



Legislative Council

Greyhound Racing Bill Hansard - Extract

11/06/2002

Second Reading

The Hon. MICHAEL COSTA (Minister for Police) [8.35 p.m.]: I move:

That these bills be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

The object of the legislation before us is to repeal the:

- Greyhound Racing Authority Act, and
- Harness Racing New South Wales Act;

and to provide for the restructure of the Greyhound Racing Authority and Harness Racing New South Wales so as to:

- Separate the commercial and regulatory activities; and
- Give greater emphasis to the autonomous commercial management of the harness and greyhound racing industries.

The harness and greyhound racing industries are each to have their own commercial board to exercise the strategic and commercial governance of the relevant code.

Each commercial board is to be independent of Government and will not represent the Crown. This is the basis on which the Thoroughbred Racing Board was established, and is consistent with Government racing policy to give greater autonomy to the minor codes of racing in relation to commercial decision making.

The pivotal features of the new structures are that the commercial boards are to be separate and independent bodies in their own right, and that they will each have an independent chairperson.

The two commercial boards will largely follow the structure of the 'commercial' component of the existing Boards except that:

- Each board is to have an additional member which would be the independent chairperson; and
- The greyhound industry commercial board is to have a further additional member to provide individual representation to the National Coursing Association and the Greyhound Breeders Owners and Trainers' Association.

The independent chairperson of each commercial board is to be a person with appropriate high level business skills. That person is to be selected by other members of the commercial board after a recruitment process conducted by external consultants, much in the same manner as the recruitment process for the chair of the Thoroughbred Racing Board.

Each bill provides that the independent chair cannot be a member of a committee of a race club, including in the 12 months prior to selection. If a member of a race club or a club employee, that person must suspend their membership or terminate their employment, prior to appointment.

Such protection against a conflict of interest is further strengthened by the provision in each bill which places a duty on each member of a commercial board to act in the public interest and the interests of the relevant racing code, as a whole. This is to overcome the issue of members acting narrowly in the interests of the body that nominated the member.

In addition, the existing informal arrangements by which board members sign confidentiality deeds upon appointment have been formalised by the provision in each bill which makes it an offence to disclose information acquired in the exercise of official responsibilities, except if it is for official purposes.

The bills also provide, if the commercial board so wishes, for the same person to serve as the independent chair and the chief executive officer. This provides significant flexibility for the purpose of containing costs, a matter which I will expand upon shortly.

Other members of each commercial board are to be representative of industry and participant groups along the same lines as the status quo. That is, representation from clubs and industry participants.

Both bills also require the relevant commercial board to seek the Minister's approval for borrowings of more than \$1 million, or some other amount which may be prescribed. This measure is on the basis of an individual loan, or of an aggregate amount over a year. This is a safety valve measure to ensure that the new commercial boards act prudently.

Each commercial board is to be responsible for such matters as:

- Registration of race clubs
- Strategic development and business governance
- Distribution of TAB Ltd payments in accordance with the Racing Distribution Agreement
- Allocation of race dates
- Developing and reviewing policy in relation to breeding and grading or handicapping of racing animals.

The main elements of the bills reflect the wishes of the majority of industry stakeholders who made submissions to a recent review. That review, which I asked my department to conduct, was in relation to:

- The composition and activities of the Boards of HRNSW and the GRA, and
- Whether the present structure of HRNSW and GRA Boards is appropriate and effective.

The dual board structure recognises the priority of reform for commercial reasons. There is also a revamp of the functions of the two regulatory boards.

The bills contain provisions which strengthen the requirements in relation to codes of conduct and the disclosure of pecuniary interests by Board members. The ICAC has provided advice in relation to these matters.

The bills propose important reforms on the regulatory side.

At least one person of each of the three member regulatory boards must have legal qualifications, and the other two must have experience in one or more of the following areas:

- Management or administration
- Regulatory or policing
- Veterinary qualifications
- Working knowledge of the racing and wagering industry.

In addition, in keeping with protecting against conflicts of interest, the following persons are not eligible to serve on the regulatory boards:

- A person who is, or was, in the previous 12 months, a member of a committee of a racing club
- A member or employee of a racing club
- A person licensed by one of the controlling bodies
- A person with a financial interest in a racing animal

Each regulatory board is to be responsible for such matters as:

- Registration of racing animals and licensed persons
- Administration of the relevant Rules of Racing—except with some qualifications regarding commercial matters
- Ensuring the integrity of racing and associated wagering/and
- Drug testing
- Records management necessary to support such integrity functions.

The bills contain a number of other associated requirements. They are mostly of a transitional, consequential or start-up nature, and are necessary to:

- Facilitate the process of structured change management; and
- Ensure that there is continuity of regulatory and commercial functions during the transition period.

An important aspect of that restructure process is the need to ensure that all staff of the existing two boards are consulted about the changes.

Accordingly, the department has established a consultative framework which involves the staff, the Public Service Association, the Public Sector Management Office and the management of the two controlling bodies. Such an approach enables full discussion of any issues of concern relating to staff employment and

entitlements.

All staff entitlements are protected by the bills. All existing staff are to be transferred to the new regulatory boards, thus preserving all public sector entitlements. Staff whose functions are transferred to a commercial board will, if they wish, be given preference for an equivalent position with a commercial board. Such preference will be available for 12 months.

Staff taking up such preference will be eligible for a special termination payment in recognition of the loss of public sector conditions of service. They will also be protected from being made redundant in the transferred position for 12 months.

Staff whose functions are transferred will not be compelled to transfer, nor will there be forced redundancies. The usual public sector redeployment arrangements will apply to the regulatory boards which will remain as statutory authorities.

The second stage of the restructure proposal involves examining the possibility of amalgamating the two new regulatory boards, that is, the Harness Racing Authority and the Greyhound Racing Authority.

The Government's decision to restructure the present control and regulation arrangements for the harness and greyhound racing industries indicates that such action must be preceded by a feasibility study which is to report back to Cabinet.

Such a feasibility study will closely scrutinise the possibility of efficiencies to be gained from economies of scale and the benefits in terms of staff recruitment, training and career development.

However, amalgamation will not be at the expense of the integrity of racing regulation. If savings can be made, their benefit will be applied to the racing industry by, for example, increasing prize money.

This restructure proposal represents a significant and major reform for the harness racing and greyhound racing industries. This will provide them with the opportunity of securing a viable future on their own merits, and in accordance with their own business and strategic acumen.

The separate and independent commercial boards will be able to focus exclusively on the day to day business arrangements, and also on strategic decision making to secure the future of the industry.

Both the commercial and regulatory functions will be re-invigorated and prepared for the challenges of the future.

The present reform is another of the many commercial reforms and achievements that the Minister for Gaming and Racing has been responsible for since 1995.

In 1996, it was the establishment of the Thoroughbred Racing Board. That Board is comprised of appointees that provide for industry wide representation, and an appropriate mix of commercial and regulatory experience.

In 1997, it was the privatisation of the TAB.

Each year since privatization the TAB has increased its payments to the racing industry. In the 1997-98 financial year it was \$142 million. That has increased in the 2000-01 year to \$183 million.

These increases are the lifeblood of the New South Wales racing industry. Without such increases our racing industry would not be able to compete and its viability and future would be in doubt.

In 1998, there was the first phase of the restructuring of Harness Racing NSW and the Greyhound Racing Authority. That initial change provided for greater industry representation on the boards of the controlling bodies, and the undertaking that there would be an evaluation of that new structure at the end of the three year term of each board. That evaluation has resulted in the proposal at hand.

In 1998 and 1999, it was the reform and update of the antiquated Gaming and Betting Act 1912, including the introduction of the offence for a person in New South Wales to bet with an overseas wagering operator on Australian racing events.

Such legislation minimises the threat from wagering operators outside New South Wales who seek to free-ride on this State's racing industry. These operators are happy to exploit our racing and poach our racing revenues without contributing to the cost.

It is with some urgency that the Minister for Gaming and Racing has led the debate regarding the practice by some jurisdictions of the licensing onshore of such large overseas wagering operators who contribute little to the racing industry. The Minister's intention is to prevent the opportunistic scavenging of our racing industry revenues, and therefore the destruction of many racing industry and country based jobs.

The Minister has also met recently with other Racing Ministers to discuss the best means by which to address these issues nationally and in a measured way.

Other important reforms have included:

- The review of the adequacy of sexual harassment policies, procedures and practices in the New South Wales racing industry. Consequently, the three controlling bodies have been directed to

implement best practice policy and procedures. This has been recognised as such by other States and Territories and adopted as a national model.

- Significant tax reform for bookmakers. First in 2000 sports bookmakers received a reduction in taxes on certain sports bet types, and just recently the Minister announced that the 1% State turnover tax on racing bets was abolished.
- The introduction of a responsible wagering program which requires race clubs and TAB outlets to adopt gambling harm minimisation measures.

The measures put forward in this proposal are to enable, as mentioned earlier, the re-invigoration of the management and regulation of the harness and greyhound racing industries to ensure their future viability.

However, the opportunities provided by Government will only work if professional and capable people are nominated to serve on the commercial boards.

Gone are the days when it was sufficient to nominate a person merely on the basis that he is a good bloke and once owned a good horse or greyhound.

In the present environment, it is imperative to the survival of the harness and greyhound racing industries, which are facing increasing competition for the leisure and gambling dollar, that appointments are made on ability and merit. It is essential that professional persons of the highest calibre with business acumen and experience are appointed to the new commercial boards.

It is essential that once appointed the members of the new commercial boards each select an independent chairperson and chief executive with skills at a similarly high level.

I am therefore very pleased to be able to introduce the present proposal, as a part of a long list of reforms designed to modernise and bring commercial reform to the governance of the racing industry in this State.

I commend the bills to the House.