secures and enhances the safety of participants, officials, referees, spectators and the public.* The current management of risk by SCBs and by extension clubs, exposes us personally and threatens the sustainability of our sport.
9. There is a very poor understanding of the MAIL business and the issues surrounding insurance and its impacts on the motorcycling community. Cooperation from SCBs over the past 10 months has been inconsistent, and at times unresponsive and belligerent. This is no longer acceptable.

### **One company, State branches, Clubs, Advisory bodies & committees**

As the Australian Sports Commission presented to us at the Strategy Workshops last year, unified governance and operating structures is a known key enabler to address performance issues and provide for improvement opportunities. Other sporting organisations have successfully undertaken structural change to unify the sport, deliver on the goals of the sport as a whole, leading to increased participation and retention, higher public awareness and increased revenue to further drive the growth of the sport.

The AFL is the greatest example of what success looks like. Clubs are empowered, state office staff are on the ground lobbying, advocating and promoting a unified message, and the HQ is run so professionally because it can afford to hire the best and deliver the results for growth and sustainability. Motorcycling federations that operate under a unified model are significantly outperforming federations like our own.

Remembering, in October at our Strategy workshops we committed to providing world class:

- Opportunity
- Education
- Development Programs
- Member Value, and
- Club Development & Support

There is no reason we can't achieve this, but for the fact, we have eight companies doing the same thing, differently.

Critically, single governance provides end-to-end line of sight and a single point of accountability not possible with separate models. It is practically impossible to discharge our duties adequately as Board directors, because of the lack of visibility of what is going on by SCBs and ability to hold to account those responsible for acting contrary to our constitutional objects.

Working towards a unified organisational structure will have the single biggest impact on our ability to deliver our vision and mission and achieve our strategic objectives agreed in October last year.





Yes this may mean some staff are redeployed or worse redundant, yes this will mean some Board members will no longer hold a Board position (and instead be involved in an advisory capacity). But from our members and riders perspective driving efficiency, removing duplication and growing our sport is what they have asked us to do.

CAMS has ventured this path very successfully and I refer you to their website to view their [organisation model](#) as it highlights how much opportunity awaits us too.

#### Example benefits of a unified model:

- Aligned brand:
  - o FIM, FIM Oceania,
  - o Motorcycling Australia with branch offices
  - o Clubs
- Central coordination with FIM
- MA Database optimised as a single system
- Contracts with promoters, sponsors, corporate partners centralised and maximised
- One marketing strategy with sponsors, government, corporate partners
- Single application of rules (subject to any state legislative requirements)
- Single sanctioning body for events and activities
- One coaching and officials program
- One approach to risk management
  - o Centralised collection of safety and incident data
  - o Single approach to incident response and management
- World's best programs for women's, junior and other initiatives rolled out nationally, driving economies of scale and ease of promotion and securing funding
- One voice for government advocacy
- One media strategy
- Unified approach to government funding submissions (with return of funds remaining in locality of origin)
- Clubs have greater autonomy to decide on local event type (for competition within rules of MOMS), frequency and timing
- Coordinated support for hosting state, national, international, world events (with increase commercial leverage if managed through an MA Events Entity)
- Increased connection with participants and clubs with state and regional specific issues addressed through advisory and governance committees
- Value proposition for recreational riders, volunteers, supporters and spectators can be created through a national membership program

Our members already expect that their licence fees return such results - we are all criticised for not having delivered them already. Excuses that the organisational structure impedes the delivery doesn't cut it for our members – because the structure is of our own making. It is incumbent upon us, as the elected and appointed representatives of our sport, to do the right thing by our members, even if the organisational transition is not a politically easy one.

#### Next steps

As discussed on Saturday, the MA Alliance agreement needs to be redrafted to capture:

1. An opening statement to clarify intention to collectively work towards a unified structure to provide quality services relevant to clubs and our motorcycling community, grow participation in motorcycling, support performance pathways and programs for motorcyclists and achieve significant revenue growth to deliver our vision and mission in accordance with our values.
2. Expertise be engaged by MA Alliance to prepare a work program and timetable to deliver the unified model.
3. Guiding Principles in support of defining the unified governance structure:
  - a) Board must remain as a professional body, not as a representative model;
  - b) All parties must put the good of motorcycling ahead of individual interest and be committed to helping the sport fulfil its potential;

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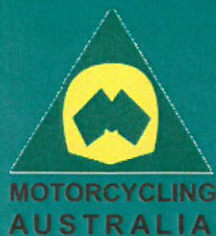
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- c) Any change must provide benefit for each state and the nation as a whole;
- d) The sport should have the explicit aim of having the best governance structure in Australian Sport;
- e) Local delivery and contribution is critical to the success of the sport in Australia and to not lose local ideas, energy and innovation;
- f) The changed model must deliver increased financial resources that assist our sport to reach its potential;
- g) Any change must not disenfranchise clubs of their membership;
- h) State representative advisory committee(s) established in lieu of a Council; and
- i) The benefits of this process must be able to be clearly defined and understood by the relevant parties.

- 4. MA Alliance be the vehicle to deliver against the timetable of change to result in a unified model;
- 5. Revenues from 1 July 2016 be directed through the database to the Company and redistributed to the SCBs to meet administration and operation requirements through the transition phase; and
- 6. The MA Alliance be the vehicle to oversee implementation of strategically agreed initiatives and other activities as presently drafted until agreed unified model milestones are in place.

To paraphrase Ichikawa Ennosuke (Japan's most celebrated Kabuki actors who has boldly modernised centuries old traditions), focusing on preservation and on protecting our constitutional model against change, only loses more and more of its vitality with each passing moment. Whilst respecting what our predecessors were trying to achieve and where they were trying to go, we must be prepared to make bold reforms to leave a positive legacy for the future of our sport.

#### AGM

This change to constitutional structures requires full commitment from everyone involved; Motorcycling Australia Board and management, SCB Boards and managements.

In light of our meeting on Saturday, and our position as outlined here, if the Council is unable to reach agreement in support of our proposal to move to a unified model by 4 June 2016, then our Board will announce the proposal as a special resolution on 5 June 2016 for voting on by Council at the 25 June 2016 AGM.

Should this be voted down then, for the reasons outlined above and in the absence of a concrete plan for reform, we will be forced to consider the futility of carrying on leading Motorcycling Australia within the current structural framework of some 45 decision makers and 8 CEO/GMs.

That said, it was our Board's takeaway on Saturday, that Council understood our frustrations and limitations of the current model, and shared a view that a unified model would deliver the optimal results for our sport notwithstanding the change would not be politically palatable in the short term. The costs associated with transferring assets to a trust for management by state advisory bodies was also raised as a major concern, the timing of which would have to be managed carefully to minimise stamp duty and related imposts.

These are not insurmountable issues, so it with optimism that the MA Board and management look forward to working the redrafting of the MA Alliance Agreement to reflect this desired end-state and to supporting the communication to clubs and all other members to understand the benefits to them of a change in Motorcycling Australia's governance structure to a unified model.

A plan to hold a joint signing ceremony of the MA Alliance Agreement at the upcoming AGM will be a significant and lasting achievement. We will certainly be working to that goal.

With kind regards

Tania Lawrence  
President