

Select Committee on Greyhound Racing in NSW

Greyhound racing in New South Wales

First Report

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Terms of reference

1. That the Select Committee on Greyhound Racing in New South Wales inquire into and report on greyhound racing in New South Wales, and in particular:
 - (a) The economic viability of the greyhound racing industry in New South Wales
 - (b) The financial performance and conduct of the industry and of Greyhound Racing NSW including a comparison to other states of Australia
 - (c) Government initiatives and assistance measures to support the industry and comparison of assistance to other racing codes
 - (d) The effectiveness of current industry regulation, including the level of autonomy of Greyhound Racing NSW
 - (e) The selection process for the board of Greyhound Racing NSW
 - (f) The effectiveness and accountability of the board and management of Greyhound Racing NSW
 - (g) The effectiveness of the current arrangements for, and role of, the Integrity Auditor of Greyhound Racing NSW
 - (h) The capability and performance of Greyhound Racing NSW and governance of the industry
 - (i) The incidence of drug administration and doping in the industry and the efficacy of Greyhound Racing NSW's control and testing processes
 - (j) Sale and breeding of greyhounds including the market conditions and welfare of animals
 - (k) The welfare of animals in the industry and the role of Greyhound Racing NSW in establishing and enforcing standards of treatment of animals
 - (l) Financial incentives for reducing euthanasia and prosecutions for animal mistreatment
 - (m) The adequacy and integrity of data collection in the industry, including the number of pups born, the number of dogs euthanased and injury rates, and
 - (n) Any other related matter.

That the Committee report within six months of the date of passing of this resolution

These terms of reference were referred to the Committee by Hon Dr John Kaye MLC.¹

¹ *LC Minutes (27/08/2013)* pp 1927-1929

Committee membership

The Hon Robert Borsak MLC	Shooters and Fishers Party	<i>Chair</i>
Dr John Kaye MLC	The Greens	<i>Deputy Chair</i>
The Hon Marie Ficarra MLC	Liberal Party	
The Hon Trevor Khan MLC	The Nationals	
The Hon Natasha Maclaren-Jones MLC	Liberal Party	
The Hon Lynda Voltz MLC	Australian Labor Party	
The Hon Steve Whan MLC	Australian Labor Party	

Committee Secretariat

Mr Stewart Smith, Director

Mr John Miller, Principal Council Officer

Ms Helen Hughes, Senior Council Officer

Ms Angeline Chung, Council Officer Assistant

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Chair's foreword

I am pleased to present the Committee's first report on greyhound racing in New South Wales.

The greyhound racing industry in this State has a proud history and New South Wales was once considered the premier greyhound racing state in the country. However, in recent years the industry has seen declining numbers of participants and Victoria has emerged as the industry leader, with substantially higher levels of prize money available.

The Committee heard from greyhound owners and trainers, as well as from greyhound racing club representatives and other industry stakeholders, that the industry is facing a financial crisis and is being held back by a funding agreement which does not reward innovation or performance.

The key finding of this report is that with its current structure and sources of revenue the greyhound racing industry in New South Wales may be unsustainable.

A variety of proposals were put forward by industry participants to improve the economic viability and long term sustainability of the industry. However, the Committee felt that there is a need for further analysis about the long term economic impacts of these proposals. Thus the Committee has determined to seek financial modelling on the impacts of various scenarios, before proceeding to make recommendations to the Government. This financial modelling, along with relevant recommendations, will form the basis of the Committee's second report, which will be tabled in June 2014.

Other important aspects of this inquiry included the management and structure of Greyhound Racing NSW – the industry's controlling body, as well as integrity and animal welfare issues. The Committee heard from some vocal critics of the current board and administration of the controlling body and we have attempted to address many of these concerns with a series of recommendations aimed at improving the structure and oversight of GRNSW. In addition, we have made several recommendations that aim to improve integrity in the sport and address animal welfare concerns.

I would like to thank the many participants in this inquiry, especially those people who were participating in a Parliamentary inquiry for the first time. I would also like to thank my colleagues on the Committee, as well as the secretariat staff, Stewart Smith, John Miller, Helen Hughes, Sam Griffith and Angeline Chung, for their work in supporting the Committee.



Hon Robert Borsak MLC
Committee Chair

Summary of findings and recommendations

Finding 1

41

The Committee finds that with its current structure and sources of revenue the greyhound racing industry in New South Wales may be unsustainable. Returns to trainers and owners do not cover costs, which leads to the loss of quality dogs to Victoria and elsewhere, a reduced number of industry participants and contributes to making existing clubs and tracks unviable.

Recommendation 1

49

That the Treasurer provide financial modelling of the economic impact on state revenue and the greyhound industry of a number of scenarios, or combinations that best reflect optimum outcomes for the future of the greyhound racing industry and the racing industry overall.

Note: The Committee will report on the above financial modelling and make relevant recommendations in its second report, which will be tabled by 30 June 2014.

Finding 2

68

That the current management and operational model under which the industry operates needs substantial review and restructure.

Recommendation 2

68

That the NSW Government review the selection process of the members of Greyhound Racing NSW and consider adding two members, with these additional positions to be elected by licensed greyhound racing industry participants.

Recommendation 3

69

That the board and management of Greyhound Racing NSW increase their commitment to effective consultation with the greyhound racing industry, and meet with industry stakeholders in both regional and metropolitan areas on a regular basis.

Recommendation 4

69

That the NSW Government consider amending the *Independent Commission Against Corruption Act 1988* so that the racing industry is brought within the jurisdiction of the Independent Commission Against Corruption.

Recommendation 5

70

That Greyhound Racing NSW delete Greyhound Racing Rule 86 (q), which reads ‘A person (including an official) shall be guilty of an offence if the person commits or omits to do any act or engages in conduct which is in any way detrimental or prejudicial to the interest, welfare, image, control or promotion of greyhound racing’.

Recommendation 6

70

That Greyhound Racing NSW ensure that the Greyhound Racing Rules, and penalties for breaches of those rules, are applied in a fair and consistent manner.

- Recommendation 7** 70
That the Minister for Tourism, Major Events, Hospitality and Racing confer with Greyhound Racing NSW regarding the implementation of Recommendations 3, 5, 6, 8, 9, 10, 15, 16 and 18; and that the Government response to this report include a statement on the outcomes of any such discussions.
- Recommendation 8** 81
That Greyhound Racing NSW increase the number of drug swabs collected and allocate a proportion of drug swabs to a random sample of starters.
- Recommendation 9** 81
That Greyhound Racing NSW publish information about therapeutic substances that are permitted for treating greyhounds, including their withholding periods.
- Recommendation 10** 82
That Greyhound Racing NSW ensure that kennel inspections are conducted at least once every two years for all licensed premises.
- Recommendation 11** 90
That the Minister for Tourism, Major Events, Hospitality and Racing review the integrity roles of the three racing codes, with the aim to establish a single Racing Integrity Commissioner to oversee thoroughbred racing, harness racing and greyhound racing.
- Recommendation 12** 91
That the Minister for Tourism, Major Events, Hospitality and Racing ensure that the Racing Integrity Commissioner has the following powers over each racing body:
- to conduct annual audits of the internal integrity processes and systems;
 - to investigate complaints made about the integrity processes and systems;
 - to conduct own motion inquiries that do not relate to any specific complaint and may include an investigation into systematic issues in racing;
 - to facilitate the exchange of information between the controlling bodies, the NSW Police and other law enforcement agencies, as appropriate;
- and that it be funded by the State Government and independent of the controlling bodies.
- Recommendation 13** 91
That if the Minister for Tourism, Major Events, Hospitality and Racing does not implement Recommendation 11, then the greyhound racing Integrity Auditor be replaced with a greyhound Racing Integrity Commissioner with the same powers and funding as Recommendation 12.
- Recommendation 14** 101
That the Minister for Primary Industries appoint an independent inquiry to conduct an investigation into the frequency and number of litters permitted for each breeding female in the greyhound industry.
- Recommendation 15** 104
That Greyhound Racing NSW review best practice regarding the socialisation of greyhounds with the view to including socialisation in its animal welfare strategy.

Recommendation 16**109**

That Greyhound Racing NSW develop and implement industry standards for best practice for race track design and maintenance and the provision of veterinary services.

Recommendation 17**112**

That the NSW Government review section 21 of the *Prevention of Cruelty to Animals Act 1979*, to include 'kennels' to ensure allegations of live baiting can be properly investigated.

Recommendation 18**114**

That Greyhound Racing NSW and/or the NSW Government commit greater resources for greyhound rehoming, including allocating funding, for greyhound adoption centres.

Chapter 1 Introduction

This chapter provides an overview of the establishment of the Select Committee on Greyhound racing in New South Wales and its terms of reference. It also describes the way in which the Inquiry was conducted and provides an outline of the structure of this report.

Establishment and conduct of the inquiry

Establishment of the inquiry

- 1.1 On 27 August 2013 a motion was moved by Dr John Kaye and passed by the Legislative Council for the establishment of the Select Committee into Greyhound Racing in New South Wales.²
- 1.2 The Committee is comprised of seven members as set out on page iv. The resolution establishing the Committee identified the Hon Robert Borsak MLC as the Chair of the Committee and Dr John Kaye MLC as Deputy Chair.

Terms of reference

- 1.3 The Committee was established to inquire into and report on various issues relating to the greyhound racing industry in New South Wales, in particular its economic viability, financial performance, regulation, capability and the performance of Greyhound Racing NSW (GRNSW), the Integrity Auditor, drug administration and doping, animal welfare and other related matters.
- 1.4 The full terms of reference are set out on page iv.

Conduct of the Inquiry

Timeframe

- 1.5 The Legislative Council resolved on 27 August 2013 that the Committee report within six months of the date of passing of this resolution. On 12 November 2013, the Legislative Council extended the reporting date for the Committee to Friday 28 March 2014. A further extension to the tabling date until 30 June 2014 was sought and passed by the House on 18 March 2014. The Committee resolved to table this first report of the Committee, with a second report due by the final tabling date.

² *LC Minutes (27/08/2013)* pp 1927-1929

Submissions

- 1.6** The Committee invited submissions by advertising in the *Sydney Morning Herald*, *Daily Telegraph* and *Greyhound Recorder*. A media release announcing the Inquiry was also sent to all New South Wales media outlets.
- 1.7** The Committee wrote to key stakeholders inviting them to make a submission to the Inquiry.

The closing date for submissions was Wednesday, 6 November 2013. However, the Committee continued to accept submissions after this date.

- 1.8** The Committee received 2556 responses to this inquiry. This figure includes both pro forma and unique submissions. The Committee published 1027 submissions, 55 supplementary submissions and three examples of pro forma submissions. The full list of submissions is set out in Appendix 1.

Hearings, site visit and public forums

- 1.9** The Committee held public hearings on 15 November 2013, 5 February 2014 and 6 February 2014. Witnesses at the public hearings included representatives from Greyhound Racing NSW, NSW Greyhound Breeders Owners and Trainers Association, Mr Graham Gorrie, the current Greyhound Racing Integrity Auditor, Mr David Landa, the former Greyhound Racing Integrity Auditor, Office of Liquor, Gaming and Racing, NSW Bookmakers Co-operative, greyhound industry participants, RSCPA Australia, Greyhound Rehoming Centre, and other greyhound welfare groups.
- 1.10** A full list of witnesses who appeared at the hearings is set out in Appendix 2 and the transcripts are available on the Committee's website.
- 1.11** Two public forums were held - in Penrith on 15 November 2013 and in Wallsend, at The Gardens on 5 February 2014. A list of speakers at both forums is included in Appendix 3, and transcripts of their contributions can be found on the Committee's website.
- 1.12** The Committee also conducted a site visit to the racing facilities at The Gardens on 5 February 2014, accompanied by Mr Gary Oldfield, Director Newcastle area and Mr Brenton Scott, Chief Executive of NSW Greyhound Breeders Owners and Trainers Association.
- 1.13** The Committee wishes to thank all the stakeholders who provided written submissions to the inquiry, gave evidence at public hearings and who participated in the public forums.

Figure 1 Public hearing at Penrith, 15 November 2013



Figure 2 Site visit to The Gardens, 5 February 2014



Figure 3 Site visit to The Gardens, 5 February 2014



Structure of report

- 1.14** This report is comprised of seven chapters.
- 1.15** Chapter 2 provides an overview of the greyhound racing industry, including statistics on the number of people involved, the distribution and number of race meetings held and the amount spent on wagering. It also provides a brief history of the legislation associated with greyhound racing and wagering, including relevant animal welfare legislation.
- 1.16** Chapter 3 considers the economic viability and long term sustainability of the greyhound racing industry in New South Wales. The chapter compares the funding and government assistance provided to the greyhound industry in New South Wales with other States, particularly Victoria. The chapter also considers the returns the racing industry receives from the wagering industry; in particular the returns from the racing distribution and inter-code agreements, as well as the revenue derived from race fields information use fees.
- 1.17** Chapter 4 considers proposals put forward by industry participants to improve the economic viability and long term sustainability of the greyhound racing industry in New South Wales. The solutions considered include proposals to amend the inter-code agreement, adjustments to the level of government support and the wagering tax collected by the state government, and proposals to amend race field information use fees.

- 1.18** Chapter 5 explores the issues regarding the Board and management of Greyhound Racing NSW. Broadly, aspects include the Board selection process, effectiveness of the management of GRNSW, and the level of autonomy of the organisation. There is also a section specifically dedicated to ‘The Gardens’ at Walsend and the elements of that undertaking.
- 1.19** Chapter 6 considers integrity issues in greyhound racing, including drug control measures, the incidence of doping, and kennel inspections. The chapter also examines the role and actions of stewards and the Integrity Auditor.
- 1.20** Chapter 7 looks at some of the major themes dealing with animal welfare issues in relation to greyhound racing, including overbreeding, high euthanasia rates and methods of euthanasia, the export of greyhounds, animal mistreatment and injuries sustained at racing events.

Chapter 2 An overview of the greyhound racing industry

This chapter provides an overview of the greyhound racing industry, including statistics on the number of people involved, the distribution and number of race meetings held. It also provides a brief history of the legislation associated with greyhound racing and wagering.

Greyhound Racing NSW

- 2.1** Greyhound Racing NSW (GRNSW) is a body corporate charged with providing strategic direction and leadership in the development, integrity and welfare of greyhound racing in New South Wales. It is the peak body of the sport and is responsible for ensuring the competitiveness, long term commercial viability, integrity and orderly conduct of greyhound racing for the benefit of participants, business partners and the community. Greyhound Racing NSW is prohibited by legislation from running greyhound racing meetings. The conduct of racing is undertaken by clubs that are in turn regulated by GRNSW.³
- 2.2** As set out in the *Greyhound Racing Act 2009* the functions of GRNSW include the following:
- To control, supervise and regulate greyhound racing in the state
 - To register greyhound racing clubs, greyhound trial tracks, greyhounds, owners and trainers of greyhounds, bookmakers for greyhound racing and other persons associated with greyhound racing
 - To initiate, develop and implement policies considered conducive to the promotion, strategic development and welfare of the greyhound racing industry in the state
 - To distribute money received as a result of commercial arrangements required by the *Totalizator Act 1997* and
 - To allocate to greyhound racing clubs the dates on which they may conduct greyhound racing meetings.
- 2.3** These functions are overseen by the board of GRNSW, while the day-to-day management and the exercise of the functions are undertaken by the Chief Executive Officer and his or her staff.⁴ Further information about the role and structure of the organisation is covered in Chapter 5.

State of the greyhound racing industry

- 2.4** Australia is reported to have the third largest greyhound racing industry in the world, with the majority of racing tracks in Australia located in New South Wales.⁵ The Greyhound Action Group observed that the industry has traditionally been the racing industry ‘for the ‘working

³ Submission 382, Greyhound Racing NSW, p 6.

⁴ *Greyhound Racing Act 2009* (NSW), Sections 6-14.

⁵ Submission 180, Humane Society International, p 1 (quoting info from Greyhounds Australasia website)

class' people, having a much lower cost of participation than the two other racing codes, and being able to be undertaken by hobbyists from their suburban backyards'.⁶

2.5 In 2011-12 there were 4,841 industry participants (Trainers, Owner/Trainers, and Attendants) in NSW. This was a decline of over one thousand people from a peak of 5,959 participants in 2008-09.⁷

2.6 Greyhound Racing NSW lists 35 greyhound racing clubs in NSW, which are divided into three categories:

- Metropolitan: Only one metropolitan club exists – the NSW Greyhound Breeders, Owners and Trainers' Association Limited (GBOTA). It is based at Wentworth Park, Sydney
- TAB clubs, ie those clubs whose races are run in conjunction with the wagering company TAB. There are 14 of these clubs, which are listed in Table 1
- Non-TAB clubs, ie, those clubs which conduct races with no TAB involvement. There are 20 of these clubs, also listed in Table 1.⁸

Table 1 Listing of TAB and non-TAB Clubs

TAB Clubs	Non-TAB Clubs
Casino Greyhound Racing Club	Armidale Greyhound Racing Club
Dapto A. & H. Society	Broken Hill Greyhound Racing Club
Dubbo Greyhound Racing Club	Coonabarabran Coursing Club
Grafton Greyhound Racing Club	Coonamble Greyhound Racing Club
Goulburn Greyhound Racing Club	Cowra Greyhound Racing Club
GBOTA – Bathurst	Forbes and District Greyhound Racing Club Limited
GBOTA – Bulli	Greyhound Social Club Limited (Potts Park)
GBOTA – Gosford	Hastings River Greyhound Racing Club
GBOTA – Lismore	Kempsey and MacLeay Greyhound Racing Club
GBOTA - Maitland	Lithgow Greyhound Racing Association
The Gardens	Moree Greyhound Racing Club
Richmond Race Club Limited	Mudgee and District Greyhound Racing Club
Shoalhaven Greyhound Racing Club	Muswellbrook Mechanical Coursing Club Limited
Wagga & District Greyhound Racing Club	GBOTA – Appin
	GBOTA – Gunnedah

⁶ Submission 1, Greyhound Action Group, p 4.

⁷ Greyhound Racing New South Wales 2012-13 Annual Report p 33. Note that industry participant categories were reclassified in 2007, hence comparative data dates from 2007.

⁸ Greyhound Racing New South Wales, *FY13 Scheme of Distribution Policy*, 2012, p 13.

TAB Clubs	Non-TAB Clubs
	GBOTA – Temora
	Tamworth Greyhound Racing Club
	Taree Greyhound Racing Club
	Tweed Heads Coursing Club
	Young and District Greyhound Racing Club

Source: *Greyhound Racing New South Wales, FY 2013 Scheme of Distribution Policy, 2012, p 13.*

2.7 On average, 500 people attend a metropolitan greyhound race meeting, while 114 people attend a TAB meeting and 107 attend a Non-TAB race meeting. These attendance figures have remained relatively stable for the last five years.⁹

2.8 While these attendance figures may appear relatively small, Greyhound Racing NSW noted the economic and social importance of race tracks in rural and regional areas:

The greyhound racetrack is a significant part of the social fabric of a country town. For many rural and regional towns across NSW, the country racing clubs are the lifeblood of the town that provides a meeting place for all members of the community, where members of the community can socialise and provide support to one another.¹⁰

2.9 Similarly, Ms Vicki Prest told the Committee at a public forum that ‘Country clubs are part of communities, charities other committees and services’.¹¹ In his evidence, Mr Rex Nairn, President, Hastings River Greyhound Racing Club, concurred, advising that ‘it is sort of a culture ... some people travel four or five hours to get there [to attend a greyhound race meeting]’.¹²

The economic contribution of the NSW greyhound industry

2.10 In 2010 GRNSW engaged Access Economics to conduct an independent study to determine the size, scope and economic contribution of the NSW greyhound racing industry to the NSW economy. Key findings include that for the financial year 2009-10:

- the total economic contribution of the greyhound racing industry in NSW was estimated at \$144.2 million. Of this amount \$92.3 million was a direct contribution and \$51.9 million was indirect.
- total employment by the industry was estimated to be 1,561 full time equivalent positions, of which 1,086 were direct and 475 indirect
- over 13,000 participants were involved in the industry, including owners, breeders, trainers, and those organising race meetings and administration of the sport

⁹ Greyhound Racing New South Wales 2012-13 Annual Report p 31.

¹⁰ Greyhound Racing New South Wales, *Independent Review of Wagering in NSW*, GRNSW Submission, 31 July 2008, p 17. Cited by Greyhound Action Group, Submission 1, Attachment 1.

¹¹ Public Forum, Ms Vicki Prest, 5 February 2014, p 41.

¹² Evidence, Mr Rex Nairn, President, Hastings River Greyhound Racing Club, 5 February 2014, p 37.

- volunteers in the industry were a key contributor and, during the period, the unpaid time invested by trainers in the sport was valued at approximately \$40 million
- the contribution to government revenue of wagering on greyhounds in the period was \$31 million
- greyhound racing also generated significant direct economic worth and flow-on benefits for other sectors of the economy. A contribution of approximately \$52 million dollars in flow-on economic benefits in the period with a substantial amount being generated through breeding (\$24.4 million) and training (\$12 million) activities.

2.11 Table 2 details the economic contribution by region:¹³

Table 2 Economic contribution of the greyhound racing industry by region, 2010

	Breeding	Training	Tracks	Wagering	GRNSW	Total	
	FTE	FTE	FTE	FTE	FTE	Value Added (\$m)	FTE
Central West	39	14	12	7	-	5.8	72
Hunter Region	66	28	12	15	-	10.3	120
Illawarra	21	10	7	6	-	3.8	43
Mid North Coast	29	17	9	2	-	4.4	57
Murray	2	0	-	-	-	0.1	2
Murrumbidgee	22	10	4	2	-	2.9	37
Newcastle	2	4	27	25	-	6.0	59
North West	24	13	6	1	-	3.3	44
Northern	13	14	4	0	-	2.4	32
Richmond Tweed	40	19	27	22	-	9.5	108
South Eastern	28	9	3	0	-	3.0	40
Sydney	109	58	120	72	42	33.4	401
Wollongong	12	5	26	27	-	7.3	70
TOTAL	407	201	257	179	42	92.3	1,086

Source: Access Economics

Note: FTE is the direct full time equivalent employment in the greyhound industry

2.12 The Access Economics report also noted that the greyhound industry is a key feature in regional areas. This is both in the practical sense of availability of a venue for use by the broader community for a diverse range of activities, a source of income for local veterinarians, an opportunity for hobbyist trainers to run their dogs against the professionals; or in the wider sense, of being an occasion for family and friends to socialise. It was identified that ‘some of

¹³ Submission 380, Joint Submission by Greyhound Racing NSW, NSW Greyhound Breeders Owners and Trainers Association, Metropolitan and Provincial Greyhound Clubs Association, Greyhound Racing Clubs Association, Greyhound Action Group, pp 3-4.

these impacts cannot be quantified, yet may add significantly to the contribution of the NSW greyhound racing industry'.¹⁴

- 2.13** Access Economics concluded that the greyhound industry plays an important part in many communities, especially in regional areas:

The greyhound racing industry plays an important role in many communities across NSW. The industry generates direct economic value and also generates flow-on benefits for other sectors of the economy. ... The study shows that future reviews of the industry and strategic planning in this sector should acknowledge and attempt to capitalise on the substantial contribution made by the greyhound industry to the economy of NSW, particularly in regional areas.¹⁵

History of regulation of the greyhound racing industry

- 2.14** Legislation governing greyhound racing in NSW dates from the *Gaming and Betting Act 1912*, and its own dedicated greyhound racing legislation commenced with the *Greyhound Racing Control Board Act 1985*. Since the 1985 Act there have been four major revisions to greyhound racing legislation, culminating in the *Greyhound Racing Act 2009*:

- *Gaming and Betting Act 1912*
- *Racing (Amendment) Act 1948*
- *Greyhound Racing Control Board Act 1985*
- *Greyhound Racing Authority Amendment Act 1998*
- *Greyhound Racing Act 2002*
- *Greyhound and Harness Racing Administration Act 2004*
- *Greyhound Racing Act 2009*.

- 2.15** Up until 2003, both the commercial and regulatory affairs of the sport were the responsibility of the Greyhound Racing Authority, which was a statutory body under the control of the Minister for Racing. The *Greyhound Racing Act 2002* established Greyhound Racing NSW in 2003 as an independent body to represent, fund and control the commercial operations of the greyhound racing industry. Responsibility for the regulatory affairs of the sport remained under the control of the government, firstly with the Greyhound Racing Authority and then the Greyhound and Harness Racing Regulatory Authority.¹⁶

¹⁴ Submission 380, Joint Submission by Greyhound Racing NSW, NSW Greyhound Breeders Owners and Trainers Association, Metropolitan and Provincial Greyhound Clubs Association, Greyhound Racing Clubs Association, Greyhound Action Group, Attachment 1, p ii.

¹⁵ Submission 380, Joint Submission by Greyhound Racing NSW, NSW Greyhound Breeders Owners and Trainers Association, Metropolitan and Provincial Greyhound Clubs Association, Greyhound Racing Clubs Association, Greyhound Action Group, Attachment 1, p vi.

¹⁶ Submission 382, Greyhound Racing NSW, p 6.

- 2.16** The statutory five year review of the *Greyhound Racing Act 2002*¹⁷ and an independent review of the oversight of the NSW racing industry¹⁸ were both released in June 2008. These reports led to the enactment of the *Greyhound Racing Act 2009*, which dissolved the Greyhound and Harness Racing Regulatory Authority and established Greyhound Racing New South Wales (GRNSW) as an independent board responsible for both the commercial and regulatory functions for the greyhound racing industry.¹⁹

The role of government

- 2.17** The role of government in the greyhound racing industry has changed from one of direct regulatory oversight to the present day role of providing a legislative framework in which an independent board operates. Ms Cathrine Lynch, Director, Policy and Strategy, Office of Liquor, Gaming and Racing noted that the role of government has evolved according to the demands and expectations of the community:

The recognised role of Government in respect of the racing industry is to provide a legislative framework that promotes best practice governance arrangements in relation to the ongoing viability and strategic development of racing, together with regulatory structures which ensure racing and associated wagering is conducted in accordance with community expectations of both integrity and fairness.²⁰

- 2.18** Whilst the independence in the racing industry and self-determination in management and affairs is acknowledged, Ms Lynch noted that ‘the Government remains a major stakeholder in terms of the economic contribution of the racing industry to the State’s economy and of the public interest in respect of gambling integrity.’²¹
- 2.19** The *Greyhound Racing Act 2009* (s.49) provides that the Act is to be reviewed by the Minister ‘to determine whether the policy objectives of the Act remain valid and whether the terms of the Act remain appropriate for securing those objectives’.²² In accordance with the Act, this review is scheduled to commence after 15 May 2014 and to be tabled in both Houses of Parliament by 15 May 2015.

¹⁷ Office of Liquor, Gaming and Racing, www.olgr.nsw.gov.au/pdfs/5_year_Review_Report.pdf, Office of Liquor Gaming and Racing, June 2008.

¹⁸ Malcolm Scott, *2008 Independent Review of the Regulatory Oversight of the NSW Racing Industry*, June 2008.

¹⁹ Tabled document, Office of Liquor, Gaming and Racing, *History of governance arrangements*, 15 November 2013, p 3.

²⁰ Evidence – Ms Cathrine Lynch, Office of Liquor Gaming and Racing, 15 November 2013, p 53.

²¹ Evidence – Ms Lynch, 15 November 2013, p 53.

²² *Greyhound Racing Act 2009* – Sect 49

Chapter 3 The economic viability of the greyhound racing industry

This chapter considers the economic viability and long term sustainability of the greyhound racing industry in New South Wales. The viability of the industry is considered from the perspective of racing industry participants, as well as the overall sustainability of the industry. The chapter compares the funding and government assistance provided to the greyhound industry in New South Wales with other states, particularly Victoria. The chapter then focuses on the returns the racing industry receives from the wagering industry. The chapter also reports on the history of the negotiations that lead to the signing of industry funding arrangements. The final section of the chapter addresses race field information use fees and the returns from corporate bookmakers.

Sustainability of greyhound racing in NSW

3.1 The sustainability of the greyhound racing industry can be considered from the perspective of a greyhound racing participant or from a broader industry-as-a-whole perspective. The sustainability of the industry is largely affected by the costs of running the industry and the returns from wagering; however, it is also reliant on the ongoing involvement of greyhound racing participants, such as owners and trainers. For industry participants, viability is mainly influenced by the costs of owning, training and racing greyhounds and the returns received in the form of prize money.

3.2 The Committee heard that the industry is not viable in the short to medium term and not sustainable in the long term. This view was expressed by Mr Brent Hogan, Chief Executive, Greyhound Racing NSW (GRNSW):

It is the view of the industry that the New South Wales greyhound racing industry is not viable in the short to medium term and certainly not sustainable in the longer term. This is the collective view of the five bodies included in the joint industry submission and merely expands upon the conclusions of Alan Cameron in his 2008 review of wagering and racing in this State.²³

3.3 As noted by Mr Hogan, this view was shared by the five industry bodies that signed off on the joint industry submission, namely: GRNSW, the NSW Greyhound Breeders Owners and Trainers Association (GBOTA), the Metropolitan and Provincial Greyhound Clubs Association, the Greyhound Racing Clubs Association and the Greyhound Action Group.²⁴ Together these groups represent a substantial number of the clubs and participants in the greyhound industry.

3.4 The joint industry submission referred to correspondence sent from GRNSW to the Minister for Tourism, Major Events, Hospitality and Racing in January 2013, in which GRNSW

²³ Evidence, Mr Brent Hogan, Chief Executive, Greyhound Racing NSW (GRNSW), 15 November 2013, p 2.

²⁴ Submission 380, Joint industry submission (Greyhound Racing NSW, NSW Greyhound Breeders Owners and Trainers Association, Metropolitan and Provincial Greyhound Clubs Association, Greyhound Racing Clubs Association and Greyhound Action Group), p 11.

advised of the need to act because the industry could not continue to be funded at its current level:

GRNSW advised Minister for Racing in January 2013 that we “have two years to act and envision a more dynamic and sustainable business model as we will not have the financial capacity to continue to fund the current level of industry expenditure thereafter.”²⁵

- 3.5** The submission claimed that the industry is faced with increasing costs and regulatory pressures, as well as increasing risks of compliance with OH&S, Workcover and public liability.²⁶ It also claimed that many greyhound racing clubs require capital for building works, which those clubs cannot afford and GRNSW cannot provide funding for:

...there is a network of 35 clubs and racetracks across metropolitan and country NSW with many either in need of capital for renewals and enhancements which cannot be funded from the many barely surviving Clubs nor can it be adequately provided for by GRNSW within already stretched current funding.²⁷

- 3.6** Similar sentiments were put forward by Mr Brenton Scott, Executive Officer of the NSW Greyhound Breeders, Owners and Trainers Association (GBOTA). He noted the increasing capital and other costs of greyhound racing in the state and suggested that they could only be addressed by an increase in funding for the industry:

...Greyhound Racing NSW manages an industry with increasing capital development needs, high workplace and safety requirements, increased macro marketing demands and a racetrack infrastructure that many would consider outdated when compared to the track presentation of our Victorian counterparts. These issues are very much on the Greyhound Racing NSW radar but can be addressed properly only with an influx of funds.²⁸

- 3.7** The Registered Greyhound Participants Association considered that the prospects for the industry appear ‘bleak and unsustainable in the long term’ under the current funding arrangements.²⁹

Impact of current industry funding situation

- 3.8** While discussing the dire economic position of the greyhound racing industry in New South Wales, Mr Brent Hogan indicated that up to half of the State’s tracks could close within the next five to ten years if there is no change to the way the industry is funded:

We maintain in this State the largest number of greyhound race clubs in the country. We have 34 clubs around the State. As we speak, those clubs are struggling to keep their heads above water. There is not enough money in the system to invest

²⁵ Submission 380, Joint industry submission, pp 5, 11.

²⁶ Submission 380, Joint industry submission, p 5.

²⁷ Submission 380, Joint industry submission, p 11.

²⁸ Evidence, Mr Scott, Executive Officer, NSW Greyhound Breeders, Owners and Trainers Association, 15 November 2013, p 21.

²⁹ Submission 349, Registered Greyhound Participants Association, p 2.

significantly in a venue enhancement project. Rather, at the moment it is more about keeping things running and ticking. The five bodies that put the industry submission together have collectively formed the view that if the current funding model is maintained going forward, then within the next five to ten years, it is highly likely that up to half of those tracks will close because, financially, they will not be sustainable from the industry's viewpoint.³⁰

3.9 The joint industry submission claimed that the industry may collapse without structural reform:

...the Greyhound Industry submits that if the commercial landscape in this code is left as it is then the Industry will inevitably need to be structurally reformed to survive or it may collapse. It may take a number of years but it will collapse without significant structural reform.³¹

3.10 Other industry participants reported that the greyhound racing industry is in a state of decline in New South Wales. For example, Ms Maree Callaghan highlighted the following points regarding the departure of greyhounds, trainers, owners and breeders to other states or away from the industry altogether:

- A vast number of our top greyhounds have been transferred to interstate kennels where they will increase TAB turnover for those states
- A vast number of respected leading trainers have left the industry, some in a blaze of publicity
- A vast number of owners have chosen not to invest in greyhounds and “sold off” their dogs
- Breeders have left the industry.³²

3.11 Another industry participant, Mr Stephen Southwell, considered that the industry had reached a crisis point, citing the lack of growth in prize money, especially for lower grade races and non-TAB meetings:

As a participant for over 25 years as both a breeder and owner of racing greyhounds my perception is that the industry is in crisis. My reasons for this perception is that despite growth in industry revenue there has not been real growth in prize money at race meetings of lower than Metropolitan grade (i.e. Wentworth Park).³³

Viability for industry participants

3.12 The viability of participating in greyhound racing, from the perspective of individual trainers and owners, was raised by a large number of inquiry stakeholders. The issues raised included the rising costs of owning greyhounds, declining returns in the form of prize money, and the exodus of participants from the industry due to the decreasing viability of owning and racing greyhounds.

³⁰ Evidence, Mr Hogan, 15 November 2013, p 4.

³¹ Submission 380, Joint industry submission, p 16.

³² Submission 245, Ms Maree Callaghan, p 3.

³³ Submission 344, Mr Stephen Southwell, p 1.

- 3.13** Mr Corey O'Donnell, greyhound racing participant, provided the following overview of the average costs involved in owning a racing greyhound, and concluded that by the time a dog reaches a racetrack it has cost its owner nearly ten thousand dollars:

You buy a decent dog as a pup, three months old, and you are looking at about \$3,000. Then you have to pay the rearing, so that is anything up to \$180 or \$200 a month. The dogs do not race until they are 16 months old, so you pay that until they are 14 months old. You then have to get the dog to chase, so you obviously go into an education centre, which is \$400 for the month. Then you have the pre-training, which is eight weeks. Pre-training is basically getting the dog ready to race, getting its fitness up so that it can go straight into a race. So by the time you get the dog to the racetrack, it is easy for you to have spent nine or ten grand. That is a lot of money; it is a lot of investment.³⁴

- 3.14** Mr Anthony Duggan, industry participant, noted the rising costs of owning and racing greyhounds, from food and vet bills to increased travel costs:

The cost of having a dog, that cost of fuel, the cost of feeding, the cost of vet bills—the cost of everything has gone through the roof, plus the cost of travelling to and from the tracks.³⁵

- 3.15** The Registered Greyhound Participants Association flagged the variety of costs associated with owning and racing greyhounds and shared the concerns of participants that rising costs are making the sport economically unviable for many:

... The G.R. participants are under pressure with rising costs to maintain their involvement in greyhound racing. ... The veterinary fees are constantly rising for your greyhound visits. ... The sport of greyhound racing requires travel to race meetings, trialling a greyhound for fitness... The petrol and car maintenance rising costs contribute to the weekly expenses.

The AVERAGE cost to rear and whelp a litter of 7 greyhound pups is approximately \$21,000 to the racing age. The costs include veterinary care and immunisations.

The AVERAGE cost to buy a pup rear to racing age including schooling approximately \$7,000. The hobby trainer costs to train a greyhound conservatively total approximately \$75 per week.³⁶

- 3.16** Mr Paul Wheeler, the owner of one of the largest greyhound kennels in the country, noted that there is little private sector investment in the industry in NSW, because of the poor returns. He further noted that this would have an adverse impact on the industry and hamper its ability to rebuild because 'without private facilities such as private trial tracks, rearing establishments, training complexes etc., it becomes increasingly difficult for participants to be involved in this industry'.³⁷

- 3.17** Mr Anthony Duggan discussed the declining number of participants in the industry over the past 15 years:

³⁴ Public Forum, Mr Corey O'Donnell, 15 November 2013, p 85.

³⁵ Public Forum, Mr Anthony Duggan, 5 February 2014, p 47.

³⁶ Submission 349, Registered Greyhound Participants Association, p 2.

³⁷ Submission 299, Mr Paul Wheeler, p 2.

In relation to the number of participants in this industry in New South Wales, since 1999 we had a figure for owner-trainers of 5,811. In the year to date, 2014, we have 1,850. The number of public trainers has decreased from 1,904 to 1,480, which is a massive decline.³⁸

- 3.18** The Greyhound Action Group reported a similar decline in participation, and noted the fall in the number of owners, trainers and litters of greyhounds that were bred over the last ten years:

The number of registered trainers has fallen from 1,770 in 2003 to 1,690 in 2007 to 1,589 in 2012. Ownership has fallen from 5,243 in Y2003 to 4,534 in Y2007 to 2,082 in Y2012. Litters have fallen from 1,320 in Y2003 to 1,069 in Y2012.³⁹

Current levels of prize money unable to cover costs

- 3.19** The level of prize money offered in NSW greyhound races is a key factor in determining the viability of owning and racing greyhounds for many industry participants.
- 3.20** Greyhound Racing NSW reported that \$21.5 million is returned to the industry as prize money.⁴⁰ Prize money for individual races varies depending on the category of the race meeting, the club holding the meeting, and the distance and grading of a particular race.
- 3.21** The table below is an overview of the typical range of prize money range offered for different categories of race meetings. (Note that within race categories there are exceptions that fall outside of this sample range, such as prominent races that attract greater prize money. The numbers below are indicative of the typical prize money range offered.)

Table 3 Sample range of prize money for greyhound races in NSW

Category	1st Place	2nd Place	3rd Place
Tab A1	\$3,300 - \$8,000	\$700 - \$2,000	\$330 - \$1,000
Tab A2	\$3,300 - \$5,000	\$700 - \$1,200	\$330 - \$725
Tab B	\$830 - \$1,670	\$240 - \$490	\$115 - \$245
Tab C	\$415 - \$850	\$120 - \$355	\$60 - \$210
Country	\$400 - \$1,000	\$70 - \$200	\$50 - \$100

Source: Sample of upcoming races scheduled on GRNSW website: www.thedogs.com.au as at 10 March 2014.

- 3.22** While many inquiry participants were critical of the level of prize money currently offered on NSW greyhound races, the GBOTA reported that the total prize money paid by GRNSW had increased by 47 per cent between 2008 and 2013.⁴¹ However, as other witnesses noted, race meetings have also increased by 46 per cent.

³⁸ Public Forum, Mr Anthony Duggan, 5 February 2014, p 47.

³⁹ Submission 1, Greyhound Action Group, p 12. (quoting GRNSW Annual Report Y2012 p 32).

⁴⁰ Answers to questions on notice, Greyhound Racing NSW, 27 February 2014, p 13.

⁴¹ Submission 383, NSW Greyhound Breeders, Owners and Trainers Association, p 13.

3.23 As also noted, the Greyhound Action Group contended that costs had increased by a similar amount, and argued that between 2007 and 2012 average costs had risen by 48 per cent, with increased fuel and meat prices being substantial factors in the rising costs.⁴²

3.24 The Greyhound Action Group explained the importance of prize money to industry participants, noting that even for individuals who participate as hobbyists a reasonable return, in the form of prize money, is required:

Prize money is the life blood of the industry because it in turn determines the participants' affordability levels to own, train and breed greyhounds. ... Given its hobby/ past time underpinning, it is not realistic to expect net positive returns for the average participant; losses are the cost of the hobby. However, it is anticipated that the level of loss will be at a level that allows reasonable cost for participation.⁴³

3.25 Mr Norm Becroft also reported that the current levels of prize money in NSW do not provide sufficient returns to allow profitable businesses in the industry. He further remonstrated over the unfairness of the circumstances in which substantial quantities of money may be bet on NSW greyhound races with wagering operators around the country, yet the returns to owners and trainers are paltry in comparison:

Unfortunately the prize money in NSW Greyhound Racing doesn't support a trainer or owner in providing best practice for the care and welfare of their Greyhounds. The level of prize money per TAB race and non-TAB race doesn't come close to compensating an owner or trainer for the amount they invest.

... Now consider your dog runs third, there has been over \$50,000 bet on the race via TAB, corporate bookmakers all over Australia and at times in other countries, with the bookmaker on course, with TABs in other states. And all the Trainer wins is \$80 for third place which he must share half with the owner of the dog.⁴⁴

Comparison with other states

3.26 The greyhound racing industry in New South Wales was compared to that in other states around Australia by numerous stakeholders to the inquiry. Victoria was the state most often contrasted with New South Wales and it was often described as having now surpassed NSW as the premier state for greyhound racing.

3.27 For example, Mr Dennis Carl, industry participant, asserted that the 'NSW Greyhound Racing Industry is now a pale imitation of our competition in Victoria.'⁴⁵ This view was shared by Mr Anthony Callaghan, who commented on the decline of greyhound racing in NSW, and noted that Victoria had become the industry leader:

Two decades ago, the NSW greyhound industry was far and away the leader and most envied of any state. In effect, all other states had their eye on our prizemoney and status, and regularly entered their very best greyhounds in our Group races. How

⁴² Submission 1, Greyhound Action Group, p 10.

⁴³ Submission 1, Greyhound Action Group, p 8.

⁴⁴ Submission 554, Mr Norm Becroft, pp 4-5.

⁴⁵ Submission 398, Mr Dennis Carl, p 1.

times have changed! Nowadays Victoria has been the industry leader for the past 15 years or so, and it is our dogs, breeders and trainers heading to that state.⁴⁶

Prize money differences between states

- 3.28** Victoria's prize money for greyhound racing far exceeds that of New South Wales. Mr Brent Hogan reported that Victoria is in a position to pay out an extra \$15 million in prize money compared to NSW:

Last year alone our counterparts in Greyhound Racing Victoria had revenue of \$70 million in round figures. Greyhound Racing NSW had revenue of \$40 million. That led to Victoria being in a position to pay additional prize money of \$15 million to its participants over and above what we could afford here.⁴⁷

- 3.29** However, Mr Hogan also noted that GRNSW pays out a greater proportion of revenue as prize money (54%) compared to Victoria – as shown in Table 4:

Table 4 Prize money in NSW compared to Victoria⁴⁸

	GRNSW	Victoria	Difference
Total revenue	\$39,905,344	\$70,986,000	\$31,080,656
Prize money	\$21,545,817	\$36,730,000	\$15,184,183
Prize money as % of revenue	54%	52%	

- 3.30** Mr George Tsohalis, industry participant, noted that prize money in Victoria has grown at a faster rate than in New South Wales:

Our current controlling body...makes song and dance about the fact that prize money distributed to owners and trainers has grown by 47% over the past five years. ...The fact remains that the state of Victoria puts our funding arrangements to shame. Through new deals struck with Tabcorp, the Victorian industry has increased its prize money from \$24.3m in 2008-09 to a massive \$39.6m for the current financial year. This represents a 63% [increase] in funding, on a level already higher than NSW in 2008.⁴⁹

- 3.31** The higher prize money budget in Victoria leads to higher prize money being offered there, as explained by Mr Anthony Duggan:

A lot of our dogs are now going to Victoria for the reason that in New South Wales we are racing for maiden prize money of \$830 whereas in Victoria it is \$990. Our fifth-grade races on tracks such as this have prize money of \$1,080 whereas in Victoria it is at \$1,325. At Sandown-Meadows, it is \$5,000. At Wentworth Park, it is \$3,300 and \$4,350. We are a long way behind.⁵⁰

⁴⁶ Submission 300, Mr Anthony Callaghan, p 1.

⁴⁷ Evidence, Mr Hogan, 15 November 2013, p 3.

⁴⁸ Answers to questions on notice, Greyhound Racing NSW, 27 February 2014, p 13.

⁴⁹ Submission 338, Mr George Tsohalis, p 2.

⁵⁰ Public Forum, Mr Anthony Duggan, 5 February 2014, p 47.

- 3.32** Mr Corey O'Donnell, a greyhound owner, similarly told the Committee of the disparity in prize money between New South Wales and Victoria:

If you win a race in New South Wales on a Sunday, it is \$830 you get. If you win a race down in Victoria at Sandown, it is \$1,700. ... If you race through the week in New South Wales—Monday, Tuesday, Wednesday, Thursday—all the races are worth \$1,100,...but if you go down to Melbourne, I have a dog which is racing on Tuesday night for \$3,200. This same dog of mine won the Thursday before and we got \$5,700. So you can really see how far behind the eight ball we are up here.⁵¹

- 3.33** The Greyhound Action Group also claimed that the NSW greyhound racing industry offers lower returns than in Victoria. As shown in Table 5, the Action Group outlined the average costs and returns to owners in Victoria and New South Wales. The Action Group concluded that the higher revenue in Victoria, due to higher prize money, leads to almost double the return for owners.⁵²

Table 5 Average returns for greyhound owners in NSW compared to Victoria

	NSW	VIC
Revenue	\$4,041	\$7,931
Total costs	\$22,936	\$22,936
Net cost of ownership until retirement	- \$18,895	- \$15,006
Return as a percentage of cost	18%	35%

Source: Submission 1, Greyhound Action Group, p 11.

- 3.34** The Action Group compared the average returns for professional or semi-professional greyhound trainers in New South Wales with the returns for trainers in Victoria, as shown in Table 6. The Action Group concluded that the higher prize money in Victoria means that an average greyhound in that state would return a profit, while an average greyhound would earn a loss for a trainer in New South Wales.

Table 6 Average returns for greyhound trainers in NSW compared to Victoria

	NSW	VIC
Costs	- \$11,440	- \$11,440
Part reimbursement	\$7,800	\$7,800
Prize money	\$2,021	\$3,965
Net profit/loss per greyhound	- \$1,619	\$325

Source: Submission 1, Greyhound Action Group, p 11.

⁵¹ Public Forum, Mr Corey O'Donnell, 15 November 2013, p 85.

⁵² Submission 1, Greyhound Action Group, p 11.

- 3.35** The Action Group argued that ‘it is not financially viable for professional or semi-professional trainers to train the average prize money performing dog in NSW, whereas in Victoria it is viable to do so.’⁵³

Reasons for Victoria’s higher prize money

- 3.36** The reasons for the larger amount of prize money available in Victoria compared to NSW include the different inter-code agreement in that state, as well as different wagering tax levels. Each of these will be considered in further detail below.

The Victorian inter-code agreement

- 3.37** Mr Brent Hogan asserted that one of the main reasons for the difference in funding between NSW and Victoria was the inter-code arrangement in each state, with the result that Victoria has greater income than NSW. Mr Hogan explained that the inter-code agreement in Victoria is partly based on market share, which provides greater funding for greyhound racing in that state:

... the Victorian equivalent to the inter-code agreement is an agreement that is 50 per cent based on market share. By that, I mean whatever they are contributing in respect of the performance of their product is reflected in the revenue of Greyhound Racing Victoria, which is 50 per cent of their TAB distribution. The other half is a fixed percentage share, but that percentage is higher than our 13 per cent under the new arrangement.⁵⁴

Different tax rates

- 3.38** Victoria has a lower tax rate on wagering than NSW, which means that there is more money to return to the industry as prize money.
- 3.39** Racing NSW summarised the different levels of taxation and industry funding that apply to a \$100 bet with each state’s TAB, as shown in Table 7. For each \$100 racing wager in NSW, the racing industry receives \$4.70 and the NSW Government receives \$3.22. In contrast, the Victorian racing industry receives \$7.90. It is clear that NSW has the highest taxation rate and lowest return to the industry out of all the Australian states.

Table 7 Distribution of wagering revenue per \$100 bet

State	Racing industry funding	Government share of gross wagering revenue
New South Wales	\$4.70	\$3.22
Victoria	\$7.90	\$1.28
Queensland	\$6.25	\$1.83
South Australia	\$8.00	\$0.00

⁵³ Submission 1, Greyhound Action Group, p 4.

⁵⁴ Evidence, Mr Hogan, 15 November 2013, p 6.

State	Racing industry funding	Government share of gross wagering revenue
Western Australia	\$6.67	\$2.00
Tasmania	\$9.02	\$0.00

Source: Document tendered by Racing NSW, 6 February 2014, p 1.

- 3.40** The Southern Highlands GBOTA calculated that if the NSW Government matched the Victorian tax rate, then the NSW greyhound industry would receive approximately \$16 million in extra funding per year.⁵⁵

The impact of low prize money in NSW

- 3.41** The joint industry submission noted that the lure of higher prize money and other forms of support have led a number of NSW greyhound industry participants to race more often in Victoria rather than in New South Wales. The submission also stated that some NSW participants have reportedly contemplated transferring their entire operations to Victoria.⁵⁶ This situation was also reported by Mr George Tsohalis, who stated that higher prize money and improved financial prospects in Victoria have led to numerous trainers moving interstate:

For pure economic reasons, a number of trainers have moved interstate and many owners with promising greyhounds have made personal decisions to transfer their greyhounds to Victorian trainers because of the improved financial prospects in that state.⁵⁷

- 3.42** Mr Paul Wheeler informed the Committee of his organisation's shift to undertake most of their races in states other than NSW, due to the poor returns:

Even though our kennel has built a new complex in rural NSW during the past decade we were forced many years ago to shift the majority of our kennels racing activities interstate for racing due to the poor returns via prize money in this state. Approximately 95% of our annual income is derived from our racing activities interstate. If we did not make that move approximately 15 to 20 years ago we would be out of business today. This is because the greyhound industry in NSW is so unviable compared to other states in Australia and it could not support our operation.⁵⁸

- 3.43** Mr Hogan, CEO, GRNSW, outlined the impact on the quality of the NSW greyhound racing industry of having better performing greyhounds move interstate:

What it means in practice is that the higher quality greyhounds will move to Victoria. Those are the greyhounds that are going to attract the most public interest, if you like. ... What it ultimately means is that the quality of the race product we produce and put on television screens is generally of a lesser standard compared to the product being put on screen in Victoria, and, for those consumers who bet based on quality, that is obviously negatively impacting on us.

⁵⁵ Submission 301, Southern Highlands Greyhound Breeders, Owners and Trainers Association, p 2.

⁵⁶ Submission 380, Joint industry submission, p 5.

⁵⁷ Submission 338, Mr George Tsohalis, p 2.

⁵⁸ Submission 299, Mr Paul Wheeler, p 2.

Viability of country racing clubs

3.44 Given the parlous state of funding for greyhound racing in New South Wales, the viability of country racing clubs was highlighted throughout the inquiry as a particular concern. Country racing clubs tend to have lower revenues than their metropolitan counterparts and a number of stakeholders suggested that the future of many country clubs is currently under threat. The loss of races at country tracks is affecting regional racing clubs and leading to club closures. While it is acknowledged that non-TAB events bring less financial gain to the industry, racing events in country areas are important to the towns and regions they service.

3.45 Mr Hogan advised that greyhound racing clubs are responsible for operating race tracks and running race meets. However he noted that the principal source of funding for racing clubs is GRNSW, which typically provides between 80 and 90 per cent of their funding:

In all instances across both TAB and non-TAB, the club is responsible for the costs associated with the operating of the venue, the maintenance, et cetera. The reality is that we are the principal source of funding for those race clubs. In TAB venues as a general statement we account for anywhere between 80 per cent and 90 per cent of the total revenue that those clubs book in a financial year and a little bit less than that when you look at non-TAB clubs, but we are by far the most significant source of revenue that all clubs in this State have.⁵⁹

3.46 Some stakeholders believed that GRNSW has plans to close down country tracks. For example, the Hastings River Greyhound Racing Club submitted that GRNSW had an administrative agenda to close all non-TAB country clubs because GRNSW believed that 'they don't generate any income towards the greyhound industry'. The club argued that GRNSW was 'now finally in the process of strangling the non-TAB clubs till they find it impossible to continue operating.'⁶⁰

3.47 The Young and District Greyhound Racing Club also considered that the management of GRNSW seemed to have a goal of closing down regional tracks:

...the whole idea of the governing body of greyhound racing in NSW seems to have been aiming to reduce country tracks and the amount of greyhounds racing to a bare minimum. ... Regional non TAB tracks have had meetings and monetary distribution cut to the bone and owners and trainers are now facing the fact that they are missing out on getting a run with their greyhounds, sometimes week after week.⁶¹

3.48 Many of the difficulties and frustrations felt by country racing clubs are outlined in the following excerpt of a letter from the Coonabarabran and District Greyhound Racing Club to GRNSW, which was sent in response to the news that the club would lose a further two racing meetings:

Nothing surprises me with your actions to country racing and the tracks. All we have heard for month upon month on television in the newspapers, Recorder etc., the threats about closure of country tracks.

⁵⁹ Evidence, Mr Hogan, 15 November 2013, p 8.

⁶⁰ Submission 304, Hastings River Greyhound Racing Club, p 3.

⁶¹ Submission 302, Young and District Greyhound Racing Club, p 1.

This has undermined owners & trainers confidence in the sport as well as sponsors. Registrations of owners/trainers would be at an all-time low now, wouldn't they?

You are planning to give Coonabarabran 12 meetings annually, you know we cannot remain viable with such. It is impossible, there is not enough secondary income to pay ones creditors with only 12 meetings. Heats and finals cannot be programmed to help with finances. I realize this is done to starve us out of existence.⁶²

3.49 The Greyhound Racing Clubs Association advised that at a meeting with the Association's members, attendees were informed that any race events from non-TAB club that closed would have those meetings redirected to the non-TAB pool. However, the Association reported that this has not occurred with the meetings from one particular club whose race events have been transferred to a Monday night at the metropolitan track.⁶³

3.50 The Greyhound Action Group told the Committee that prior to 2013 GRNSW allocated race dates and paid administration allowances to country clubs based on an amount per meeting to country tracks. In 2013, the same funding model was initially applied, but with the racing dates reduced for many country clubs. However, the policy was subsequently changed, and while the funding is fixed, the individual clubs may determine how many races to conduct.⁶⁴

3.51 GRNSW argued that the new funding model supports the community end of the racing industry and provides them with greater autonomy:

The new model recognises the Non-TAB sector's importance as the hobbyist and community segment of the sport....

Under the model, every Non-TAB club can choose the number of Non-TAB race meetings they conduct each racing season and have greater discretion over prize money levels, subject to minimum operating standards being met. Under the model, Non-TAB clubs are allocated an amount of funding for the financial year and notify GRNSW of the number of race meetings they wish to run during the season. Non-TAB clubs can choose to receive their allocated funding amount in instalments or in one lump sum.⁶⁵

3.52 Mr Rex Nairn, President of the Hastings River Greyhound Racing Club advised that the loss of country races makes it difficult, as there are more greyhounds being entered for races and fewer races are available. He further advised that greyhound racing is a culture, with clubs like the Hastings River Greyhound Racing Club in existence since 1953. He also noted that race meetings are attended by locals as well as those who travel considerable distances to attend or participate.⁶⁶

3.53 Ms Vicky Prest, a country participant at the Young Greyhound Racing Club said:

⁶² Submission 343, Ms Merle Clarke, Secretary/Treasurer, Coonabarabran & District Greyhound Racing Club, p 4.

⁶³ Submission 304, Hastings River Greyhound Club, p 2.

⁶⁴ Answers to questions on notice, Greyhound Action Group, 16 January 2014, p 1; and also see Evidence, Mr Dennis Carl and Mr Michael Eberand, Greyhound Action Group, 15 November 2013, p 36.

⁶⁵ Answers to supplementary questions, Greyhound Racing NSW, 27 February 2014, p 14.

⁶⁶ Evidence, Mr Rex Nairn, President, Hastings River Greyhound Racing Club, 5 February 2014, p 37.

Our race dates have been reduced from originally 40 a year to 16. All the funding has disappeared from country areas. The Country Challenge Series was ceased two years ago for a new format to be developed, but that has never come to fruition. That is another \$175,000 gone from the bush. The reduction in funding for regional areas and the uncertainty in racing has ruined the most thriving breeding industry in New South Wales.⁶⁷

- 3.54** Mr Mark Donohue summed up the plight of country racing clubs and the importance of such clubs to local communities:

Country tracks run on voluntary help and basically run on the smell of an oily rag, so they are not a burden on Greyhound Racing NSW. They are efficient and effective with a small amount of funds they receive to operate their tracks in towns like Moree, Armidale, Taree, Wauchope, Kempsey, et cetera. To remove half of the non-TAB country tracks, GRNSW will remove a big hobby from people and it will attack part of the social fabric of each town. You cannot get it back once it is gone.⁶⁸

- 3.55** In response to questioning from the Committee Mr Hogan, CEO, GRNSW declared that there was not a hit list of regional clubs that GRNSW has targeted to close. However, he warned that if greyhound racing clubs were unsustainable GRNSW could not afford to bail them out:

We have made a very strong commitment to all of our clubs and in particular our country clubs when we changed the funding model ... that we had no intention of going down the path of forced closures in that period. That is not to say that if clubs find themselves in financial difficulty they will not close. We simply do not have the resources to rescue every club in the State if they find themselves in that position but there is no magic list, if you like, in these circumstances that A, B and C will close first, followed by D, E and F, et cetera.⁶⁹

Income sources for greyhound racing in NSW

- 3.56** The primary revenue source for greyhound racing is returns from the wagering industry. The largest share of this revenue comes from Tabcorp, which makes up 82 per cent of the funding for the greyhound racing industry.⁷⁰ Other wagering operators in Australia, such as interstate TABs and corporate bookmakers, contribute a smaller amount of revenue to the industry via their payment of Race Field Information Use fees.
- 3.57** In 2012-13 the amount wagered on greyhound racing in New South Wales reached \$1.03 billion. From this the industry received approximately \$40 million in revenue.⁷¹ A significant proportion of the wagering revenue received is paid out to industry participants in the form of prize money. This section of the chapter explains these sources of income and how they affect the economic viability of the greyhound racing industry in this state.

⁶⁷ Public Forum, Ms Vicky Prest, 5 February 2014, p 41.

⁶⁸ Public Forum, Mr Mark Donohue, 5 February 2014, p 51.

⁶⁹ Evidence, Mr Hogan, 15 November 2013, p 8.

⁷⁰ Submission 380, Joint industry submission, p 6.

⁷¹ Evidence, Mr Hogan, 15 November, p 3.

The Racing Distribution Agreement and inter-code agreement

- 3.58** In 1997 the NSW TAB was privatised and, as part of that process, the TAB entered into a 99 year agreement with the three codes of the racing industry to provide continued funding to the industry after privatisation. The Racing Distribution Agreement (RDA) sets out the payments that the TAB is required to pay the racing industry. While there are a number of different fees that make up the total amount distributed under the RDA, it is estimated that the TAB distributes approximately 4.7 per cent of wagering turnover to the NSW racing industry.⁷²
- 3.59** In 2012-13, as part of the Racing Distribution Agreement Tabcorp returned \$249.8 million to the NSW racing industry.⁷³ Both the Racing Distribution Agreement and the inter-code agreement are ‘commercial in confidence’ documents and not publically available.

The inter-code agreement

- 3.60** The distribution from the RDA is then divided up among the three racing codes in New South Wales according to formulas set out in the 1998 inter-code agreement. As with the RDA, the inter-code agreement runs for a period of 99 years. The inter-code agreement also has a number of different formulas which determine the payments made, but according to the joint industry submission the ‘TAB funding is essentially distributed between the codes on fixed percentages, with 13% being received by the greyhound industry.’⁷⁴
- 3.61** GBOTA similarly advised that the inter-code agreement distributes returns from the NSW TAB to the racing industry according to fixed percentages, with thoroughbred racing receiving 70 per cent, harness racing receiving 17 per cent, and the greyhound racing industry receiving 13 per cent.⁷⁵
- 3.62** Evidence put to the Committee indicated that the fixed percentages set out in the inter-code agreement are locked in for the duration of the 99 year agreement. Mr Brent Hogan advised that the inter-code agreement is legally binding and cannot be altered unless agreed to by the parties to the agreement (i.e. all three racing codes).⁷⁶ The only exception to this rule is in relation to growth moneys, which may be negotiated at the time of the 15 year review (this review will be considered later in the chapter).

Is the inter-code agreement inequitable?

- 3.63** A recurrent theme in many of the submissions received from greyhound racing industry participants was that the current inter-code agreement is unfair to the greyhound industry.

⁷² Cameron, Alan, *Correct Weight? A review of wagering and the future sustainability of the NSW racing industry*, (2008), p 17. (Included as Attachment B to Submission 1, Greyhound Action Group).

⁷³ Submission 1b, Greyhound Action Group, p 2.

⁷⁴ Submission 380, Joint industry submission, p 7.

⁷⁵ Submission 383a, NSW Greyhound Breeders Owners and Trainers Association, p 1.

⁷⁶ Evidence, Mr Hogan, 15 November 2013, p 2.

- 3.64** The Greyhound Action Group argued that the greyhound industry contributes over 20 per cent of TAB racing revenues and that having the industry's return from the TAB fixed at 13 per cent is grossly unfair. The Action Group maintained that greyhound racing in NSW would derive an extra \$14 million per annum if the inter-code agreement was established on a market share basis.⁷⁷
- 3.65** The joint industry submission noted that 'there is a fundamental flaw in the funding model',⁷⁸ as there is no correlation between the greyhound industry's performance and the distributions received from wagering via the RDA and inter-code agreements.
- 3.66** The joint industry submission further argued that the current agreements create a disincentive for the other two codes to redress the flaw in the funding model and claimed that since the establishment of the inter-code agreement, the greyhound industry has essentially subsidised the other two racing codes by almost \$154 million.⁷⁹
- 3.67** Mr Hogan described the inter-code arrangements as being unfair to the greyhound racing industry, and noted that the greyhound industry continues to subsidise the other two racing codes:

Put simply, that is not a fair deal in anyone's language. As a result, the greyhound industry has foregone \$154 million since the privatisation of the TAB and, at present, is leaking \$15 million a year to subsidise the other two codes of racing. It is not equitable and arguably it is not in line with the original intent of Parliament when the TAB was sold.⁸⁰

- 3.68** Many other submissions also indicated that the current inter-code agreement was unfair and called for a review of the agreement. For example, Mrs Anne Jaegar wrote:

What other industry would tolerate growth earning increase from 13% to 20% and only collect 13%? Where are the rewards for efficiency, innovation and growth?⁸¹

- 3.69** The Registered Greyhound Participants Association similarly noted the discrepancy between the fixed percentage distribution that the greyhound industry received and the market share of wagering that the industry generated. The Association outlined the impact of this discrepancy and called for a review of the funding model:

... the current percentage return is stifling the Greyhound Industry, impacting on the sustainability, restricting growth for future expansion of TAB racing, stagnating prize money, impeding much needed additional revenue to enhance welfare initiatives, education of greyhound care, promotion for rehoming of former racing greyhounds, acquisition of a greyhound facility for retired greyhounds.

In simple terms the funding model needs an urgent review based on productivity and wagering market contribution.⁸²

⁷⁷ Submission 1, Greyhound Action Group, p 17.

⁷⁸ Submission 380, Joint industry submission, p 9.

⁷⁹ Submission 380, Joint industry submission, p 10.

⁸⁰ Evidence, Mr Hogan, 15 November 2013, p 2.

⁸¹ Submission 282, Anne Jaeger, p 1.

⁸² Submission 349, Registered Greyhound Participants Association, p 3.

The Cameron report recommendations

- 3.70** The joint industry submission and a number of branches of GBOTA noted the findings and recommendations of the 2008 report by Alan Cameron, *Correct Weight? A review of wagering and the future sustainability of the NSW racing industry*.⁸³
- 3.71** The Cameron Report was an independent review of wagering in New South Wales, commissioned by the Minister for Gaming and Racing to ‘to consider reforms to the NSW wagering industry which would provide a framework for the future growth and sustainability of NSW racing’.⁸⁴
- 3.72** Among other things, the Cameron report found that the arrangements for sharing TAB distributions between the three racing codes were determined using a formula that provided a disincentive for growth and was inequitable in the way it rewarded the value generated by the codes.⁸⁵
- 3.73** The report also noted that ‘it is not possible to address the future growth and sustainability of the NSW racing industry without considering these agreements’ [i.e. the Racing Distribution Agreement and the inter-code agreement].⁸⁶
- 3.74** In their submissions, the GBOTA branches drew attention to the fact that the Cameron Report recommended that the three racing codes should agree to amend the inter-code agreement to reflect the proportion of wagering generated by each code, and that it further recommended that in the absence of an agreement, the Government should, by way of legislation, over-ride the inter-code to achieve this.⁸⁷
- 3.75** The relevant recommendations from the Cameron Report are set out below:

Recommendation 21: The three racing codes should agree to amend the Inter-code Agreement to provide that returns to each code from TAB distributions are in proportion to the percentage of wagering generated by each code; in the absence of such an agreement, the Government should over-ride the Inter-code Agreement and the RDA such that the distributions from the TAB are made directly to each code and in proportion to the percentage of wagering generated by each code.

Recommendation 22: Assistance, extending if necessary to short term financial assistance, should be provided to the racing industry in order to assist with this

⁸³ See Submission 380, Joint industry submission, p 5, 10; Submission 301, Southern Highlands GBOTA; Submission 301a, NSW GBOTA Cessnock branch; Submission 301b, NSW GBOTA Taree Branch; Submission 301c, NSW GBOTA Kempsey Branch.

⁸⁴ Cameron, Alan, *Correct Weight: A review of the wagering and future sustainability of the NSW racing industry*, (2008), p i.

⁸⁵ Cameron, Alan, *Correct Weight: A review of the wagering and future sustainability of the NSW racing industry*, (2008), p 97.

⁸⁶ Cameron, Alan, *Correct Weight: A review of the wagering and future sustainability of the NSW racing industry*, (2008), p 24.

⁸⁷ See Submission 301, Southern Highlands GBOTA, p 2; Submission 301a, NSW GBOTA Cessnock branch; Submission 301b, NSW GBOTA Taree Branch; Submission 301c, NSW GBOTA Kempsey Branch.

transition, but only when the provision of such funding is supported by a clear business case.⁸⁸

3.76 The GBOTA branches noted that the Government of the day declined to implement the above two recommendations, and called on the present Government to reconsider and implement the recommendations of the Cameron report.⁸⁹

3.77 The Committee also heard evidence from the Australian Wagering Council, which noted that, while they are not directly involved in the Racing Distribution or inter-code agreements, they considered that the 99 year agreements do not take into account the changing landscape of the racing scene and provide no incentive for efficiency, innovation or growth in a particular code.⁹⁰

3.78 Despite the apparent inequity in the funding model, Mr Hogan advised that the greyhound racing industry has not been able to renegotiate the terms of the inter-code agreement. He explained the reluctance of the other racing codes to renegotiate the inter-code according to market share:

Effectively what we are asking for when we do that is for Harness Racing New South Wales to forgo \$8 million to \$9 million worth of revenue a year and the same with Racing New South Wales. Their answer obviously is "No, go away. It is a 99-year agreement, locked in stone. We are not going to vary on that."⁹¹

3.79 Mr Hogan observed that the Cameron report had anticipated that it may be difficult to obtain voluntary changes from the racing codes and had recommended that in such circumstances the Government should intervene and override the inter-code agreement.

Cameron then went further and said that if that is the case, then the Government needed to stand ready to intervene and if necessary by legislation ensure that those arrangements moved to a fair and equitable basis for distribution; that is, on performance not based on some historical percentage, which at this stage would be in place for 100 years.⁹²

History of the inter-code agreement

3.80 Given the importance of the inter-code agreement to the funding of the greyhound racing industry and the volume of evidence from disaffected stakeholders who claimed that the agreement was unfair, the Committee sought information about the history of negotiations

⁸⁸ Cameron, Alan, *Correct Weight? A review of wagering and the future sustainability of the NSW racing industry*, (2008), p ix.

⁸⁹ See Submission 301, Southern Highlands GBOTA, p 2; Submission 301a, NSW GBOTA Cessnock branch; Submission 301b, NSW GBOTA Taree Branch; Submission 301c, NSW GBOTA Kempsey Branch.

⁹⁰ Evidence, Mr Christopher Downy, Chief Executive Officer, Australian Wagering Council, 6 February 2014, p 8.

⁹¹ Evidence, Mr Hogan, 15 November 2013, p 7.

⁹² Evidence, Mr Hogan, 15 November 2013, p 7.

and circumstances that led up to the signing of the inter-code agreement.

3.81 At the time the inter-code agreement was signed, the governing body for the greyhound industry was the Greyhound Racing Authority, which was ‘a government authority under the control and direction of a Crown Minister.’⁹³

3.82 Mr Ross Magin was the Chair of the Greyhound Racing Authority in 1997 when the inter-code agreement was signed. Mr Magin advised that while he, as Chair of the Greyhound Racing Authority, had signed the agreement, the decision to accept or reject the terms of the agreement was left in the hands of the greyhound racing clubs, because they represented the commercial side of the industry.⁹⁴

3.83 Mr Magin reported that some months prior to the signing of the inter-code agreement, the greyhound and harness racing industries requested the ex-General Manager of the TAB to make an assessment of the claims of the three codes regarding the distribution of profits based on the turnover history of the codes. The subsequent advice was that a fair split was considered to be: 70 per cent to Horseracing, 16 per cent to Trotting, and 14 per cent to Greyhounds. However, the harness racing industry refused to consider these terms.⁹⁵

3.84 Sometime after this meeting, the Greyhound Racing Authority consulted further with greyhound racing clubs, noted the refusal of the harness racing industry to negotiate and its demand for 17 per cent, and informed the clubs that they had responsibility in determining to accept or reject the inter-code terms.⁹⁶

3.85 Mr Magin told the Committee that he did not think that the final split was a very good deal for the greyhound racing industry; but when asked why he signed the agreement he reiterated that it was a decision for the industry participants, rather than the government regulator:

The reason I signed it was that it was not my decision. It was put to them that they were the industry, they were the people that shared the money, and we were an authority that was charged only with responsible greyhound racing. We were the policemen. We had nothing to do with the commercial side.⁹⁷

3.86 Mr Magin was clearly of the view that the people who gave him the ‘decisions of the industry had the authority to do it and backing of the people in the industry’.⁹⁸ He also suggested that there was little criticism of the inter-code at the time that it was signed:

It is interesting to know, talking about this now, after that inter-code agreement was signed, I cannot recall any criticism anywhere—the "Greyhound Recorder", the newspaper pages of letters to the editor—and this was all done, and I do not recall

⁹³ Evidence, Mr Hogan, 15 November 2013, p 9.

⁹⁴ Evidence, Mr Ross Magin, former Chair of the Greyhound Racing Authority, 5 February 2014, pp 3-4.

⁹⁵ Evidence, Mr Magin, 5 February 2014, p 2.

⁹⁶ Evidence, Mr Magin, 5 February 2014, p 2.

⁹⁷ Evidence, Mr Magin, 5 February 2014, p 3.

⁹⁸ Evidence, Mr Magin, 5 February 2014, p 5.

that there was any outcry at all from the industry. I think they thought it was all right, up until things got a bit crazy.⁹⁹

- 3.87** Dr Joseph Collins of GRNSW recounted his impression that the thoroughbred racing industry had more power than the two other codes in the negotiations, as well as more expertise, which meant that the negotiations did not take place on a level playing field.

My impression is that it was not a level playing field. You had the thoroughbred racing industry with representatives like Bob Charley and Jim Fleming, both very intelligent guys representing 70 per cent of the industry. You had them, the two minor codes, the bit players, who were representing smaller codes, did not have the same horsepower at the table in terms of skills, expertise, negotiation skills—why did they sign up to a deal that was less than they should have? I do not know, other than commercially I could sort of see that the power was with the thoroughbred industry not with the other two codes.¹⁰⁰

- 3.88** However, Dr Collins also noted that this type of negotiation of complex agreements had not been done before within the industry, so most of the parties at the negotiating table did not have substantial experience.¹⁰¹

Legal advice

- 3.89** The Committee asked Mr Magin whether the Greyhound Racing Authority sought independent legal advice during the inter-code negotiations. He replied that Clayton Utz provided legal advice and acted on behalf of all three racing codes, and they did not seek further independent legal advice from a separate organisation.¹⁰²

Reasons for signing the inter-code agreement

- 3.90** Mr Brenton Scott provided some historical context to the negotiations leading up to the inter-code agreement. He explained that there was significant pressure to come to a deal and that the total distribution to the racing industry would increase significantly post privatisation, and concluded that the deal achieved was the best that could be, under the circumstances:

In the end the entire industry was left with something whereby the total distribution to the three codes was at about \$125 million under TAB up to about \$175 million divided between three codes as a result of privatisation. So there was new money coming in. There was desperation amongst the three codes and all sorts of pressure for that deal to be done. It is wrong to say that you can simply have a position that you could hold out to until the death when you did not have the power of signatory. We went through the process, we contributed strongly and every stakeholder contributed strongly. The best outcome they could get at that time was that outcome.¹⁰³

⁹⁹ Evidence, Mr Magin, 5 February 2014, pp 5-6.

¹⁰⁰ Evidence, Dr Joseph Collins, Greyhound Racing NSW (GRNSW), 15 November 2013, p 9.

¹⁰¹ Evidence, Dr Collins, 15 November 2013, p 12.

¹⁰² Evidence, Mr Magin, 5 February 2014, pp 6-7.

¹⁰³ Evidence, Mr Scott, 15 November 2013, p 25.

3.91 Mr Scott further noted that ‘the entire greyhound industry was consulted by the Greyhound Racing Authority and everybody agreed warts and all at that point to signing it’.¹⁰⁴

3.92 Mr Paul Wheeler, who was on the board of the NSW Greyhound Racing Authority in 2000, just a few years after the inter-code was signed, reported that those responsible for signing the inter-code agreement had been under extreme pressure to sign the deal.

...there were many heated discussions about the deal that was done with the NSW TAB Privatisation and the locking of the Greyhound industry into 13.2% for 99 years in 1997, and on more than one occasion members of the Authority that were signatures to that deal suggested they were put under extreme pressure to sign off on the deal.¹⁰⁵

3.93 Mr Peter Fletcher, Chief Executive, NSW Bookmaker’s Co-operative, explained that the immediate returns to all three codes of racing substantially increased as a result of the TAB privatisation:

The privatisation of the TAB, of course, was the goose that was going to lay a golden egg and, no doubt, all three codes were keen to get to that end. ... I think you will find at the time that the immediate returns, in terms of the following years’ revenues or expected distributions to all three codes, were going to increase. In terms of next year, at that time, no-one was going to be a loser.¹⁰⁶

3.94 The Greyhound Action Group speculated on a number of reasons why the industry may have accepted the inter-code deal and highlighted the poor financial state of greyhound racing clubs at the time, as well as the lack of independent advice and pressure to complete the deal:

We are aware that the greyhound racing clubs were barely profitable and not generating sufficient funds to meet financing and refurbishment costs. We believe a large number of clubs were financially distressed and would have been seeking financial assistance, and the authority would have been very concerned. The agreement to the Inter Code provided with it lump sum payments which would remedy the immediate problems.¹⁰⁷

3.95 Mr Peter V’landys, Chief Executive, Racing NSW, who, at the time of the inter-code agreement undertook negotiations on behalf of Harness Racing, gave evidence before the Inquiry on 6 February 2014. He gave extensive evidence on the circumstances surrounding the negotiations leading to the signing of the inter-code agreement by the three racing codes. He said:

The negotiations occurred for more than 12 months. It is a very complicated issue and it could not be settled overnight. I think it actually took 18 months. At best, it was at least 12 months. Before the privatisation of the TAB, the race codes themselves—the race clubs—ran what they called the oncourse operation. Whatever was invested on the racecourse, the race club would get 17 per cent. Expenses would be subtracted

¹⁰⁴ Evidence, Mr Scott, 15 November 2013, p 25.

¹⁰⁵ Submission 299, Mr Paul Wheeler, p 10.

¹⁰⁶ Evidence, Mr Peter Fletcher, Chief Executive, NSW Bookmaker’s Co-operative, 6 February 2014, p 9.

¹⁰⁷ Submission 1, Greyhound Action Group, p 23.

from that and whatever was left over they would keep.

...The thoroughbred racing industry generated 85 per cent¹⁰⁸ of the oncourse operation then and it now probably generates 90 per cent. The smallest oncourse operation was greyhound racing, which was about 9 per cent, and harness racing was about 10 per cent. We needed to get that back to start with. That increases each year by CPI.

...The other thing that happened during privatisation was that we needed protection. The board of the TAB comprised representatives predominantly from the racing industry. There were four thoroughbred, two harness racing and two greyhound industry representatives. Each member was able to protect their interests on the board by being a member. When privatisation occurred all members were going to be independent. The concern for the two minor codes—harness and greyhound racing—was that the thoroughbred industry with its strength and financial resources would have a much greater presence on the TAB than before privatisation. That is why we fixed the percentages. We gave the TAB the freedom to do whatever it liked with its operation. As I said, at the time we were frightened that the thoroughbred industry would get a lot more coverage and that our market share would dwindle, if it was based on market share. The irony was that it was to protect the greyhound industry.

...We thought that the TAB was going to run it as a commercial operation and 74 per cent of it was thoroughbred racing. The customer wanted thoroughbred racing and it would promote a lot more thoroughbred racing and bring in international product and more product from interstate. That would eat away at the harness and greyhound industry turnover. That is what we thought at the time.¹⁰⁹

3.96 And then later Mr V'landys had this exchange with the Hon Steve Whan MLC:

The Hon. STEVE WHAN: He [Mr Magin] then went on to tell us that he was advised by his constituent bodies, essentially, or whatever you want to call them, that he should accept this agreement. He mentioned some names that you have also mentioned. Do you believe that those people understood fully what they are actually signing up to at the time?

Mr V'LANDYS: Absolutely. Yes, they knew. They had the same concern that I had and that was that once we had no representation on the TAB board, we were thrown to the lions. We wanted some protection. That is why they agreed to that format. You also have to remember that they generate no oncourse turnover and all of a sudden they were getting all this oncourse turnover from thoroughbred racing. They generated 5 per cent¹¹⁰ of the total and I think it is even less now whereas the other two codes, not so much harness but the thoroughbreds, generate the majority of that oncourse turnover.¹¹¹

¹⁰⁸ In correspondence to the Committee (dated 26 March 2014) Mr V'landys corrected this sentence to read: *The thoroughbred racing industry generated 81 per cent of the oncourse operation then and it now probably generates 90 per cent.*

¹⁰⁹ Evidence, Mr Peter V'landys, Chief Executive, Racing NSW, 6 February 2014, p 33.

¹¹⁰ In correspondence to the Committee (dated 26 March 2014) Mr V'landys corrected this sentence to read: *They generated 2 per cent of the total and I think it is even less now whereas the other two codes, not so much harness but the thoroughbreds, generate the majority of that oncourse turnover.*

¹¹¹ Evidence, Mr Peter V'landys, Chief Executive, Racing NSW, 6 February 2014, p 38.

The 15 year review

- 3.97** One of the clauses in the inter-code agreement involves the conduct of a 15 year review of some of the terms of the agreement. The Committee heard that at the time the inter-code agreement was signed, there may have been some interested parties who did not properly understand the scope of this review.
- 3.98** Mr Ross Magin, former Chair of the Greyhound Racing Authority, stated that he believed, at the time the inter-code was signed, that the 15 year review would take care of any changes to the distribution if the percentages 'got out of whack'. Mr Magin's understanding at the time was that the 'question of the distribution would be reviewed in 15 years time' and he took comfort that this review would address what might happen in the future.¹¹²
- 3.99** Mr Brenton Scott similarly reported that his understanding was that the 15 year review was a full review of the deal, stating that 'at no point did I think the 15 year review was anything except a total review. The fundamental problem with the Racing Distribution Agreement is not the fact that it might have been a crap deal; it is that it cannot be unwound.'¹¹³
- 3.100** Mr Scott also contended that, in his opinion, the 15 year review was the opportunity to revise the inter-code agreement and it was the Government's responsibility to ensure that the review mechanism was appropriate; however, it has not turned out to be effective at all:

Whether we like it or not...the bottom line is that the review mechanism had to be the tool for commercial correction. However, it was the Government's responsibility to understand that that review mechanism worked and worked effectively. It was a Clayton's review. The industry has gone through 15 years assuming that the deal, which was not good at the time and which has been increasingly disastrous as time has gone by, was our chance. It has amounted to diddly-squat.¹¹⁴

- 3.101** Mr Scott went on to explain that it has since become clear that the review applies to growth moneys only:

I do not think there is any lack of knowledge now as to what the review clause actually implies. ... It is only about growth moneys so unless there is growth the review has no capacity to review.¹¹⁵

- 3.102** Mr Brent Hogan confirmed in his evidence that the 15 year review refers only to growth money from the one year period prior to the review date, and noted that there had not been any growth in the past financial year.

The reality of the 15 year review is this: It relates to growth moneys. It relates only to moneys earned by the racing industry over and above what was earned in the previous financial year, and in the financial year just gone TAB distributions were actually lower than they were in the previous financial year. There was no growth money. ...in many respects it is an academic exercise because there is no growth money to distribute.¹¹⁶

¹¹² Evidence, Mr Magin, 5 February 2014, pp 6, 9.

¹¹³ Evidence, Mr Scott, 15 November 2013, p 25.

¹¹⁴ Evidence, Mr Scott, 15 November 2013, p 21.

¹¹⁵ Evidence, Mr Scott, 15 November 2013, p 24.

¹¹⁶ Evidence, Mr Hogan, 15 November 2013, p 16.

- 3.103** In contrast to the view that greyhounds participants did not understand the provisions on the 15 year review, the view put to the committee by Racing NSW's Peter V'landys was that the provisions of the review were quite clear. Mr V'landys had this exchange with the Committee:

The Hon. Steve Whan: Mr Magin went on to tell us that he held the view—I am not exactly sure until when—that the 15-year review of the agreement included a review of the entire share and that he did not realise at the time that it was only the increased funding. Do you believe that the industry understood that the review was based on a single year and an assessment of increases in revenue?

Mr V'landys: I certainly did, yes. I cannot speak for the gentleman you referred to. But I certainly knew it was the growth moneys. It was going to be a base year at the end of 15 years and whatever the difference between the base year and the next year is what the growth moneys were. That was always well known.

The Hon. Marie Ficarra: Was that discussed in your presence and the greyhound industry sector?

Mr V'landys: Absolutely.

The Hon. Marie Ficarra: You discussed that openly.

Mr V'landys: Absolutely.

The Hon. Steve Whan: Is it your view that people like ...¹¹⁷ understood that?

Mr V'landys: Yes.

The Hon. Lynda Voltz: Did they see the agreement? Do you know if they saw the code agreement?

Mr V'landys: Everyone got copies of all agreements at all times. If you are negotiating an agreement, you want to have a copy of it. I can tell you that ...¹¹⁸ were at every meeting and saw every agreement, just like I did in harness racing.¹¹⁹

Income from corporate bookmakers and race fields legislation

- 3.104** Race fields legislation was introduced in 2008 following amendments to the *Racing Administration Act 1998*. The legislation provided for racing controlling bodies, such as GRNSW, to charge a race field information use fee to wagering operators who wish to offer wagering on NSW races.
- 3.105** The legislation allows GRNSW to determine how the fee will be calculated, but imposes a cap on the fee that GRNSW may charge. The cap is set at 1.5 per cent of the wagering turnover on relevant NSW races.

¹¹⁷ Names redacted.

¹¹⁸ Names redacted.

¹¹⁹ Evidence, Mr Peter V'landys, Chief Executive, Racing NSW, 6 February 2014, p 38.

- 3.106** The joint industry submission indicated that 18 per cent of the greyhound industry's wagering revenue is currently derived from race field information use fees, with this figure forecast to rise to between 24 and 28 per cent of industry revenue by 2016.¹²⁰ The following table summarises the fees collected by GRNSW since 1 September 2008:

Table 8 Race field information use fees collected since 2008

Year	2009	2010	2011	2012	2013
RFIU fees collected	\$3,059,808	\$6,585,963	\$7,318,637	\$8,767,102	\$9,536,085

- 3.107** Sportsbet explained that there are three different fee models that are typically used for determining race field fees, as outlined below:

- Turnover model - the product fee is a percentage of the total amount in bets placed by punters (before wagering companies pay out winning bets).
- Gross revenue model - the product fee is a percentage of the gross profit (once bets are placed and winnings are paid out by wagering companies).
- Hybrid model - which 'blends' the turnover and gross revenue models, and typically comprises product fees being levied on the basis of gross revenue but with a minimum payment floor based on the bookmaker's wagering turnover.¹²¹

- 3.108** The fee model currently used by GRNSW is a hybrid model.

- 3.109** GRNSW charges fees to all Australian wagering operators offering betting on NSW greyhound races based on the lesser of 1.5 per cent of turnover or 15 per cent of gross revenue¹²² with a minimum payment floor of 0.75 per cent of the wagering operator's turnover.¹²³

Should the model for collecting race field fees be amended?

- 3.110** Sportsbet considered that the gross revenue model is the most equitable because, they claimed, it ensures a level playing field for all licensed and regulated Australian-based wagering companies. They asserted that the turnover model, in contrast, discriminates unfairly against lower margin wagering operators, such as corporate bookmakers.¹²⁴

- 3.111** Sportsbet maintained that, for New South Wales, the current hybrid model should 'remain in place as it is the appropriate model to deliver the best long-term funding outcomes for the NSW greyhound industry.'¹²⁵ This view was similarly shared with the betting exchange, Betfair, who commended GRNSW for implementing its current model.¹²⁶

¹²⁰ Submission 380, Joint industry submission, p 8.

¹²¹ Submission 503, Sportsbet, p 3.

¹²² Note: in 2013, the gross margin percentage was increased from 10% to 15 %.

¹²³ Submission 380, Joint industry submission, p 9; and Submission 503, Sportsbet, p 3.

¹²⁴ Submission 503, Sportsbet, p 3.

¹²⁵ Submission 503, Sportsbet, p 3.

¹²⁶ Submission 346, Betfair, p 7.

- 3.112** The Wagering Council suggested that this hybrid model allows GRNSW to ‘gain a share in the upside of increased revenues being derived by wagering operators while ensuring that even if a bookmaker was to encounter a losing period, that a minimum fee is paid.’¹²⁷
- 3.113** The Australian Wagering Council noted that GRNSW is the only NSW racing body that charges its race fields fees using the hybrid model, on a basis of gross revenue.¹²⁸
- 3.114** The Wagering Council warned that changes from the current hybrid model to a fee based on turnover would have a significant impact on the future of greyhound racing:

Should the offering of greyhound racing products become unviable for the online wagering operators any proposal to change the current race field fee schedule to a turnover model will have a serious implication for the long-term future of greyhound racing in New South Wales. The imposition of a 1.5% turnover fee model would actually result in less money flowing back to the greyhound industry than under both the gross revenue and a hybrid model.¹²⁹

- 3.115** The Wagering Council argued that any proposals which increased race fields fees, such as a move to a turnover model, may force wagering operators to ‘turn their backs on NSW greyhound racing and not offer services’.¹³⁰ They further noted that such changes could increase the market share of unlicensed offshore wagering operators, which do not contribute any fees to the industry:

The introduction of any unreasonable fee proposals will only impact the licensed Australian-based online wagering operators giving a clear advantage to unlicensed offshore operators and illegal SP operators by lessening local viability. The leakage of gambling revenue offshore is still significant. Australian punters can, and do, switch to unregulated offshore or illegal SP operators in search of competitive prices and available betting markets.¹³¹

- 3.116** Mr Ben Sleep of the Australian Wagering Council argued that if race fields fees are unduly increased then corporate bookmakers may not be able to offer their product to some of their low margin customers, however they noted that they had not conducted research on the actual numbers of customer and turnover that would be affected:

We have not done a market assessment, but Sportsbet and other operators—Betfair is one as well—have a number of high volume, low margin customers. If you have a customer who you are making low single digit returns on in respect of turnover and you are paying more than 1.5 per cent, or even 1.5 per cent, the risk is that customer becomes loss-making, so there are instances where we simply cannot offer wagering to some of these customers.¹³²

- 3.117** However, in contrast with the views of GRNSW and corporate bookmakers, the Committee received a submission from Mr Bruce Teague which argued against GRNSW’s current model

¹²⁷ Submission 504, Australian Wagering Council, p 6.

¹²⁸ Submission 504, Australian Wagering Council, p 6.

¹²⁹ Submission 504, Australian Wagering Council, p 6.

¹³⁰ Submission 504, Australian Wagering Council, p 7.

¹³¹ Submission 504, Australian Wagering Council, p 2.

¹³² Evidence, Mr Ben Sleep, Director, Australian Wagering Council, 6 February 2014, p 5.

for determining race fields fees. Mr Teague suggested that GRNSW was out of step with the other racing codes in NSW and noted that tying the industry's fortunes to the profits of third party wagering operators was a risky proposition:

In practice, GRNSW is the one out of step. No doubt its figures are accurate but it must be asked why this is so in view of the fact that virtually all the big guys have welcomed the High Court-inspired shift to commission on turnover and have been banking many millions more than previously. ... Further, note that basing your fortunes on the profits of a third party, over whom you have no control, is not only a peculiar business practice, but extremely risky. It also bears no relation to the nature of the service being provided.¹³³

- 3.118** Other proposals to amend the current regulations relating to race field information use fees are considered in Chapter 4.

Changes in the wagering market since the inter-code agreement was signed

- 3.119** The wagering market has undergone a significant change since the inter-code agreement was signed in 1998, with a shift from 'traditional' wagering at the TAB to online sports betting.

- 3.120** Mr Christopher Downy of the Australian Wagering Council similarly noted a number of changes to the wagering industry over the past 10 years, highlighting the shift to online betting and the growth of sports wagering in contrast to racing. However, Mr Downy also pointed out that the overall amount of money spent on gambling has not changed dramatically:

I would like to make the point that the wagering pie or the total gambling pie, if you like, or the wagering section of that gambling pie has not moved in the past 10 or 15 years. It remains at about 14 per cent.

A number of key structural shifts have occurred in the wagering industry including changing consumer preferences from wagering using traditional offline betting channels to online channels and the growth of sports wagering in contrast to racing wagering and this has enabled customers to take their discretionary entertainment spend and wagering dollar to where they can gain best prices, value and service.¹³⁴

- 3.121** The submission from Sportsbet highlighted a number of trends in wagering and customer preferences in the wagering industry in recent years. Sportsbet considered that the major trends could be summarised as follows:

- An ongoing shift of wagering spend from traditional offline betting channels such as retail or TAB outlets, to online channels (internet, mobile, tablet)
- A move of wagering spend from totalisators to corporate bookmakers and the betting exchange, Betfair
- Growth of sports wagering in contrast to racing wagering which has seen existing customers substitute betting on racing with betting on sport and a strong preference by new customers (18 to 30 years) for wagering on sport over racing

¹³³ Submission 996b, Mr Bruce Teague, p 1.

¹³⁴ Evidence, Mr Downy, 6 February 2014, p 3.

- Increased price sensitivity of racing punters (i.e. where punters can find the most attractive betting odds).¹³⁵

3.122 While the Committee received a substantial amount of evidence declaring that greyhound racing was becoming unviable for many industry participants and that the industry was unsustainable over the long-term, the Committee was also informed that wagering growth for greyhound racing had been higher than for the other two racing codes since the inter-code agreement was signed.

3.123 This, somewhat counterintuitive, outcome was reiterated by a number of inquiry participants. For example, Mr Michael Eberand, of the Greyhound Action Group, explained that the greyhound racing industry is the only one of the three racing codes that has shown growth in recent years:

Greyhounds is growing. We can see that our performance, our revenue on the TAB, has gone from \$929 m to \$1 billion over two years. In contrast, the horses are flat or slightly declining. We have this tenacious performance: our industry is in a mess but we are actually growing.¹³⁶

3.124 Mr Brent Hogan informed the Committee that in the first half of the 2013-14 financial year, the 'total betting sales on New South Wales greyhound races increased by 11.2 per cent, to reach \$591 million'. He noted that this occurred in a wagering market that was experiencing an overall growth rate that was closer to 2 per cent.¹³⁷ Mr Hogan also advised that the market share of TAB wagering for greyhound racing had grown from 15 per cent to 20 per cent since the inter-code agreement was signed.¹³⁸

Number of TAB meetings

3.125 One factor in the wagering growth for the greyhound industry has undoubtedly been the increase in the number of TAB meetings that the greyhound racing industry conducts. The total number of TAB meetings has increased from 530 in 1999-2000 to 764 in 2012-13.¹³⁹

3.126 GRNSW explained its rationale for increasing the number of TAB meetings that are conducted, in spite of the fact that the inter-code agreement fixes the revenue share to be received by GRNSW:

GRNSW determined in 2010 to expand the provision of TAB racing, moving away from the previous position of supplying the contractual minimum to a more aggressive position principally due to:

- The direct revenue benefit now gained through the collection of Race Fields Information Use fees – these fees are payable effectively by all wagering operators other than the NSW TAB;

¹³⁵ Submission 503, Sportsbet, pp 4-5.

¹³⁶ Evidence, Mr Eberand, 6 February 2014, p 41.

¹³⁷ Evidence, Mr Hogan, 6 February 2014, p 54.

¹³⁸ Evidence, Mr Hogan, 15 November 2014, p 11.

¹³⁹ Answers to supplementary questions Greyhound Racing NSW, 13 December 2013, p 1.

- The launch of Sky Racing 2 providing a unique opportunity to obtain additional time slots for broadcast and wagering coverage;
- The possible advent of a National Product Fee regime, as contemplated in the draft report of the National Productivity Commission which had been released and was considered a serious prospect for medium term reform particularly if the race fields legislation was found to be constitutionally invalid by the High Court.¹⁴⁰

3.127 The other racing codes took a very different view of the increase in meets. Racing NSW's Peter V'landys suggested that in fact the decision to increase meets might actually not be producing a positive revenue benefit for greyhound racing:

But the biggest thing that I need to highlight here today, which I think is the most relevant, is that when the TAB was privatised each code was required to conduct a minimum number of race meetings. That is all you had to do. You did not have to conduct any more than what your minimum was. The greyhound minimum was 593 race meetings per year. Unilaterally, by a decision taken wholly and solely by the greyhound industry, they have increased that to 864 race meetings. They have gone ahead and done these meetings without the funding also knowing the dynamics of the inter-code. They always knew that they were going to have to fund it themselves, but they increased by 46 per cent the number of race meetings they were going to conduct. Any other commercial entity or commercial organisation would have done a business plan to ensure that it could fund those race meetings.

Those race meetings make little difference to us because they would be replaced by other meetings interstate. It was a unilateral decision taken by the greyhound code to run those meetings. Their argument that they are unprofitable now is a little bit rich for us because they were the ones who made the decision.¹⁴¹

Committee comment

3.128 The Committee expresses its concern at the lack of clarity amongst the representatives of greyhound racing in the negotiations leading up to the inter-code agreement and the RDA with respect to (1) the role of Clayton Utz and the status of advice provided by it, (2) the need for independent legal and commercial advice and, in particular, the absence of any risk analysis, (3) the effectiveness of the 15 year review, and (4) the importance of communication and consultation with industry participants.

3.129 The Committee is concerned by evidence from a number of participants in the process of negotiating the inter-code agreement that they apparently did not understand the implications of portions of the agreement relating particularly to the 15 year review. The Committee has sighted the confidential agreement, including this provision.

3.130 On balance the Committee finds the evidence of Mr Peter V'landys of the events surrounding the negotiation of the inter-code agreement to be preferred over other evidence received. The minor racing codes, harness racing and greyhounds, negotiated the fixed percentages of the

¹⁴⁰ Answers to supplementary questions, Greyhound Racing NSW, 3 March 2014, p 7.

¹⁴¹ Evidence, Mr Peter V'landys, Chief Executive, Racing NSW, pp 34-35.

pool taking into account their perception at the time that the sale of the TAB would render them exposed to the greater market power of the thoroughbred racing industry.

- 3.131** On the balance of probabilities the Committee further concludes that the participants in the negotiations to the inter-code agreement on behalf of the greyhound industry understood that the 15 year review was restricted to the difference between the base year and the next year and was not a review of the percentages.
- 3.132** It appears that a significant failing by those who participated in the negotiations surrounding the inter-code agreement on behalf of the greyhound industry, was to explain to participants in the industry the major components of the agreements negotiated.
- 3.133** The Committee concludes that the greyhound racing industry voluntarily entered into a funding arrangement with the other racing codes. It is reasonable to conclude that the inter-code agreement now works to the disadvantage of the greyhound racing industry, but that any attempt to renegotiate the agreement is likely to be met with considerable resistance from the other codes.
- 3.134** The Committee also notes that any legislated change to the inter-code agreement may disadvantage the other racing codes.
- 3.135** The Committee is of the opinion that the difficulties the greyhound industry finds itself in are in part due to factors beyond the control of current management. The distribution of racing funds and lower tax rates in competing jurisdictions puts Greyhound Racing NSW at a competitive disadvantage. With a spectre of rising costs to the industry, the Committee finds that the greyhound racing industry in New South Wales may be unsustainable under current arrangements. The Committee also notes that the current management has been involved with or perpetuated a number of decisions that have compromised the viability of the industry.
- 3.136** The Committee is aware of the importance of the greyhound racing industry to many rural and regional towns, and considers it important that these links are strengthened and maintained. The Committee considers that the industry must strive to ensure that rural and regional greyhound racing clubs are financially strengthened, and that the best way to achieve this is to increase funding and prize money to these clubs.

Finding 1

The Committee finds that with its current structure and sources of revenue the greyhound racing industry in New South Wales may be unsustainable. Returns to trainers and owners do not cover costs, which leads to the loss of quality dogs to Victoria and elsewhere, a reduced number of industry participants and contributes to making existing clubs and tracks unviable.

Chapter 4 **Proposals to improve the economic viability of the greyhound industry**

This chapter considers proposals put forward by industry participants to improve the economic viability and long term sustainability of the greyhound racing industry in New South Wales. The solutions considered include proposals to amend the inter-code agreement, adjustments to the level of government support and the wagering tax collected by the state government, and proposals to amend race field information use fees. The Committee has determined to conduct further financial modeling on the economic impacts of a number of proposals and will report on this modeling and make relevant recommendations in the Committee's second report, which will be tabled later in the year.

The findings of Chapter 3 and proposed solutions

- 4.1** The balance of evidence outlined in Chapter 3 demonstrated that the greyhound racing industry is economically unviable in the short to medium term and unsustainable in the long term. In response to this situation, and in order to redress the imbalance created by the current inter-code arrangements and reinvigorate the industry, numerous submissions to the inquiry proposed changes to the inter-code agreement or other policy levers to reform the funding of the greyhound racing industry. A number of these proposed solutions are outlined below.

Proposal to change the inter-code agreement

- 4.2** One solution proposed by a number of inquiry participants was for the NSW Government to intervene and facilitate amendments to the inter-code agreement. The Registered Greyhound Participants Association, for example, recommended that 'the Minister facilitate meeting between the three codes and Tabcorp to discuss a review of the inter-code distribution terms and percentages.'¹⁴²
- 4.3** This proposal was similar to one of the recommendations of the 2008 Cameron Report, which recommended that 'the three racing codes should agree to amend the Inter-code Agreement to provide that returns to each code from TAB distributions are in proportion to the percentage of wagering generated by each code.' The Cameron report pre-empted the difficulties that might occur in attempting to get the three racing codes to agree to change the inter-code, and accordingly included the following recommendation 'in the absence of such an agreement, the Government should over-ride the Inter-code Agreement and the RDA such that the distributions from the TAB are made directly to each code and in proportion to the percentage of wagering generated by each code.'¹⁴³
- 4.4** The Goulburn Greyhound Racing Club similarly recommended government intervention to adjust the terms of the inter-code to ensure funding was fair, and noted that the other racing codes would not otherwise support changes to the current agreement:

¹⁴² Submission 349, Registered Greyhound Participants Association, p 5.

¹⁴³ Cameron, Alan, *Correct Weight? A review of wagering and the future sustainability of the NSW racing industry*, (2008), Recommendation 21, p ix.

We view the Select Committee Inquiry as a final opportunity for fair funding arrangements to apply within the NSW racing industry. The recommendations of the Cameron Report as they related to the funding arrangements were dismissed by Government when made. The Thoroughbred and Harness Racing Industries will not support cooperative change to the Inter-Code, given that both are currently subsidised by the greyhound industry.

Government intervention is, in the circumstances required, and we would ask that the Select Committee make recommendations that ensure Inter-Code funding arrangements are adjusted on a commercially fair and just basis.¹⁴⁴

- 4.5 Another inquiry participant suggested that the inter-code agreement should be subject to market-based reviews every two years, arguing that this would encourage competition and reward effort, as each code would be driven to improve their market position.¹⁴⁵
- 4.6 When asked whether NSW should adopt a funding model similar to Victoria, which provides that 50 per cent of the TAB distribution is allocated according to market share, Mr Brent Hogan of GRNSW responded that he believed ‘revenue as a principle should be distributed based on performance’. However, Mr Hogan conceded that such a move would need to consider the impact on harness racing, and suggested it would require, ‘some transitional arrangement to get the industries onto a proper commercial footing so that the industries themselves are sustainable and in control of their own destinies.’¹⁴⁶
- 4.7 Mr Hogan’s comments mirrored another of the Cameron Report recommendations, which had proposed that short term Government assistance be provided, if necessary, to the racing industry in order to assist with the transition to a new funding distribution.¹⁴⁷
- 4.8 GRNSW advised the Committee of a precedent for establishing the authority for government to intervene in the Racing Distribution Agreement. GRNSW informed the Committee of an amendment to the *Totalizator Act 1997*, which had temporarily provided NSW Minister for Gaming & Racing the power to amend the Racing Distribution Agreement. The following section of the Act was inserted via the *Totalizator Amendment Act 2010* and outlines the circumstances in which the Minister could intervene and make changes to a racing agreement:

117B Minister may direct changes to racing agreement

(1) The Minister may determine that specified changes to a racing agreement are necessary or desirable for ensuring that the agreement is in the best interests of racing in New South Wales.

(2) The Minister may notify the parties to the racing agreement concerned of the determination and direct that the changes specified in the determination are to have effect. Those changes have effect for all purposes as if the agreement had been amended by the agreement of the parties.

¹⁴⁴ Submission 359, Goulburn Greyhound Racing Club, p 5.

¹⁴⁵ Submission 30, Name suppressed, p 2.

¹⁴⁶ Evidence, Mr Brent Hogan, Chief Executive, GRNSW, 15 November 2013, pp 12-13.

¹⁴⁷ Cameron, Alan, *Correct Weight? A review of wagering and the future sustainability of the NSW racing industry*, (2008), Recommendation 22, p ix.

(3) This section does not limit or otherwise affect the ability of the parties to a racing agreement to agree to make changes to the agreement.

(4) In this section, racing agreement means the following:

(a) the agreement titled “Racing Distribution Agreement” dated 11 December 1997 between the NSW Totalizator Agency Board, NSW Racing Pty Limited, the NSW Thoroughbred Racing Board, Harness Racing New South Wales and the Greyhound Racing Authority (NSW), as in force from time to time,

(b) the agreement titled “Intra-Code Deed” dated 3 March 1998 between the NSW Thoroughbred Racing Board, AJC, Sydney Turf Club, Provincial Association of New South Wales and NSW Country Racing Council, as in force from time to time.

(5) The Minister may not make a determination under this section after 31 January 2011.¹⁴⁸

4.9 While the powers for the minister to amend the RDA are no longer in effect, having expired after 31 January 2011, this clause demonstrates a precedent for establishing government authority to intervene in a racing agreement to implement changes that are necessary or desirable for ensuring that the agreement is in the best interests of racing in New South Wales.

4.10 In spite of this precedent, the joint industry submission did not pursue changes to the inter-code agreements when putting forward its proposed remedy to the unsustainability of greyhound racing in NSW. The organisations responsible for the joint industry submission noted that the industry has accepted ‘the fact that both the RDA and inter-code agreements are legally binding’, and pointed out that previous reviews of the racing industry presented to government had not been successful in changing the inter-code funding arrangements.¹⁴⁹ Instead, the joint industry submission proposed a somewhat different solution to address the issue of funding for the greyhound racing industry.

The joint industry proposal

4.11 The joint industry submission argued that the Government has a duty to remedy the commercial inequity arising from the current inter-code arrangements, and that the Government should foster the long term financial viability of the racing industry by instituting conditions that promote and reward innovation, growth and performance.¹⁵⁰

4.12 In order to achieve economic viability for the industry, the joint industry submission proposed a four point plan, the first three points of which are outlined below:

1. Government provide a capital injection to the Greyhound Industry equal to the \$154 million loss that the greyhound industry has sustained due the government’s

¹⁴⁸ Answers to questions on notice, GRNSW, 27 February 2014, p 5.

¹⁴⁹ Submission 380, Joint industry submission (Greyhound Racing NSW, NSW Greyhound Breeders Owners and Trainers Association, Metropolitan and Provincial Greyhound Clubs Association, Greyhound Racing Clubs Association and Greyhound Action Group), pp 9-10.

¹⁵⁰ Submission 380, Joint industry submission, p 10.

failure in 1997 to meet its intent to sustainably reform the racing industry and its obligations to Parliament;

2. The \$154 million capital injection be funded by applying a differential tax rate of 0% from wagering on greyhounds until such time as the Net Present Value of the \$154 million is returned to the Greyhound Industry;

3. After the Greyhound Industry receives its remedy on the current capital loss it is proposed that the tax rate be increased to a level which allows for the percentage return to the Greyhound Industry to equal the actual percentage contribution to wagering revenues that the Greyhound Industry makes at that time, with the current level of 13% being a floor.¹⁵¹

4.13 The fourth point of the joint industry proposal related to amending the Race Fields Levy Cap. This will be considered later in the chapter.

4.14 The submission provided financial details of their proposed solution, which demonstrated that the Government collected approximately \$30 million in state tax revenue from NSW TAB betting on greyhound racing in 2013. Under the proposed model, this entire amount of revenue would be returned to the greyhound industry for approximately five years (i.e. until the industry had been reimbursed \$154 million).

4.15 After the five year period had elapsed and the industry had been reimbursed \$154 million, the taxation rate would be adjusted according to the market share of greyhound racing. The difference between the current wagering tax rate and the proposed tax rate would be determined by the difference between the revenue greyhound racing received from the inter-code agreement, and the amount greyhound racing contributed to TAB wagering at the time. The submission calculated that, if their proposal was in place in 2013, the State would have forgone approximately \$14 million in tax, which would instead have been returned to the greyhound industry.¹⁵²

4.16 The submission argued that their proposed solution had the following four benefits:

1. No RDA or Inter-Code change implications
2. Funded by 'Temporary' tax stream reductions
3. The remedy is a "stimulus package" effectively funded by punters via temporary tax forgone by government to save the greyhound Industry
4. Ultimately, eliminates risks and increases opportunities for a healthy sustainable racing industry in NSW which benefits key stakeholders including the Government, TAB, all codes of racing and all participants in the Greyhound Industry.¹⁵³

¹⁵¹ Submission 380, Joint industry submission, p 18.

¹⁵² Submission 380, Joint industry submission, p 20.

¹⁵³ Submission 380, Joint industry submission, p 19.

Greyhound Action Group proposal

- 4.17** Mr Michael Eberand, Greyhound Action Group, proposed another alternative solution which combined aspects of the joint industry proposal along with changes to the inter-code agreement. Mr Eberand's proposal consisted of three steps, which are outlined below.
- Step 1 - Government support via a differential tax basis so that it makes up the difference to the greyhound industry between the current return paid in the inter code agreement and what it would be if it was based on market share. As outlined in the joint industry submission, this would equate to \$14 million in 2013.¹⁵⁴
 - Step 2 - amend the inter-code agreement to provide that the returns to each code are in proportion to the percentage of wagering generated by each code. The amended distribution should be split into fixed and variable components, as is the case with the Victorian inter-code arrangements.¹⁵⁵
 - Step 3 - Government assistance to the other two racing codes, on a temporary basis, to replace any lost revenue resulting from the changes to the inter-code that would eventuate from Step 2.¹⁵⁶
- 4.18** In addition to the above proposals put forward by Mr Eberand, he also proposed changes relating to race fields fees, which will be considered in the following section of the chapter.

Proposal to remove the race fields levy cap

- 4.19** As noted previously, the joint industry submission proposed a four point plan as part of its solution to address the issue of funding for the greyhound racing industry. The fourth point of this plan called on the Government to remove the race fields levy cap of 1.5 per cent of turnover.
- 4.20** The submission sought this amendment to the race fields legislation to enable the greyhound industry to use market forces to determine the appropriate contribution from corporate bookmakers to the racing code.¹⁵⁷
- 4.21** The joint industry submission claimed that removing the race fields levy cap, and allowing the industry to charge race fields fees based on a rate of 15 per cent of gross revenue, would lead to an additional \$5.5 million in revenue. This would have increased the current race fields revenue that the industry receives from \$9.5 million to just over \$15 million.¹⁵⁸ The submission also argued that a benefit of amending the race fields legislation is that it would have no effect on Government taxation income.¹⁵⁹

¹⁵⁴ Submission 1003, Mr Michael Eberand, pp 9-10.

¹⁵⁵ Submission 1003, Mr Michael Eberand, p 10.

¹⁵⁶ Submission 1003, Mr Michael Eberand, p 11.

¹⁵⁷ Submission 380, Joint industry submission, p 18.

¹⁵⁸ Submission 380, Joint industry submission, p 21.

¹⁵⁹ Submission 380, Joint industry submission, p 19.

- 4.22** Mr Hogan, CEO, GRNSW, did not accept the argument that removing the levy cap would lead to a reduction in the level of betting on greyhound racing in NSW. Mr Hogan concluded that the majority of the additional revenue would come from interstate TABs:

The reality is that the majority of the additional incremental revenue if the cap was removed, ... would actually be paid by interstate totalisators, not the corporate bookmakers. There are very few corporate bookmakers who are getting caught by the cap at present. Their margins are creeping up and I understand you would have had witnesses before you today from some of the larger corporates who have high margins, but the reality is the majority of that \$5.5 million that we were speaking about at the last hearing ... relates to additional payments, which would be made by interstate totalisators, not the corporates.¹⁶⁰

- 4.23** Mr Hogan explained that if the levy cap was removed, then GRNSW would continue to apply the same model for its fees, without the 1.5 per cent cap on turnover:

If the cap was removed we would not change our model. We would continue to charge on the basis of 15 per cent of the grow revenue with floor of 0.75 per cent of turnover. The cap will simply allow us to capture that whole 15 per cent of margin, which the cap is cutting into at the moment.¹⁶¹

- 4.24** GRNSW provided details of the revenue estimates for the next four years from race fields fees, both with and without the 1.5 per cent cap on turnover removed in 2015– as shown in Table 9.

Table 9 Race fields revenue estimates with or without levy cap removed in 2015

	2013	2014	2015	2016	2017
Race fields revenue estimates with current levy cap	9,826,786	10,514,273	10,559,443	10,813,243	11,067,184
Race fields revenue estimates with levy cap removed	9,826,786	10,514,273	15,609,441	15,889,780	16,175,583

Answers to questions on notice, Greyhound Racing NSW, 27 February 2014, p 4.

- 4.25** Mr Michael Eberand was another inquiry stakeholder who called for the removal of the levy cap for race field fees. In addition, Mr Eberand also recommended increasing the race field levy. However, he noted that ‘this needs to be carefully considered, as there are many potential unintended consequences including loss of competitiveness if other states do not follow.’¹⁶²

Committee comment

- 4.26** The Committee is convinced of the funding challenges faced by the greyhound racing industry. The controlling body of the industry, GRNSW, and industry participants have clearly expressed the financial difficulties that confront the industry under the current funding model.

¹⁶⁰ Evidence, Mr Hogan, 6 February 2014, p 58.

¹⁶¹ Evidence, Mr Hogan, 6 February 2014, pp 58-59.

¹⁶² Submission 1003, Mr Michael Eberand, p 11.

- 4.27 The Committee acknowledges the evidence given by Mr Peter V'landys, that the percentages negotiated in the inter code agreement reflected not just the relative market share of the three racing codes but also, amongst other factors, the on course revenue forgone by the three racing codes when the Racing Distribution Agreement and the inter-code agreement were negotiated. It is overly simplistic to argue for the inter-code agreement to be adjusted simply to reflect the current market shares of the three codes.
- 4.28 The Committee also accepts the legality of the racing distribution and inter-code agreements, which were entered into in 1997-98. While the inter-code agreement may not directly reward the performance and innovation of a specific racing code, it remains a legally binding agreement that was entered into by the greyhound racing industry for a 99 year term.
- 4.29 The Committee notes, however, that the NSW parliament has the capacity to alter the terms of the inter-Code agreement by joint resolution of both houses.
- 4.30 It has been made clear to the Committee that attempts to renegotiate the terms of the inter-code agreement have been unsuccessful in the past, and are expected to be unfruitful in the future.
- 4.31 The Committee is aware of how amending the inter-code agreement to reflect each racing code's market share might benefit the greyhound racing industry. However, there is a lack of information about the economic impact any such amendment may have on the other two racing codes and the general level of wagering in NSW. Similarly, the proposal to seek a differential tax rate on greyhound racing wagering was presented with little financial modelling evidence of the long term consequences for the industry or the impact on State Government finances.
- 4.32 Before proceeding to make final recommendations to the Government about the best way to address the economic problems that the industry is facing, the Committee considers that additional information is required regarding the long term economic impacts of some of the proposals that have been raised in this chapter.
- 4.33 Accordingly, the Committee has recommended that the Treasurer conduct financial modelling on the economic impacts of various scenarios. The Committee will report on this modelling and make recommendations in its second report, which will be tabled by 30 June 2014. The Committee acknowledges that any direct government financial assistance package for the greyhound racing industry could only be achieved at the expense of other government programmes or increased revenue measures.

Recommendation 1

That the Treasurer provide financial modelling of the economic impact on state revenue and the greyhound industry of various scenarios, or combinations that best reflect optimum outcomes for the future of the greyhound racing industry and the racing industry overall.

Note: The Committee will report on the above financial modelling and make relevant recommendations in its second report, which will be tabled by 30 June 2014.

Chapter 5 The board and management of Greyhound Racing NSW

This chapter examines the board and management of Greyhound Racing NSW (GRNSW), including the selection process and structure of the board, accountability of the board and management team and the effectiveness of management to communicate and consult with stakeholders and administer the industry. Part of this examination includes a case study on The Gardens racing track in Wallsend and case studies of instances where GRNSW initiated prosecutions against whistle-blowers and agitators in the industry.

The board of GRNSW

5.1 Section 6 of the *Greyhound Racing Act 2009* states that GRNSW is to consist of five members who may hold office for up to eight years. These five members are commonly referred to as the board of GRNSW, although this term is not used in the Act. There are strict criteria regarding the eligibility and structure of the board. For example, to become a member, a person must not be employed at a greyhound club or be a registered person with GRNSW.

5.2 Section 6 of the Act outlines the eligibility criteria for becoming a member:

- (2) A person is not eligible to be a member of GRNSW if the person:
 - (a) is an employee of a greyhound racing club, or
 - (b) is a member of the governing body of a greyhound racing club or eligible industry body, or
 - (c) is registered by or with GRNSW under this Act, or
 - (d) is registered or licensed by or with [Harness Racing NSW] under the Harness Racing Act 2009, or
 - (e) holds a licence issued by Racing New South Wales, or
 - (f) is currently, or during the previous 10 years has been, warned off, disqualified or named on the Defaulters List under the rules, or
 - (g) during the previous 10 years has been convicted in New South Wales of an offence that is punishable by imprisonment for 12 months or more, or convicted elsewhere than in New South Wales of an offence that, if committed in New South Wales would be an offence so punishable, or
 - (h) is an undischarged bankrupt or is taking advantage of the laws in force for the time being relating to bankruptcy, or
 - (i) is a mentally incapacitated person.
- (3) A person is not eligible to be appointed as a member of GRNSW if the person is a member of the Selection Panel at the time the Selection Panel makes its recommendation for the appointment concerned.

- (4) A person is not eligible to hold office as a member of GRNSW for more than 8 years in total (whether or not involving consecutive terms of office).
- (5) While a person is a member of GRNSW, any entitlement of the person to vote as a member of a greyhound racing club or of an eligible industry body is suspended.¹⁶³

Selection process and appointment of the board

5.3 According to the *Greyhound Racing Act 2009*, the five members of GRNSW are to be recommended for appointment by a selection panel, and the Minister for Tourism, Major Events, Hospitality and Racing is to give effect to that recommendation. Casual vacancies are to be made by the Minister on the nomination of GRNSW.

5.4 The selection process is documented in section 7 of the *Greyhound Racing Act 2009*:

- (1) The Minister is to establish a Selection Panel to recommend persons for appointment as members of GRNSW and to recommend the term of office of members.
- (2) The Selection Panel must recommend only the number of persons required to be appointed (no more and no fewer) and must recommend a term of office for each person recommended.
- (3) The Selection Panel must not recommend a person for appointment as a member of GRNSW unless the Panel is satisfied that the person has experience in a senior administrative role or experience at a senior level in one or more of the fields of business, finance, law, marketing, technology, commerce, regulatory administration or regulatory enforcement.
- (4) Before recommending a person for appointment as a member of GRNSW, the Selection Panel must conduct a probity check of the person (with the level of scrutiny as determined by the Minister). The Minister is to appoint a Probity Adviser to assist the Selection Panel to conduct probity checks.
- (5) The Selection Panel is to choose between candidates for recommendation for appointment as a member of GRNSW on the basis of merit, with merit to be determined on the basis of a candidate's abilities, qualifications, experience and personal qualities that are relevant to the performance of the duties of membership of GRNSW.¹⁶⁴

5.5 With the enactment of the *Greyhound Racing Act 2009*, the structure of the board has shifted from being a representative board under the previous Act, to an independent board. Hence it is not necessary that members of the board have any experience with greyhound racing. GRNSW expressed the view that the Government wanted to 'recruit persons with high-level business and management skills thus ensuring GRNSW was equipped to operate in a modern business environment'. GRNSW further contended that the 'independent board model is recognised as best practice across the racing industry'.¹⁶⁵

¹⁶³ *Greyhound Racing Act 2009* (NSW), Section 6.

¹⁶⁴ *Greyhound Racing Act 2009* (NSW), Section 7.

¹⁶⁵ Submission 382, Greyhound Racing NSW, p 25.

Criticisms of the structure of the board

- 5.6** NSW Greyhound Breeders, Owners and Trainers Association (GBOTA) criticised the structure of the board of GRNSW and argued that the industry should be represented, as well as having independent members.¹⁶⁶
- 5.7** GBOTA suggested that the current structure of the board ‘did not necessarily guarantee that effective levels of working industry knowledge will exist within the GRNSW board membership’, and recommended that the composition of the board be adjusted to include a suitable mix of independent appointments and stakeholder representatives.¹⁶⁷
- 5.8** Mr Brenton Scott, Executive Officer, GBOTA, noted that, as the regulatory responsibilities of GRNSW have increased, a perfect board would include independents with specific areas of expertise.¹⁶⁸
- 5.9** Mr Dennis Carl, President, Greyhound Action Group, elaborated on this point and expressed the view that there should be an elected board that draws on different expertise:

You would set out criteria of expertise which would include accountancy skills and that sort of thing, promotional skills, innovative skills—entrepreneurial type people who can get out there and get this industry moving. They seem to be doing it very well in Victoria, but we are not doing it very well here.¹⁶⁹

- 5.10** In addition to this, participants indicated that the inclusion of a prominent veterinary surgeon would be beneficial to the board as animal welfare is a growing issue of importance.¹⁷⁰

Criticisms of the selection process and appointments

- 5.11** A number of inquiry participants criticised the selection process and appointments made to the board of GRNSW. One of the primary concerns for inquiry participants was that the head selector for the board was a previous chair. This has led to a belief in the industry that selection to the board is based on ‘cronyism’ and ‘jobs for the boys’.¹⁷¹
- 5.12** Mr Carl voiced these concerns:

The Greyhound Racing directors that we have had ...were all based on cronyism. The last board was selected by and headed up by Percy Allan, the head selector, who was the chairman of the previous board. He leads the board and he goes in as a selector to the next board, and he promptly picks our chief executive officer who had left and puts him back in there as a director.¹⁷²

¹⁶⁶ Evidence, Mr Brenton Scott, Executive Officer, NSW Greyhound Breeders, Owners and Trainers Association, 15 November 2013, p 20.

¹⁶⁷ Submission 383, GBOTA, pp 6-7.

¹⁶⁸ Evidence, Mr Scott, 15 November 2013, p 25.

¹⁶⁹ Evidence, Mr Dennis Carl, President, Greyhound Action Group, 15 November 2013, p 35.

¹⁷⁰ Evidence, Mr Scott, 15 November 2013, p 25.

¹⁷¹ Evidence, Mr Carl, 6 February 2014, p 50, Submission 14, Ms Susan Absalom, pp 1-2, Submission 386, Dr Edward Humphries, p 1.

¹⁷² Evidence, Mr Carl, 6 February 2014, p 50.

- 5.13** Mr Carl went on to state that the same situation has arisen recently for the appointment of new directors:

That situation has come up again because of this requirement for two new directors to be elected ... Who is the selector, the head of the selection committee? Percy Allan, back again; cronyism. The next person down—Debbie Spillane is on there but she has been on there 15 years or so ago—but you have got in there Mr Amati, who works for Greyhound Racing NSW as an appeals judge ... How can someone working for Greyhound Racing NSW be on the selection panel to pick a director for Greyhound Racing NSW? And how could Percy Allan, who headed a disgraceful board that lost all our money, be a head of that panel? These are things that I think have got to be looked at. It goes without saying that there are problems for us.¹⁷³

- 5.14** Ms Susan Absalom, Director, GBOTA, remarked that the selection process was flawed and has not delivered a truly independent board as the industry was led to believe.¹⁷⁴ Ms Absalom applied to be a board member, but was unsuccessful.

- 5.15** Upon finding out she was unsuccessful, Ms Absalom sought feedback on what she needed to do to improve her chances next time. She was told that the Minister wanted continuity from the representative board of the previous structure to the current independent board. Ms Absalom argued that this fact was never publicly announced and effectively made the new board a 'transitional board rather than an independent board'. She stated that this made it seem that 'it was not a merit selection process'.¹⁷⁵

- 5.16** Ms Maree Callaghan also applied to become a board member and detailed her views of the experience and argued that it did not appear to be an independent process:

Some years ago I applied to become a board member. I was called down to a professional recruitment company. The only question he asked me about dogs was when I walked in. He said, "So do we still have pigs and chooks, and do we still have dogs killing those things?" That was the question from the professional recruitment agency. Obviously I think they had made up their minds who they were going to appoint before we walked in.¹⁷⁶

- 5.17** Ms Callaghan was of the view that if industry participants were able to elect the majority of the board, they would elect people that do not have a conflict of interests.¹⁷⁷

- 5.18** Mr Brenton Scott, Executive Officer, GBOTA, observed that the selection process would be better handled if it were undertaken independently. He added that a 'number of recruitment agencies specialise in director appointments and that would be the most logical process to be applied'.¹⁷⁸

- 5.19** Dr Edward Humphries was critical that the selection process is a secret and only the results can be seen. He concluded that no present board member is appropriate to the position and

¹⁷³ Evidence, Mr Carl, 6 February 2014, p 50.

¹⁷⁴ Submission 14, Ms Susan Absalom, p 4.

¹⁷⁵ Submission 14, Ms Susan Absalom, p 1.

¹⁷⁶ Evidence, Ms Maree Callaghan, Local participant, 5 February 2014, p 28.

¹⁷⁷ Evidence, Ms Callaghan, 5 February 2014, p 28.

¹⁷⁸ Evidence, Mr Scott, 15 November 2013, p 29.

argued that the most mediocre appointments have been made, often without any formal qualifications.¹⁷⁹

The management and administration of GRNSW

- 5.20** GRNSW is managed by a Chief Executive Officer who employs staff to undertake the commercial and regulatory responsibilities of the body. The structure of GRNSW is divided into four core business units: Integrity, Industry & Strategy, Media & Content and Growth & Sustainability.¹⁸⁰

Criticisms of the management and administration of GRNSW

- 5.21** Many industry participants raised concerns regarding the management and administration of GRNSW. This section focuses on these concerns, which included economic management, communication and consultation with industry participants. This section concludes with a case study on the racetrack, The Gardens, which brings together these issues.

- 5.22** Ms Maree Callaghan summarised the concern that many industry participants have with the management of GRNSW:

The greyhound industry has long experienced delayed growth due to the performance of those charged with its administration and direction. This is in the main because of their lack of vision, lack of acumen, and basic lack of understanding of the industry.¹⁸¹

Economic management

- 5.23** A number of industry participants expressed concern regarding the capacity of GRNSW to financially manage industry funds.

- 5.24** Ms Carly Absalom stated that GRNSW has proven to be a poor financial manager:

GRNSW has consistently proven itself to be poor financial managers of industry funds. In some cases they seem to have simply thrown money at projects that were always a risk (The Gardens). In other cases they have spent large amounts of money on “boy toys” that have provided little or no benefit to the industry and so have not been value for money.¹⁸²

- 5.25** Mr Anthony Duggan, industry participant, noted that the costs of administration are very high and suggested that they are in excess of 50 per cent of the TAB distribution.¹⁸³

- 5.26** One participant argued that the ‘current administration seems hell bent on empire building’, as the number of staff engaged and the percentage of funds expended in administration costs is so high.¹⁸⁴

¹⁷⁹ Submission 386, Dr Edward Humphries, p 3.

¹⁸⁰ Submission 382, Greyhound Racing NSW, p 6.

¹⁸¹ Submission 245, Ms Maree Callaghan, p 1.

¹⁸² Submission 414, Ms Carly Absalom, p 13.

¹⁸³ Submission 372, Mr Anthony Duggan, p 2.

- 5.27** The view that GRNSW employs too many staff was shared by a number of other participants. Mr Duggan noted that there seems to be an ever increasing number of staff and about 14-16 senior management staff.¹⁸⁵ Another industry participant questioned the staff numbers and the overall expenditure on administration and argued that the number of staff working on 'The Dogs' website was excessive.¹⁸⁶
- 5.28** The Auburn-Lidcombe Branch of the NSW GBOTA submitted that members were also concerned with the expensive office accommodation in Rhodes and the sale of premises to fund a computing system that they claimed is inferior to former systems.¹⁸⁷
- 5.29** Mr Richard Bligh, industry participant, agreed with the view regarding the sale of premises and questioned the decision by GRNSW to rent office space at Rhodes.¹⁸⁸ Mr Duggan also questioned the relocation to Rhodes and its associated costs. He commented that 'GRNSW are living beyond their means' and the set-up costs were enormous.¹⁸⁹ He indicated that Wentworth Park would have been an ideal venue to accommodate the organisation.¹⁹⁰
- 5.30** The Hastings River Greyhound Racing Club argued that GRNSW had failed to operate the greyhound racing industry with economic diligence. To support its comments, it highlighted the disparity between the yearly expenditure of \$2 million when the Greyhound Racing Authority was the head agency, to \$8 million by GRNSW in 2012-13.¹⁹¹
- 5.31** The Hastings River Greyhound Racing Club also advised that the operating expenditure by GRNSW in 2016-17 is estimated to be over \$17 million and the estimated revenue from the TAB distribution will be insufficient to support the industry.¹⁹² The club further stated that in a meeting, it had been advised by GRNSW a shortfall of \$1 million needed to be covered. As a consequence, the popular Country Challenge was eliminated along with other non-TAB races. Some weeks later, the club identified that the \$1 million from the cancelled race meetings was redirected to TAB clubs as extra meetings.¹⁹³
- 5.32** The Hastings River Greyhound Racing Club also made reference to many projects conducted by GRNSW that ran well over-budget and in some instances doubled in cost. For example, OzChase and the stewards control room.¹⁹⁴
- 5.33** The argument that the costs of GRNSW initiatives continue to blow out was asserted by another industry participant:

¹⁸⁴ Submission 22, Name suppressed, p 1.

¹⁸⁵ Submission 372, Mr Anthony Duggan, p 2.

¹⁸⁶ Submission 199, Name suppressed, p 2.

¹⁸⁷ Submission 306, Lidcombe-Auburn Branch of the NSW GBOTA, p 1.

¹⁸⁸ Public Forum, Mr Richard Bligh, 5 February 2014, pp 44-45.

¹⁸⁹ Submission 372, Mr Anthony Duggan, p 2.

¹⁹⁰ Submission 372, Mr Anthony Duggan, p 2.

¹⁹¹ Submission 304, Hastings River Greyhound Club, p 1.

¹⁹² Submission 304, Hastings River Greyhound Club, pp 1-2.

¹⁹³ Submission 304, Hastings River Greyhound Club, p 2.

¹⁹⁴ Submission 304, Hastings River Greyhound Club, p 3.

It seems that in difficult financial times when TAB turnover has levelled and money is tight GRNSW continue to initiate new systems that blow out in costs. It is noted that GRNSW has allotted \$1.23 million for Animal Welfare since this Inquiry was announced. Perhaps GRNSW should look inward for cost savings.¹⁹⁵

- 5.34** In reply to these concerns, Mr Brent Hogan, CEO, GRNSW, strongly defended the administration of the industry, and compared the expenditure in NSW with that of Greyhound Racing Victoria. He concluded that the NSW industry was being efficiently run:

On raw financial numbers, we are running a fairly efficient operation when we are compared to the most comparable body. Building on that, full-time equivalent staff members in Greyhound Racing NSW are 39.1, not some of the much larger and ridiculous numbers in some of the submissions. The equivalent count in Greyhound Racing Victoria is 72.8. In New South Wales, we are managing and administrating 34 tracks. In Victoria, there are 13. We are running 869 TAB meetings, 429 non-TAB meetings—1,300 meetings altogether. In Victoria, they are running a thousand. By any measure of efficiency, I am comfortable that what we do at Greyhound Racing NSW stacks up very well against the most obvious benchmark proposition.¹⁹⁶

Case study – The Gardens Greyhound Sporting Complex

- 5.35** Many inquiry participants made reference to The Gardens racetrack as an example of Greyhound Racing NSW mismanagement. The Gardens Greyhound Sporting Complex, commonly referred to as The Gardens, is a multi-use sporting and leisure facility in Wallsend. It was previously home to the National Soccer League team Newcastle Breakers, who played there until the club dissolved in 2000.
- 5.36** In the early 2000's the NSW National Coursing Association (NCA) became the freehold owner of The Gardens and was responsible for developing the site into a greyhound racing track. To initially develop the complex the NCA took out a loan of over \$5 million from the Commonwealth Bank¹⁹⁷ and received a \$1.5 million grant from the Greyhound Racing Authority, the predecessor to GRNSW. In 2003, it became clear that the funding was not sufficient to complete the project. GRNSW entered into 'a loan agreement worth \$2.1 million which was ... a guarantee to a commercial loan'.¹⁹⁸
- 5.37** A few years after opening, The Gardens was still not financially viable. In order to raise money, in 2009-10 the NCA sold its racing dates and joint racing arrangements at Wentworth Park for \$1.8 million. Then in 2011, GRNSW injected a \$750,000 interest free loan to assist repaying bank loans.¹⁹⁹

¹⁹⁵ Submission 199, Name suppressed, p 2.

¹⁹⁶ Evidence, Mr Brent Hogan, Chief Executive Officer, Greyhound Racing NSW, 15 November 2013, p 5.

¹⁹⁷ Evidence, Mr Kevin Gordon, President, National Coursing Association, 5 February 2014, p 21.

¹⁹⁸ Evidence, Mr Hogan, 6 February 2014, p 55.

¹⁹⁹ Submission 1, Greyhound Action Group, pp 30-31.

- 5.38** In 2012, GRNSW acquired a 70 per cent interest in The Gardens for approximately \$1.2 million.²⁰⁰ GRNSW maintained that it had no involvement in the day-to-day financed operations of The Gardens. The complex's newspaper, the Greyhound Recorder, remained wholly owned and controlled by the NCA.²⁰¹
- 5.39** On 2 August 2013, GRNSW announced that it had cancelled the registration of the NCA as a greyhound racing club after the board considered advice from Deloitte that affirmed the NCA was not financially viable.²⁰² GRNSW acquired the remaining 30 per cent of The Gardens.
- 5.40** GRNSW are now midway through the process of determining a new operator for the complex. Expressions of interest were called in December and three applicants were engaged in competitive dialogue.²⁰³
- 5.41** GRNSW, the NCA and the greyhound industry all have very different views regarding The Gardens. This next section documents these viewpoints.

GRNSW view

- 5.42** Mr Brent Hogan, Chief Executive, GRNSW argued that a key issue in this process was that in December 2012 it became apparent that The Gardens' General Manager had been involved in the disappearance of approximately \$155,000 of funds from the Greyhound Recorder. Despite this, the NCA continued his employment against the wishes of GRNSW.²⁰⁴

In December 2012 we were made aware from a community source, a journalist, that there had been a significant embezzlement at the NCA and there would be a review of that at the annual general meeting [AGM]. That did occur. The club then reported it to us after the AGM. Our position was clear... that we thought it was fundamentally untenable for that person to continue to hold a position with the NCA... We are not the employer and frankly, did not have the power to intervene in that employment relationship.²⁰⁵

- 5.43** Mr Hogan argued that this situation led GRNSW to have a 'close look at the financial position of the NCA over that summer period and that led to the show cause process and the appointment of the administrator [Deloitte] and the ultimate decision to rescind the license'.²⁰⁶
- 5.44** The Deloitte Report stated that 'there are grounds for significant concern regarding NCA's ongoing viability' and that they did not believe that the NCA could continue to trade 'in its

²⁰⁰ Evidence, Mr Hogan, 6 February 2014, p 64.

²⁰¹ Media Release, Greyhound Racing NSW, 'GRNSW Calls on NCA to Act', 6 December 2012, <http://www.thedogs.com.au/NewsArticle.aspx?NewsId=3406>

²⁰² Media Release, Greyhound Racing NSW, 'NCA Registration Cancelled', 2 August 2013, <http://www.thedogs.com.au/NewsArticle.aspx?NewsId=4074>

²⁰³ Evidence, Mr Hogan, 6 February 2014, p 69.

²⁰⁴ Media Release, Greyhound Racing NSW, 'GRNSW Calls on NCA to Act', 6 December 2012, <http://www.thedogs.com.au/NewsArticle.aspx?NewsId=3406>

²⁰⁵ Evidence, Mr Hogan, 6 February 2014, p 72.

²⁰⁶ Evidence, Mr Hogan, 6 February 2014, p 72.

current form and would require a substantial change to ensure viability and also a significant cash injection to pay legacy creditors'.²⁰⁷

- 5.45 Mr Hogan also stated that a decision will be made by the board in the near future as to the next operator of The Gardens. He reiterated that GRNSW is 'not in the business of owning racetracks'.²⁰⁸

National Coursing Association view

- 5.46 Mr Kevin Gordon, President, NCA, was very firm in his view that the NCA was financially viable at the time GRNSW cancelled its registration. He called the decision and the lack of transparency surrounding it 'the single most disgraceful thing I have seen in business in the past 40 years'.²⁰⁹

- 5.47 In April 2013, the NCA was advised by GRNSW that it would be under administration by Deloitte. Mr Gordon argued that there was 'no explanation as to why, just that it was per the Racing Act'. The NCA was advised by Deloitte that they would help generate a business plan for the future.²¹⁰ Mr Gordon stated that one simulation in the Deloitte report showed a 91 per cent chance that the NCA would display a healthy, cash-positive return in 2014.²¹¹

- 5.48 Mr Gordon stated that in February 2013, the NCA was issued with a show-cause notice from GRNSW. The NCA board spent a considerable amount of money to obtain an independent financial assessment from Blackburn business advisers that confirmed the viability of the club. However, GRNSW stated that the NCA did not demonstrate financial viability and had failed to show cause. Mr Gordon argued that there was no explanation of what precisely had not been satisfied. The NCA requested a meeting with GRNSW to understand the reasoning behind the decision. There was no response to that letter.²¹²

- 5.49 Mr Gordon could not understand why GRNSW considered the NCA financially unviable considering there was evidence to the contrary:

That is why it is very hard to cop that when Deloitte say that we were profitable, Blackburns say we were profitable, GRNSW for no reason, no facts, just its opinion, and you will read all that I have supplied to you, say we were not profitable. There was another motivation there, no doubt.²¹³

- 5.50 Mr Gordon also wanted it to be known that the Deloitte report cost GRNSW \$500,000, not \$200,000, as was previously reported.²¹⁴

²⁰⁷ Answers to questions on notice, Mr Kevin Gordon, President, National Coursing Association, 27 February 2014, Attachment A, Deloitte, *Greyhound Racing NSW: Administrator's report on the financial viability of the NSW National Coursing Association Ltd*, 15 May 2013, p 6.

²⁰⁸ Evidence, Mr Hogan, 6 February 2014, p 69.

²⁰⁹ Evidence, Mr Gordon, 5 February 2014, p 20.

²¹⁰ Evidence, Mr Gordon, 5 February 2014, p 21.

²¹¹ Evidence, Mr Gordon, 5 February 2014, p 22.

²¹² Evidence, Mr Gordon, 5 February 2014, pp 20-21.

²¹³ Evidence, Mr Gordon, 5 February 2014, p 25.

²¹⁴ Evidence, Mr Gordon, 5 February 2014, p 21.

Industry view

- 5.51** The industry was very critical of both the NCA and GRNSW's roles in The Gardens. Greyhound Action Group was particularly unhappy with the long term monetary cost:

It is difficult to understand that given the on-going reporting ... that the NCA Gardens situation could have been incurred over such a long period of time, from one disaster to another and costing the industry very dearly in not being able to use those monetary and GRNSW resources on other projects.²¹⁵

- 5.52** Mr Dennis Carl, President, Greyhound Action Group expressed his anger that that the project had been so expensive, for so little reward and claimed it was one of the reasons why many in the industry do not consider the board of GRNSW to be competent:

The Gardens project would have to be one of the worst decisions and programs that were ever implemented. Upwards of \$10 million has been invested in that program and it is the money of all the greyhound industry participants. It was meant to be the [NCA] who were going to create this place of excellence.²¹⁶

... I mean, the whole thing is the worst imaginable you have ever seen in your life, and all of this was under the stewardship, if you like, of the Board of Directors of Greyhound Racing NSW, which is one of the reasons they are considered to be not competent to hold that position. Further to that, an employee [of the NCA] embezzled a considerable amount of money, and he is still there. Amazing.²¹⁷

- 5.53** Dr Edward Humphries and Mr Carl were also critical of the facilities at The Gardens. They argued that the track is not safe²¹⁸ and not well liked.²¹⁹ Greyhound Action Group further noted that other more popular tracks in the area have closed to provide racing dates to support The Gardens.²²⁰

Communication and consultation

- 5.54** Industry participants were concerned that GRNSW does not effectively communicate its decisions or engage in consultation.
- 5.55** GBOTA advised that, according to the *Greyhound Racing Act* 2009, GRNSW is to undertake formal consultation on a regular basis with the Greyhound Racing Industry Consultation Group (GRICG). The consultation group can make recommendations to GRNSW and is 'structured so as to represent a cross section of major industry stakeholders'. GBOTA asserted that, as its members undertake their role voluntarily, GRICG 'operates on a well-meaning

²¹⁵ Submission 1, Greyhound Action Group, pp 30-31.

²¹⁶ Evidence, Mr Carl, 15 November 2013, p 40.

²¹⁷ Evidence, Mr Carl, 15 November 2013, p 41.

²¹⁸ Evidence, Mr Whitelaw, 5 February 2014, p 15.

²¹⁹ Evidence, Mr Carl, 15 November 2013, p 41.

²²⁰ Submission 1, Greyhound Action Group, p 30.

basis but is potentially under resourced given its function and is not independently resourced'.²²¹

5.56 GBOTA noted the real importance of consultation, as the board of GRNSW is independent to industry and members do not hold a working knowledge of greyhound racing.²²² The NSW Metropolitan and Provincial Greyhound Clubs Association agreed with this view and stated that the lack of greyhound racing expertise on the board means that it relies on the administration of GRNSW. The association argued that as GRNSW does not take on the views, opinions and experience of the clubs to the board, the board is never exposed to the expertise of the clubs.²²³

5.57 GBOTA was critical of the way GRNSW consulted with the industry consultation group:

Since 2009, industry stakeholder consultation has been inconsistent in its form and often subsequent to decisions actually being made. In addition, GRICG's role, as opposed to its envisaged role, seems to be restricted to proposing recommendations rather than it being a major consultation point as GRNSW develops strategy and makes determinations.²²⁴

5.58 Mr Robert Whitelaw argued that there is no consultation between GRNSW and the industry, and described it as 'a total disgrace'. He further commented that it is only due to this inquiry that GRNSW consulted industry participants:

In 2013 [GRNSW] decided they had better start talking to the participants. They have gone from 2009 to 2013 with no consultation whatsoever with the industry in those years. It is only because we, the participants, come to you people and ask for this inquiry that is why they have done something.²²⁵

5.59 Ms Callaghan advised that consultation only occurs with 'hand-picked' people while Mr Jaeger stated that the board of GRNSW should hold public forums. He argued this has not happened because 'they don't bow to anyone. They only do what they want to do'.²²⁶

5.60 Mr Dennis Carl, Greyhound Action Group, stated that when a forum was held it was not well attended, primarily due to ill will between the industry and GRNSW:

This is a shame because the relationship between this industry, the participants ... and the regulators, is absolutely toxic. It is ridiculous. The intimidation people feel from the regulators is absolutely incredible.²²⁷

5.61 An industry participant, Mr Seymour Vasilakis, provided advice that he organised a petition of greyhound industry participants, stakeholders and supporters seeking for the board to hold forums. Mr Vasilakis was advised by the Chair of the board that holding a forum in Sydney

²²¹ Submission 383, Greyhound Breeders, Owners and Trainers Association (GBOTA), p 5.

²²² Submission 383, Greyhound Breeders, Owners and Trainers Association (GBOTA), p 6.

²²³ Submission 347, NSW Metropolitan and Provincial Greyhound Clubs Association, p 1.

²²⁴ Submission 383, Greyhound Breeders, Owners and Trainers Association (GBOTA), p 6.

²²⁵ Evidence, Mr Robert Whitelaw, 5 February 2014, p 19.

²²⁶ Evidence, Mr Jeff Jaeger, President, Cesnock Branch, Greyhound Breeders, Owners and Trainers Association, 5 February 2014, p 32.

²²⁷ Evidence, Mr Carl, 6 February 2014, p 51.

would not be fair, as people outside of the metropolitan area could not attend. Mr Vasilakis was disappointed with the Chair's reply, as the petition did not specifically request the metropolitan area and there had been an earlier press release indicating board members would be visiting greyhound tracks in order to speak to stakeholders.²²⁸ Mr Vasilakis advised that the 'consultative forums of GRICG and the GBOTA motions were not working' and believed that the petition was an ideal mechanism to advise the board that participants wanted to speak with them. Mr Vasilakis submitted that the board should hold at least 'one forum a year in the metropolitan area and various larger regional areas'.²²⁹

5.62 Inquiry participants were concerned that there is a lack of communication with industry regarding rule changes. The Lidcombe-Auburn branch of the GBOTA submitted that it is 'impossible to keep up with rule changes' as they occur haphazardly and are issued as press releases on the website. As a number of industry participants are not computer literate, they are unaware of rule changes until they hear about them from others or when they themselves have breached the new rules.²³⁰

5.63 Industry participant, Ms Merle Clarke advised that she has been Secretary/Treasurer of Coonabarabran Greyhound Club for 13 years and in that time, not one member of the board has visited the Club. She submitted that 'no interest or care is given', and that 'clubs are not supported by our current administrators'.²³¹

5.64 GRNSW responded to these criticisms by providing a list of industry consultations that have taken place since 2010, including seminars, meetings and focus groups held in both Sydney and regional areas. For example:

- information seminars that updated club personnel on developments in greyhound administration and provided clubs with an opportunity to ask questions on operational and other issues
- operating Standards workshops with clubs that discussed how the Operating Standards and Guidelines for clubs could be improved and streamlined
- information sessions on the introduction of Penalty Guidelines for Prohibited Substance breaches
- focus groups held around the State that discussed key challenges and issues facing greyhound racing.²³²

²²⁸ Submission 4, Mr Seymour Vasilakis, p 1.

²²⁹ Submission 4, Mr Seymour Vasilakis, p 1.

²³⁰ Submission 306, Lidcombe-Auburn Branch of the NSW GBOTA, p 2, Submission 14b, Ms Susan Absalom, p 2.

²³¹ Submission 343, Ms Merle Clarke, p 2.

²³² Answers to questions on notice, Mr Brent Hogan, Chief Executive, Greyhound Racing NSW, 27 February 2014, pp 5-9.

Accountability of the board and management of GRNSW

- 5.65** As previously noted, GRNSW is a self-regulating entity with its own rules. It also has the power to punish breaches to those rules.
- 5.66** GRNSW noted that there are a number of checks and balances in place to monitor and control the effectiveness and accountability of the board and management of GRNSW, including the Integrity Auditor, the Minister and the tabling of the annual report in Parliament with associated financial audits.²³³
- 5.67** The Minister for Tourism, Major Events, Hospitality and Racing has the power to intervene in GRNSW's administrative activities. The body's annual report must be prepared and forwarded to the Minister each year for tabling in Parliament and must include the yearly financial statements of GRNSW, reviewed by an independent auditor.²³⁴
- 5.68** GRNSW also claimed that it commissions 'regular independent audits of its governance frameworks to ensure they meet industry best practice and to increase organisation transparency'.²³⁵ GRNSW noted that during its last independent audit in August 2012, undertaken by the Internal Audit Bureau of New South Wales, 'the assessment of GRNSW's governance was extremely positive' with no major gaps or flaws in key governance areas. Further, GRNSW exceeded the average ratings of other agencies in all 13 governance dimensions under review.²³⁶
- 5.69** In addition to these mechanisms of accountability, members of the board of GRNSW are subject to a Code of Conduct. The Code of Conduct requires members to act independently, objectively, impartially and by putting the interests of the industry before their personal interests.²³⁷

Criticisms of the level of autonomy of GRNSW

- 5.70** A number of inquiry participants were concerned by the level of autonomy of GRNSW and its lack of effective accountability. Participants were concerned that the Integrity Auditor was not independent of GRNSW, and beyond that, there were no real mechanisms for accountability. The issue of the Integrity Auditor is discussed in Chapter 6.
- 5.71** Mr David Landa, former Integrity Auditor for GRNSW, stated that GRNSW needed to fall under the jurisdiction of some 'Government body' as it is 'without regulation now'. He argued that, other 'than the Police, with evidence of criminal activity, there is no body that people in the industry can go to with their concerns to have them aired and properly investigated'.²³⁸ Mr Landa agreed that the Independent Commission Against Corruption [ICAC] may be the most appropriate body to undertake this task.²³⁹

²³³ Submission 382, Greyhound Racing NSW, p 2.

²³⁴ Submission 382, Greyhound Racing NSW, p 24.

²³⁵ Submission 382, Greyhound Racing NSW, p 24.

²³⁶ Submission 382, Greyhound Racing NSW, p 28.

²³⁷ Submission 382, Greyhound Racing NSW, pp 28-29.

²³⁸ Evidence, Mr David Landa, 6 February 2014, p 19

²³⁹ Evidence, The Hon Robert Borsak MLC, 6 February 2014, pp 19-20.

- 5.72** Industry participant, Mr Stephen Southwell, argued that ‘GRNSW is autonomous to the extreme of having no watchdog’ and he found it unacceptable that concerns cannot be taken to the ICAC. He also advised that when participants had taken concerns to the Minister, he had declined to act, as GRNSW is not a government body.²⁴⁰
- 5.73** Ms Susan Absalom stated that there should be a ‘completely independent body that participants can go to with their complaints’. Ms Absalom concluded that she thought GRNSW should come under the jurisdiction of the ICAC, the Auditor General and the Administrative Appeals Tribunal. She could not understand why thoroughbreds come under the Administrative Appeals Tribunal, yet GRNSW and HRNSW do not.²⁴¹
- 5.74** Similar to GRNSW, Harness Racing NSW advised that the management of HRNSW is accountable to the Board of HRNSW. It stated that as the boards of ‘the three racing codes administer their industries under legislation it might be useful to consider placing them under similar “watch” as that provided to local councils’.²⁴²

The persecution of whistle-blowers and agitators in the industry by GRNSW

- 5.75** During the course of the Inquiry, a number of participants discussed their concerns regarding GRNSW penalising whistle-blowers and agitators in the industry. This was seen as an abuse of GRNSW’s powers and the reason why many participants believed GRNSW was too autonomous.
- 5.76** Agitators in the industry have been charged under the Greyhound Racing Rules section on offences, inquiries and penalties. Some key offences under Rule 86 include:
- (e) refuses or fails to attend or to give evidence at an inquiry, or produce a document or other thing in relation to an investigation, examination, test or inquiry pursuant to these Rules when directed by the Controlling Body, Stewards or the committee of a club to do so
 - (f) engages in, publishes or causes to be published, broadcasts or causes to be broadcast, the use of any contemptuous, unseemly, improper, insulting, or offensive language, conduct or behaviour in any manner or form towards, or in relation to:
 - (i) a Steward;
 - (ii) the committee, or a member of the committee, of a club;
 - (iii) the Controlling Body, or a member of the Controlling Body; or
 - (iv) any other person having official duties in relation to greyhound racing...
 - (p) disobeys or fails to comply with the lawful order of a Steward or other person or body having official duties in relation to greyhound racing

²⁴⁰ Submission 344, Mr Stephen Southwell, pp 1-2.

²⁴¹ Submission 14a, Ms Susan Absalom, pp 1-2 and Attachment A

²⁴² Submission 355, Harness Racing NSW, pp 2-3.

- (q) commits or omits to do any act or engages in conduct which is in any way detrimental or prejudicial to the interest, welfare, image, control or promotion of greyhound racing...²⁴³

5.77 Penalties for such offences can include a fine, suspension, disqualification, cancellation of registration and/or warning off. Under Rule 95 these penalties can be applied at the discretion of the controlling body or the stewards.²⁴⁴

5.78 There is an avenue to appeal these penalties. Appeals may be made to the Racing Appeals Tribunal, constituted under the *Racing Appeals Tribunal Act 1983*. The Tribunal is independent of GRNSW. However, GRNSW bears costs associated with its administration such as paying fees to the sitting member.²⁴⁵

5.79 While giving evidence to the Committee, Mr Jaeger observed that people in the public gallery had been victimised by GRNSW for voicing concerns about the industry:

If you asked a few people who are in this room, they are being victimised. It is about time [GRNSW] had a good look at themselves because those people are only voicing what most participants think and have not got the chance to voice. Because they speak out, one little thing out of line and they are up called in to answer to an inquiry.²⁴⁶

...That is the threat hanging over your head. If you do not toe the line, that is what will happen. That is just out of all proportion. The things that they want to do and the things they are trying to do are just ridiculous.²⁴⁷

5.80 This view was shared by Dr Edward Humphries, who argued that participants could not criticise GRNSW without fear of penalty:

Participants who dare comment adversely on activities at GRNSW are threatened with action against them. This means giving up the implied right of free speech. This shows the bankrupt morality of GRNSW... GRNSW is guilty of extreme abuse of power and control over participants. Participants may not criticise them in any way without possible penalty. This is totally wrong.²⁴⁸

5.81 In response to these claims, Mr Brent Hogan, Chief Executive, Greyhound Racing NSW categorically denied the allegations:

I reject those allegations and I would like to take on board the evidence of such activity. I categorically deny that that is the case. If there are actual cases, certainly bring them forward.²⁴⁹

²⁴³ GRNSW Greyhound Racing Rules, pp 57-58, [http://www.thedogs.com.au/Uploads/Userfiles/GA%20Rules%20endorsed%20230813%20effective%20January%2001%202014%20-%20FINAL%20VERSION\(2\).pdf](http://www.thedogs.com.au/Uploads/Userfiles/GA%20Rules%20endorsed%20230813%20effective%20January%2001%202014%20-%20FINAL%20VERSION(2).pdf)

²⁴⁴ GRNSW Greyhound Racing Rules, p 66, [http://www.thedogs.com.au/Uploads/Userfiles/GA%20Rules%20endorsed%20230813%20effective%20January%2001%202014%20-%20FINAL%20VERSION\(2\).pdf](http://www.thedogs.com.au/Uploads/Userfiles/GA%20Rules%20endorsed%20230813%20effective%20January%2001%202014%20-%20FINAL%20VERSION(2).pdf)

²⁴⁵ Submission 382, Greyhound Racing NSW, p 14.

²⁴⁶ Evidence, Mr Jaeger, 5 February 2014, p 30.

²⁴⁷ Evidence, Mr Jaeger, 5 February 2014, p 31.

²⁴⁸ Submission 386, Dr Edward Humphries, p 6.

²⁴⁹ Evidence, Mr Hogan, 6 February 2014, p 66.

- 5.82** The following case studies outline examples where people, unhappy with the current state of the industry, have publically voiced their concerns only to be requested to attend the offices of GRNSW or requested to attend a show cause hearing for their comments or actions.

Case study – Dr Edward Humphries and Mr Christos Arletos

- 5.83** Dr Edward Humphries and Mr Christos Arletos appeared on the program *7:30 NSW* on 15 October 2013 for a segment on the greyhound racing industry in NSW.
- 5.84** Dr Humphries has been a veterinary surgeon for 43 years and has worked closely with greyhounds during this time. He served on the Greyhound Racing Control Board and was ‘a veterinarian at Wentworth Park for some 10 years’.²⁵⁰ He was a whistle-blower in 2000 for a corruption inquiry that exposed that the chief steward had switched greyhound urine samples in exchange for bribes. The chief steward was subsequently imprisoned.²⁵¹
- 5.85** Mr Arletos is a greyhound trainer and has worked in the industry for 25 years.
- 5.86** Mr Arletos made a number of comments on *7:30 NSW*, including that ‘80 per cent of greyhound trainers are looking for something to dope their dogs’ and because of this, greyhound racing is not a level playing field.²⁵²
- 5.87** Dr Humphries commented that not much had changed since the last corruption inquiry and ‘cocaine was commonly used as a stimulant in greyhound racing’.²⁵³
- 5.88** The day after the segment aired, GRNSW issued a press release directing Mr Arletos and Dr Humphries to attend an investigation into the allegations:
- As a person associated with greyhound racing, both Mr Arletos and Dr Humphries have been directed to attend the offices of GRNSW ... on Friday 1 November 2013 for the purpose of assisting GRNSW’s investigation into the allegations. Failure to attend or assist the investigation as directed may lead to charges under the Greyhound Racing Rules.²⁵⁴
- 5.89** At the offices of GRNSW, Mr Arletos was found guilty under Greyhound Racing Rules 86 (q) with two counts of engaging in conduct prejudicial to the interests of greyhound racing. It was ruled that ‘at no point during questioning by stewards ... could Mr Arletos substantiate the allegations he made during the program’. He was fined \$500.²⁵⁵

²⁵⁰ Submission 386, Dr Edward Humphries, p 1.

²⁵¹ Australian Broadcasting Corporation, *7:30 NSW*, 15 October 2013, <http://www.abc.net.au/7.30/content/2013/s3869813.htm>

²⁵² Australian Broadcasting Corporation, *7:30 NSW*, 15 October 2013, <http://www.abc.net.au/7.30/content/2013/s3869813.htm>

²⁵³ Evidence, Dr Edward Humphries, 15 November 2013, p 70.

²⁵⁴ Media Release, Greyhound Racing NSW, ‘Arletos & Humphries Directed to Attend’, 16 October 2013, <http://www.thedogs.com.au/NewsArticle.aspx?NewsId=4361>.

²⁵⁵ Media Release, Greyhound Racing NSW, ‘Arletos Fined’, 1 November 2013, <http://www.thedogs.com.au/NewsArticle.aspx?NewsId=4427>.

- 5.90** Dr Humphries was twice requested to attend the offices of GRNSW in early November 2013 and also was requested to attend a show cause hearing on 21 November 2013 that required him to show cause as to why he should not be warned off all racecourses. He did not attend any of these hearings. GRNSW considered this to be a breach of Greyhound Racing Rules 86 (p) and Dr Humphries was subsequently warned off.²⁵⁶
- 5.91** Dr Humphries expressed that he did not accept GRNSW had a right to do this, as he is a private individual and not a registered person under GRNSW rules and does not attend or bet on greyhound meetings. Also, as a veterinarian, it would mean he could not treat or see greyhounds or associate with registered persons.²⁵⁷ He argued that the matter is personal, as he believes GRNSW view him as a threat to the body:
- I think it could be personal. They perceive me as a dangerous person because I can expose them. I have seen so much of what takes place at race meetings.²⁵⁸
- 5.92** Dr Humphries lodged an appeal against the decision to warn him off all racecourses. The case is ongoing.²⁵⁹

Case study – Mr Robert Whitelaw

- 5.93** Mr Robert Whitelaw is a licensed greyhound trainer, who in late 2012, was one of the organisers of a ‘no-show’ which forced the cancellation of a number of race meetings. Industrial action was organised due to the perceived low share of wagering revenue betting money the greyhound industry received from the TAB as part of the Intercode agreement. While organising the ‘no-show’, Mr Whitelaw made a number of comments to media outlets saying that he had received threatening phone calls from GRNSW.²⁶⁰
- 5.94** On 19 December 2012, Mr Whitelaw was issued with a show cause notice from GRNSW relating to comments attributed to him in various media outlets as well as to circumstances surrounding the withdrawal of the greyhound ‘Maggies A Legend’ from Race 8 at Wentworth Park on 14 December 2012.²⁶¹ Although Mr Whitelaw was one of many greyhound trainers taking part in the ‘no-show’, he was the only one issued with a show cause notice.

²⁵⁶ Media Release, Greyhound Racing NSW, ‘Warning Off - Dr Ted Humphries’, 18 November 2013, <http://www.thedogs.com.au/NewsArticle.aspx?NewsId=4511>.

²⁵⁷ Evidence, Dr Humphries, 15 November 2013, p 69.

²⁵⁸ Evidence, Dr Humphries, 15 November 2013, p 77.

²⁵⁹ Media Release, Greyhound Racing NSW, ‘Humphries Lodges Appeal’, 27 December 2013, <http://www.thedogs.com.au/NewsArticle.aspx?NewsId=4601>.

²⁶⁰ Mr Timothy MacDonald, ‘Greyhound trainers take action over TAB takings’, ABC News Online, 5 December 2012, <http://www.abc.net.au/news/2012-12-05/greyhound-trainers-take-action-over-tab-takings/4410020>.

²⁶¹ Media Release, Greyhound Racing NSW, Stewards To Commence Robert Whitelaw Inquiry, 19 December 2012, <http://www.thedogs.com.au/NewsArticle.aspx?NewsId=3432>

- 5.95** Mr Whitelaw had his phone records subpoenaed and was suspended from racing until he produced those records. The show cause hearing was held over 12 months ago and to date Mr Whitelaw has not received any information regarding whether he will be penalised.²⁶²

Committee comment

- 5.96** The Committee acknowledges the concerns raised by industry participants regarding the board and management of GRNSW. The Committee believes changes need to be made to improve the structure and accountability of GRNSW as well as the provision of greater consultation with the industry.
- 5.97** The Committee also considers it appropriate for a thorough independent review to be undertaken of the financial management of greyhound racing.

Finding 2

That the current management and operational model under which the industry operates needs substantial review and restructure.

- 5.98** The Committee is of the opinion the selection process of new board members and the convening of the selection panel should be reformed. The Committee agrees with concerns that question the fairness of the process, including the independence of panel members. Hence the Committee recommends that a review be undertaken to ensure that an objective and independent selection panel is convened.
- 5.99** The Committee notes that under the current structure, members of the board must be independent to the industry and it is not necessary for members to have any experience with greyhound racing. Some industry participants called for industry representation on the board of GRNSW and argued that an ideal board would include a mix of independent members and stakeholder representatives. The Committee agrees with this approach and recommends that the Government take this into consideration when reviewing the selection process for members of GRNSW. The Committee further notes that any such changes to the structure of the board will require amendment of section 6 of the *Greyhound Racing Act 2009*.

Recommendation 2

That the NSW Government review the selection process of the members of Greyhound Racing NSW and consider adding two members, with these additional positions to be elected by licensed greyhound racing industry participants.

²⁶² Evidence, Mr Whitelaw, 5 February 2014, p 18.

- 5.100** The Committee believes that the board should engage in stronger consultation and communication with the industry. This consultation is essential to ensuring the board's decision-making is well-informed. Therefore, the Committee recommends that effective and regular consultation with the greyhound racing industry is undertaken by the board of GRNSW.

Recommendation 3

That the board and management of Greyhound Racing NSW increase their commitment to effective consultation with the greyhound racing industry, and meet with industry stakeholders in both regional and metropolitan areas on a regular basis.

- 5.101** The Committee is of the view that the current autonomy of GRNSW should be balanced by greater accountability. Although there are some accountability mechanisms for GRNSW, the Committee does not believe these are effective enough. The Committee heard evidence that the Independent Commission Against Corruption should have the authority to investigate the conduct of officials of quasi-regulatory bodies such as GRNSW. The issue of integrity in the greyhound racing industry will be examined in more detail in Chapter 6, including a recommendation that a Racing Integrity Commission be established. However, the Committee believes that consideration should be given to placing GRNSW under the oversight of the Independent Commission Against Corruption.

Recommendation 4

That the NSW Government consider amending the *Independent Commission Against Corruption Act 1988* so that the racing industry is brought within the jurisdiction of the Independent Commission Against Corruption.

- 5.102** The Committee believes that the current appeals structure for breaches of the Greyhound Racing Rules is sufficient. However, the Committee has concerns that offences and penalties under the Greyhound Racing Rules have not been applied consistently or fairly. The Committee is particularly alarmed by the prosecution of whistle-blowers and agitators in the industry simply because they have chosen to voice their concerns publicly.
- 5.103** Therefore the Committee recommends that Greyhound Racing NSW delete Greyhound Racing Rule 86 (q), which reads 'A person (including an official) shall be guilty of an offence if the person commits or omits to do any act or engages in conduct which is in any way detrimental or prejudicial to the interest, welfare, image, control or promotion of greyhound racing'. The Committee further recommends that Greyhound Racing NSW ensure that rules and penalties are applied in a fair and consistent manner.

Recommendation 5

That Greyhound Racing NSW delete Greyhound Racing Rule 86 (q), which reads ‘A person (including an official) shall be guilty of an offence if the person commits or omits to do any act or engages in conduct which is in any way detrimental or prejudicial to the interest, welfare, image, control or promotion of greyhound racing’.

Recommendation 6

That Greyhound Racing NSW ensure that the Greyhound Racing Rules, and penalties for breaches of those rules, are applied in a fair and consistent manner.

- 5.104** The Committee notes that a number of the recommendations made in this report are directed to Greyhound Racing NSW, rather than to a Minister or Government agency. Hence the Committee recommends that the Minister for Tourism, Major Events, Hospitality and Racing consult with Greyhound Racing NSW regarding the recommendations of the report, and include the details of such consultation in the Government’s response to the Committee’s report.
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Recommendation 7

That the Minister for Tourism, Major Events, Hospitality and Racing confer with Greyhound Racing NSW regarding the implementation of Recommendations 3, 5, 6, 8, 9, 10, 15, 16 and 18; and that the Government response to this report include a statement on the outcomes of any such discussions.

Chapter 6 Integrity

This chapter considers integrity issues in greyhound racing, including the incidence of doping, drug control measures and kennel inspections. The chapter also considers the role and actions of stewards and the integrity auditor.

The incidence of doping

- 6.1** As the controlling body of the sport, Greyhound Racing NSW (GRNSW) is responsible for ensuring that race dogs are free of prohibited substances. Rule R83 of the Greyhound Racing Rules is titled 'Greyhound to be free of prohibited substances' while Rule R84 relates to the 'Possession of prohibited substances'. As highlighted in the Rules, any contravention of these rules is deemed an offence.²⁶³
- 6.2** GRNSW has developed five categories of drugs:
- Category 1 – prohibited substances that have the ability to slow a greyhound
 - Category 2 – prohibited substances under national greyhound racing rules, which would also include illegal substances as defined by the Australian Government – eg amphetamines, cocaine
 - Category 3 – all forms of steroids
 - Category 4 – all other substances that have the ability to improve or impact racetrack performance not listed in categories 1,2,3 and 5
 - Category 5 – all substances registered for veterinary use and have therapeutic benefit to a greyhound. Products registered for human use that may have therapeutic benefits are also included in this category.²⁶⁴
- 6.3** GRNSW has two approaches to reducing drug use in the sport – education and enforcement. The Veterinary Unit and Stewards in GRNSW have primary responsibility to enforce doping rules.
- 6.4** The Committee heard that the administration of drugs to greyhounds 'is as old as the industry itself'.²⁶⁵ Veterinarians Drs Zammit and Humphries both advised that the administering of drugs to greyhounds is still being practiced in the industry.²⁶⁶ Dr Zammit added '... time and time again I had been asked, and I still get asked, to provide drugs to make greyhounds go faster, slower or whatever'.²⁶⁷

²⁶³ Greyhound Racing NSW, *Greyhound Racing Rules*, pp 55-56.

²⁶⁴ Greyhound Racing NSW website, www.thedogs.com.au/Uploads/Userfiles/GRNSWCategoryOfSubstances%281%29.pdf, accessed 10 March 2014.

²⁶⁵ Submission 502, Dr Robert Zammit, Veterinarian, p 2.

²⁶⁶ Evidence, Drs Edward Humphries and Robert Zammit, Veterinarians, 15 November 2013, p 70-71

²⁶⁷ Evidence, Dr Zammit, 15 November 2013, p 71.

6.5 Dr Zammit explained why participants might seek out drugs that slow the dogs down, advising that ‘if you have the favourite in the race and you tell the bookie that your dog is going to lose—you say, “He’s not going to win the race; do not worry”—then the bookie can take more money and you will get a slice of that.’²⁶⁸

6.6 A significant number of inquiry participants raised concerns about the incidence of drug administration and doping in greyhound racing. Many submissions referred to “allegations of doping”. However, the majority of these submission authors were unable to provide evidence about doping practices, other than noting that there were allegations of doping or by reference to media articles and reports on television programs.²⁶⁹

6.7 However, the Committee received evidence from a number of people who worked in or around the greyhound industry about the incidence of doping. For example, Dr Edward Humphries, Veterinarian, told the Committee that he had observed the administration of cocaine prior to a race:

I said that cocaine was commonly used as a stimulant in greyhound racing and that it could be administered just shortly before the race by a sneaky injection or by wiping the mucous membranes of the greyhound with cocaine powder.

...

I have observed it, and several trainers have told me that they have used that.²⁷⁰

6.8 Dr Humphries also stated that the drug EPO was used in greyhound racing. He noted that while he had never dispensed EPO he had been asked for it on occasion and that “there is plenty available on the black market”.²⁷¹ When questioned further about how widespread the use of EPO was in the industry, Dr Humphries replied:

It is hard to know but there are certain trainers whose dogs will improve dramatically when they go into a kennel. There will be a short-lived period of racing when their dog just then goes out for a spell. The same trainers will have a number of competitors week after week and then all of a sudden they will win four or five of the races on a particular program.²⁷²

6.9 With the use of the internet, greyhound owners have the ability to be learning about drugs and their use on greyhounds. Dr Zammit commented “They have taught me about drugs at times, when they say, “What about this drug?””.²⁷³ Dr Humphries suggested that ‘we have the internet to blame for that. Trainers will often come in with the name of some obscure compound advertised in India or China and ask what it is. That would be some indication that some of the information is coming from there. Others seem to be able to get drugs through Customs.’²⁷⁴

²⁶⁸ Evidence, Dr Zammit, 15 November 2013, p 71.

²⁶⁹ See for example Submissions 45, 49, 81, 82, 86, 88, 90, 92, 93, 95 and 99.

²⁷⁰ Evidence, Dr Humphries, 15 November 2013, p 70.

²⁷¹ Evidence, Dr Humphries, 15 November 2013, p 73.

²⁷² Evidence, Dr Humphries, 15 November 2013, p 76.

²⁷³ Evidence Dr Zammit, 15 November 2013, p 77.

²⁷⁴ Evidence, Dr Zammit and Dr Humphries, 15 November 2013, p 77.

Inter-jurisdictional differences

- 6.10** The Committee heard that there are different standards across Australian States concerning the permitted levels of some prohibited substances, such as testosterone. Mr Dennis Carl, President of the Greyhound Action Group agreed that there are inconsistencies in the way this is administered at the moment and commented that ‘it is not a very good arrangement when you have one level of requirement in one State and a different level in another State.’²⁷⁵ Dr Zammit similarly noted that ‘there are differences between States. I do not know what they are... but I read all the time on chat lines between veterinarians that there are differences between them.’²⁷⁶

Testing for banned substances

- 6.11** For GRNSW a major component of enforcement is the testing of banned substances in dogs. This is done by collecting a urine sample from a dog and testing the urine. This process is known in the industry as ‘taking a swab’, or ‘swabbing’.
- 6.12** Swabs are generally taken at greyhound race meetings, and the number of swabs taken at a race meeting varies according to the type of meeting that is underway. In its submission, GRNSW provided the following overview, which outlines the different categories of meetings and the correspondent swabbing policy for each:

Category A Wentworth Park Friday/Saturday Nights

- A minimum of four swabs per meeting at the direction of the stewards
- Placegetters in all Group finals swabbed
- All Group race heat winners
- All eight qualifying greyhounds for finals of Group 1 & 2 events
- All other swabbing at the direction of stewards based on performance.

Category B and C TAB Meetings

- Winners of all events with total prizemoney of \$3,000 or more
- Placegetters in all events with total prizemoney of \$5,000 or more
- All Group race final placegetters
- All Group race heat winners
- All other swabbing at direction of stewards based on performance.

Non-TAB Meetings

- 1st and 2nd placegetters in all events with total prizemoney of \$5,000 or more (this direction is contingent upon facility availability)
- Random Ballot system applies (1 in 8 chance)
- All other swabbing at direction of stewards based on performance.²⁷⁷

²⁷⁵ Evidence, Mr Dennis Carl, President, Greyhound Action Group, 15 November 2013, p 34.

²⁷⁶ Evidence, Dr Zammit, 15 November 2013, p 74.

²⁷⁷ Submission 382, Greyhound Racing NSW, pp 39-40.

Criticisms of swabbing procedures

- 6.13** A number of inquiry participants were critical of the GRNSW swabbing procedures. Criticisms included that the existing swabbing process is not tamper-proof.
- 6.14** Dr Edward Humphries, Veterinarian, raised concerns about the current method of collecting race swabs and noted that the collection was unwitnessed and that swabs were ‘on occasion sealed and reopened and resealed with never the slightest suggestion of tampering being raised’.²⁷⁸
- 6.15** Dr Humphries also suggested that the level of collusion between racing stewards and laboratory analysts is too close, and concluded that ‘the method of collection, transportation and documentation of race swabs need overhauling to ensure integrity and confidence.’²⁷⁹

Random testing

- 6.16** GRNSW introduced its current swabbing policy in 2009-10. For metropolitan and TAB races, the policy replaced a randomised system known as the ‘red marble’ system. A number of inquiry participants have called for a return to the ‘red marble’ system or to reintroduce some quantum of random drug tests.
- 6.17** For example, Ms Susan Absalom argued that the old random system was preferable to the current system because it was more cost effective than current procedures and was an effective deterrent because trainers did not know whether they would be swabbed or not. Ms Absalom also argued that the ‘red marble’ system was transparent and prevented manipulation by stewards, suggesting that as the current system relies on stewards’ discretion, it is open to corruption.²⁸⁰
- 6.18** Other inquiry participants similarly called for a return to random swabbing, suggesting that it provided an extra level of confidence and transparency, and was a cost effective method of deterring doping.²⁸¹
- 6.19** Ms Carly Absalom, for example, expressed doubts about the current drug testing system and level of discretion it affords stewards:

My concern with this new system was, and still is, that it was open to corruption. There is no random element, outside of human control, meaning that this system, unlike the random red marble system, would give a corrupt steward free reign to not swab greyhounds. The recent green light scandal in the harness industry highlights the need to always guard against corrupt officials. The General Manager Integrity’s statement of ‘improper behaviour’, suggests that he was aware that this system was open to corruption when he introduced it. Instead of being a concern to him though

²⁷⁸ Submission 386, Dr Edward Humphries, Veterinarian, p 1.

²⁷⁹ Submission 386, Dr Edward Humphries, p 2.

²⁸⁰ Submission 14b, Ms Susan Absalom, pp 1, 5, 7.

²⁸¹ See Submission 281, Mr Kristoffer Della Casa; Submission 301, Southern Highlands GBOTA; Submission 329, Mr Barry Conwell; Submission 344, Mr Stephen Southwell, p 2; Submission 347, NSW Metropolitan and Provincial Greyhound Clubs Association; Submission 352, Dr Nathan Absalom; Submission 383, NSW Greyhound Breeders, Owners and Trainers Association; and Submission 595, name suppressed.

he argued that we should just implicitly trust the stewards. This is very difficult given our recent history.²⁸²

- 6.20** Mr Brenton Scott, Executive Officer, NSW Greyhound Breeders, Owners and Trainers Association, commended GRNSW in implementing some industry-leading innovations in targeted swabbing. However, the Association also considered that the targeted swabbing practices could be complemented by random swabbing:

We also believe that many of the efforts that have been made in terms of the targeting have been successful innovations and they perhaps lead the pack in some of the procedures in place. However, the system has to be improved by having a random element at least.²⁸³

- 6.21** In response to such calls from stakeholders to reinstitute the ‘red marble’ system, GRNSW refuted the suggestion that the red marble was a better deterrent than the current approach:

The suggestion, from some stakeholders, that a return to the red marble would act as a greater deterrent to those who may take the risk of using prohibited substances more so than what the current approach does, is strongly refuted by GRNSW.

The effectiveness of the red marble is questionable, because for metropolitan racing there is an 80% chance of winners not being selected and for other meetings there is an 87.5% chance of winners not being selected. Further, it is not representative of industry best practice, with no other racing jurisdiction in any code using the red marble as part of their swabbing policies.²⁸⁴

The number of swabs and doping incidences

- 6.22** Mr Brent Hogan, Chief Executive of GRNSW, informed the Committee that the organisation had increased its swabbing budget for the 2012-13 financial year, allowing for a substantial increase in the number of swabs taken.

In the last financial year, we significantly increased our investment in drug detection to \$1.2 million. Last financial year we carried out 5,562 swabs, which was a record number for the sport, and some 40 per cent more than any other State around the country. We are conducting a lot of drug testing. What that meant in practice was that at every race at Wentworth Park, our main metropolitan centre, at least the winner was tested. It means that, on average, at our TAB meetings we will take 7.5 swabs. Our swabbing policy lines up with what is considered to be best practice around the country. It is intelligence-based swabbing, where the stewards who are controlling the meeting have access to the database in relation to the swabs taken previously and they know the performance of the greyhounds. They can make intelligent decisions about which greyhounds should be swabbed.²⁸⁵

²⁸² Submission 414, Ms Carly Absalom, p 23.

²⁸³ Evidence, Mr Brenton Scott, Executive Officer, NSW Greyhound Breeders, Owners and Trainers Association, 15 November 2013, p 23.

²⁸⁴ Submission 382, Greyhound Racing NSW, p 37.

²⁸⁵ Evidence, Mr Brent Hogan, Chief Executive, Greyhound Racing NSW, 15 November 2013, p 5.

- 6.23** GRNSW provided the following table which outlines the level of testing and number of positive swabs returned over the 10 years between 2003/04 and 2012/13.

Table 10 Level of drug testing and positive returns

Year	No. of samples tested	Declared positives	% of positives to swabs taken
2003-04	3,085	40	1.30
2004-05	3,241	40	1.23
2005-06	3,028	51	1.68
2006-07	3,277	71	2.16
2007-08	3,177	32	1.01
2008-09	2,996	25	0.83
2009-10	3,393	32	0.94
2010-11	3,398	26	0.77
2011-12	3,783	48	1.27
2012-13	5,562	35	0.62

Submission 382, GRNSW, pp 35-36.

- 6.24** GRNSW advised that the minimum number of people present during the swabbing process is two, including the swabbing official and the trainer of the greyhound being swabbed. They also noted that the parts of the swabbing process that occur within the kennel block are captured on CCTV.²⁸⁶
- 6.25** Each month GRNSW publishes the swabs declared negative on its website under a section entitled 'Swab Clearances'. Positive swabs are listed under Open Inquiries on the website, and then, following an inquiry, the outcomes of inquiries and appeals are also posted on the website.²⁸⁷
- 6.26** In addition to race day testing, GRNSW advised that it has also increased its out of competition testing in recent years, declaring that, 'out of competition tests form an integral component of GRNSW's ongoing drug detection strategy, as they assist with the discovery of certain substances.'²⁸⁸
- 6.27** As noted above, in 2012-13 GRNSW took 5,562 swabs, which, according to their annual report was 5.5% of overall starters, with 35 positive swabs returned.²⁸⁹

²⁸⁶ Answers to questions taken on notice, Greyhound Racing NSW, 13 December 2013, p 10.

²⁸⁷ Submission 349, Registered Greyhound Participants Association, p 4; and Submission 382, Greyhound Racing NSW, p 40.

²⁸⁸ Submission 382, Greyhound Racing NSW, p 37.

²⁸⁹ Greyhound Racing NSW 2012-2013 Annual Report, p 6; and Submission 382, Greyhound Racing NSW, p 35.

- 6.28** Mr Hogan argued that GRNSW swabbing policies are consistent with other racing bodies, such as Racing NSW, Harness Racing NSW, or any of their interstate counterparts: ‘what we do accords with what all of the leading racing bodies in this country do.’²⁹⁰
- 6.29** However, a comparison with the two other racing codes in New South Wales shows a significant difference in both the number of swabs taken and the proportion of positive samples returned.
- 6.30** For instance, Harness Racing NSW reported that the total number of swabs taken in 2012-13 was 8,181 out of 36,054 starters (22.7%), with 19 positive samples returned. Harness Racing NSW advised that the organisation has a board resolution for the proportion of swabs to starters to remain above 20%.²⁹¹
- 6.31** Racing NSW tested 15,561 horses out of 54,302 starters (28.7%) in 2012-13, with 18 positive swabs returned.²⁹² This information is summarised in Table 11, which clearly demonstrates that the greyhound industry tests the least number of starters compared to the other codes, but has the highest percentage of positive swabs recorded.

Table 11 Drug testing comparison between NSW racing codes (2012-13)

	Samples tested	Percentage of starters tested	Declared positives	% of positives swabs
NSW Greyhounds	5,562	5.5%	19	0.62%
NSW Harness Racing	8,181	22.7%	19	0.23%
NSW Thoroughbreds	15,561	28.7%	18	0.11%

Penalties for doping

- 6.32** GRNSW has recently reformed its penalties regime and has published guidelines as to the penalty to be applied to doping offences. Prohibited substances are grouped into five categories which determine the severity of the penalty to apply. Trainers may also enter an early guilty plea for certain offences, which would result in a reduced penalty.
- 6.33** If a dog has tested positive for a banned substance, GRNSW stewards commence an inquiry. The stewards will conduct a hearing and determine a penalty. Pursuant to section 15a of the *Racing Appeals Tribunal Act 1983*, an appeal against an imposed penalty may be lodged in accordance with the clause 9 of the *Racing Appeals Tribunal Regulation 2010*, through the Racing Appeals Tribunal.
- 6.34** GRNSW considered that the reforms had ‘modernised the way GRNSW conducts prohibited substances cases and increased transparency of the integrity process for greyhound racing participants’.²⁹³

²⁹⁰ Evidence, Mr Hogan, 15 November 2013, p 5.

²⁹¹ Harness Racing NSW 2012-13 Annual Report, p 34; and Submission 355, Harness Racing NSW, p 4.

²⁹² Racing NSW 2012-13 Annual Report, pp 9, 20.

²⁹³ Submission 382, Greyhound Racing NSW, p 41.

6.35 A table on the GRNSW website outlines the penalties that apply for prohibited substances offences. The standard penalty is determined by the category of prohibited substance, but this may be increased by aggravating factors (such as previous offences) or reduced by mitigating factors (such as an early guilty plea).

6.36 The Registered Greyhound Participants Association supported heavier penalties for offenders caught for the administration of 'hard core drugs'. The group also called for swifter hearings into positive swabs and suspending offenders until the hearing is complete:

The RGPA supports HEAVIER PENALTIES to be implemented to offenders for administration of hard core drugs. The effect of drug administration is devastating to the image of the Sport. The RGPA believes that protecting the welfare of the greyhounds by efficient drug screening is paramount.²⁹⁴

Consistency in penalties

6.37 While GRNSW has published guidelines on penalties, some industry participants argued that greater consistency in decisions and the determination of penalties is required.²⁹⁵

6.38 For example, Dr Edward Humphries argued that the penalties for a positive result from swabbing are variable and not consistent:

The penalties are very variable. There is a great deal of latitude given to the stewards who hear the inquiry and I think they do not always exercise that prerogative in a straightforward, honest fashion.

... An individual might get 10 years and a fine of \$3,000 for an offence while another individual for the same offence will get two years and \$2,000.

... The stewards apply the penalties. I note that, consistently in the application of penalties, smaller trainers get harsher penalties.²⁹⁶

6.39 When asked whether the larger operators receive more favourable treatment, Dr Humphries agreed that they did:

I have certainly witnessed that, and I think the reason is that they provide so many dogs for the actual racing that if they were given a lengthy suspension then there would be fewer dogs to race and there would be difficulty in making up the numbers for some races at times.²⁹⁷

6.40 Dr Humphries thought that 'there needs to be transparency, absolute transparency, for public confidence. I think the participants need to feel that each person is treated justly and roughly equally.'²⁹⁸

²⁹⁴ Submission 349, Registered Greyhound Participants Association, p 4.

²⁹⁵ Submission 357, Mr Raymond Lee, p 1; Submission 410, Mrs Patricia Groizard, p 1; and Submission 430, Mr Barrington Wilson, p 1.

²⁹⁶ Evidence, Dr Humphries, 15 November 2013, p 73.

²⁹⁷ Evidence, Dr Humphries, 15 November 2013, p 73.

²⁹⁸ Evidence, Dr Humphries, 15 November 2013, p 78.

Therapeutic substances

- 6.41** A number of industry participants raised the issue of positive swabs being returned for elevated hormone levels in bitches, stating that hormones were used to keep bitches off season in order to be able to race more regularly throughout the year. There were calls for the allowable hormone levels to be reviewed. For example, Mr Sandro Bechini considered that:

...there needs to be a common-sense approach to review the use of therapeutical drugs and also further research done to ensure that the level of testosterone for bitches to keep them off season and racing for longer is reviewed and adequate going forward.²⁹⁹

- 6.42** The Committee received evidence that some greyhound owners/trainers were confused about what substances were banned, or how long a time a dog should be withheld from racing after being administered therapeutic drugs.

- 6.43** Mr Noel McCaskie brought to the Committee's attention a separate concern about positive swabs for therapeutic substances, outlining his experience in testing positive to the banned substance Pholcodine (a cough suppressant). Mr McCaskie was unaware that the substance was banned and since the event he has been unable to find out, from GRNSW or others, what the appropriate withholding period should have been.

I would like to bring to the attention of the inquiry about a banned substance I tested positive to, from a swab taken on the 19th September 2013 ... The banned substance in question is Pholcodine, an ingredient found in Benedryl Cough Medicine. I have yet to face an inquiry as I do not have a date as yet. The greyhound in question was given this medication for the severe kennel cough she had, as that is all I could obtain at the time, unbeknown to me it contained a Category 5 banned substance in it. This medication as far as I can find out does not affect performance in any way ... I feel dirty that this has happened and that I would not administer anything that was harmful to the dog or illegal on purpose. The fact is that the swab was taken 5 weeks or more after the last dose was administered. Since being notified of the positive result I have tried to find out what the withholding period is on numerous websites including The Dogs website, and have asked my local Vet and others, and cannot seem to be given an accurate time frame. (NOBODY SEEMS TO KNOW) How are we supposed to know?

I feel that GRNSW should take charge and more responsibility in providing new and current participants alike with a handbook outlining banned substances, and if they are allowed medicinal substances, and a withholding period if used.³⁰⁰

- 6.44** Ms Carly Absalom raised similar concerns about positive swabs for therapeutic substances. Ms Absalom reported that trainers have become wary and paranoid about how they treat their greyhounds, providing the following situation as an example:

²⁹⁹ Submission 516, Mr Sandro Bechini, p 7. See also Attachment 2 of Submission 386, Dr Edward Humphries, which makes a critical assessment of the decisions made by Greyhound Racing NSW and Greyhounds Australasia regarding the use of testosterone to control oestrous cycles in female racing greyhounds.

³⁰⁰ Submission 594, Mr Noel McCaskie, p 1.

When my greyhound grazed herself before a group final, I rang the head vet just to check what antiseptic I could use on the greyhound as I have become so paranoid about any treatment I use.³⁰¹

- 6.45** Ms Absalom recommended that ‘there should be available a list of therapeutic drugs that trainers are able to use in order to ensure that trainers can, easily and quickly, treat greyhounds in their care’.³⁰²

Committee comment

- 6.46** The Committee commends the efforts made by GRNSW in recent years to improve their drug control measures and the significant increase in its swabbing budget in 2012-13. The Committee notes that a number of witnesses suggested high levels of use of illegal drugs are present in the industry, however it is also noted that much of this evidence was not verified and could be considered to be hearsay.
- 6.47** However, the Committee was concerned by the substantial difference between the level of drug testing that occurs in greyhound racing, compared with the other two racing codes in NSW. The Committee also noted that a number of stakeholders have called for a return to some form of random drug testing, either to replace or enhance the current system of discretionary, targeted testing.
- 6.48** While the Committee supports the reforms introduced by GRNSW to enhance the sophistication of their drug control measures, it believes that a substantial increase in the quantity of drug testing, to bring the industry in line with other racing codes, would be appropriate. The Committee also considers that a proportion of the increased quantity of swabs collected should be allocated randomly.
- 6.49** Positive swab returns for substances that may be considered therapeutic appear to be one of the main causes of positive drug test results in greyhound racing. Industry participants expressed concern about the association, especially in mainstream media, of these types of prohibited substance returns with those of other illegal substances such as cocaine. Participants also complained about the lack of information about therapeutic substances, such as withholding periods, that is available to trainers and owners of greyhounds. The Committee therefore recommends that GRNSW act to provide more information to trainers and owners regarding the administration of therapeutic substances for greyhounds.
- 6.50** The Committee notes the concerns raised by some stakeholders regarding inconsistency in applying penalties for drug offences. However, the Committee also observes that GRNSW’s reforms in this area in recent years have included a defined penalty system, which clearly outlines the penalties that apply to different categories of prohibited substances, as well as describing the aggravating or mitigating factors that may apply. To ensure transparency and demonstrate consistency in applying penalties, GRNSW should consider referring specifically to the relevant penalty tables, and how they apply to a particular case, when publishing the outcomes of hearings.

³⁰¹ Submission 414, Ms Carly Absalom, pp 9-10.

³⁰² Submission 414, Ms Carly Absalom, p 11.

Recommendation 8

That Greyhound Racing NSW increase the number of drug swabs collected and allocate a proportion of drug swabs to a random sample of starters.

Recommendation 9

That Greyhound Racing NSW publish information about therapeutic substances that are permitted for treating greyhounds, including their withholding periods.

Kennel Inspections

- 6.51** GRNSW noted that as part of its ongoing integrity assurance program, it carried out routine kennel inspections across the State. The kennel inspections assess conditions such as the suitability of training facilities with regard to animal welfare, compliance with work health and safety requirements, and security compliance. GRNSW advised that there are eight inspectors employed by GRNSW to inspect the properties of trainers and breeders of greyhounds in NSW. GRNSW advised that its intention is to inspect all licensed persons' kennels once every two years.³⁰³
- 6.52** GRNSW advised that inspections for both trainers and breeders may be random or scheduled. For breeders, inspections are often carried out for the purposes of identifying litters. There are approximately 600 breeders currently registered in New South Wales and in 2012, GRNSW conducted 1,180 inspections of greyhound litters. As of September 2013 there were 1,432 greyhound trainers registered with GRNSW, and 226 trainers properties were inspected in 2012.³⁰⁴
- 6.53** A number of submissions to the inquiry indicated that kennel inspections had not occurred quite as regularly as GRNSW intended. Mr Raymond Lee, for example, reported that he had 'only one inspection in 55 years and some trainers have never been inspected.'³⁰⁵ Another inquiry participant observed, 'I have met people when walking my dogs that have told me they have been in the industry for 20 or 30 years and have never had their properties inspected.'³⁰⁶

Committee comment

- 6.54** The Committee considers that GRNSW's target of conducting inspections for all licensed persons once every two years is an appropriate goal. However, the Committee was concerned to hear evidence that the actual, historical regularity of inspections has been far short of this goal.

³⁰³ Submission 382, Greyhound Racing NSW, p 17.

³⁰⁴ Answers to questions on notice, Greyhound Racing NSW, 13 December 2013, pp 3-5.

³⁰⁵ Submission 357, Mr Raymond Lee, p 1.

³⁰⁶ Submission 530, Greyhound Freedom, p 25.

- 6.55** Hence the Committee recommends that GRNSW increase the number of kennel inspections conducted to ensure that inspections are conducted at least once every two years for all licensed persons.

Recommendation 10

That Greyhound Racing NSW ensure that kennel inspections are conducted at least once every two years for all licensed premises.

Stewards

- 6.56** Stewards are responsible for the enforcement of the Greyhound Racing Rules, and have the power to regulate and control a greyhound racing meeting. GRNSW described the role of stewards as ‘effectively the “police force” of the greyhound racing industry’.³⁰⁷
- 6.57** As noted earlier in this chapter, some inquiry participants considered that the current drug control measures provide too much discretion for stewards.³⁰⁸ Some participants drew attention to previous incidents, such as the Rodney Potter scandal, which arose from an ICAC investigation into greyhound racing in 1999,³⁰⁹ or the 2011 ‘Green Light Affair’ in harness racing,³¹⁰ to highlight concerns about the potential for corruption when stewards are allowed too much discretion without effective governance and controls around drug testing.
- 6.58** Ms Absalom questioned GRNSW’s capability in selecting and appointing stewards, and suggested that there have been some questionable appointments. She noted the lack of skills and qualifications of some candidates, or that some had relationships with participants in the industry, which could potentially lead to conflicts of interest.³¹¹ Dr Edward Humphries shared similar concerns about the educational qualities of stewards, and suggested that they are ‘seriously wanting’.³¹²
- 6.59** The Integrity Auditor, Mr Graham Gorrie, advised the Committee that it was his understanding that stewards were selected on a competitive basis according to skills and experience. He also noted that there is a process of apprenticeship for new stewards and a hierarchy within the role, including ‘cadet stewards, assistant stewards, senior stewards and

³⁰⁷ Submission 382, Greyhound Racing NSW, p 15.

³⁰⁸ Submission 14b, Ms Susan Absalom, pp 1, 5, 7; Submission 281, Mr Kristoffer Della Casa; Submission 301, Southern Highlands Branch Greyhound Breeders, Owners and Trainers Association; Submission 329, Mr Barry Conwell; Submission 344, Mr Stephen Southwell; Submission 347, NSW Metropolitan and Provincial Greyhound Clubs Association; Submission 352, Dr Nathan Absalom; Submission 383, NSW Greyhound Breeders, Owners and Trainers Association; and Submission 595, name suppressed.

³⁰⁹ See Independent Commission Against Corruption, *The greyhound report*, (August 2000).

³¹⁰ See Submission 355, Harness Racing NSW, p 1.

³¹¹ Submission 414, Ms Carly Absalom, pp 32-33.

³¹² Submission 386, Dr Edward Humphries, p 1.

chairman of stewards, so it is quite a lengthy apprenticeship in terms of how a steward is appointed and then continues in their role.’³¹³

6.60 A separate concern raised by stakeholders was the decrease in the number of stewards attending racing meetings, which occurred following the introduction of the stewards control room at Rhodes.³¹⁴

6.61 In 2011 GRNSW established a control room at its head office in Rhodes to oversee integrity at all TAB tracks. The control room is staffed by a Race Day Controller, who is assisted by an on-track Integrity Officer. GRNSW described the operation of the control room and how it improves GRNSW’s capability to provide effective oversight of racing integrity:

During a race meeting, the control room receives live feeds of race broadcast footage, surveillance footage from the kennel blocks, while utilising video conferencing equipment to facilitate communication between the tracks and control room in real time.

This Australian-first approach to stewarding has allowed GRNSW to improve the oversight of greyhound racing in NSW to unprecedented levels by making best use of technology.

The central control room has enhanced integrity services by allowing for advanced monitoring of betting trends, early identification of potential incidents, detailed post meeting reviews and one central contact point for race day operational matters. It also reflects modern wagering practices which have shifted from on-course to off-course wagering operators.³¹⁵

6.62 However, some inquiry participants were critical of the central control room approach to stewarding, because it meant that there were less stewards present in person on the race track. For instance, Mr Anthony Callaghan reported that the number of race stewards attending TAB racing meetings had been reduced from 2 down to 1, while Metropolitan meeting had steward numbers reduced from 3 or 4 down to 2. He was critical of the new system and felt that it placed an unmanageable burden on a single steward working at the track:

This new set up may appear on paper to be cost cutting and/or more productive, if that was the intention. However, only by being at the track can anyone see the entire race field and what each dog’s performance is, the length of the hare, the interference on or off the track, the state and condition of the track as the night goes on ... as well as watch betting action.

To have only 1 steward to oversee all of the above and to also find time to interview trainers, settle betting disputes and, in general, keep an eye on activities in order to maintain a fair and just meeting ... is impossible.³¹⁶

6.63 Ms Carly Absalom suggested that the reduction of stewards at the track had caused problems in regards to the efficient management of steward-related matters on race nights. Ms Absalom

³¹³ Evidence, Mr Graham Gorrie, Integrity Auditor, 15 November 2013, p 44.

³¹⁴ For examples, see Submission 300, Mr Anthony Callaghan, p 4; Submission 199, Name suppressed, p 2; Submission 338, Mr George Tsohalis, p 3 and Submission 14e, Ms Susan Absalom, p 1.

³¹⁵ Submission 382, Greyhound Racing NSW, p 39.

³¹⁶ Submission 300, Mr Anthony Callaghan, p 4.

argued that ‘many decisions are now being made after race nights as there is no time to deal with the issues on track.’ She also noted that the introduction of the control room has also led to some stewards rarely attending racing meetings, claiming that one steward had not been to a racetrack for over two years, and suggesting that this meant they could ‘lose touch with what happens on race nights.’³¹⁷

Integrity Auditor

6.64 The Integrity Auditor has primary oversight of the integrity functions of GRNSW, which includes oversight of the conduct of stewards, as well as GRNSW’s drug testing and registration functions. The functions of the Integrity Auditor are set out in section 26 of the Greyhound Racing Act 2009, as follows:

- (1) The Integrity Auditor has the following functions:
 - (a) the primary oversight of those aspects of the functions of GRNSW that relate to stewards, drug testing and control and registration,
 - (b) providing advice to GRNSW on the matters referred to in paragraph (a),
 - (c) receiving and investigating complaints against racing officials in respect of the exercise of functions relating to greyhound racing,
 - (d) such other functions as are conferred or imposed on the Integrity Auditor by or under this or any other Act.
- (2) The functions of the Integrity Auditor are to be exercised independently of GRNSW.³¹⁸

6.65 Under section 25 of the Act, the Integrity Auditor is appointed by GRNSW, though the appointment must also be approved by the Minister.³¹⁹ The current Integrity Auditor is Mr Graham Gorrie, who has held the position since June 2012.

6.66 GRNSW informed the Committee that the Integrity Auditor is required to investigate serious complaints with due diligence and has the power to compel racing officials to provide records and information that is pertinent to an investigation. At the completion of an investigation, and if a complaint is upheld, the Integrity Auditor must provide a written report to GRNSW and the Minister.³²⁰

6.67 GRNSW reported that since June 2012, the current Integrity Auditor had received four complaints, none of which were proven to demonstrate that a racing official had engaged in corrupt, improper or unethical conduct.³²¹ Mr Graham Gorrie, Integrity Auditor, advised that since his appointment in June 2012, he had not found any serious offences or serious issues of concern:

³¹⁷ Submission 414, Ms Carly Absalom, p 14.

³¹⁸ Greyhound Racing Act 2009, s 26.

³¹⁹ Greyhound Racing Act 2009, s 25.

³²⁰ Submission 382, Greyhound Racing NSW, p 30.

³²¹ Submission 382, Greyhound Racing NSW, p 31.

To date I have not seen any systemic, serious or other issue that has led me to refer the matter either back to the governing body or, for example, to a law enforcement agency for further investigation. ...there has been no instance put before me by any form of communication that suggests there is a systemic issue in relation to the conduct of greyhound racing in New South Wales.³²²

Effectiveness of the role of the Integrity Auditor

6.68 A number of inquiry participants were critical of the powers and functions of the Integrity Auditor. For example, representatives of the Greyhound Action Group questioned the effectiveness of the Integrity Auditor as an independent oversight body of the greyhound industry.³²³

6.69 Mr Michael Eberand of the Action Group revealed that within the industry there was a lack of confidence in the position and underscored the point that, with such a position, the public's perceptions about the role are fundamentally important.

I am not sure what the exact issue is, but there is certainly not confidence that if you have an issue or you feel you are being picked on there is somewhere to go outside the authority itself. I mean the perception is as important as the reality, I think, and that is certainly the feel. ³²⁴

6.70 When the current Integrity Auditor, Mr Graham Gorrie, was questioned about his relationship with stakeholders and how industry participants could know about his role, he replied that information about the role and how to make a complaint to him was available on the GRNSW website. However, he conceded that many industry participants were unaware of the role or did not properly understand what he did. Mr Gorrie concluded that better promotion and communication about the role could be pursued:

There is information on the greyhound website in terms of how to lodge a complaint and there is a document setting out the roles of the Integrity Auditor. I have said that the role needs to be communicated better across the industry in terms of understanding the role and the assistance that role can play within the industry. That is something I have raised with Greyhound Racing NSW going forward... Certainly some participants know very well what the position is; certainly others and perhaps I would say the majority do not understand or are unaware of the role and that is something that I think can be improved. ³²⁵

6.71 Dr Tom Astbury wrote that the current Integrity Auditor was hampered by being, firstly selected, and then influenced and directed by the Board of GRNSW. Dr Astbury considered that the role, as it stands is a disappointing waste, and suggested that the current appointee is regarded with scepticism.³²⁶ The next section considers the Integrity Auditor's independence from GRNSW.

³²² Evidence, Mr Gorrie, 15 November 2013, p 42.

³²³ Evidence, Mr Carl, 15 November 2013, p 36.

³²⁴ Evidence, Mr Michael Eberand, Greyhound Action Group, 15 November 2013, p 36.

³²⁵ Evidence, Mr Gorrie, 15 November 2013, p 46.

³²⁶ Submission 401, Dr Tom Astbury, p 6.

Independence of the Integrity Auditor

- 6.72** The *Greyhound Racing Act 2009* provides that the functions of the Integrity Auditor are to be exercised independently of GRNSW. Mr Dennis Carl of the Greyhound Action Group stressed the importance of the role being independent of GRNSW:

I think it is vitally important that the Integrity Auditor be independent, separate from anybody, but it appears as though he is not and the current Integrity Auditor does not appear to be that way...³²⁷

- 6.73** The level of independence of the position was questioned by a number of inquiry stakeholders. Ms Carly Absalom noted that the position is appointed and funded by GRNSW:

There is no oversight over GRNSW as the role of the Integrity Auditor is not, and in its current state cannot be, independent. It is appointed by and funded by the same organisation it is meant to oversee.³²⁸

- 6.74** Mr Anthony Gannon raised similar concerns about the fact that the Integrity Auditor is both appointed and funded by GRNSW. He considered that there 'is no accountability to anyone' under the current system and believed that 'participants have nowhere to go with their complaints.'³²⁹

- 6.75** Mr Joe Baldacchino also expressed concern over the independence of the Integrity Auditor, especially in relation to investigating matters involving member of the Board that may have appointed him or her.

Currently, an Integrity Auditor is appointed by Greyhound Racing NSW. The appointed Auditor may well exercise high levels of integrity when inquiring into matters relating to the rank and file, but is high well neutered when looking at aspects involving members of the Board that appointed him or her. How is a subordinate officer capable of conducting a risk assessment on his senior officers and what is he or she to do if corrupt conduct is ascribed to a member of the Board or the CEO? Who do they turn to to remedy the situation?³³⁰

- 6.76** When the Committee suggested to the current Integrity Auditor, Mr Graham Gorrie, that there was a perception that his position was not truly independent of GRNSW, Mr Gorrie conceded that some people might see it that way, but he strongly affirmed that he acted independently in the role:

It may be seen... in terms of how you are appointed, because the appointment or the recommendation went from Greyhound Racing to the Minister. That might seem to be some to be where there is a clouded view of the independent role, but certainly, as I have said in terms of my independence, I made it quite clear when I was appointed that I would, without fear or favour, uphold that role independently.³³¹

³²⁷ Evidence, Mr Carl, 15 November 2013, p 36.

³²⁸ Submission 414, Ms Carly Absalom, p 1.

³²⁹ Submission 18, Anthony Gannon, p 1.

³³⁰ Submission 64, Mr Joe Baldacchino, p 1.

³³¹ Evidence, Mr Gorrie, 15 November 2013, p 44.

- 6.77** In contrast, the former Integrity Auditor Mr David Landa was strongly critical of the lack of independence afforded to the position. Mr Landa resigned as Integrity Auditor in 2012 due to the inadequacy of the relevant legislation and irreconcilable differences between his view of conducting the functions of the office and those of the executive of GRNSW.³³²
- 6.78** Mr Landa noted that the independent role of the position was not possible, and provided the following critique of the failings of the role and the legislation of the Integrity Auditor in a letter to the Minister for Tourism, Major Events, Hospitality and Racing:
- As time progressed it became apparent to me that there are failings in the legislation that make the functioning of this position as an independent oversight, simply not possible.
- In the circumstances, I found that there was no way forward in defining the powers and duties of the Integrity Auditor without the consent and agreement of Greyhound Racing NSW. That situation could not, in my view, have been the intended consequence of the Parliament when it sought to create an independent oversight of this part of the racing industry. It certainly proved to render any semblance of independence or authority less than an illusion. Added to that, no agreement on key issues was ever achieved, or seemingly achievable.³³³
- 6.79** In his evidence before the Committee, Mr Landa further elucidated his concerns over the existing legislation, the powers of the Integrity Auditor, and the control exerted by GRNSW over the role:
- This industry has a history, and it is not far distant. The Independent Commission Against Corruption had, only eight or nine years before, revealed the amount of misconduct and criminal conduct that existed. The position that the Integrity Auditor held under this legislation would have none of the powers to expose any such misconduct. It would not have the powers or the resources to do that. In my view, that turned out to be the real basis upon which the integrity auditor was to be controlled. You were allocated resources only if the matter that you sought to pursue was acceptable to Greyhound Racing NSW.³³⁴
- 6.80** The Greyhound Breeders Owners and Trainers Association expressed the view that the Integrity Auditor should be independent of GRNSW, including in relation to his/her appointment, and that the Minister should have the power to intervene if GRNSW does not act on the findings or recommendations of the Integrity Auditor.³³⁵
- 6.81** The Metropolitan and Provincial Greyhound Clubs Association similarly considered that the Integrity Auditor should be appointed by the State Government.³³⁶
- 6.82** When asked by the Committee whether the Integrity Auditor should be appointed independently of GRNSW, the former Integrity Auditor, Mr Landa, replied in the affirmative.

³³² Answers to questions on notice, Greyhound Racing NSW, 27 February 2014.

³³³ Correspondence from Mr David Landa, former Integrity Auditor, 23 January 2014.

³³⁴ Evidence, Mr David Landa, former Integrity Auditor, 6 February 2014, p 13.

³³⁵ Submission 383, NSW Greyhound Breeders, Owners and Trainers Association, p 8.

³³⁶ Submission 347, NSW Metropolitan and Provincial Greyhound Clubs Association, p 1.

Mr Landa also agreed that the Integrity Auditor's funding should be independent of GRNSW.³³⁷

Calls for a broader range of powers

- 6.83** Mr Sandro Bechini was among those who considered that the Integrity Auditor should have wider powers. Mr Bechini stated that the investigatory powers of the Integrity Auditor should encompass animal cruelty, drug use and criminal activity, and that the Auditor should have the power to enforce recommendations for change in relation to these matters.

I think that the Integrity Auditor should be given far wider powers to investigate misdemeanours and allegations of such matters as animal cruelty, drug use and criminal activity within the industry.

I feel that the Integrity Auditor's role should be one where participants can lodge concerns about such matters to him directly and where the roles and actions of stewards and their decisions can be reviewed and recommendations for change as deemed necessary. The Integrity Auditor should also have some power to effect these changes.

With the current set of powers, the Integrity Auditor is basically a 'toothless tiger'.³³⁸

- 6.84** Another inquiry participant advised that they would like to see the Committee recommend that 'an independent Integrity Auditor be appointed with wide reaching power to address ALL complaints and be answerable directly to the Minister for Racing.'³³⁹

- 6.85** When questioned about the possibility of extending the Integrity Auditor's powers to include 'own motion' powers, the incumbent Integrity Auditor, Mr Graham Gorrie himself agreed that it would be preferable, noting that it would bring New South Wales into line with other states and potentially provide greater confidence in the public's perception of the integrity of greyhound racing:

I think it would be preferable. I am not saying that it is not unavailable at the moment; to some extent it is because of the broad nature of the way that the powers are currently drafted in the New South Wales Greyhound Racing Act. It is something that has been raised previously in terms of whether or not New South Wales should fall into line with other States in terms of own motion powers, which would give the Integrity Auditor Commissioner scope to formulate, if you like, a range of audits across various aspects of the industry to ensure from the Government's point of view, the community's point of view and the industry's point of view that everything is being done at the highest level of integrity.³⁴⁰

³³⁷ Evidence, the Hon Marie Ficarra MLC and Mr Landa, 6 February 2014, p 15.

³³⁸ Submission 516, Mr Sandro Bechini, p 6.

³³⁹ Submission 512, Name suppressed, p 1.

³⁴⁰ Evidence, Mr Gorrie, 15 November 2013, pp 45-46.

Proposals for a new independent integrity body

- 6.86** Several inquiry participants recommended the establishment of a new independent integrity body. For instance, Dr Nathan Absalom recommended the establishment of an integrity and ethics advisory body, which would appoint an integrity commissioner and advise GRNSW and participants on welfare initiatives for the industry.³⁴¹ Sentient, the Veterinary Institute for Animal Ethics, also called for an independent body to oversight the industry:

The industry should be regulated by an independent body according to publically agreed principles having equal weight of influence from all of the different interest groups involved.

The Integrity Auditor must have stand-alone and independent statutory powers, and a broad charter associated with integrity assurance. They must be allowed to perform their duties in a matter of integrity, honesty and fair dealing by improved legislation.

Independent third party monitoring and enforcement is vital for effective governance of any regulations. This third party framework should include contribution to the development of industry standards, oversight of the auditing process, and sufficient regulatory power to act on any issues that arise.³⁴²

- 6.87** Similarly, the NSW Young Lawyers Animal Law Committee recommended that an independent Racing Integrity Commission be established.³⁴³
- 6.88** Greyhound Racing NSW suggested that that the Committee consider recommending the adoption of a new model for oversight of integrity functions in the industry, based on the Victorian Integrity Commission. Under this model, one body would be responsible for overseeing integrity across the three racing codes. Mr Hogan described the proposal as follows:

To address this situation, GRNSW recommends that the Committee give close consideration to the adoption of the Victorian Integrity Commissioner model for the New South Wales racing industry as a whole and in particular that the Commissioner have the power to conduct annual audits of the internal integrity processes and systems of each controlling body; that he have the power to investigate complaints made about the integrity processes and systems of each controlling body; that he have the power to conduct own motion inquiries that do not relate to any specific complaint and may include an investigation into systematic issues in racing; that he have the power to facilitate the exchange of information between the controlling bodies, the NSW Police and other law enforcement agencies, as appropriate; and that it be fully funded by the State Government and be totally independent of the controlling bodies, recognising that such separation will best address both real and perceived conflicts of interest.³⁴⁴

³⁴¹ Submission 352, Dr Nathan Absalom, pp 12-13.

³⁴² Submission 415, Sentient - The Veterinary Institute for Animal Welfare, p 1.

³⁴³ Submission 420, NSW Young Lawyers Animal Law Committee, pp 2-3.

³⁴⁴ Evidence, Mr Hogan, 6 February 2014, p 53.

Committee comment

- 6.89** The Committee received a substantial amount of evidence which raised concerns about the role and functions of the greyhound racing Integrity Auditor. Concerns focused primarily on the lack of independence of the Integrity Auditor from GRNSW, arising from the fact that the position is appointed and funded directly by GRNSW. The Committee shares these concerns.
- 6.90** The Committee notes that some inquiry participants recommended the establishment of a new integrity body, independent of Greyhound Racing NSW, with a broader range of powers than the current Integrity Auditor has.
- 6.91** The Committee supports the suggestion by Greyhound Racing NSW for the establishment of a Racing Integrity Commissioner, based on the model used in Victoria. In principle, the Committee accepts that a single Racing Integrity Commissioner should oversee the three racing codes. However, the Committee did not receive evidence about the integrity operations of the other racing codes, apart from Harness Racing – which shares the same Integrity Auditor as greyhound racing – and hence is reluctant to recommend widespread integrity reforms about the other racing industries. Hence the Committee recommends that the Minister for Tourism, Major Events, Hospitality and Racing review the integrity roles of the three racing codes, with the aim to establish a single Racing Integrity Commissioner to oversee thoroughbred racing, harness racing and greyhound racing.

Recommendation 11

That the Minister for Tourism, Major Events, Hospitality and Racing review the integrity roles of the three racing codes, with the aim to establish a single Racing Integrity Commissioner to oversee thoroughbred racing, harness racing and greyhound racing.

- 6.92** The Committee considers that the new Racing Integrity Commissioner should have the following powers over each racing body: to conduct annual audits of the internal integrity processes and systems; to investigate complaints made about the integrity processes and systems; to conduct own motion inquiries that do not relate to any specific complaint and may include an investigation into systematic issues in racing; to facilitate the exchange of information between the controlling bodies, the NSW Police and other law enforcement agencies, as appropriate; and that it be fully funded by the State Government and be totally independent of the controlling bodies.

Recommendation 12

That the Minister for Tourism, Major Events, Hospitality and Racing ensure that the Racing Integrity Commissioner has the following powers over each racing body:

- to conduct annual audits of the internal integrity processes and systems;
- to investigate complaints made about the integrity processes and systems;
- to conduct own motion inquiries that do not relate to any specific complaint and may include an investigation into systematic issues in racing;
- to facilitate the exchange of information between the controlling bodies, the NSW Police and other law enforcement agencies, as appropriate;

and that it be funded by the State Government and independent of the controlling bodies.

- 6.93** It is the expectation of the Committee that once the Minister reviews the integrity operations of each of the racing codes the recommendations made above will be accepted. In the event the Minister does not accept recommendations 11 and 12, the Committee recommends the establishment of a new Racing Integrity Commissioner to oversee the greyhound racing industry.
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Recommendation 13

That if the Minister for Tourism, Major Events, Hospitality and Racing does not implement Recommendation 11, then the greyhound racing Integrity Auditor be replaced with a greyhound Racing Integrity Commissioner with the same powers and funding as Recommendation 12.

Chapter 7 Welfare of greyhounds

Concerns about animal welfare issues in the greyhound racing industry were expressed by many people. This chapter looks at some of the major themes dealing with animal welfare in the industry, including animal mistreatment and neglect, overbreeding, high euthanasia rates and methods of euthanasia; the export of greyhounds; and injuries sustained at racing events. The chapter commences with a review of the animal welfare policies of Greyhound Racing NSW (GRNSW).

Greyhound Racing NSW animal welfare policies and practices

- 7.1** As the peak controlling body of the sport GRNSW has a fundamental interest in animal welfare issues. In its submission GRNSW argued that before its enactment in 2009, minimal animal welfare initiatives in the NSW greyhound racing industry were in place and education of participants on animal welfare matters was non-existent. GRNSW stated that it has therefore made animal welfare one of its key priorities.³⁴⁵
- 7.2** GRNSW has introduced several animal welfare initiatives, including a Code of Practice, Notification requirements, education, and a Greyhounds as Pets program. It also established its own Greyhound Welfare and Veterinary Services Unit, and requires all race meetings to have a veterinary surgeon on course. During the course of the inquiry GRNSW also launched a new animal welfare strategy. This section reviews the work of GRNSW in relation to animal welfare.

The Code of Practice - training

- 7.3** In 2011 GRNSW introduced a mandatory Code of Practice for the keeping of greyhounds in training, which defines the minimum standards required for the treatment of and facilities required for the kennelling of greyhounds in NSW. The code emphasises the importance of good management practices and the legal liability and requirements under the NSW Prevention of Cruelty to Animals Act 1979 and Clause 20 of the Prevention of Cruelty to Animals Regulation 2006. The Code applies to all licensed and registered persons who care for or control a greyhound that is registered with GRNSW.³⁴⁶
- 7.4** GRNSW advised that, to ensure compliance with the Code, each new applicant is required to have his/her kennel inspected to ensure the welfare of greyhounds, as well as compliance with the Greyhound Racing Rules. On average, a licensed person can expect to be inspected biennially as a condition of their licence or more frequently if required.³⁴⁷

Notification rules

- 7.5** Under the Greyhound Racing Rules, persons in charge of greyhounds are required to inform GRNSW of a greyhound's location at all stages throughout the lifecycle – from breeding,

³⁴⁵ Submission 382, Greyhound Racing NSW, p 48.

³⁴⁶ Submission 382, Greyhound Racing NSW, p 51.

³⁴⁷ Submission 382, Greyhound Racing NSW, p 51.

racing and retirement. Trainers are required to submit a kennel notification whenever a greyhound exits or arrives at their kennels. If a kennel notification has not been completed for a greyhound prior to nominating, then it will not be eligible to race. Greyhound Status National Rule 106 requires registered persons who are responsible for a greyhound to notify GRNSW if there has been a change to a greyhound's status, i.e. if a greyhound has transferred ownership; been retired as a pet or a breeding greyhound; been transferred to an adoption program; exported; surrendered to another agency; been humanely euthanised by a veterinary surgeon or is deceased.³⁴⁸

Education and training

- 7.6** GRNSW advised that part of the investment earmarked for welfare initiatives in 2013/14 will go towards the establishment of a new Education and Support Unit. The unit will be tasked with training new industry applicants as well as up-skilling and monitoring existing participants' adherence to welfare standards. This will be undertaken through regular kennel inspections of racing, rearing, breeding and greyhound education facilities in NSW. The new unit follows the creation in 2013 of the pilot education program - Certificate II in Greyhound Racing - which GRNSW launched in partnership with the NSW Department of Education and Communities and Hunter TAFE.³⁴⁹

Greyhounds As Pets and Greenhounds

- 7.7** In 2009 GRNSW established its own re-homing program - Greyhounds as Pets (GAP). The aim of GAP is to: provide an avenue for people to adopt former racing greyhounds; educate participants on the options for their greyhound after racing; and promote the merits of greyhounds as a pet to the wider community.
- 7.8** In 2011 GRNSW and the NSW Department of Local Government launched the Greenhounds program. The Greenhounds program allows for pet greyhounds to go muzzle free in public places after they successfully complete a re-training program and are deemed suitable by an approved Greenhounds assessor. GRNSW advised that more than 200 Greenhounds are now muzzle free.³⁵⁰

A new joint animal welfare strategy

- 7.9** During the course of the inquiry GRNSW announced a new joint animal welfare strategy in conjunction with Greyhound Racing Victoria. The strategy notes that 'industry success is tightly paired to excellence in animal welfare. The industry is open to ongoing scrutiny from an ever-changing community whose expectations in regards to racing animals has changed, and will continue to evolve.'³⁵¹

³⁴⁸ Submission 382, Greyhound Racing NSW, p 52.

³⁴⁹ Submission 382, Greyhound Racing NSW, p 50.

³⁵⁰ Submission 382, Greyhound Racing NSW, p 52-53.

³⁵¹ Joint Greyhound Racing Victoria / Greyhound Racing NSW *Animal Welfare Strategy*, 2014, p 1.

7.10 Mr Hogan, Chief Executive Officer, GRNSW, explained to the Committee that ‘the joint animal welfare strategy seeks to drive improvements in all areas of greyhound welfare including breeding, racing, rehoming, as well as participant education.’³⁵² The strategy has the following elements:

- Greyhounds
 - Move towards all greyhounds being under the care of a Registered Participant at all times during their lifecycle, unless retired as a pet
 - Introduce a national approach to breeding to further reduce the number of unsuitable greyhounds being bred, and to ensure the decision to breed a litter of greyhounds is a considered one
 - Maximising opportunities for all greyhounds to reach their full potential
 - Maximising racing opportunities for all Greyhounds
 - End of career alternatives
- People/Participants
 - National approach to education
 - Registration and Licensing
 - Inspection & compliance

7.11 Mr Hogan noted that the new animal welfare strategy will not work without buy-in from owners and trainers, and that the success of the industry is dependent upon achieving excellent animal welfare outcomes:

This is not going to work if we do not get buy-in from key industry stakeholders, the most important being the owners and trainers. If we do not get buy-in to this strategy then it will not work and we are fully aware of that. We are committed to working with all relevant parties to see this through because we both recognise that the ongoing success of our industry is tied closely to us achieving excellent outcomes from the animal welfare perspective.³⁵³

Comments about Greyhound Racing NSW animal welfare policies

7.12 Some animal welfare groups provided the Committee with comments about the Greyhound NSW policies. While the RSPCA welcomed the new joint animal welfare strategy, it noted that it does not address the key welfare issues associated with current breeding, rearing, kenneling and training practices. The RSPCA noted that the animal welfare strategy is brief in content and lacks sufficient detail, and suggests that timeframes and targets for each individual part of the strategy should be published.³⁵⁴

³⁵² Evidence, Mr Brent Hogan, Chief Executive Officer, Greyhound Racing NSW, 6 February 2014, p 53.

³⁵³ Evidence, Mr Hogan, 6 February 2014, p 63.

³⁵⁴ Answers to questions on notice, Ms Heather Neil, Chief Executive Officer, RSPCA, 28 February 2014, p 3.

- 7.13** The RSPCA also argued that the Code of Practice for the Keeping of Greyhounds in Training does not adequately meet the physical, behavioural or social needs of greyhounds.³⁵⁵ The RSPCA stated that the Code should have sections that relate specifically to the breeding, rearing, education and re-homing of racing greyhounds, and argued that a comprehensive greyhound specific Animal Welfare Code of Practice should be developed that includes these areas in addition to the Code for Training.³⁵⁶

Concerns about animal welfare in the greyhound racing industry

- 7.14** Many inquiry participants raised the issue of animal cruelty in the greyhound racing industry, with some calling for greyhound racing to cease in New South Wales. This section examines some of the main themes and arguments of animal welfare groups, and explores the evidence of whether animal welfare abuse is systemic in the industry.

Animal mistreatment and cruelty

- 7.15** While some inquiry participants argued that animal mistreatment and cruelty was widespread, many industry participants advised that their animals receive the best quality food, shelter and bedding, regular veterinarian attention and exercise. This is consistent with Rule 106 in the GRNSW Greyhound Racing Rules.³⁵⁷

- 7.16** GRNSW advised that there are mechanisms in place to ensure the welfare of greyhounds, including the newly established Education, Welfare and Veterinary Services Unit:

Up until the end of 2013, all cases of alleged animal cruelty involving greyhounds are referred to both the GRNSW Integrity Department and the Welfare and Veterinary Services Unit.

From 2014 all investigations will be initiated and managed by GRNSW's dedicated Education, Welfare and Veterinary Services Unit, whose primary concern is the improved welfare of NSW greyhounds and the education of participants.³⁵⁸

- 7.17** GRNSW also stated that all relevant bodies, including the RSPCA, are consulted when instances of mistreatment or cruelty occur.

GRNSW notifies RSPCA about all alleged cases that may involve alleged acts of animal cruelty. Local Councils and/or NSW Police are also notified where appropriate. Any investigation into alleged animal cruelty involving licensed participants is conducted jointly by GRNSW and RSPCA NSW. These arrangements have been in place since 2011.

³⁵⁵ Answers to questions on notice, Mr David O'Shannessy, Chief Inspector, RSPCA, 28 February 2014, p 5.

³⁵⁶ Answers to questions on notice, Mr David O'Shannessy, 28 February 2014, p 5.

³⁵⁷ Submission 420, The Law Society of NSW, Young Lawyers, Animal Law Committee pp 7-8.

³⁵⁸ Answers to questions on notice, Greyhound Racing NSW, 27 February 2014, p 12.

GRNSW's General Manager, Growth and Sustainability is in regular contact with the RSPCA NSW Chief Inspector in relation to ongoing investigations and or persons of interest, both licensed and not.³⁵⁹

7.18 GRNSW further stated that an investigation is initiated immediately when there is a serious risk to a greyhound, while investigations into unsubstantiated allegations are initiated within 48 hours.³⁶⁰

7.19 The RSPCA provided data on the number of cruelty complaints received over the last three financial years, including data on complaints that relate to greyhounds (see Table 12).³⁶¹ In the 2012/13 financial year, the number of animal cruelty claims relating to greyhounds was 44, which was approximately 0.3 per cent of all complaints received.

Table 12 Cruelty complaints received by the RSPCA³⁶²

	2010/11	2011/12	2012/13
Total cruelty complaints received	15,011	14,445	14,610
Cruelty complaints relating to dogs	8,302	8,380	8,523
Cruelty complaints relating to greyhounds	68	71	44

7.20 The RSPCA also provided information on the types of complaints received regarding the treatment of greyhounds over the past three years (see Table 13).³⁶³ It can be seen that the most common complaint related to the provision of food and water.

Table 13 Types of complaints received regarding the treatment of greyhounds³⁶⁴

Complaint type	2010/11	2011/12	2012/13
Abandoned	1	4	1
Concern for Welfare	19	18	7
Dead	3	2	2
Exercise Inadequate	4	4	6
Food & Water	27	23	23
Ill-Treatment	6	11	2
Kennel Inspection	1	--	4
Locked in Car	1	--	1

³⁵⁹ Answers to questions on notice, Greyhound Racing NSW, 27 February 2014, p 12.

³⁶⁰ Answers to questions on notice, Greyhound Racing NSW, 27 February 2014, p 12.

³⁶¹ Answers to questions on notice, Mr David O'Shannessy, 28 February 2014, p 8.

³⁶² Answers to questions on notice, Mr David O'Shannessy, 28 February 2014, p 8.

³⁶³ Answers to questions on notice, Mr David O'Shannessy, 28 February 2014, p 9. Note: For each complaint there was often more than one type of alleged cruelty.

³⁶⁴ Answers to questions on notice, Mr David O'Shannessy, 28 February 2014, p 9.

Complaint type	2010/11	2011/12	2012/13
Killed	--	2	--
Locked in House	1	--	2
Locked in Shed	6	6	3
Locked in Small Pen	11	9	5
Shelter Inadequate	11	3	4
Tied Continually	1	1	2
Vet treatment	12	12	6
Other	--	--	6

Committee comment

- 7.21** The Committee acknowledges the concerns of some inquiry participants regarding neglect and cruelty to greyhounds, and agrees that where these cases do occur the practice is abhorrent.
- 7.22** However, the Committee found that the incidence of greyhound cruelty and neglect is minimal. The Committee believes that, on the whole, greyhound owners take great care and pride in their dogs.

Calls for greyhound racing to cease

- 7.23** A number of inquiry participants, concerned with the welfare of greyhounds, argued that greyhound racing should be banned in NSW.³⁶⁵ Animal Liberation Queensland submitted that ‘the continuation of the racing industry can no longer be considered legitimate given the significant welfare issues.’³⁶⁶ The Greyhound Adoption Program NT stated that any other industry that permitted such high wastage of its product would not continue to operate and accordingly called for greyhound racing to be phased out.³⁶⁷
- 7.24** Greyhound racing is banned in 38 states of the United States of America and has ceased in another five states. The United Kingdom has also seen a reduction in the number of greyhound racing tracks³⁶⁸ and other countries such as South Africa³⁶⁹ and Italy³⁷⁰ have also prohibited legal greyhound racing.
- 7.25** The Barristers Animal Welfare Panel argued that the industry should be abolished as it exploits animals for the purpose of entertainment:

³⁶⁵ See for example Submissions 39, 63, 180, 354, 362, 375, 412, 417, 418, 499, 598, 643, 682, 702, 750, 1015 and 1025.

³⁶⁶ Submission 417, Animal Liberation Queensland, p 6.

³⁶⁷ Submission 418, Greyhound Adoption Program NT, pp 6-7.

³⁶⁸ Submission 530, Greyhound Freedom, p 34.

³⁶⁹ Submission 12, Animal Liberation, p 6, as well as submissions 12, 362, 415 and 896.

³⁷⁰ Submission 702, Ms Julie McHenry, p 4.

...the Panel does not condone the greyhound racing industry, which results in a significant detriment to the welfare of greyhounds in Australia. The industry is dependent on the exploitation of animals for entertainment or sport, so the Panel would support the abolition of the industry.³⁷¹

- 7.26** Mr Colin Lindsell was critical of the industry and also called for greyhound racing to be banned:

Essentially it is a dog killing industry. Breeding an animal to race, so humans can bet and then kill it is inconsistent with the values of a modern, compassionate, civilized society. The United States has banned greyhound racing in 39 states. I look forward to when Australia does it as well.³⁷²

Overbreeding

- 7.27** A key concern of animal welfare groups was the overbreeding of greyhounds. The RSPCA argued that the surplus of greyhounds is unacceptably high, and that overbreeding results in a lack of capacity to rehome large numbers of greyhounds, and therefore results in a high euthanasia rate.³⁷³
- 7.28** GRNSW advised that on average 8,000 greyhound pups are whelped annually in NSW. Approximately 70 per cent of these are named as part of the greyhound registration process, therefore around 2,400 greyhounds each year are not registered racing greyhounds.³⁷⁴ The fate of these 'excess dogs', sometimes referred to as 'wastage' in the industry, is not clearly identified. However, most are likely to be euthanised.
- 7.29** The Australian Veterinary Association argued that the 'biggest problem with greyhound racing in Australia is that significantly more animals are born than will have a long, healthy career in racing leading to unacceptable wastage levels.'³⁷⁵
- 7.30** While breeding restrictions are applied to pure bred pet dogs by Dogs NSW,³⁷⁶ there are no controls or limits on the number of greyhound litters than can be bred, nor any limitations on number of litters per bitch.³⁷⁷
- 7.31** Sentient, the Veterinary Institute for Animal Welfare, advised the Committee that the sciences related to breeding, such as genetic technologies, are not explored or utilised in greyhound breeding. The lack of science-based strategies leads to extreme wastage.³⁷⁸ One greyhound trainer noted that some in the industry treat racing as 'a numbers' game, contribute significantly to the wastage of perfectly healthy animals and 'gives the sport a bad name'.³⁷⁹

³⁷¹ Submission 612, The Barristers Animal Welfare Panel, p 1.

³⁷² Submission 499, Mr Colin Lindsell, p 3.

³⁷³ Submission 339, RSPCA Australia, p 4.

³⁷⁴ Evidence, Mr Hogan, 15 November 2013, p 14.

³⁷⁵ Submission 390, Australian Veterinary Association, p 2.

³⁷⁶ Submission 401, Dr Tom Astbury, p 9.

³⁷⁷ Submission 362, Friends of the Hound Inc, p 3.

³⁷⁸ Submission 415, Sentient – The Veterinary Institute for Animal Welfare, p 2.

³⁷⁹ Submission 529, Name suppressed, p 2.

- 7.32** Dr Karen Cunnington, Greyhound Rehoming Centre Inc, advised the Committee that approximately 90 per cent of matings are achieved through artificial insemination, and that this process is used to gain large litters.³⁸⁰
- 7.33** Despite a number of rehoming programs, the high number of puppies whelped annually makes it impossible and impractical to rehome all discarded greyhounds. To address this problem, a greater control of the breeding and disposal of greyhounds is required and the racing industry needs to be accountable for these dogs.³⁸¹
- 7.34** The oversupply of greyhounds has also resulted in disposal of greyhounds for free through various advertising sources including online advertisement, such as Gumtree, creating another source of animal welfare issues.³⁸²
- 7.35** Several animal welfare groups argued that there should be limits placed on the number of litters bred per year – a position supported by the Animal Welfare League Australia.³⁸³ The Barristers Animal Welfare Panel argued that a limit on numbers bred could be based upon numbers approaching retirement.³⁸⁴
- 7.36** In response to the issue of overbreeding the RSPCA suggested two approaches were needed: strategies to increase the success rates of those greyhounds born, and strategies to reduce the number of greyhounds born. RSPCA suggested the following to reduce overbreeding:
- Improve the quality of breeding programs
 - Avoiding inbreeding
 - Avoiding inherited diseases
 - Avoiding injury prone lines
 - Breeding methods should be reviewed
 - Breeding programs should be based on veterinary advice
 - Careful and well-informed selection of suitable parent dogs
 - Living conditions for breeding animals and puppies must meet their physical, social and behavioural needs
 - Breeders and contract whelpers should be required to undertake compulsory education courses and demonstrate their knowledge and competency prior to being able to register as a breeder or contract whelper.
 - Breeding limitation strategies
 - Strategies to reduce the number of greyhounds born should be applied, for example, introduce a maximum number of litters permitted for each breeding female attached to registration conditions.³⁸⁵

³⁸⁰ Evidence, Dr Karen Cunnington, Veterinarian, 6 February 2014, p 40.

³⁸¹ Submission 520, Ms Caroline Hoetzer, p 9.

³⁸² Submission 389, Name suppressed, p 3.

³⁸³ Submission 375, Animal Welfare League Australia, p 3.

³⁸⁴ Submission 612, The Barristers Animal Welfare Panel, p 7.

³⁸⁵ Answers to questions on notice, Ms Heather Neil, 28 February 2014, pp 7-8.

Committee comment

- 7.37** The Committee acknowledges that the Joint Animal Welfare Strategy released by GRNSW in February 2014 seeks to introduce a national approach to breeding, and reduce the number of unsuitable greyhounds being bred. The Committee notes that while the details of the Strategy are yet to be fully developed, there is a concern that it may not be strong enough to reduce the incidence of overbreeding and hence reduce the rates of euthanasia. Hence the Committee recommends that Greyhound Racing NSW investigate placing limits on the frequency of litters and maximum number of litters permitted for each breeding female.

Recommendation 14

That the Minister for Primary Industries appoint an independent inquiry to conduct an investigation into the frequency and number of litters permitted for each breeding female in the greyhound industry.

Euthanasia

- 7.38** Euthanising an animal is not unlawful under the *Prevention of Cruelty to Animals Act 1979 (NSW)* as long as the pain and suffering inflicted during the act of killing does not amount to cruelty. The euthanasia of greyhounds who may be underperforming, injured, surplus to need or too old is also not unlawful, as long as the act of killing/euthanasia is conducted without cruelty.³⁸⁶
- 7.39** Many submissions made reference to the ethical issues of euthanising such a large number of greyhounds every year. The Barristers Animal Welfare Panel argued that ‘Civilised society cannot countenance the widespread slaughter of greyhounds for no other reason than their inability to run as fast as other dogs.’³⁸⁷
- 7.40** Not only is the number of greyhounds euthanised a concern, but so are the methods of euthanasia. Grey2K USA quoted veterinarian Dr Humphries who stated:
- ‘if we don’t humanely euthanise them, then they’ll often inhumanely euthanise them by shooting, hanging, gassing and drowning – any manner of alternative methods can be used if these people get desperate. I think hammers occasionally have been incriminated as being a way of destroying an animal.’ ‘I’ve not only heard about it; I’ve firsthand experience of it.’³⁸⁸
- 7.41** Dr Zammit, Veterinarian, advised that some trainers kill their greyhounds by means of shooting or bludgeoning them to death, rather than pay veterinarian fees.³⁸⁹
- 7.42** Greyhound Rescue argued that the disposal of unwanted puppies by means of drowning is common practice in the industry.³⁹⁰ Animal Liberation concurred, submitting anecdotal

³⁸⁶ Submission 520, Ms Caroline Hoetzer, p 10.

³⁸⁷ Submission 612, The Barristers Animal Welfare Panel, p 8.

³⁸⁸ Submission 388, GREY2K USA Worldwide, p 4.

³⁸⁹ Submission 502, Dr Robert Zammit, Veterinarian, p 1.

³⁹⁰ Submission 384, Greyhound Rescue, p 5.

evidence from people living in a locality where greyhounds are housed of puppies being drowned.³⁹¹

7.43 Another submitter argued that when a pound in a regional town offered free euthanasia for greyhounds, approximately four greyhounds per week were euthanised. When this free offer was discontinued no greyhounds were presented to the pound.³⁹²

7.44 Many submissions raised the issue of some greyhounds being bled before being euthanised.³⁹³ Dr Zammit explained that the blood donation procedure is undertaken under anesthetic, as it would be for euthanasia. After the donation, the anaesthetic is deepened until the dog is euthanised. The donated blood is used for other dogs presented to vets for treatment and procedures, for example car accident, tumour removal or snakebite. The donated blood from a greyhound saves the life of other dogs undergoing these procedures. Dr Zammit commented that this blood donation can be viewed that the dog's death has not been for nothing, as it saves the life of another dog.³⁹⁴

Socialisation of greyhound puppies

7.45 Several animal welfare groups advised the Committee about the importance of greyhound puppies being socialised. If not done adequately, then this can have a negative behavioural impact on a greyhound throughout its life.

7.46 The RSPCA noted that dogs have a critical socialisation period around 3-17 weeks of age. During this time it is very important to provide puppies with positive and safe experiences with a variety of people, places, other dogs, objects, sights and sounds and other novel stimuli. Experiences during this period influence a dog's behaviour throughout its life. Socialisation has been shown to decrease inter-dog reactivity and fearfulness of people, places and situations. If dogs are deprived of adequate socialisation they are more likely to develop fearfulness and antisocial behaviour which impacts negatively on welfare, performance and the ability to rehome retired/unwanted greyhounds. The RSPCA argued that providing socialisation will help to increase success rates, reduce wastage and in part help to reduce breeding rates.³⁹⁵

7.47 Dr Cunningham advised that the methodology of rearing greyhounds is a major contributor to their behaviour on the track and also later if being rehomed. Traditionally, pups are taken to rearing properties where they will run in open paddocks until the age when they commence training. During this time, while there are open spaces and socialising with greyhounds, there is no socialisation with other breeds of dogs and little with humans. The young greyhounds lack experience in many aspects of life – noise, activity and handling.³⁹⁶

³⁹¹ Submission 12, Animal Liberation, pp 2-3.

³⁹² Submission 389, Name suppressed, pp 5-6.

³⁹³ For example, Submission 362, Friends of the Hound Inc, p 6.

³⁹⁴ Evidence, Dr Robert Zammit, Veterinarian, 15 November 2013, p 78.

³⁹⁵ Answers to supplementary questions, Ms Heather Neil, 28 February 2014, p 11.

³⁹⁶ Evidence, Dr Cunningham, 6 February 2014, p 35.

7.48 These greyhounds are then transferred off the rearing paddocks for training. They are kenneled and it becomes an extremely stressful time. They have been in very large paddocks and then relocated to a small kennel. Dr Cunningham said:

These dogs are very stressed. They lose contact with other dogs that they have grown up with, they are often shut in their sleeping quarters, and even if it is a very clean kennel, environmental enrichment is lacking. These dogs are suffering mentally and we see that as fear, which compromises welfare and which leads to wastage. In general, that approach of basic dog behaviour is lacking.³⁹⁷

7.49 Dr Cunningham expressed the view that rearing properties needed to be under greater scrutiny. She added that there is substantial evidence of best practice methods for socialising puppies.³⁹⁸ In support of her argument, she noted that when a policy on socialisation was introduced by Guide Dogs Australia, the wastage reduced considerably.³⁹⁹

7.50 The Greyhound Adoption Program NT also highlighted the need for socialisation in the early stages of development of young greyhounds, and advised that greyhounds react with fear, anxiety and aggression when placed in new situations. They added that more dogs die, through euthanasia, before the age of two years due to behavioural issues, as there is no attempt to socialise them and provide environmental enrichment.⁴⁰⁰

7.51 Dr Cunningham observed that the new Animal Welfare Strategy announced by GRNSW in February 2014 made no mention of greyhound socialisation:

Obviously those Codes of Practice help to provide guidelines but they have consistently failed to address the emotional wellbeing of the dog. If you read the announcement from the joint venture between New South Wales and Victoria yesterday, they do not even mention the socialisation of dogs and that is the key issue.⁴⁰¹

Committee comment

7.52 The Committee accepts that socialisation of greyhounds is essential for the successful integration of them back into the community after their racing career. The Committee understands that this is an area of animal welfare which needs to be more fully addressed by both Greyhound Racing NSW and industry participants. Hence the Committee recommends that Greyhound Racing NSW further review best practice in this area with the view to including socialisation in its animal welfare strategy.

³⁹⁷ Evidence, Dr Cunningham, 6 February 2014, p 35.

³⁹⁸ Evidence, Dr Cunningham, 6 February 2014, p 39.

³⁹⁹ Evidence, Dr Cunningham, 6 February 2014, p 40.

⁴⁰⁰ Submission 418, Greyhound Adoption Program NT, p 4.

⁴⁰¹ Evidence, Dr Cunningham, 6 February 2014, p 38.

Recommendation 15

That Greyhound Racing NSW review best practice regarding the socialisation of greyhounds with the view to including socialisation in its animal welfare strategy.

Racing track injuries

- 7.53** This section of the chapter looks at how the design and surface material of a greyhound racing track can have a significant influence on the number and type of injuries to a greyhound. One industry veteran argued that track surface preparation and safety is the number one animal welfare issue faced by the industry.⁴⁰²
- 7.54** Mr Norm Becroft, industry participant, noted that each time a greyhound is injured during racing, not only does it get injured, but it removes the capacity to run during recuperation and therefore limits the ability to the trainer to earn prizemoney. The lack of prizemoney can then limit the best care and practice for the injured. This scenario also has a bearing on the number of puppies that are required to be bred and/or retained to replace injured greyhounds.⁴⁰³

The frequency of track injuries

- 7.55** The RSPCA advised that injuries sustained on tracks for either racing or trialling are common. Such injuries are expensive to treat and contribute to the high euthanasia rate within the greyhound racing industry. The RSPCA noted that from 23rd September 2013 to 23rd October 2013 GRNSW steward's reports confirm approximately 175 injuries to greyhounds. Injuries included bone fractures, muscle injuries and soft tissue injuries, with many of the injuries necessitating a suspension from racing.⁴⁰⁴
- 7.56** Greyhound injuries and deaths at racing tracks have been highlighted in a number of submissions. In particular, incidences at Dapto greyhound racecourse on 13 April 2013 when three greyhounds died attracted considerable attention.⁴⁰⁵
- 7.57** Greyhound Racing NSW provided the following data on the number of racetrack injuries at TAB meetings during 2012/13:
- 1,580 or 2.3% of greyhound starters at TAB meetings were injured. Of these, 91% were considered minor in nature, requiring a mandatory stand down period of less than 28 days.
 - 82 or 0.21% of greyhound starters at TAB meetings were euthanised.⁴⁰⁶

⁴⁰² Submission 387, Name suppressed, p 9.

⁴⁰³ Submission 554, Mr Norm Becroft, p 4.

⁴⁰⁴ Submission 339, RSPCA Australia, p 5.

⁴⁰⁵ Submissions 49, 178, 193, 234, 262, 293, 332, 339, 360, 405, 494, 506, 508, 531, 606, 629, 705 and 943.

⁴⁰⁶ Answers to questions on notice, Greyhound Racing NSW, 13 December 2013, p 7.

Track design

- 7.58** Track design can have a major influence on greyhound welfare. Dogs suffer injuries when colliding with other dogs, and collisions are more likely to occur while running around bends or turns in the track.
- 7.59** Industry participant Mr Bob Whitelaw explained to the Committee that ‘one turn’ tracks are safer than tracks which have two turns. He noted that Victoria has fewer tracks than NSW, but more ‘one turn’ tracks than in this State. He also noted that many race tracks in NSW start on a bend.⁴⁰⁷
- 7.60** Other participants also commented on the importance of a race commencing along a straight piece of track. Mr Jeff Jaeger and Mr Rex Nairn noted that the length of the straight before the greyhounds reach the bend is significant, with a longer straight helping to minimize the likelihood of the dogs colliding at the corner.⁴⁰⁸ Others have also noted that many starting boxes are located on a track bend. Industry veteran Mr Bruce Teague observed that bend starts are common for greyhound racing in NSW, while other racing codes have a straight in approach:
- As some submissions have indicated, disruptive bend starts are common and are still being built (including in Victoria, contrary to some evidence you have heard). One reason for this is that greyhound officials are besotted with the practice of locating starting boxes on the track proper, as opposed to siting them in a mini-shute with a straight-in approach, much as occurs at the gallops.⁴⁰⁹
- 7.61** Humane Society International noted that Denmark has implemented straight greyhound racing tracks to reduce the incidence of injury to the dogs, and recommended that GRNSW phase out cornered tracks.⁴¹⁰
- 7.62** Mr Teague argued that there have been no rigorous studies done of tracks and injury rates, and hence the same mistakes in track design keep occurring:
- In short, greyhound track design is an amateur process. It has to be as no-one responsible in the field has ever bothered to conduct sufficient or any studies to determine what works and what doesn't. Everything is based on opinion, or occasionally a bad experience. Analysis of results is obviously non-existent, as evidenced by the fact that errors are repeated during re-builds.⁴¹¹
- 7.63** Dr Tom Astbury, Veterinarian and industry participant, also noted that race injury statistics are not recorded and publically evaluated to determine injury rates by track and possible corrective processes for implementation. He argued that an opportunity exists under the Act

⁴⁰⁷ Evidence, Mr Bob Whitelaw, 5 February 2014, p 16.

⁴⁰⁸ Evidence, Mr Rex Nairn, President Hastings River Greyhound Racing Club, 5 February 2014, p 36 and Mr Jeff Jaeger, President, Cessnock Greyhound Breeders, Owners and Trainers' Association, 5 February 2014, p 31.

⁴⁰⁹ Submission 996a, Mr Bruce Teague, p 1.

⁴¹⁰ Submission 180, Humane Society International, p 3.

⁴¹¹ Submission 996a, Mr Bruce Teague, p 1.

for GRNSW to grant funds to study race track design, injury statistics, birth and death statistics.⁴¹²

Track surface

7.64 The surface of a racing track can also have an influence on the type of injuries suffered by greyhounds. There are two greyhound track surfaces in use – grass and loam.

7.65 The trouble with many of the loamy, sand-based tracks is that, over time, the sand packs down and becomes ‘rock hard’, like concrete. While the result may be that greyhounds post very fast racing times, the hardness of the track increases the forces upon the dog’s legs and body, causing injury. Injuries sustained and noticed during a race may be reported in a steward’s report. Many injuries, however, are evident in days following the races not necessarily at the time of racing and these injuries would go unreported.⁴¹³ Injuries sustained on loam tracks are generally hock-related, and can be career ending.⁴¹⁴

7.66 Some industry participants advocated grass tracks over loam tracks, because grass is softer. The types of injuries from grass tracks are generally broken toes and ligaments and in contrast to injuries suffered on loam tracks, the dogs are likely to return to racing.⁴¹⁵ However, the Committee received conflicting evidence. Mr Teague argued that the debate over whether grass or loam track was better should be over, as grass was too unreliable in wet weather:

Debating grass v loam surface is a non-event. Grass is no longer acceptable, partly because of its variability and maintenance issues but mostly because of its unreliability in adverse weather and resultant meeting cancellations.⁴¹⁶

7.67 Conversely, Mr Whitelaw argued about the reliability of loam tracks, and commented ‘it depends on the rain. This place [The Gardens] is a fine example. If it rains too much, the track washes away. You show me how grass washes away?’⁴¹⁷

7.68 It was suggested that softer tracks, if introduced, would extend the racing career and the life expectancy of greyhounds. One inquiry participant advised that the tracks in the United States have a loose and soft surface. Hence the greyhounds that race there enjoy a longer lifespan and participate in double the number of races than Australian greyhounds, which in comparison run on ‘concrete’ hard tracks.⁴¹⁸

7.69 Race track preparation is generally undertaken by someone employed by the respective racing club or by volunteers. Mr Becroft noted that with no track standards to adhere to, injuries to greyhounds will occur:

⁴¹² Submission 401, Dr Tom Astbury, pp 11-12.

⁴¹³ Submission 554, Mr Norm Becroft, p 2.

⁴¹⁴ Evidence, Mr Whitelaw, 5 February 2014, p 17.

⁴¹⁵ Evidence, Mr Whitelaw, 5 February 2014, pp 16-17.

⁴¹⁶ Submission 996a, Mr Bruce Teague, p 1.

⁴¹⁷ Evidence, Mr Whitelaw, 5 February 2014, p 17.

⁴¹⁸ Submission 387, Name suppressed, p 9.

There is no formalised training or education, no standard to follow and no accountability on how each track is prepared. As long as the stewards are happy with the surface when they check it before each meeting then the track is deemed acceptable. However a lot of tracks are not presented in the best possible way to minimise injuries.⁴¹⁹

- 7.70** Mr Becroft concluded that the development of an industry standard for track preparation would assist in minimising injuries. This would include a best practice measure in track hardness, softness, moisture levels and how to obtain them.⁴²⁰

Other ways to reduce race track injuries

- 7.71** Apart from race track design and surface material it was suggested to the Committee that there were other ways to reduce greyhound injuries, including industry standards for best practice for track design and maintenance.

- 7.72** For instance, industry participant Dr Nathan Absalom provided a case study of a dog that always ran wide during a race and referenced a collision that occurred because of this dog's running pattern. He submitted that, in the UK, greyhounds are categorised as 'inside', 'middle' or 'wide runners' and their track starting position is placed accordingly to minimize the risk of collision. To reduce collisions in NSW Dr Absalom recommended that video technology already in use be used to seed greyhounds into the correct boxes, based on the dogs' running style.⁴²¹ Other industry participants also agreed that the running traits of dogs should be kept with a view to allocating an appropriate starting box.⁴²²

- 7.73** Dr Absalom also advised that a reduction in the number of starters per race could reduce the number of falls and associated injuries. He advised that in the UK, races are conducted with six starters, not seven or eight as in Australia.⁴²³ He recommended that a trial be conducted in NSW to compare injury statistics of races with six dogs compared to the normal number of up to eight.⁴²⁴

- 7.74** In supplementary questions, GRNASW were asked to 'describe how the injury database has been used to reduce the incidence of injuries in greyhound racing. Can you provide a list of changes have been made to racetracks and industry practises as a result of the database?'⁴²⁵

- 7.75** In answering, GRNSW advised:

Like many issues in the greyhound racing industry, the collection and management of injury related data is an important national issue that is currently being progressed by Greyhounds Australasia (GA). Over the past 18 months, in consultation with GA, GRNSW has been pushing for a consistent national approach to injury reporting at

⁴¹⁹ Submission 554, Mr Norm Becroft, pp 2-3.

⁴²⁰ Submission 554, Mr Norm Becroft, p 3.

⁴²¹ Submission 352, Dr Natham Absalom, pp 2-3.

⁴²² Submission 513, Name suppressed, p 1.

⁴²³ Submission 352, Dr Natham Absalom, pp 1-2.

⁴²⁴ Submission 352, Dr Natham Absalom, p 2.

⁴²⁵ Answers to questions on notice, Greyhound Racing NSW, 27 February 2014, p 2.

race meetings, to assist in the development of minimum standards for track preparation and the monitoring of injury trends.

In parallel with the work underway at the national level and as referenced above, GRNSW is currently in the process of developing a dedicated injury reporting module in OzChase which will manage injury reporting and associated data management into the future.

Injury data, along with track inspections and steward reports, inform the development of ongoing track maintenance and GRNSW funding regimes, such as the Safety, Racing & Welfare Maintenance Fund.⁴²⁶

- 7.76** The responsibility for track preparation on trial and race days rests with NSW greyhound racing clubs. On race day at TAB tracks, part of the stewards role before a race meeting is to conduct an inspection of the track, racing equipment and kennels. As part of this process, stewards prepare a track inspection report and return this information to GRNSW as part of their race day paperwork.
- 7.77** Further, as part of its Work Health & Safety obligations as a duty holder, GRNSW has developed a hazards escalation process for GRNSW field staff for identifying, reporting and controlling hazards identified at NSW tracks.
- 7.78** When an issue is identified through either of the above channels, it is reported to the Planning & On-Course Operations Manager who is responsible for investigating and resolving the issue in consultation with the relevant club and track staff.⁴²⁷

Provision of race track veterinary services

- 7.79** Greyhound Racing NSW noted that in 2011 it established its own Greyhound Welfare and Veterinary Services Unit, and that this Unit is responsible for providing veterinary services to all TAB meetings. In 2012 GRNSW introduced provisions to ensure that all race meetings (ie including non-TAB meetings) would have the services of a qualified veterinary surgeon. Previous to this only a first aid officer was required at non-TAB meets.⁴²⁸ However, the Committee received evidence that the provision of veterinary services to some race tracks is still poor.
- 7.80** One greyhound owner advised that, on a hot day, having travelled with her dogs a reasonable distance, it was evident upon arrival at the racetrack that one dog had heat exhaustion. The vet was ill-equipped and therefore unable to administer fluid to assist the dog. The owner asked about other vet services, and little or no assistance was provided from the steward of availability of vet services in the area. The dog was euthanised in the carpark, despite no consent being given by the owner for euthanasia.⁴²⁹
- 7.81** Dr Humphries, veterinarian, argued that veterinary race track facilities are very poor:

⁴²⁶ Answers to questions on notice, Greyhound Racing NSW, 27 February 2014, p 3.

⁴²⁷ Answers to questions on notice, Greyhound Racing NSW, 27 February 2014, p 15.

⁴²⁸ Submission 382, Greyhound Racing NSW, p 48.

⁴²⁹ Submission 601, Ms Barbara Cheney, p 1.

...facilities provided at race tracks for veterinarians to treat injured animals are positively medieval. ... There is often no hot water, there is never any sterilizer, oxygen supply or cardiac apparatus to treat injured animals.⁴³⁰

Recommendation 16

That Greyhound Racing NSW develop and implement industry standards for best practice for race track design and maintenance and the provision of veterinary services.

Adequacy of record keeping

7.82 Many of the animal welfare stakeholders to the inquiry argued that the adequacy of record keeping by Greyhound Racing NSW is lacking, and hence tracking animal welfare is very difficult. For instance, the Animal Law Committee of NSW Young Lawyers noted that the publicly available data of greyhound births, injuries and wastage provides a very incomplete picture of the welfare performance of the greyhound racing industry, with the majority of information being based on estimates and inferences.⁴³¹

7.83 Since 1 January 2011 pups have been required to be micro-chipped, either by 12 weeks of age, point of sale or change in ownership, whichever occurs first. Up until this time, there is no external record of their existence. Sentinet – the Veterinary Institute for Animal Welfare, noted that there is no requirement to collect data and report on the number of greyhounds that are killed prior to being registered:

This is a significant short-falling of the industry as it is during these years that a lot of the young, healthy dogs are killed. If these dogs are brought into existence for the purposes of a specific industry, it is only right and reasonable that the regulations should take a life span approach.⁴³²

7.84 Dr Humphries concurred with this, advising that GRNSW's would have unreliable data in relation to the number of pups born and euthanised:

Litters are reported at 12 weeks, death rates before this time are unknown by them, but up to 20% of pups do not make it to 12 weeks of age.⁴³³

7.85 Inquiry participants also highlighted that litters whelped by accidental impregnation become an unreported servicing and whelping and, subsequently, unreported euthanasia or other disposal.⁴³⁴

⁴³⁰ Submission 386, Dr Edward Humphries, p 5.

⁴³¹ Submission 420 – The Law Society of NSW, Young Lawyers, Animal Law Committee, page 10-11 (referencing McEwan & Skandakumae, 2011).

⁴³² Submission 415, Sentinet – The Veterinary Institute for Animal Welfare, p 5 (quoting McEwan & Skandakumae, 2011).

⁴³³ Submission 386, Dr Edward Humphries, p 5.

⁴³⁴ Submission 384, Greyhound Rescue, p 5; and Submission 520, Ms Caroline Hoetzer, p 9.

- 7.86** The Barristers Animal Welfare Panel argued that one of the major failings of the Greyhound Racing Rules is that they fail to provide no compulsory timeline for micro-chipping and registration, with the following effect:
- ...a greyhound owner only has an incentive to register a greyhound if s/he wishes to race the greyhound or use it breeding. It is too easy for a greyhound owner to put down slow greyhounds and only register the fast ones.⁴³⁵
- 7.87** The Panel suggested that ‘the identification and registration of greyhounds should include compulsory reporting of litter numbers, with independent verification by a vet, compulsory micro-chipping at 12 weeks and compulsory registration at six months.’⁴³⁶
- 7.88** GRNSW advised the Committee that when it assumed responsibility for the regulatory functions of greyhound racing in July 2009, it inherited a range of legacy IT systems that were vital to the daily operations of the organisation. However, the number and age of these systems caused constant issues for GRNSW in maintaining accurate and reliable data. Given the age of the systems and the amount of data contained within, GRNSW experienced daily problems with poor data quality and system failures, making it difficult to operate efficiently. As a result, GRNSW made it a priority to immediately address the ongoing severe data problems and limitations of the inherited systems through the investment and development of an improved IT platform - OzChase.⁴³⁷
- 7.89** GRNSW advised that OzChase can now be used to track greyhounds from the time that a mating occurs. The OzChase system covers the servicing, whelping, vaccination, identification and naming processes of greyhound dogs.⁴³⁸

The export of greyhounds

- 7.90** A number of inquiry participants were concerned about the practice of exporting greyhounds, particularly to countries that do not have strong animal protection laws.
- 7.91** Greyhounds are sold and exported to overseas greyhound racing industries, particularly to China, Vietnam and South Korea.⁴³⁹ In 2010, 797 greyhounds were exported from Australia, 280 of which were exported to Macau.⁴⁴⁰
- 7.92** The RSPCA argued that many countries imported greyhounds from Australia but either do not have animal protection laws, or they are not enforced. Once greyhounds depart Australia, there is a lack of substantial animal welfare regulations and no guarantee that greyhounds will

⁴³⁵ Submission 612, The Barristers Animal Welfare Panel, p 6.

⁴³⁶ Submission 612, The Barristers Animal Welfare Panel, p 7.

⁴³⁷ Submission 382, Greyhound Racing NSW, p 56.

⁴³⁸ Evidence, Mr Hogan, 15 November 2013, p 13.

⁴³⁹ Submission 339, RSPCA Australia, p 5 (quoting Jones, A G – Australia’s Damaging International Trade Practice: The Case Against Cruelty to Greyhounds *Pacific Rim Law and Policy Journal*, 14:677 2005).

⁴⁴⁰ Submission 339, RSPCA Australia, p 5 (quoting Greyhounds Australasia Industry Statistics: <http://www.galtd.org.au/GreyhoundsAustralasia/index.php?q=node/111>).

be treated humanely.⁴⁴¹ The Australian Government does not take responsibility for animals once they have been exported.

- 7.93** The Law Society of NSW, Young Lawyers, Animal Law Committee expressed concern that the export of greyhounds to China and South Korea is a violation of animal welfare legislation in Australia.⁴⁴² It further noted that this exportation goes against the principles of GRNSW:

... it also offends one of the principles endorsed by GRNSW regarding the export of greyhounds to countries which do not have a properly managed greyhound racing industry, or where such an industry is not sufficiently regulated to ensure the welfare of greyhounds.⁴⁴³

Committee comment

- 7.94** The Committee acknowledges the concerns expressed by some Inquiry participants regarding the export of greyhounds. However, the Committee notes that this is an issue for the Australian Government.

Live baiting

- 7.95** Some inquiry participants raised concerns that, although it is illegal, live baiting practices are still used to train greyhounds. Live baiting is the use of a live animal such as a rabbit or possum to train a greyhound to chase or run at prey.
- 7.96** Dr Zammit advised that live baiting is still practiced.⁴⁴⁴ One inquiry participant noted that a variety of prey is used, including small domestic animals and possums.⁴⁴⁵
- 7.97** Greyhound Freedom noted they had received advice from a former industry participant that greyhounds are encouraged to kill from a young age:

From a young age greyhound pups are encouraged to kill, if they don't, they are taught. Wild rabbits, chickens and back chicks, guinea pigs, baby pigs, domestic rabbits, cats and kittens, possums anything that squeals. If they don't kill they are mainly put down depending if they still chase.⁴⁴⁶

- 7.98** The RSPCA advised that they suspected live baiting practices occur as there is a general awareness of the activity. However, there is limited information available as not many people report the activity.⁴⁴⁷ Friends of the Hound argued that live baiting is prevalent and stated that

⁴⁴¹ Submission 339, RSPCA Australia, p 5.

⁴⁴² Submission 420, The Law Society of NSW, Young Lawyers, Animal Law Committee p 6 (quoting Jones, A G – Australia's Damaging International Trade Practice: The Case Against Cruelty to Greyhounds *Pacific Rim Law and Policy Journal*, 14:686 2005).

⁴⁴³ Submission 420, The Law Society of NSW, Young Lawyers, Animal Law Committee p 6 (quoting Greyhound Racing NSW, Animal Welfare Policy, November 2006, 5).

⁴⁴⁴ Evidence, Dr Zammit, 15 November 2013, pp 74-75.

⁴⁴⁵ Submission 389, Name suppressed, p 2.

⁴⁴⁶ Submission 530, Greyhound Freedom, p 25.

⁴⁴⁷ Evidence, Mr David O'Shannessy, RSPCA Australia, 6 February 2014, p 27.

anecdotal information is brought to their attention regularly. It argued that there is insufficient regulation and penalties for these alleged activities.⁴⁴⁸

- 7.99** Dr Zammit submitted that while the abolition of using animals as live bait should be covered under the *Prevention of Cruelty to Animals Act 1979*, there is little evidence of this being enforced. Dr Zammit argued that there is little or no evidence that proponents found practicing live baiting are being convicted or penalised. He stated that there should be greater enforcement and noted that laws could be developed to impose life bans on greyhound industry participants convicted of live baiting.⁴⁴⁹

Committee comment

- 7.100** The Committee acknowledges the concerns expressed by some Inquiry participants regarding live baiting and condemns these practices. For this reason, the Committee recommends that the Government review the relevant section of the *Prevention of Cruelty to Animals Act 1979*, to ensure that the provisions within the legislation prevent live baiting from occurring and allow for effective enforcement.

Recommendation 17

That the NSW Government review section 21 of the *Prevention of Cruelty to Animals Act 1979*, to include 'kennels' to ensure allegations of live baiting can be properly investigated.

Greyhound adoption

- 7.101** In response to the large number of greyhounds euthanised each year, various greyhound adoption programs have been launched, including by the industry and by other organisations and individuals.
- 7.102** In 2009 GRNSW established its own re-homing program - Greyhounds as Pets (GAP). The aim of the program is to:
- provide an avenue for people to adopt former racing greyhounds
 - educate participants on the options for their greyhound after racing
 - promote the merits of greyhounds as a pet to the wider community.⁴⁵⁰
- 7.103** GRNSW also advised that, in November 2009,

GAP entered into a partnership with Corrective Services NSW, with the 'Second Chance at Life' pet fostering prison program, which started at the Dillwynia women's prison at Windsor. Since its inception 80 greyhounds and 16 inmates (who have undergone TAFE NSW training as well as specific training regarding the care and maintenance of greyhounds specifically) have taken part in the prison program.⁴⁵¹

⁴⁴⁸ Submission 362, Friends of the Hound, p 13.

⁴⁴⁹ Submission 502, Dr Robert Zammit, p 1.

⁴⁵⁰ Submission 382, Greyhound Racing NSW, p 52.

⁴⁵¹ Submission 382, Greyhound Racing NSW, p 52.

- 7.104** However, in his evidence to the Committee in November 2013, Mr Brent Hogan of GRNSW advised that the program had been discontinued, as government funding for the program had been withdrawn.⁴⁵²
- 7.105** The Greyhounds as Pets program has rehomed approximately 300 greyhounds since 2009.⁴⁵³ Critics noted that this program rehomes approximately one percent of the number of dogs euthanised annually.⁴⁵⁴ Whilst the idea of GAP is commendable, the structure of the GAP program is adding to the euthanasia problem. It costs a non-refundable fee of \$100 to surrender a dog to GAP.⁴⁵⁵ The cost of surrendering the animal to GAP is likely to be more expensive than euthanasia by a vet,⁴⁵⁶ thereby making euthanasia financially a more viable option.
- 7.106** Another criticism of the Greyhounds as Pets program was that it does not accept dogs from outside the metropolitan area, nor does it permit any foster homes/carers outside of metropolitan Sydney.⁴⁵⁷
- 7.107** Ms Vicki Prest, industry participant, argued that the Greyhounds as Pets program is not operating to its full potential. Greyhounds are not available for participants to view nor visit, and the wait time to accept a greyhound was nine months at the time of her enquiry.⁴⁵⁸
- 7.108** The cost of the industry run greyhound adoption programs was also presented as an issue. Dr Karen Cunnington, Greyhound Rehoming Centre, noted that even rehoming some 50 per cent of greyhounds under the industry led model would cost \$60 million, and hence is financially unviable:
- ...if you look at the cost of putting one dog through the industry-funded programs, it can vary anywhere between \$3,000 and \$6,000. If we want to rehome a modest 50 per cent of dogs under this current model, we would be looking at \$60 million to do that. That is simply not financially viable.⁴⁵⁹
- 7.109** Other privately operated greyhound adoption centres are financially reliant on the persons administering the centres or through donations. They receive no funding from the greyhound industry,⁴⁶⁰ nor any government funding.⁴⁶¹
- 7.110** Dr Cunnington also argued that some greyhounds were simply not suitable to be rehomed, and noted that this was largely due to their lack of socialisation and care as young dogs. She

⁴⁵² Evidence, Mr Hogan, 15 November 2013, p 15.

⁴⁵³ Submission 388, GREY2K USA Worldwide, p 5.

⁴⁵⁴ Submission 420, NSW Young Lawyers Animal Law Committee, p 10.

⁴⁵⁵ Submission 420, NSW Young Lawyers Animal Law Committee, p 9 (quoting Greyhound Racing NSW, Greyhounds As Pets, 'Information for owners and trainers'. available at: <http://www.thedogs.com.au/Uploads/Userfiles/Info%20for%20owners%20trainers%20170913%281%29.pdf>

⁴⁵⁶ Submission 420, The Law Society of NSW, Young Lawyers, Animal Law Committee, pp 9-10.

⁴⁵⁷ Submission 604, Ms Jodi Green, p 1.

⁴⁵⁸ Submission 6, Ms Vicki Prest, p 1.

⁴⁵⁹ Evidence, Dr Cunnington, Greyhound Rehoming Centre, 6 February 2014, p 35.

⁴⁶⁰ Submission 389, Name suppressed, pp 4-5.

⁴⁶¹ Evidence, Greyhound Rescue, 15 November 2013, p 64.

noted that these dogs introduced special challenges for those responsible for rehoming programs.⁴⁶²

Committee comment

- 7.111** The Committee expresses its support for the valuable work done by community and privately operated greyhound adoption centres, such as Greyhound Rescue. However, the Committee considers that GRNSW needs to do more to increase the number of greyhounds rehomed at the end of their racing career.

Recommendation 18

That Greyhound Racing NSW and/or the NSW Government commit greater resources for greyhound rehoming, including allocating funding for greyhound adoption centres.

⁴⁶² Evidence, Dr Cunningham, 6 February 2014, p 36.

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752	Ms Cathryn Regan
753	Ms Rain Akasha
754	Ms Hayley Hooper
755	Ms Louise Green
756	Ms Robyn Kibblewhite
757	Ms Tess Hawkins
758	Ms Tammy Mc Gaw
759	Ms Danielle Sharpe
760	Ms Jessica Morrison
761	Ms Samantha Schnoor
762	Ms Amee Dixon
763	Ms Sarah Hardie
764	Ms Carly Moran
765	Ms Jesse Kelso
766	Ms Anna Jensen
767	Mr Patra Gopal
768	Ms Jessica Hardie
769	Ms Marisa Mars
770	Ms Glenys Shirt
771	Ms Tania Cusack
772	Ms Eva Briner

No	Author
773	Ms Krista Petrauskas
774	Ms Natalie Wall
775	Ms Ellie Mason
776	Ms Meli Souter
777	Ms Dominique Scarf
778	Ms Kirsty Moroney
779	Ms Sarah Sutton
780	Ms Bowie Fung
781	Ms Lorri Roden
782	Ms Therese McLean
783	Ms Wendy Sentance
784	Mr Matthew Wuyts
785	Ms Shan Patterson
786	Ms Kathryn Woolfe
787	Ms Emma Billing
788	Ms Kath Mcauliffe
789	Ms Louise Cronk
790	Ms Marie Crilley
791	Ms Renee Zamudio
792	Ms Maggie Sisomphou
793	Ms Krystie Dippel
794	Mr Sam Cremor
795	Ms Melanie Fulton
796	Mr Charles Friel
797	Ms Juliet Milner
798	Ms Anna Kelly
799	Ms Amanda Lagerlow
800	Ms Cassandra Hindwood
801	Ms Therese Stafford
802	Ms Lisa Cox
803	Ms Anne Ratcliffe
804	Ms Rania Jreige
805	Ms Rebekah Puls
806	Ms Caitlin Foulis

No	Author
807	Ms Kate Suisted
808	Ms Kellie Hobbins
809	Ms Suzanne Smith
810	Ms Rachel Howey
811	Ms Jo Smith
812	Ms Melanie Werner
813	Mr David Mapstone
814	Ms Bridget Gysbers
815	Ms Kate Coote
816	Ms Sarah Munro
817	Ms Natalie Wallman
818	Ms Amy Mariette Blackmore
819	Ms Claire Nielsen
820	Mr Charlie Fine
821	Ms Remy Brooks
822	Mr Kate McPherson
823	Ms Clare Mann
824	Ms Emma Wild
825	Ms Robyn Murphy
826	Ms Marce Bugge
827	Ms Sarini Rangedera
828	Ms Joanne Hemers
829	Ms Elisabeth Aston
830	Ms Leanne Seath
831	Ms Lorraine Dawes
832	Ms Skye Walker
833	Ms Vanessa Lew
834	Ms Monica Pung
835	Ms Karolina Heffernan
836	Ms Bianca Jones
837	Ms Eleni Boler
838	Ms Catalina Del Pilar
839	Ms Caroline Oakley
840	Mr Jim Blackwood (Partially Confidential)

No	Author
841	Ms Agnieszka Maksacheff
842	Ms Karina Vitanov
843	Ms Kriszta Barclay
844	Ms Mem Davis
845	Name suppressed
846	Ms Danielle Martin
847	Ms Marguerite Morgan
848	Ms Elizabeth Lecoanet
849	Ms Annarosa Berman
850	Ms Jo Lyons
851	Ms Colleen Stanley
852	Ms Amanda Schilf
853	Ms Danni Lee
854	Ms Jodie Koz
855	Ms Kate Allan
856	Ms Elizabeth Meakin
857	Ms Lee Pieterse
858	Ms Danielle Rogers
859	Ms Fiona Witter
860	Ms Kayla Melbourne
861	Ms Anne Bickley
862	Ms Jacqueline Gibson
863	Ms Lyjelle Tinsley
864	Ms Lesley Gray
865	Mr Scott Williams
866	Mr Jin Cho
867	Ms Maddy Braddon
868	Ms Imogen O'Loughlin
869	Ms Trish Lim
870	Ms Kate Limbrick
871	Mr Luke Davison
872	Ms Vanessa Aldridge
873	Ms Rebecca Jones
874	Ms Hope Genge

No	Author
875	Ms Brooke Dodson
876	Ms Alison Hamilton
877	Ms Amanda Watson
878	Ms Merille Raagas
879	Ms Dianne Watts
880	Ms Tori Stevenson
881	Ms Chloe Bayley
882	Ms Kyla Woznyi
883	Ms Trish Olej
884	Ms Lauren Smith
885	Ms Penny Anderson
886	Ms Sophie Beard
887	Ms Jenny Breust
888	Ms Valentina Priante
889	Ms Lisa Jones
890	Ms Samantha Banfield
891	Ms Karen Letts-Maund
892	Ms Summer Fawell
893	Ms Deidre Turner
894	Ms Ashlyn Narayan
895	Ms Michelle Bender
896	Ms Ella Ryan
897	Ms Justine Murton
898	Mr Mark Fitzpatrick
899	Mr Christine Ambs
900	Mr Scott King
901	Ms Verena Carey
902	Ms Kate Roney
903	Ms Emma Dean
904	Ms Isabelle Stasev
905	Mr Andrew Hendry
906	Mr Andrew McDermott
907	Ms Peta-Julie Akester
908	Ms Jessica Preston

No	Author
909	Ms Kass Sexton
910	Ms Kylie Pels
911	Ms Laura Giordano
912	Ms Kimberley Moore
913	Ms Kathleen Lamb
914	Ms Maxine Most
915	Ms Saxon Naulls-Johnstone
916	Ms Flavia Coleman
917	Ms Linda Billett
918	Mr Nigel Lawrence
919	Ms Yvonne Williams
920	Ms Renea Kaitler
921	Ms Sophie Byrne
922	Mr Lars Dudman
923	Ms Madi Curby
924	Ms Rebecca Randall
925	Ms Chanelle Warren
926	Ms Vanessa Sztajniger
927	Ms Heather Green
928	Ms Lauren Kearney
929	Mr Anthony Courtney
930	Ms Cassandra Murphy
931	Ms Danielle Legassick
932	Name suppressed
933	Ms Juliana Walsh
934	Ms Tanya Mayled
935	Ms Clare Mackie
936	Mr Chris Gleisner
937	Ms Nicole Vaux
938	GiaVisor Australia P/L
938a	GiaVisor Australia P/L
939	Mrs Asta Lander
940	Confidential
941	Mr Don Ronneberg

No	Author
942	Mr Rick Mayne
943	Ms Jennifer Moore
944	Mr Bradley Canty
945	Confidential
946	Mr David Lipworth
947	Ms Nadine Gerber
948	Ms Linda Boyd
949	Ms Angelina La Macchia
950	Mr Dean Walsh
951	Ms Louise Guthrie
952	Ms Gabrielle Richardson
953	Ms Helen Lyons-Riley
954	Mr Graham Rosso
955	Ms Veronica Bennett
956	Ms Fiona Mundie
957	Ms Janet Mundie
958	Ms Lorraine Davies
959	Ms Roxanne Conway
960	Mr Andrew Hansen
961	Ms Lauren Griffiths
962	Ms Mikaela Ferguson
963	Ms Kerrie Curran
964	Ms Keita Tarlinton
965	Ms Karen Cross
966	Ms Roison Kelly
967	Mr Peter Koulouris
968	Mr R Glover
969	Mr Michael Johnston
970	Ms Jacquie Whalen
971	Ms Netti Towill
972	Ms Jessica Martin
973	Ms Monika Lewis
974	Ms Joanna Dodds
975	Ms Steph Isbester

No	Author
976	Ms Alice Thompson
977	Ms Kathryn Catterick
978	Name suppressed
979	Ms Leslie McCawley
980	Mr Sebastien Boutin
981	Ms Leanne Uren
982	Ms Rozanna Bozabalian
983	Ms Cheri Tredeau
984	Name suppressed
985	Ms Jaimi Hagen
986	Mr Keith Eatock
987	Mr John Haren
988	Ms Ellen Jackson
989	Ms Roz Basile
990	Ms Donna Walmsley
991	Ms Sandra Graham
992	Ms Zoy Crizzle
993	Mr Aidan Burgess
994	Ms Cindy El Sayed
995	Ms Gayl O'Grady
996	Ms Bruce N Teague
997	Ms Judy Smith
998	Ms Nicci Cowle
999	Ms Christine Lindsay
1000	Ms Corinne Neville
1001	Ms Lorraine Hands
1002	Ms Lisa Eirth
1003	Mr Michael Eberand
1004	Mr Chris Procter
1005	Mr Steve Duncan
1006	Ms Cassandra Kavanagh
1007	Ms Margaret Watters
1008	Ms Cheryl Watkin
1009	Ms Linda Boyd

No	Author
1010	Ms Natalie Collins
1011	Ms Karin Arvidson
1012	Ms Lucinda Dryden
1013	Ms Belinda Geier
1014	Ms Tiarne Allen
1015	Mrs Brooke & Mr Scott Brossman
1016	Ms Magdalena Stamos
1017	Ms Chloe Davies
1018	Ms Nancy Cerruto
1019	Ms Glynnis Murray
1020	Ms Alicia Lanham
1021	Greyhound Adoption Program NSW (Inc.)
1022	Name suppressed
1023	Dr Lynne Hannan
1024	Ms Victoria Hannan
1025	Ms Lorraine A Scinto
1027	Ms Kellie Kanaar

Appendix 2 Witnesses at hearings

Date	Name	Position and Organisation
Friday, 15 November 2013 Penrith Panthers, Penrith	Mr Brent Hogan	Chief Executive, Greyhound Racing New South Wales
	Ms Eve McGregor	Chairman, Greyhound Racing New South Wales
	Dr Joseph Collins	Adviser, Greyhound Racing New South Wales
	Mr Geoffrey Rose	Chairman, NSW Greyhound Breeders, Owners and Trainers Association
	Mr Brenton Scott	Executive Officer, NSW Greyhound Breeders, Owners and Trainers Association
	Ms Susan Absalom	Director, NSW Greyhound Breeders, Owners and Trainers Association
	Mr Dennis Carl	President, Greyhound Action Group NSW
	Mr Michael Eberand	Member, Greyhound Action Group NSW
	Mr Graham Gorrie	Greyhound Racing Integrity Auditor
	Ms Cathrine Lynch	Director, Policy and Strategy, Office of Liquor, Gaming and Racing
	Mr Greg Semmler	Principal Policy Officer, Policy & Strategy Office of Liquor, Gaming and Racing
	Mr Peter Flann	Greyhound Rescue Inc
	Mrs Janet Flann	Greyhound Rescue Inc
	Ms Wendy Cohen	Chief Executive Officer, Animal Welfare League NSW
	Dr Ted Humphries	Veterinarian, Rossmore Veterinary Hospital
	Dr Rob Zammit	Veterinarian, Vineyard Veterinary Hospital

Date	Name	Position and Organisation
Wednesday, 5 February 2014 Unibet Gardens, Wallsend	Mr Ross Magin	Former Chair, Greyhound Racing Authority
	Mr Robert Whitelaw	Local participant
	Mr Kevin Gordon	President, NSW National Coursing Association
	Mr Jeff Jaeger	President, Cessnock Branch, Greyhound Breeders Owners and Trainers Association
	Ms Maree Callaghan	Local participant
	Mr Anthony Callaghan	Local participant
	Mr Rex Nairn	President, Hastings River Greyhound Racing Club
Thursday, 6 February 2014 State Library of New South Wales, Sydney	Mr Peter Fletcher	Chief Executive Officer, NSW Bookmakers Co-operative
	Mr Mark Merlino	Vice Chairman, NSW Bookmakers Co-operative
	Mr Chris Downy	Chief Executive Officer, Australian Wagering Council
	Mr Ben Sleep	Director, Australian Wagering Council
	Mr David Landa	Former Greyhound Racing Integrity Auditory
	Mrs Lisa White	President Friends of the Hound Inc
	Ms Inez Hamilton-Smith	Greyhound Freedom
	Ms Heather Neil	Chief Executive Officer, RSPCA Australia
	Dr Jade Norris	Scientific Officer, RSPCA Australia
	Mr David O'Shannessy	Chief Inspector, RSPCA NSW
	Dr Karen Cunningham	Greyhound Rehoming Centre Inc
	Mr Dennis Carl	President, Greyhound Action Group NSW
	Mr Michael Eberand	Member, Greyhound Action Group NSW
	Mr Brent Hogan	Chief Executive, Greyhound Racing New South Wales
	Ms Eve McGregor	Chairman, Greyhound Racing New South Wales

Appendix 3 Participants at public forums

Date	Name
Friday, 15 November 2013 Penrith Panthers, Penrith	Mr Anthony Gannon Mr John Tracey Mr Warren Absalom Mr James Blackwood Mr Corey O'Donnell Mr Robert Whitelaw Ms Toni Brown Mr Bill Mangafas Mr Joe Lopes Mr Seymour Vassilakis
Wednesday, 5 February 2013 Unibet Gardens, Wallsend	Ms Patricia Groizard Mr Jergen van Kernebeek Ms Vicki Prest Ms Pam Grant Ms Sylvana Wenderhold Mr Richard Bligh Ms Anne Boxhall Mr Anthony Duggan Mr Mark Pearson Ms Hayley Cotton Mr Mark Donohue

Appendix 4 Tabled documents

Friday, 15 November 2013

Jamison Room

Penrith Panthers, Penrith

- 1 Document entitled 'History of governance arrangements', tendered by Ms Cathrine Lynch, Director, Policy and Strategy, Office of Liquor, Gaming and Racing
- 2 Copies of correspondence with Greyhound Racing NSW, tendered by Dr Edward Humphries

Wednesday, 5 February 2014

C3 Church, Unibet Gardens

Wallsend

- 3 Opening statement and notes from a number of telephone calls Mr Magin took part in during 2012 and 2013, tendered by Mr Ross Magin, former Chair, Greyhound Racing Authority
- 4 Statement expanding on written submission, tendered by Ms Maree Callaghan, Local participant
- 5 Correspondence from GRNSW re non-TAB race date allocations and funding, tendered by Ms Pam Grant, forum participant

Thursday, 6 February 2014

Dixon Room, State Library of New South Wales

Sydney

- 6 Welfare of racing greyhounds - Impact on performance & rehoming, tendered by Dr Karen Cunningham, Greyhound Rehoming Centre Inc
- 7 Greenhounds and other non-GAP programs, tendered by Dr Karen Cunningham, Greyhound Rehoming Centre Inc
- 8 Powerpoint presentation - opening statement, tendered by Mr Michael Eberand, Greyhound industry participant
- 9 Correspondence between GRNSW and Mr David Landa, tendered by Mr Brent Hogan, GRNSW
- 10 Inequity in NSW, tendered by Witness G

Appendix 5 **Answers to questions on notice**

The Committee received answers to questions on notice and/or supplementary questions from:

- Greyhound Racing New South Wales (GRNSW)
- Mr Graham Gorrie, Greyhound Racing Integrity Auditor
- Greyhound Breeders, Owners and Trainers Association (GBOTA)
- Office of Liquor, Gaming and Racing
- Animal Welfare League New South Wales
- Greyhound Action Group NSW
- NSW National Coursing Association
- Australian Wagering Council
- RSPCA Australia

Appendix 6 Minutes

Minutes No. 1

Thursday, 12 September 2013

Select Committee on Greyhound Racing in New South Wales

Members' Lounge, Parliament House, 1:00pm

1. Members present

Mr Borsak, *Chair*

Dr Kaye, *Deputy Chair*

Mr Khan

Mrs Maclaren-Jones

Ms Voltz

Mr Whan

2. Apologies

3. Tabling of resolution establishing the Committee

According to Standing Order 213(1), the Committee Clerk declared the meeting open.

4. Suggested procedural resolutions

Resolved, on the motion (*in globo*) of Dr Kaye: That unless the Committee decides otherwise, the following procedures apply for the duration of the Inquiry:

Filming, broadcasting and still photography of public proceedings

That the Committee authorises the filming, broadcasting, webcasting and still photography of the public proceedings of the Committee, in accordance with the resolution of the Legislative Council of 18 October 2007.

Publishing transcripts of evidence

That the Committee authorise the publication of transcripts of evidence taken at public hearings.

Questions on notice

That the Committee require that answers to questions taken on notice during the hearings be provided to the Secretariat within 21 days.

Publishing answers to questions on notice

That the Committee authorise the publication of answers to questions on notice.

Publishing submissions

That the Committee authorise the publication of all submissions to the Inquiry, subject to the Committee Clerk checking for confidentiality, adverse mention and other issues and, where those issues arise, bringing them to the attention of the Committee for consideration.

Media statements

That media statements on behalf of the Committee may be made only by the Chair.

Inviting witnesses

That arrangements for inviting witnesses are to be left in the hands of the Chair and the Committee Clerk, after consultation with the Committee.

5. Conduct of the Inquiry

5.1 Media release announcing Inquiry

Resolved, on the motion of Mrs Maclaren-Jones: That a media release be issued by the Chair announcing the Inquiry and calling for submissions.

5.2 Stakeholder list

Resolved, on the motion of Mr Whan: That the Committee consider the draft list of stakeholders to be invited to make written submissions, and that members nominate additional stakeholders by 5pm, Monday, 16 September 2013. Further, that the Committee write to the stakeholders agreed to by the Committee and invite them to make a written submission.

5.3 Call for submissions

Resolved, on the motion of Mr Khan: That the closing date for submissions be Wednesday, 6 November 2013.

5.4 Advertising

Resolved, on the motion of Mrs Maclaren-Jones: That the inquiry call for submissions be advertised in the week commencing 25 September 2013 in the *Sydney Morning Herald*, the *Daily Telegraph* and the *Greyhound Recorder*.

5.5 Hearing dates

Resolved, on the motion of Dr Kaye: That the timeline for hearings be considered by the Committee following the receipt of submissions. Further, that hearing dates be determined by the Chair after consultation with members regarding their availability.

5.6 Reporting Date

The Terms of Reference for the inquiry included a reporting date of 27 February 2014.

6. Other Business

6.1 Declaration of interest

Ms Lynda Voltz declared an interest, advising that she holds a Catcher's Licence.

7. Next meeting

Sine die.

Stewart Smith

Clerk to the Committee

Minutes No. 2

Friday, 15 November 2013

Select Committee on Greyhound Racing in New South Wales

Jamison Room, Penrith Panthers, 123 Mulgoa Road, Penrith, 9:50 am

1. Members present

Mr Borsak, *Chair*

Dr Kaye, *Deputy Chair*

Ms Ficarra

Mr Khan

Mrs Maclaren-Jones

Ms Voltz

Mr Whan

2. Apologies

3. Previous minutes

Resolved on the motion of Mr Khan: That draft Minutes No. 1 be confirmed.

4. Correspondence

The Committee noted the following items of correspondence:

Received:

- 18 October 2013 – Email from Ms Colleen Abela, regarding her concern as to the lack of impartiality in the Inquiry into greyhound racing.
- 25 October 2013 – Letter from Mr Andrew O'Connor, Policy Director, Ministry for Police and Emergency, informing Committee they have no issues to raise in this inquiry.
- 4 November 2013 – Letter from Mr Jonathan O'Dea MP regarding the Wentworth Park Sporting Complex Trust, Greyhound Racing NSW and a loan that has been outstanding for almost 30 years.
- 12 November 2013 – 2 emails from Mrs Janet Flann, forwarding correspondence from a third party regarding greyhound welfare.
- 14 November 2013 – Email from Person A to the Committee.

Sent:

- 6 November 2013 - Letters to Mr Stuart Ayres MP and Ms Sonia Hornery MP advising them of the Committee's public hearings in Penrith and Wallsend.

Resolved on the motion of Mr Khan: That the correspondence received on 12 November from Janet Flann and 14 November from Person A be kept confidential.

5. Submissions

The Committee has received over 500 submissions to date, as well as 1380 pro forma submission, of which 400 submissions have been processed.

5.1 Public submissions

The Committee noted that the following submissions were published under the authorisation of an earlier resolution: Submission Nos. 1, 1a, 1b, 1c, 1d, 4, 4a, 4b, 4c, 5, 5a, 6, 6a, 6b, 6c, 7, 8, 10, 11, 12, 14a, 14b, 14d, 14e, 17, 18, 19, 20, 21, 24, 26, 27, 29, 31, 31a, 32, 33, 34, 34a, 35, 37, 39, 40, 49, 50, 53, 54, 55, 56, 57, 59, 60, 63, 64, 64a, 65, 66, 69, 72, 73, 74, 76, 78, 81, 82, 83, 84, 85, 86, 88, 89, 90, 91, 92, 93, 95, 99, 100, 103, 107, 111, 112, 115, 116, 118, 121, 122, 123, 124, 126, 127, 128, 129, 131, 133, 135, 136, 137, 141, 142, 144, 145, 146, 147, 149, 150, 152, 153, 156, 159, 161, 162, 164, 165, 167, 168, 169, 172, 176, 177, 178, 179, 180, 181, 182, 184, 185, 189, 191, 192, 193, 194, 195, 196, 197, 200, 202, 204, 205, 206, 207, 208, 210, 214, 215, 217, 218, 220, 221, 223, 224, 227, 228, 229 230, 232, 233, 234, 235, 237, 238, 239, 240, 241, 243, 244, 245, 246, 247, 248, 249, 250 252, 253, 255, 257, 258, 259, 260, 261, 262, 263, 265, 266, 268, 270, 271, 272, 273, 274, 275, 276, 277, 278, 280, 281, 282, 284, 285, 285a, 287, 288, 289, 290, 291, 294, 295, 296, 297, 298, 299, 300, 301, 301a, 301b, 301c, 302, 303, 304, 306, 307, 308, 309, 310, 311, 312, 312a, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 355, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 370, 371, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 388, 390, 391, 392, 394, 395, 397, 398, 399 and 400.

Resolved, on the motion of Ms Ficarra: That the Committee authorise the publication of Submission Nos. 502 and 505.

5.2 Name suppressed submissions

The Committee noted that the submissions listed below were partially published by the Committee under the authorisation of a previous resolution. The submission authors have requested that their submissions be published with the exception of their names, which are to remain confidential.

Resolved, on the motion of Dr Kaye: That the name and other identifying details of the authors of the following submissions remain confidential: Submission Nos. 2, 3, 22, 25, 30, 38, 41, 42, 43, 44, 45, 46, 47,

48, 51, 52, 58, 61, 67, 68, 75, 80, 94, 96, 101, 104, 105, 106, 108, 109, 113, 114, 117, 120, 125, 130, 132, 138, 140, 148, 151, 154, 155, 157, 158, 160, 163, 166, 170, 174, 175, 183, 186, 188, 190, 198, 199, 201, 203, 209, 216, 219, 225, 226, 231, 236, 251, 254, 256, 264, 279, 283, 293, 305, 313, 354, 387, 389 and 393.

5.3 Partially confidential submissions

The Committee noted that the submissions listed below were partially published by the Committee under the authorisation of a previous resolution.

Resolved, on the motion of Mr Khan: That the information in submissions identified below remain confidential:

- the information which potentially identified third parties in Submission Nos. 5b, 14, 23 and 385;
- the authors' names and potential adverse mention in Submission Nos. 15 and 71;
- the location details in Submission Nos. 97 and 362;
- the names and location details of two individuals, as well as two sentences containing potential adverse mention in Submission No. 372; and
- the information which potentially identified three individuals, as well as two sentences containing potential adverse mention in Submission No. 386.

5.4 Confidential submissions

Resolved, on the motion of Mr Whan that the following submissions remain confidential: 1c, 9, 13, 14c, 16, 16a, 28, 62, 70, 77, 79, 87, 98, 102, 110, 119, 134, 139, 143, 173, 211, 212, 213, 222, 242, 267, 269, 286, 292, 356, 396 and 396a.

6. Future hearing date

Resolved, on the motion of Mr Kahn: That the public hearing scheduled to take place in Wallsend on 25 November 2013 be deferred until February 2014 and that the Committee hold a third public hearing in February 2014, at dates to be determined by the Chair after consulting members regarding their availability.

7. Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Brent Hogan, Chief Executive, Greyhound Racing NSW
- Ms Eve McGregor, Chairman, Greyhound Racing NSW
- Dr Joe Collins, GRNSW Adviser, Greyhound Racing NSW

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Geoffrey Rose, Chairman, NSW Greyhound Breeders, Owners and Trainers Association
- Mr Brenton Scott, Executive Officer, NSW Greyhound Breeders, Owners and Trainers Association
- Ms Susan Absalom, Director, NSW Greyhound Breeders, Owners and Trainers Association

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Dennis Carl, President, Greyhound Action Group NSW
- Mr Michael Eberand, Member, Greyhound Action Group NSW

Ms Voltz joined the meeting.

The evidence concluded and the witnesses withdrew.

The Chair adjourned the hearing in order for the Committee to deliberate.

The witnesses, public and media withdrew.

The Committee deliberated.

Witnesses, the public and the media were readmitted.

The following witnesses were sworn and examined:

- Mr Graham Gorrie Greyhound Racing Integrity Auditor

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Cathrine Lynch, Director, Policy and Strategy, Office of Liquor, Gaming and Racing
- Mr Greg Semmler, Principal Policy Officer, Policy & Strategy, Office of Liquor, Gaming and Racing

Ms Cathrine Lynch tendered the following document: History of governance arrangements.

The evidence concluded and the witnesses withdrew.

The Chair adjourned the hearing in order for the Committee to deliberate.

The witnesses, public and media withdrew.

The Committee deliberated.

Witnesses, the public and the media were readmitted.

The following witnesses were sworn and examined:

- Mr Peter Flann, Greyhound Rescue
- Mrs Janet Flann, Greyhound Rescue
- Ms Wendy Cohen Chief Executive Officer, Animal Welfare League NSW

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Dr Edward Humphries, Veterinarian, Rossmore Veterinary Hospital
- Dr Rob Zammit, Veterinarian, Vineyard Veterinary Hospital

Dr Edward Humphries tendered the following document: Correspondence with Greyhound Racing NSW.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 5.15 pm and the public and media withdrew.

8. Inter-code agreement and Racing Distribution Agreement

Resolved, on the motion of Dr Kaye: That the Committee write to the Office of Liquor, Gaming and Racing, and Greyhound Racing NSW, requesting copies of the 1998 Inter-code Agreement and the 1997 Racing Distribution Agreement by COB on Wednesday, 20 November 2013. The correspondence should refer to the resolution of the Committee that if the documents are not provided by this deadline, the Chair

will move a motion in the House on Thursday 21 November 2013, seeking to order the documents under Standing Order 52.

The Chair adjourned the meeting at 5.20 pm.

9. Public forum

The public and media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and the forum proceedings.

The following individuals appeared before the Committee:

- Mr Anthony Gannon
- Mr John Tracey
- Mr Warren Absalom
- Mr James Blackwood
- Mr Corey O'Donnell
- Mr Bob Whitelaw
- Ms Toni Brown
- Mr Bill Mangafas
- Mr Joe Lopes
- Mr Seymour Vassilakis

The public forum concluded and the public and media withdrew.

10. Adjournment

The Committee adjourned at 6:52 pm *sine die*.

Stewart Smith

Clerk to the Committee

Minutes No. 3

Thursday, 28 November 2013

Select Committee on Greyhound Racing in New South Wales

Room 1254, Parliament House at 1.03 pm

1. Members present

Mr Borsak, *Chair*

Dr Kaye, *Deputy Chair*

Ms Ficarra

Mr Khan

Mrs Maclaren-Jones (from 1.15 pm via teleconference)

Ms Voltz (from 1.10 pm)

Mr Whan

2. Previous minutes

Resolved, on the motion of Ms Ficarra: That draft Minutes No. 2 be confirmed.

3. Correspondence

The Committee noted the following items of correspondence:

Received

- 15 November 2013 - Letter from Ann Holland, Manager, Policy and Communications, Australian Wagering Council, enclosing Australian Wagering Council brochure for the Committee's information.
- 15 November 2013 – Email from Ms Inez Hamilton-Smith, requesting to appear at a future public hearing for the inquiry.
- 19 November 2013 - Email from Ms Cathrine Lynch, Office of the Liquor, Gaming and Racing, refusing to provide Inter-code agreement.
- 20 November 2013 – Email from Mr Brent Hogan, Greyhound Racing NSW, refusing to provide Inter-code agreement.
- 25 November 2013 - Email from Ms Inez Hamilton-Smith, regarding evidence from Brent Hogan at public hearing.

4. Request for financial modelling

Resolved, on the motion of Mr Whan: That the Chair write to the Treasurer seeking his assistance and instruction to Treasury to financially model the impact on State revenue if the NSW greyhound industry were to collapse, as well as the impact on the other two codes that are party to the Inter-code and Racing Distribution Agreements (harness racing and thoroughbred racing).

Ms Voltz joined the meeting.

5. Invitation to Harness Racing NSW and Racing NSW to participate in inquiry

Resolved, on the motion of Dr Kaye: That the Chair write to Harness Racing NSW and Racing NSW inviting them to make a submission to the inquiry and asking them to outline the likely effect to their codes of a collapse of the greyhound industry in NSW; and inviting them as a witness on the final day of hearings, *in camera* if they request.

6. Documents tendered at 15 November hearing

Resolved, on the motion of Dr Kaye: That the Committee accept and publish the following documents tendered during the public hearing:

- History of governance arrangements, tendered by Ms Cathrine Lynch;
- Correspondence with Greyhound Racing NSW, tendered by Dr Edward Humphries.

Mrs Maclaren-Jones joined the meeting.

7. Submissions**7.1 Public submissions**

The Committee noted that the following submissions were published under the authorisation of the Committee's resolution of 12 September 2013: Submission Nos. 5c, 6d, 18a, 29a, 121a, 285b, 285c, 285d, 401, 404, 405, 406, 410, 410a, 410b, 410c, 411, 412, 413, 415, 416, 418, 419, 420, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 439, 440, 450, 451, 454, 457, 458, 460, 461, 463, 465, 468, 471, 472, 473, 474, 475, 476, 477, 478, 480, 481, 482, 484, 486, 487, 492 and 499.

7.2 Name suppressed submissions

The Committee noted that the following submissions were partially published by the Committee under the authorisation of a previous resolution. The submission authors have requested that their submissions be published with the exception of their names, which are to remain confidential.

Resolved, on the motion of Mr Whan: That the name and other identifying details of the authors of the following submissions remain confidential: Submission Nos. 403, 408, 409, 417, 421, 442, 443, 446, 448, 449, 452, 453, 455, 456, 459, 462, 464, 467, 469, 470, 483, 485, 489, 490, 491, 493, 494, 495, 496, 498 and 500.

7.3 Partially confidential submissions

The Committee noted that the following submissions were partially published by the Committee under the authorisation of a previous resolution.

Resolved, on the motion of Mr Whan: That the information in submissions identified below remain confidential:

- the names of two individuals, as well as some text in Submission No. 414;
- information which potentially identified third parties in Submission Nos. 479 and 497.

7.4 Confidential submissions

Resolved, on the motion of Mr Whan: That the Submissions Nos. 369, 402, 407, 438, 441, 444, 445, 447, 466 and 488 remain confidential.

7.5 Pro forma submissions

Resolved, on the motion of Mr Whan: That the Committee publish one copy of pro forma submissions on its website, noting the number of copies of the submission that were received.

7.6 Submissions from overseas

Resolved, on the motion of Mr Whan: That the Committee does not accept any submissions from overseas that have not already been processed, except where the submissions are substantial and the submission authors are from overseas organisations or have purported expertise in the subject area.

8. Future public hearings

Resolved, on the motion of Dr Kaye:

- That the Committee hold a public hearing, public forum and inspection of racing facilities at Wallsend on Wednesday, 5 February 2014 and a public hearing in the Sydney CBD on Thursday, 6 February 2014.
- That the Committee invite the following witnesses to appear at the public hearing at Wallsend on 5 February 2014:
 - Bob Whitelaw - local participant and member of Greyhound Action Group
 - NSW National Coursing Association
 - Local industry participant panel - including Maree Callaghan, Anthony Callaghan, Jeff Jaeger and others to be identified by the secretariat or nominated by members.
- That the Committee invite the following witnesses to appear at the public hearing in Sydney on 6 February 2014:
 - TabCorp
 - Australian Wagering Council
 - Australian Bookmakers Association
 - David Landa, former Integrity Auditor
 - Animal welfare panel – including RSPCA, Friends of the Hound, and Greyhound Freedom
 - Dr Karen Cunningham, Greyhound Rehoming Centre
 - Ross Magin, former Chair, Greyhound Racing Authority
 - Racing NSW
 - Harness Racing NSW
 - GRNSW
- That the secretariat circulate a finalised hearing schedule to members for confirmation prior to the hearings.

9. Adjournment

The Committee adjourned at 1.34 pm until 5 February 2014.

Stewart Smith
Clerk to the Committee

Minutes No. 4

Wednesday, 5 February 2014

Select Committee on Greyhound Racing in New South Wales

C3 Church, Unibet Gardens, Sandgate Road, Wallsend at 11.30 am

1. Members presentMr Borsak, *Chair*Dr Kaye, *Deputy Chair*

Ms Ficarra

Mr Khan

Ms Voltz

Mr Whan

2. Apologies

Mrs Maclaren-Jones

3. Previous minutes

Resolved, on the motion of Ms Ficarra: That draft Minutes No. 3 be confirmed.

4. Correspondence

The Committee noted the following items of correspondence:

Sent

- 2 December 2013 – Letter to Mr John Messara, Chairman, Racing NSW, requesting a submission and inviting Racing NSW to appear at hearing.
- 2 December 2013 – Letter to Mr Graham Campbell, Chairman, Harness Racing NSW, requesting a submission and inviting Harness Racing NSW to appear at hearing.
- 2 December 2013 – Letter to The Hon Mike Baird MP, Treasurer, requesting Treasury's assistance in providing financial modelling of the impact on state revenue of the collapse of the greyhound racing industry.

Received:

- 9 December 2013 - Letter from Mr J M Messara, Chairman, Racing NSW, confirming that Racing NSW will make a submission and requesting to appear at *in camera* hearing.
- 2 January 2013 – Letter from Mr Sam Nati, Executive Officer, Harness Racing NSW, response to questions and requesting to appear at an *in camera* hearing.
- 21 January 2014 – Letter from David E Landa OAM, tendering further relevant material
- 23 January 2014 – Letter from David E Landa, OAM, tendering attachments per indicated in letter received 21 January 2014
- 17 January 2014 – Email from Dennis Carl, Greyhound Action Group NSW – request update submission of 4 November 2013 in respect to the board selection process
- 4 - 6 December 2013 – Emails from Mr Matthew Moncrief, re his disputes with stewards and management at GRNSW.
- 17 January 2014 – Fax from Mr James Blackwood, re his complaint against GRNSW
- 27 November 2013, 23 December 2013, 2, 4, 7, 16, 18, 21, 22, 28 January 2014 - Emails from Mr James Blackwood, re his complaints against GRNSW.

Answers to Questions on Notice received:

- 13 December 2013 - Greyhound Racing NSW
- 13 December 2013 - Greyhound Breeders Owners and Trainers Association
- 13 December 2013 - Mr Graham Gorrie
- 16 January 2014 - Greyhound Action Group
- 20 January 2014 – Animal Welfare League

Resolved, on the motion of Ms Ficarra: That the Committee respond to GRNSW asking that they provide, on a confidential basis, a copy of the audit report on GRNSW's swabbing practices; and that the correspondence from Mr David Landa dated 21 January 2014 remain confidential.

5. Submissions

5.1 Public submissions

The Committee noted that the following submissions were published under the authorisation of an earlier resolution. Submission Nos. 1e, 4d, 5d, 501, 501a, 502, 503, 504, 505, 506, 507, 508, 509, 516, 518, 519, 520, 524, 527, 528, 530, 531, 532, 532a, 533, 538, 541, 542, 543, 545, 547, 548, 549, 550, 551, 552, 553, 554, 556, 557, 558, 560, 561, 562, 563, 564, 565, 570, 571, 574, 580, 582, 591, 593, 594, 596, 604, 606, 607, 610, 612, 613, 614, 615, 617, 618, 619, 620, 621, 624, 625, 626, 627, 629, 630, 631, 633, 638, 639, 641, 650, 653, 656, 657, 658, 661, 662, 663, 668, 671, 674, 675, 678, 679, 680, 681, 682, 688, 689, 691, 694, 695, 697, 701, 702, 705, 708, 711, 714, 715, 716, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 841-844, 846-931, 933-938a, 939, 941-944, 946-977, 979-983, 985-1021.

5.2 Name suppressed submissions

The Committee noted that the submissions listed below were partially published by the Committee under the authorisation of a previous resolution. The submission authors requested that their submissions be published with the exception of their names.

Resolved, on the motion of Dr Kaye: That the name and other identifying details of the authors of the following submissions remain confidential. Submission Nos. 511, 512, 513, 514, 515, 516, 517, 521, 522, 523, 525, 526, 529, 534, 535, 536, 537, 539, 540, 544, 546, 555, 559, 566, 567, 568, 572, 573, 575, 577, 578, 581, 583, 584, 585, 586, 587, 588, 589, 590, 592, 595, 597, 598, 599, 600, 603, 605, 608, 609, 623, 628, 634, 635, 637, 640, 643, 644, 645, 647, 651, 654, 660, 664, 665, 666, 669, 672, 673, 676, 677, 683, 685, 686, 687, 693, 696, 698, 700, 703, 704, 706, 709, 710, 711, 712, 713, 717, 735, 932, 978 and 984.

5.3 Partially confidential submissions

The Committee noted that the submissions listed below were partially published by the Committee under the authorisation of a previous resolution.

Resolved, on the motion of Mr Khan: That certain offensive words, potentially adverse comments or information identifying individuals in the following submissions remain confidential. Submission Nos. 355a, 530, 531, 533, 535, 398a, 601, 602, 616, 622, 646, 670, 707, 793, 840, and 845.

5.4 Confidential submissions

Resolved, on the motion of Ms Ficarra: That the following submissions remain confidential. Submission Nos. 510, 515, 569, 576, 579, 611, 632, 636, 642, 648, 649, 652, 655, 659, 667, 684, 690, 692, 699, 718, 940 and 945.

6. Future public hearing – 6 February 2014

The Committee noted that a protest rally was scheduled to coincide with the Committee's public hearing on 6 February 2014.

Resolved, on the motion of Ms Ficarra: That the Committee adopt the following guidelines for the Committee's public hearings:

- Demonstrations shall not be permitted within the hearing room. Publicity stunts or actions that are designed to disrupt the Committee's proceedings, damage its reputation, or compromise the security of inquiry participants, including witnesses, will not be permitted in the hearing room.
- Banners, signs, t-shirts or any item bearing demonstration related branding that are used during a demonstration outside the hearing venue are not permitted in the hearing room. These items must not

be concealed and brought into the hearing and then utilised to conduct any sort of protest within the hearing room.

- In the event of a breach of the above guidelines, an individual or group may be asked to leave the hearing room. If such direction is not followed, then the Committee may consider adjourning the hearing.

7. Public hearing

Resolved, on the motion of Mr Khan: That the timing of questioning for today's hearing be divided equally between the Opposition, Government and Crossbench.

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witness was sworn and examined:

- Mr Ross Magin, former Chair, Greyhound Racing Authority

Mr Magin tendered the following documents:

- Opening statement and notes from a number of telephone calls Mr Magin took part in during 2012 and 2013.

The Committee agreed to take evidence from Witness A *in camera*.

The public and the media withdrew.

The Committee proceeded to take *in camera* evidence.

Persons present other than the Committee: Mr Stewart Smith, Mr John Miller, Ms Helen Hughes, Ms Angeline Chung, Mr Charles Barden and Hansard reporters.

The evidence concluded and the witness withdrew.

The Committee agreed that the hearing resume in public.

The public and the media were readmitted.

The following witness was sworn and examined:

- Mr Robert Whitelaw, local greyhound industry participant.

Mr Whitelaw tendered the following documents:

- Various correspondence and press releases relating to greyhound racing in NSW.

The Committee agreed to take evidence from Witness B *in camera*.

The public and the media withdrew.

The Committee proceeded to take *in camera* evidence.

Persons present other than the Committee: Mr Stewart Smith, Mr John Miller, Ms Helen Hughes, Ms Angeline Chung, Mr Charles Barden and Hansard reporters.

The evidence concluded and the witness withdrew.

The Committee agreed that the hearing resume in public.

The public and the media were readmitted.

The following witness was sworn and examined:

- Mr Kevin Gordon, President, NSW National Coursing Association

Mr Gordon tendered the following documents:

- Opening statement and correspondence re the cancellation of the NCA's registration as a greyhound racing club

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Mr Jeff Jaeger, President, Cessnock GBOTA
- Ms Maree Callaghan, local greyhound industry participant
- Mr Anthony Callaghan, local greyhound industry participant
- Mr Rex Nairn President, Hastings River Greyhound Racing Club Name.

Ms Callaghan tendered the following documents:

- Statement expanding on written submission.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 3.20 pm.

8. Public forum

The Chair made an opening statement regarding the forum proceedings.

The following individuals appeared before the Committee:

- Ms Patricia Groizard
- Mr Jereon van Kernebeek
- Ms Vicki Prest
- Ms Pam Grant
- Ms Sylvana Wenderhold
- Mr Richart Bligh
- Ms Anne Boxhall
- Mr Anthony Duggan
- Ms Hayley Cotton
- Mr David Clive
- Mr Mark Pearson
- Mr Mark Donahue

Ms Pam Grant tendered the following documents:

- Correspondence from GRNSW re non-TAB race date allocations and funding

The public forum concluded at 4.30 pm. The public and media withdrew.

9. Site visit

The Committee conducted a tour of inspection of the racing facilities at Unibet Gardens accompanied by:

- Mr Gary Oldfield, Director, Newcastle area, GBOTA
- Mr Brenton Scott, Chief Executive, GBOTA

10. Adjournment

The Committee adjourned at 4.30 pm until Thursday 6 February 2014.

Stewart Smith

Clerk to the Committee

Minutes No. 5

Wednesday, 6 February 2014

Select Committee on Greyhound Racing in New South Wales

Dixson Room, State Library of New South Wales, Sydney at 9.00 am

1. Members present

Mr Borsak, *Chair*

Dr Kaye, *Deputy Chair*

Ms Ficarra

Mr Khan

Ms Voltz

Mr Whan

2. Apologies

Mrs Maclaren-Jones

3. Request for minutes of the board of the Greyhound Racing Authority

Resolved, on the motion of Ms Voltz: That the Committee write to the Minister for Tourism, Major Events, Hospitality and Racing requesting copies of the minutes of the board of the Greyhound Racing Authority in relation to discussions about and the decision to sign the Inter-Code Agreement and Racing Distribution Agreement.

4. *In camera* hearing

The Committee agreed that the timing of questioning for today's hearing be divided equally between the Opposition, Government and Crossbench.

The Committee agreed to take evidence *in camera*.

Persons present other than the Committee: Mr Stewart Smith, Mr John Miller, Ms Helen Hughes, Ms Angeline Chung, Mr Charles Barden and Hansard reporters.

Witness C was sworn and examined *in camera*.

The evidence concluded and the witness withdrew.

The Committee agreed that the hearing resume in public.

5. Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings, demonstration guidelines and other matters.

The following witnesses were sworn and examined:

- Mr Peter Fletcher, CEO, NSW Bookmakers Co-operative
- Mr Mark Merlino, Vice Chairman, NSW Bookmakers Co-operative
- Mr Chris Downy, Chief Executive Officer, Australian Wagering Council
- Mr Ben Sleep, Director, Australian Wagering Council

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Mr David Landa, former Greyhound Racing Integrity Auditor,

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Mrs Lisa, White President, Friends of the Hound Inc.
- Ms Inez Hamilton-Smith, Greyhound Freedom
- Ms Heather Neil, Chief Executive Office, RSPCA Australia
- Dr Jade Norris, Scientific Officer, RSPCA Australia
- Mr David O'Shannessy, Chief Inspector, RSPCA NSW

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Dr Karen Cunningham, Greyhound Rehoming Centre Inc

Dr Cunningham tendered the following documents:

- Welfare of racing greyhounds - Impact on performance & rehoming
- Greenhounds and other non-GAP programs

The Committee agreed to take evidence from Witness D *in camera*.

The public and the media withdrew.

The Committee proceeded to take *in camera* evidence.

Persons present other than the Committee: Ms Beverly Duffy, Mr John Miller, Ms Helen Hughes, Ms Angeline Chung, Mr Charles Barden and Hansard reporters.

The evidence concluded and the witness withdrew.

The Committee agreed that the hearing resume in public.

The public and the media were readmitted.

The following witnesses were sworn and examined:

- Mr Dennis Carl, President, Greyhound Action Group NSW
- Mr Michael Eberand, Greyhound industry participant

Mr Eberand tendered the following document:

- Powerpoint presentation - opening statement

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Brent Hogan, Chief Executive, Greyhound Racing NSW
- Ms Eve McGregor, Chairman, Greyhound Racing NSW
-

Mr Hogan tendered the following documents:

- Correspondence between GRNSW and Mr David Landa

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 4.45 pm. The public and media withdrew.

6. *In camera* hearing

The Committee agreed to take evidence *in camera*.

Persons present other than the Committee: Mr Stewart Smith, Mr John Miller, Ms Helen Hughes, Ms Angeline Chung and Hansard reporters.

Witness E and Witness F were sworn and examined *in camera*.

The evidence concluded and the witnesses withdrew.

Witness G was sworn and examined *in camera*.

Witness G was accompanied by Mr H.

Witness G tendered the following documents:

- Inequity in NSW.

The evidence concluded and the witness withdrew.

The *in camera* hearing concluded at 6.20 pm.

7. Adjournment

The Committee adjourned at 6.20 pm *sine die*.

Stewart Smith
Clerk to the Committee

Minutes No. 6

Wednesday, 6 March 2014

Select Committee on Greyhound Racing in New South Wales

Members' Lounge, Parliament House at 1.00 pm

1. Members present

Mr Borsak, *Chair*

Dr Kaye, *Deputy Chair*

Ms Ficarra

Mr Khan

Mrs Maclaren-Jones

Ms Voltz

Mr Whan

2. Apologies**3. Previous minutes**

Resolved, on the motion of Ms Voltz: That draft Minutes Nos. 4 and 5 be confirmed.

4. Correspondence

The Committee noted the following items of correspondence:

Received

- 5 February 2014 –Mr Ross Magin to Secretariat re corrections to his evidence
- 14 February 2014 – Mr Michael Eberand to Secretariat, returning transcript and offering further clarification on evidence
- 9, 11, 12, 21 23 and 28 February 2014 – Mr James Blackwood to Secretariat re his complaints about GRNSW
- 26 February 2014 – Hon George Souris MP, Minister for Tourism, Major Events, Hospitality and Racing to Chair re delay in request from the Committee to obtain copies of the Minutes of the Board of the Greyhound Racing Authority in relation to the Racing Distribution Agreement and Inter-Code Agreement
- 3 March 2014 –Mr Dennis Carl, Richmond Branch GBOTA to Secretariat copying an email sent to Mr Gorrie regarding an incident at the GBOTA's Bulli track
- 27 February 2014 – Mr Greg Semmler, Office of Liquor Gaming and Racing, enclosing copies of the Minutes of the Board of the Greyhound Racing Authority in relation to the Racing Distribution Agreement and Inter-Code Agreement.
- 3 March 2014 – Mr Greg Semmler, Office of Gaming and Racing, enclosing Minutes of 26 September 1997

Answers to Questions on Notice

- 27 February 2014 From Witness E, Email re answers to questions on notice, publication of in-camera transcript and transcript corrections
- 27 February 2014 – Mr Michael East, General Manager Media and Content, GRNSW – answers to questions on notice
- 27 February 2014 – Ms Anne Holland, Australian Wagering Council – answers to questions on notice
- 27 February 2014 - Mr Kevin Gordon - President - NSW National Coursing Association - Answers to questions on notice
- 27 February 2014 – Mr Peter V'Landys, CEO, Racing NSW - answers to question on notice.
- 28 February 2014 – From Mr Peter V'Landys, CEO, Racing NSW authorising Committee to use evidence and corrections to transcript.
- 28 February 2014 –Ms Heather Neil, CEO, RSPCA Australia – answers to questions on notice

- 3 March 2014 – Mr David O’Shanessy, Chief Inspector, RSPCA New South Wales – answers to questions on notice.
- 3 March 2003 – Mr Michael East, General Manager Media and Content, GRNSW – answers to supplementary questions

5. Submissions

5.1 Public submissions

The Committee noted that the following submissions were published under the authorisation of an earlier resolution. Submission Nos. 383a, 383b, 1023-1027.

5.2 Name suppressed submissions

The Committee noted that Submission No. 1022 was partially published by the Committee under the authorisation of a previous resolution. The submission author requested that their submission be published with the exception of their name.

Resolved, on the motion of Dr Kaye: That the name and other identifying details of the author of the following submission remain confidential: Submission No. 1022.

6. Documents tendered at hearings on 5 and 6 February 2014

Resolved, on the motion of Ms Ficarra: That the Committee accept and publish the following documents tendered during the public hearings:

5 February 2014

- Opening statement and notes from a number of telephone calls Mr Magin took part in during 2012 and 2013, tendered by Mr Ross Magin
- Opening statement and correspondence re the cancellation of the NCA’s registration as a greyhound racing club (except Item 7), tendered by Mr Kevin Gordon
- Statement expanding on written submission, tendered by Ms Maree Callaghan
- Correspondence from GRNSW re non-TAB race date allocations and funding, tendered by Ms Pam Grant

6 February 2014

- Welfare of racing greyhounds - Impact on performance & rehoming, tendered by Dr Karen Cunningham
- Greenhounds and other non-GAP programs, tendered by Dr Karen Cunningham
- Powerpoint presentation - opening statement, tendered by Mr Michael Eberand
- Correspondence between GRNSW and Mr David Landa, tendered by Mr Brent Hogan
- Inequity in NSW, tendered by Witness G

Resolved, on the motion of Ms Ficarra: That the Committee accept the following documents tendered during the public hearing on 5 February 2014, and that those documents remain confidential:

- Various correspondence and press releases relating to greyhound racing in NSW, tendered by Mr Robert Whitelaw
- Item 7 (pages 16 – 22) of Opening statement and correspondence re the cancellation of the NCA’s registration as a greyhound racing club, tendered by Mr Kevin Gordon

7. Extension of reporting date

Mr Whan moved: That:

- the Chair write to the Treasurer seeking a commitment that, by the end of May, he will undertake to provide financial modelling of proposals developed by the Committee regarding the financial viability of the greyhound racing industry;
- the Chair seek the approval of the House to extend the reporting date until 30 June 2014;
- the Committee consider an interim report at its meeting on 24 March 2014 with the intention of tabling the interim report by 28 March 2014;
- the Committee table its final report by 30 June 2014.

Dr Kaye moved: That the motion of Mr Whan be amended by omitting the word 'interim' in the third dot point and inserting instead 'Volume 1', and omitting the word 'final' in the fourth dot point and inserting instead 'Volume 2'

Amendment put and passed.

8. Adjournment

The Committee adjourned at 1.24 pm until Monday, 24 March 2014.

Stewart Smith
Clerk to the Committee

Draft Minutes No. 7

Monday, 24 March 2014

Select Committee on Greyhound Racing in New South Wales

Room 1153, Parliament House, Sydney at 9.30 am

1. Members present

Mr Borsak, *Chair*
Dr Kaye, *Deputy Chair*
Ms Ficarra
Mr Khan
Mrs Maclaren-Jones
Ms Voltz
Mr Whan

2. Previous minutes

Resolved, on the motion of Mr Khan: That draft Minutes No. 6 be confirmed.

3. Correspondence

The Committee noted the following items of correspondence:

Received

- 12-13 March 2014 – From Mr James Blackwood to Committee regarding his complaints about GRNSW.

- 18 March 2014 – From Hon Mike Baird MP, Treasurer in response to Chair’s letters of 2 December 2013 and 5 March 2014 attaching document entitled “Revenue from Greyhound Racing related organisations since 2007/08”.
- 20 March 2014 – From Mr Dennis Gialanze to Committee re final submission to inquiry.

Sent

- 5 March 2014 – From the Chair to Hon Mike Baird MP, Treasurer – seeking assistance to provide financial modelling proposals developed by the Committee to improve the financial viability of the greyhound racing industry.

4. Publication of *in camera* evidence

Resolved, on the motion of Mr Khan: That the Committee authorises the publication of the transcript of in camera evidence given by Mr Peter V’landys on 6 February 2014 with the exception of: the 1st paragraph on page 37, 8th & 9th paragraphs on page 39, and 2nd sentence of the 3rd paragraph on page 41, which are to remain confidential.

5. Consideration of Chair’s draft report

The Chair submitted his draft report entitled, *Greyhound racing in New South Wales*, which, having been previously circulated, was taken as being read.

Chapter 1 read.

Resolved, on the motion of Dr Kaye: That Chapter 1 be adopted.

Chapter 2 read.

Resolved, on the motion of Dr Kaye: That paragraph 2.1 be amended by omitting the words ‘competitiveness and long term commercial viability’ and inserting instead the words ‘competitiveness, long term commercial viability, integrity and orderly conduct’ before the words ‘of greyhound racing’ in the second sentence.

Resolved, on the motion of Dr Kaye: That the fifth bullet point in paragraph 2.10 be amended by omitting the words ‘the economic contribution of wagering’ and inserting instead the words ‘the contribution to government revenue of wagering’.

Resolved, on the motion of Ms Voltz: That Chapter 2, as amended, be adopted.

Chapter 3 read.

Resolved, on the motion of Ms Voltz: That paragraph 3.22 be amended by inserting a new sentence: ‘However, as other witnesses noted, race meetings have also increased by 46 per cent’ at the end of the first sentence.

Resolved, on the motion of Mr Khan: That paragraph 3.22 be amended by omitting the word ‘However’ and inserting instead the words ‘As also noted’ at the beginning of the second sentence, and turning this into a new paragraph.

Resolved, on the motion of Dr Kaye: That paragraph 3.45 be amended by omitting the words ‘Even though GRNSW is the main source of funding for country racing clubs’ at the beginning of the first sentence.

Resolved, on the motion of Mr Khan: That a new paragraph be inserted after paragraph 3.93 to read:

‘Mr Peter V’landys, Chief Executive, Racing NSW, who, at the time of the inter-code agreement undertook negotiations on behalf of Harness Racing, gave evidence before the Inquiry on 6 February

2014. He gave extensive evidence on the circumstances surrounding the negotiations leading to the signing of the inter-code agreement by the three racing codes. He said:

The negotiations occurred for more than 12 months. It is a very complicated issue and it could not be settled overnight. I think it actually took 18 months. At best, it was at least 12 months. Before the privatisation of the TAB, the race codes themselves – the race clubs – ran what they called the oncourse operation. Whatever was invested on the racecourse, the clubs would get 17 per cent. Expenses would then be subtracted from that and whatever was left over they would keep...

...The thoroughbred racing industry generated 85 per cent of the oncourse operation then and it now probably generates 90 per cent. The smallest oncourse operation was greyhound racing which was about 5 per cent, and harness racing was about 10 per cent. We needed to get that back to start with. That increases each year by CPI.

...The other thing that happened during the privatisation was that we needed protection. The board of the TAB comprised representatives predominantly from the racing industry. There were four thoroughbred, two harness racing and two greyhound racing representatives. Each member was able to protect their interests on the board by being a member. When privatisation occurred all members were going to be independent. The concern for the two minor codes – harness and greyhound racing – was that the thoroughbred industry with its strength and financial resources would have a much greater presence on the TAB than that before privatisation. That's why we fixed the percentages. We gave the TAB the freedom to do whatever it liked with its operation. As I said at the time we were frightened that the thoroughbred industry would get a lot more coverage and that our market share would dwindle, if it was based on market share. The irony was that it was to protect the greyhound industry.

We thought that the TAB was going to run it as a commercial operation and 74 percent of it was thoroughbred racing. The customer wanted thoroughbred racing and it would promote a lot more thoroughbred racing and bring in international product and more product from interstate. That would eat away at the harness racing and greyhound industry turnover. That is what we thought at the time...

Resolved, on the motion of Mr Khan: That a new paragraph be inserted after paragraph 3.93 to read:

'And then later Mr V'landys had this exchange with the Hon. Steve Whan:

The Hon. Steve Whan: He (Mr Magin) then went on to tell us that he was advised by his constituent bodies, essentially, or whatever you want to call them, that he should accept this agreement. He mentioned some names and you have also mentioned. Do you believe that those people understood fully what they were actually signing at the time?

Mr V'landys: Absolutely. Yes, they knew. They had the same concern that I had and that was once we had no representative on the TAB board, we were thrown to the lions. We wanted some protection. That is why they agreed to the format. You also have to remember that they generate no oncourse turnover and all of a sudden they were getting all this oncourse turnover from thoroughbred racing. They generated 5 percent of the total and I think it is even less now whereas the other two codes, not so much harness but the thoroughbred, generate the majority of the oncourse turnover.'

Resolved, on the motion of Dr Kaye: That paragraph 3.99 be amended by omitting the words 'review date onwards' and inserting instead the words 'one year period prior to the review date' after the words 'from the' in the first sentence.

Resolved, on the motion of Mr Khan: That a new paragraph be inserted after paragraph 3.99 to read:

'In contrast to the view that Greyhounds participants did not understand the provisions on the 15 year review the view put to the committee by Racing NSW Peter V'landys was that the provisions of the review were quite clear. He said:

The Hon. Steve Whan: Mr Magin went on to tell us he held the view – I'm not exactly sure until when – that the 15 year review of the agreement included a review of the entire share and that he did not realise at the time that it was only the increased funding. Do you believe that the industry understood that the review was based on a single year and an assessment of increases in revenue?

Mr V'landys: I certainly did, yes. I cannot speak for the gentlemen you referred to. But I certainly knew it was growth monies. It was going to be a base year at the end of 15 years and whatever the difference between the base year and the next year is what the growth monies were. That was always well known.

The Hon. Marie Ficarra: Was that discussed in your presence and the greyhound industry sector?

Mr V'landys: Absolutely.

The Hon. Marie Ficarra: You discussed that openly?

Mr V'landys: Absolutely.

The Hon. Steve Whan: Was it your view that people like ... understood that?

Mr V'landys: Yes.

The Hon. Linda Voltz: Did they see the agreement? Do you know if they saw the code agreement?

Mr V'landys: Everyone got copies of all of the agreements at all times. If you are negotiating an agreement, you want to have a copy of it. I can tell you that ... were at every meeting and saw every agreement, just like I did in harness racing.'

Resolved, on the motion of Mr Whan: That a new heading be inserted after paragraph 3.120 to read: 'Number of TAB meetings'.

Mr Khan moved: That a new paragraph be inserted after paragraph 5.33 to read:

'The other racing codes took a very different view of the increase in meets. Racing NSW's Peter V'landys suggested that in fact the decision to increase meets might actually not be producing a positive revenue benefit for greyhound racing:

But the biggest thing that I need to highlight here today, which I think is the most relevant, is that when the TAB was privatised each code was required to conduct a minimum number of race meetings. That is all you had to do. You did not have to conduct any more than what your minimum was. The greyhound minimum was 593 race meetings per year. Unilaterally, by a decision taken wholly and solely by the greyhound industry, they have increased that to 864 race meetings. They have gone ahead and done these meetings without the funding also knowing the dynamics of the inter-code. They always knew that they were going to have to fund it themselves, but they increased by 46 per cent the number of race meetings they were going to conduct. Any other commercial entity or commercial organisation would have done a business plan to ensure that it could fund those race meetings.

Those race meetings make little difference to us because they would be replaced by other meetings interstate. It was a unilateral decision taken by the greyhound code to run those meetings. Their argument that they are unprofitable now is a little bit rich for us because they were the ones who made the decision.'

Mr Whan moved: That the motion of Mr Khan be amended by inserting the new paragraph after paragraph 3.122.

Amendment put and passed.

Original question, as amended, put and passed.

Resolved, on the motion of Dr Kaye: That a new paragraph be inserted after paragraph 3.122 at the beginning of the Committee comment to read:

'The committee expresses its concern at the lack of clarity amongst the representatives of greyhound racing in the negotiations leading up to the Intercode Agreement and the RDA with respect to (1) the role of Clayton Utz and the status of advice provided by it (2) the need for independent legal and commercial advice and, in particular, the absence of any risk analysis (3) the effectiveness of the 15 year review and (4) the importance of communication and consultation with industry participants.'

Resolved, on the motion of Mr Khan: That paragraph 3.123, which reads: 'It is incongruous to the Committee that one of the main reasons the greyhound industry signed up to the inter-code agreement

was because it was in dire financial circumstances at that time. The privatisation of the TAB was supposed to be the financial salvation for the industry. Clearly this has not happened, as some 15 years later the greyhound industry finds itself back in the financial mess that it was in before.’ be omitted.

Resolved, on the motion of Mr Whan: That a new paragraph be inserted after paragraph 3.123 to read:

‘The committee is concerned by evidence from a number of participants in the process of negotiating the inter-code agreement that they apparently did not understand the implications of portions of the agreement relating particularly to the 15 year review. The committee has sighted the confidential agreement, including this provision.’

Resolved, on the motion of Mr Khan: That new paragraphs be inserted after paragraph 3.123 to read:

‘On balance the Committee finds the evidence of Mr Peter V’landys of the events surrounding the negotiation of the inter code agreement to be preferred over other evidence received. The minor racing codes, harness racing and greyhounds, negotiated the fixed percentages of the pool taking into account their perception at the time that the sale of the TAB would render them exposed to the greater market power of the thoroughbred racing industry.

On the balance of probabilities the Committee further concludes that the participants in the negotiations to the inter code agreement on behalf of the greyhound industry understood that the 15 year review was restricted to the difference between the base year and the next year and was not a review of the percentages.

It appears to have been a significant failing by those who participated in the negotiations surrounding the inter code agreement on behalf of the greyhound industry, was to explain to participants in the industry the major components of the agreements negotiated.’

Resolved, on the motion of Mr Khan: That a new paragraph be inserted after paragraph 3.123 to read:

‘The Committee concludes that the greyhound racing industry voluntarily entered into a funding arrangement with the other racing codes. It is reasonable to conclude that the inter code agreement now works to the disadvantage of the greyhound racing industry, but that any attempt to renegotiate the agreement is likely to be met with considerable resistance from the other codes.

The Committee also notes that any legislated change to the inter code agreement may disadvantage the other racing codes.’

Resolved, on the motion of Dr Kaye: That paragraph 3.124 be amended by: omitting the words ‘largely due to factors’ and inserting instead the words ‘in part due to factors’ after the words ‘finds itself are’ in the first sentence; omitting the word ‘financial’ before the word ‘difficulties’ in the first sentence; omitting the word ‘unfair’ before the word ‘distribution’ in the second sentence; and omitting the word ‘funding’ after the word ‘current’ in the third sentence.

Ms Voltz moved: That paragraph 3.124 be amended by omitting the word ‘is’ and inserting instead the words ‘may be’ after the words ‘New South Wales’ in the third sentence.

Question put.

The Committee divided.

Ayes: Dr Kaye, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz, Mr Whan.

Noes: Mr Borsak.

Question resolved in the affirmative.

Resolved, on the motion of Dr Kaye: That paragraph 3.124 be amended by inserting the words ‘The Committee also notes that the current management has been involved with or perpetuated a number of decisions that have compromised the viability of the industry’ at the end of the paragraph.

Resolved, on the motion of Mr Khan: That paragraph 3.126, which reads ‘Proposed solutions to reform the funding of the greyhound racing industry and improve the economic viability and long term sustainability of the industry are canvassed in the next chapter.’ be omitted.

Resolved, on the motion of Mr Whan: That Finding 1, which reads ‘That the greyhound racing industry in New South Wales is unsustainable under current funding arrangements.’ be omitted and replaced with: ‘The Committee finds that with its current structure and sources of revenue the greyhound racing industry in New South Wales may be unsustainable. Returns to trainers and owners do not cover costs, which leads to the loss of quality dogs to Victoria and elsewhere, a reduced number of industry participants and contributes to making existing clubs and tracks unviable.’

Resolved, on the motion of Ms Voltz: That Chapter 3, as amended, be adopted.

Chapter 4 read.

Resolved, on the motion of Dr Kaye: That paragraph 4.8 be amended by omitting the words ‘precedent for government intervention’ and inserting instead the words ‘precedent for establishing the authority for government to intervene’ in the first sentence.

Resolved, on the motion of Dr Kaye: That paragraph 4.9 be amended by omitting the words ‘precedent for government intervention’ and inserting instead the words ‘precedent for establishing government authority to intervene’ in the first sentence.

Resolved, on the motion of Dr Kaye: That paragraph 4.17 be amended by numbering the bullet points as 1, 2 and 3.

Resolved, on the motion of Mr Khan: That a new paragraph be inserted after paragraph 4.26 to read:

‘The Committee acknowledges the evidence given by Mr Peter V’Landys, that the percentages negotiated in the inter code agreement reflected not just the relative market share of the three racing codes but also, amongst other factors, the on course revenue forgone by the three racing codes when the Racing Distribution Agreement and the Inter code agreement were negotiated. It is overly simplistic to argue for the inter code agreement to be adjusted simply to reflect the current market shares of the three codes.’

Resolved, on the motion of Dr Kaye: That a new paragraph be inserted after paragraph 4.27 to read: ‘The Committee notes however that the NSW parliament has the capacity to alter the terms of the Inter-Code agreement by joint resolution of both houses.’

Mr Khan moved: That paragraph 4.31 be amended by inserting the words ‘The Committee acknowledges that any direct government financial assistance package for the greyhound racing industry could only be achieved at the expense of other government programmes or increased revenue measures’ at the end of the paragraph.

Question put.

The Committee divided.

Ayes: Dr Kaye, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones

Noes: Mr Borsak, Ms Voltz, Mr Whan.

Question resolved in the affirmative.

Resolved, on the motion of Ms Ficarra: That paragraph 4.31 be amended by omitting the words ‘a number of proposals outlined below’ and inserting instead the words ‘various scenarios’ after the words ‘economic impacts of’.

Resolved, on the motion of Dr Kaye: That Recommendation 1 be amended by inserting the words ‘on state revenue and the greyhound industry’ after the word ‘impact’ in the first sentence.

Resolved, on the motion of Ms Voltz: That Recommendation 1 be amended by omitting the words ‘of the following proposals, or combination’ and inserting instead the words ‘of various scenarios, or

combinations' after the words 'industry' in the first sentence, and inserting the words 'and the racing industry overall' at the end of the sentence.

Resolved, on the motion of Ms Voltz: That proposals A, B, C, D and E not be included in the minutes of the report.

Chapter 5 read.

Resolved, on the motion of Dr Kaye: That paragraphs 5.46 through to 5.64 inclusive be inserted after paragraph 5.34.

Resolved on the motion of Dr Kaye: That the word 'prosecution' in the heading before paragraph 5.75 be replaced with 'persecution'.

Resolved on the motion of Mr Khan: That a new paragraph be inserted after paragraph 5.96 to read:

'The Committee also considers it appropriate for a thorough independent review to be undertaken of the financial management of greyhound racing.'

Resolved, on the motion of Ms Voltz that: Recommendation 2 be amended by omitting the words 'open to' and inserting instead the words 'elected by licensed'.

Dr Kaye moved: That Recommendation 2 be deleted and replaced with 'That GRNSW be disbanded and replaced with two separate bodies. The commercial management functions be delivered by a body that is governed by a board that is largely elected by industry participants. The integrity functions, including animal welfare and the stewards, are provided by a separate body whose board is largely independent but includes some elected representatives of industry participants.'

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz, Mr Whan.

Question resolved in the negative.

Resolved, on the motion of Ms Voltz: That Recommendation 4 be amended by omitting the words 'Greyhound Racing NSW' and inserting instead the words 'the racing industry', and omitting the word 'overseen' and inserting instead 'brought within the jurisdiction of'.

Dr Kaye moved: That Recommendation 6 be amended by omitting the words 'Greyhound Racing NSW' and inserting instead the words 'the Minister for Tourism, Major Events, Hospitality and Racing, Minister for the Arts, and Minister for the Hunter'.

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz, Mr Whan.

Question resolved in the negative.

Resolved, on the motion of Ms Voltz: That Chapter 5, as amended, be adopted.

Chapter 6 read.

Resolved, on the motion of Mr Whan: That paragraph 6.46 be amended by inserting the words at the end of the paragraph, 'The committee notes that a number of witnesses suggested high levels of use of illegal drugs are present in the industry, however it is also noted that much of this evidence was not verified and could be considered to be hearsay.'

Resolved, on the motion of Ms Voltz: That the following recommendations: 'Recommendation 8 - That Greyhound Racing NSW increase the number of drug swabs collected, to bring the industry in line with the other racing codes in New South Wales. Recommendation 9 - That Greyhound Racing NSW allocate a proportion of drug swabs to a random sample of starters.' be omitted and insert instead a new recommendation after paragraph 6.50 to read: 'That Greyhound Racing NSW increase the number of drug swabs collected and allocate a proportion of drug swabs to a random sample of starters.'

Dr Kaye moved: That a new recommendation be inserted after Recommendation 10 to read: 'That the Minister, in conjunction with the Minister for Primary Industries, commission an investigation into the use of performance affecting drugs which leave no detectable metabolites on race day and that this investigation seek means to minimise their use.'

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Question resolved in the negative.

Resolved, on the motion of Ms Voltz: That Recommendation 11 be amended by omitting the word 'persons' and inserting instead 'premises'.

Resolved, on the motion of Mr Whan: That Chapter 6, as amended, be adopted.

Chapter 7 read.

Dr Kaye moved: That after paragraph 7.7, the following paragraph be inserted:

'Only 50 greyhounds are rehomed by Greyhounds as Pets program each year. Other philanthropic programs add to this number but the overwhelming majority of animals that are no longer needed for racing are disposed of.'

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Question resolved in the negative.

Dr Kaye moved: That paragraph 7.28 be amended by inserting the words at the end of the last sentence: 'in many cases without professional veterinary services'.

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Question resolved in the negative.

Ms Voltz moved: That paragraph 7.37 be amended by omitting the word 'large' and 'are whelped annually, and that as a result at least 2,000 otherwise healthy greyhounds'.

Question put.

The Committee divided.

Ayes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Noes: Dr Kaye.

Question resolved in the affirmative.

Mrs Maclaren-Jones moved: That paragraph 7.37, which reads: ‘The Committee notes with concern the number of greyhounds that are euthanised each year. It is evident to the Committee that this practice detracts from community support of the greyhound racing industry, and that it is in the long term interests of the industry to reduce breeding rates.’ be omitted.

Question put.

The Committee divided.

Ayes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Noes: Dr Kaye.

Question resolved in the affirmative.

Resolved, on the motion of Dr Kaye: That Recommendation 15 be amended by omitting ‘That Greyhound Racing NSW investigate restricting the frequency and number of litters permitted for each breeding female’ and inserting instead ‘That the Minister for Primary Industries appoint an independent inquiry to conduct an investigation into the frequency and number of litters permitted for each breeding female in the greyhound industry.’

Ms Voltz moved: That paragraph 7.39, which reads ‘Intricately linked to the issue of overbreeding is the number of greyhounds euthanised each year. GRNSW indicated that approximately 2,400 greyhounds per year are euthanised. Based on other data, this is thought to be a conservative number.’ be omitted.

Question put.

The Committee divided.

Ayes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz, Mr Whan

Noes: Dr Kaye

Question resolved in the affirmative.

Resolved, on the motion of Ms Voltz: That paragraph 7.54 be amended by omitting the word ‘puppies’ after ‘greyhound’ and omitting the word ‘dogs’ and inserting instead ‘them’ in the first sentence.

Resolved, on the motion of Ms Voltz: That Recommendation 16 be amended by inserting an ‘s’ to the word ‘greyhound’ and omitting the word ‘puppies’.

Dr Kaye moved: That Recommendation 16 be amended by omitting the words ‘Greyhound Racing NSW review best practice’ and inserting instead ‘the Minister for Primary Industries appoint an independent body to develop and implement a code of best practice’.

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Question resolved in the negative.

Resolved, on the motion of Mrs Maclaren-Jones: That paragraph 7.73 be amended by inserting the words ‘including industry standards for best practice for track design and maintenance.’ at the end of the sentence.

Resolved, on the motion of Dr Kaye: That a new recommendation be inserted after paragraph 7.83 to read:

‘That Greyhound Racing NSW develop and implement industry standards for best practice for race track design and maintenance and the provision of veterinary services.’

Dr Kaye moved: That a new recommendation be inserted after paragraph 7.91 to read:

‘That accurate data on the number of greyhounds whelped, killed and injured each year is kept on a central database and made available to the public. This would apply to all greyhounds, regardless of whether they have been named or not.’

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Question resolved in the negative.

Dr Kaye moved: That an additional recommendation be inserted after paragraph 7.96 to read: ‘That the NSW government recommend and work with the Federal government to prohibit the export of greyhounds for racing or breeding purposes or any other reason other than when a greyhound is accompanying their owner as a companion animal.’

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Question resolved in the negative.

Dr Kaye moved: That an additional recommendation be inserted after paragraph 7.96 to read: ‘That the NSW government request Greyhounds Australasia release its report into export of greyhounds.’

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Question resolved in the negative.

Resolved, on the motion of Ms Voltz: That paragraph 7.102 which reads ‘The RSPCA argued that some properties kenneling greyhounds also kennel animals that are used as live bait. While it is not illegal to own greyhounds and these other animals, there was an inference that live baiting probably occurs at these properties. The RSPCA noted that the current legislation is insufficient for prosecution.’ be omitted.

Resolved on the motion of Ms Voltz: That Recommendation 17 be amended by omitting the words ‘to ensure that legislation regarding live baiting can be more effectively enforced’ and inserting instead ‘to include “kennels” to ensure allegations of live baiting can be properly investigated.’

Dr Kaye moved: That the following new recommendations and comments be inserted:

- Additional codes of practice need to be developed for breeding, rearing and education. Consideration should be given to an overarching Code of Practice. (Comment: Currently GRNSW just has one for “the keeping of greyhounds in training”)
- Bench mark standards for breeding, rearing, education and training of greyhounds be legislated, either under POCTAA or the Greyhound racing act.

- An anonymous system for reporting animal mistreatment be explored. (Comment: Currently you have to leave your name and details with the RSPCA – this will deter people in the industry fearing retribution.)
- Bring greyhounds back under the companion animals act to ensure ID and lifetime registration.
- Greyhound breeders should be subject to the same requirements as all dog breeders under the current proposed Breeder's Licensing Scheme. (Comment: this scheme was flagged as an option under the Companion animals taskforce discussion paper. It would entail “all dog breeders in NSW licensed and subject to inspection by an independent animal protection body to prevent cruelty associated with puppy farming.”)
- AWL recommends that a full list of all registered members of GHNSW be made available to Inspectors to allow for random inspections.
- GRNSW must report all suspected cases of cruelty directly to the AWL, RSPCA or NSW Police before any internal investigation is conducted.

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Question resolved in the negative.

Resolved, on the motion of Ms Voltz: That Recommendation 18 be amended by inserting the words ‘and/or the NSW Government’ after the words ‘Greyhound Racing NSW’; and by omitting the words ‘to community- or privately-operated’ and inserting instead the word ‘for’.

Ms Voltz moved: That Chapter 7, as amended, be adopted.

Question put.

The Committee divided.

Ayes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz, Mr Whan

Noes: Dr Kaye

Question resolved in the affirmative.

Mr Khan moved: That the draft report, as amended, be the first report of the Committee and that the Committee present the report to the House.

Question put.

The Committee divided.

Ayes: Mr Borsak, Ms Ficarra, Mr Khan, Mrs Maclaren-Jones, Ms Voltz and Mr Whan.

Noes: Dr Kaye.

Question resolved in the affirmative.

Resolved, on the motion of Mr Khan: That any dissenting statements be provided to the Secretariat within 24 hours after receipt of the draft minutes of the meeting.

Resolved, on the motion of Ms Voltz: That the Chair and/or any other members of the Committee be authorised to meet with the Treasurer and/or his consultant to discuss financial modelling of industry scenarios.

Resolved, on the motion of Dr Kaye: That the Committee staff be thanked for their work on the report.

6. Adjournment

The meeting adjourned at 1.40 pm *sine die*

Stewart Smith
Clerk to the Committee

Appendix 7 Dissenting statements

By Dr John Kaye MLC, The Greens

Evidence received by the Committee revealed an industry that is untenable in its current state and characterised by:

- ♦ an unacceptably high rate of animals killed,
- ♦ the failure of too many participants to respect the welfare of their dogs,
- ♦ bullying and victimisation of participants who are outspoken in their criticism of Greyhound Racing NSW (GRNSW), and
- ♦ a lack of reliable data collection and public accountability.

While the Majority Report contains a number of useful insights and some recommendations that would result in minor animal welfare and integrity gains, it fails to address the underlying problems of the sector.

1. Industry structure: removing conflicts of interest

GRNSW is the industry regulator, performing functions that include drug testing, employing and managing stewards, licencing and disciplining participants and regulating animal welfare.⁴⁶³

The same organisation simultaneously exercises commercial and financial management responsibilities, including industry development and promotion.

This represents an inherent conflict of interest. For example, animal welfare standards will inevitably be compromised to secure lower costs.⁴⁶⁴

Further, evidence presented to the Committee indicates that GRNSW exploited its regulatory powers to persecute whistle-blowers.

These problems will not be solved by simple improvements to the selection processes for the GRNSW board (Recommendation 2) and can only be addressed by separating functions and ensuring appropriate levels of industry participant representation.

⁴⁶³ Greyhound racing NSW submission to the inquiry

[http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/fcdec998068c9809ca257c21000c6c43/\\$FILE/0382%20Greyhound%20Racing%20NSW.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/fcdec998068c9809ca257c21000c6c43/$FILE/0382%20Greyhound%20Racing%20NSW.pdf)

⁴⁶⁴ The Law Society of NSW, Young Lawyers, Animal Law Committee

[http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/8f63fb70789ff7f6ca257c2e007d4871/\\$FILE/0420%20NSW%20Young%20Lawyers%20Animal%20Law%20Committee.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/8f63fb70789ff7f6ca257c2e007d4871/$FILE/0420%20NSW%20Young%20Lawyers%20Animal%20Law%20Committee.pdf)

We urge the government to reform the *Greyhound racing Act 2009* to achieve the following:

That GRNSW be disbanded and replaced with two separate bodies. The commercial management functions be delivered by a body that is governed by a board that is largely elected by industry participants. The regulatory and integrity functions, including animal welfare and the stewards, are provided by a separate body whose board is largely independent but includes some elected representatives of industry participants.

2. Doping of greyhounds

The Committee failed to address the allegations of performance-altering drugs use and the challenge posed by substances that leave no detectable traces at race time. The Greens recommend:

That the Minister [for Racing], in conjunction with the Minister for Primary Industries, commission an investigation into the use of performance affecting drugs which leave no detectable metabolites on race day and that this investigation seek means to minimise their use.

3. Export of greyhounds

Dogs exported to Asia are condemned to a short and brutal life in a jurisdiction without legal protections for animal welfare.⁴⁶⁵ Greyhounds Australasia promised a formal review of exports by the end of 2012 but nothing has been heard of the report since then.

The Committee rejected two recommendations made by the Greens:

That the NSW government recommend and work with the Federal government to prohibit the export of greyhounds for racing or breeding purposes or any other reason other than when a greyhound is accompanying their owner as a companion animal.

That the NSW government request Greyhounds Australasia release its report into export of greyhounds.

4. 'Surplus to needs': too many dogs being killed

The Committee removed any reference the number of dogs killed each year. This is despite the CEO of GRNSW Brent Hogan admitting in Committee Hearings that

- 1) about 3,000 dogs are put down each year, and
- 2) about 2,400 dogs never make it to the race track

Multiple submissions referred to figures of this size as gross under-estimations.⁴⁶⁶

⁴⁶⁵ Humane Society International submission

[http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/3bf75c2927063cbfca257c0f0008466c/\\$FILE/0180%20Humane%20Society%20International.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/3bf75c2927063cbfca257c0f0008466c/$FILE/0180%20Humane%20Society%20International.pdf); RSPCA submission
[http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/02e0fa7e24bd0fb7ca257c2100076b2b/\\$FILE/0339%20RSPCA%20Australia.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/02e0fa7e24bd0fb7ca257c2100076b2b/$FILE/0339%20RSPCA%20Australia.pdf)

⁴⁶⁶RSPCA submission

[http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/02e0fa7e24bd0fb7ca257c2100076b2b/\\$FILE/0339%20RSPCA%20Australia.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/02e0fa7e24bd0fb7ca257c2100076b2b/$FILE/0339%20RSPCA%20Australia.pdf)

The Committee also failed to acknowledge that:

Only 50 greyhounds are rehomed by Greyhounds as Pets program each year. Other philanthropic programs add to this number but the overwhelming majority of animals that are no longer needed for racing are disposed of.

The Greens believe that any of these estimates are too high and recommend:

Accurate data on the number of greyhounds whelped, killed and injured each year be collected and collated onto a central database and made available to the public. This would apply to all greyhounds, regardless of whether they have been named or not⁴⁶⁷.

Extending the proposed Breeder's Licensing Scheme to cover greyhound breeders to enable better control of litter numbers and suitability of dogs bred for racing⁴⁶⁸

An extension of the Companion Animals Act to cover greyhounds and to ensure ID and lifetime registration.

The Committee also received powerful evidence that a major barrier to re-homing greyhounds is the lack of early socialisation and psychological damage incurred during training and education.⁴⁶⁹

However, allowing GRNSW to review best practise in this regard (Recommendation 16) is unlikely to produce results.

an independent body [should] develop and implement a code of best practice [for dog rearing and socialisation].

5. Treatment of animals in the industry

The Committee received compelling evidence of abandoned and rescued dogs in appalling physical and psychological condition. While many participants are committed to taking excellent care of their greyhounds, there is an element within the industry who treat their dogs as if they were not sentient creatures.⁴⁷⁰

⁴⁶⁷The Law Society of NSW, Young Lawyers, Animal Law Committee

[http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/8f63fb70789ff7f6ca257c2e007d4871/\\$FILE/0420%20NSW%20Young%20Lawyers%20Animal%20Law%20Committee.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/8f63fb70789ff7f6ca257c2e007d4871/$FILE/0420%20NSW%20Young%20Lawyers%20Animal%20Law%20Committee.pdf)

⁴⁶⁸ Animal Welfare League Submission

[http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/c9b76285c4a95e2dca257c32001720b3/\\$FILE/0505%20Animal%20Welfare%20League%20NSW.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/c9b76285c4a95e2dca257c32001720b3/$FILE/0505%20Animal%20Welfare%20League%20NSW.pdf)

⁴⁶⁹ Greyhound rehoming centre NT

[http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/061b138766db3ffeca257c2e007d2259/\\$FILE/0418%20Greyhound%20Adoption%20Program%20NT.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/061b138766db3ffeca257c2e007d2259/$FILE/0418%20Greyhound%20Adoption%20Program%20NT.pdf)

⁴⁷⁰ Submission from Katrina Koutsellis:

[http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/c1694b9388f5f21cca257c30000ba1b6/\\$FILE/0497%20Mrs%20Katrina%20Koutsellis.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/c1694b9388f5f21cca257c30000ba1b6/$FILE/0497%20Mrs%20Katrina%20Koutsellis.pdf)

There is also circumstantial evidence of continued use of live animals for baiting.⁴⁷¹

The recommendations in Chapter 7 are supportable but do not go far enough in addressing the welfare needs of greyhounds.

The Greens would seek to establish:

- ◆ *additional legislated benchmark standards for breeding, rearing and education*
- ◆ *an independent inquiry into track design and veterinary services at tracks*
- ◆ *a system for anonymously reporting animal mistreatment*⁴⁷²
- ◆ *all participant details to be made available to animal welfare inspectors to facilitate random inspections.*
- ◆ *reporting by GRNSW of all suspected cases of cruelty directly to the Animal Welfare League, RSPCA or NSW Police before internal investigation is conducted.*

⁴⁷¹Submission number 389

<http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/16F04415E695DD48CA257C21007916D9>; Dr Robert A Zammit submission [http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/60cfb1bfda1701a9ca257c3200170893/\\$FILE/0502%20Dr%20Robert%20A%20Zammit.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/60cfb1bfda1701a9ca257c3200170893/$FILE/0502%20Dr%20Robert%20A%20Zammit.pdf); Lawyers for Companion Animals submission [http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/af7c7c9b2c74a23bca257c320017ec45/\\$FILE/0531%20Lawyers%20for%20Companion%20Animals.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/af7c7c9b2c74a23bca257c320017ec45/$FILE/0531%20Lawyers%20for%20Companion%20Animals.pdf); Greyhound Freedom submission <http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/AA8B390E179DF2B9CA257C320017C0F7>

⁴⁷² Greyhound Freedom submission, 'Why cruelty and welfare issues do not get reported' [http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/aa8b390e179df2b9ca257c320017c0f7/\\$FILE/0530%20Greyhound%20Freedom_R.pdf](http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/aa8b390e179df2b9ca257c320017c0f7/$FILE/0530%20Greyhound%20Freedom_R.pdf)