

THE ACCOUNTABILITY OF STATUTORY BODIES TO PARLIAMENT: THE CASE OF GREYHOUND RACING NSW

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This time last year few people could have imagined that NSW politics in 2016 and early 2017 would be dominated by the issue of greyhound racing. Following the exposure on the ABC TV's Four Corners program of the practice of live baiting being used to train greyhounds, the Board and CEO of Greyhound Racing NSW were replaced and a Special Commission of Inquiry was appointed to inquire into and report on the future of the industry. Commissioner and former High Court Justice Michael McHugh reported in June 2016. On 7 July 2016 Premier Baird announced that the industry would be shut down from 1 July the following year. In August 2016 the Greybound Racing Prohibition Act was enacted. Following increasingly strident criticism, led by a number of media outlets and personalities and resulting in increasing restlessness on the Government backbench, on 11 October the NSW Government announced a reversal of the industry closedown. In November The Nationals suffered a significant swing in the Orange byelection (the greyhound racing issue reportedly being a significant contributor to the swing), losing the seat to the Shooters, Fishers and Farmers Party. In the wake of the by-election, the Leader of The Nationals, and Deputy Premier, was replaced. On 19 January 2017 Premier Baird announced his intention to resign, for a number of stated reasons. Media reports suggest that in late 2016 he had considered resigning as an alternative to reversing the greyhound racing ban. In April 2017 the NSW parliament enacted legislation to reverse the industry ban and to separate the roles of industry facilitator to be performed by a newly constituted Greyhound Racing NSW and a tough new regulator, the Greyhound Welfare and Integrity Commission.

Largely overlooked in all of this political turmoil was a very significant victory for the NSW Parliament in asserting the accountability of statutory bodies to Parliament, in this case Greyhound Racing NSW. The purpose of this paper is to tell the story of how this was achieved and to flag some possible implications for all Parliaments in their dealings with statutory bodies.

The story

Select Committee

Well before the Four Corners program on live baiting, the NSW Legislative Council had appointed a Select Committee to inquire into and report on the industry. With the Committee chaired by the Hon Robert Borsak of the Shooters and Fishers Party (as it was then known) and the Deputy Chair being Dr John Kaye of The Greens, there were a number of different agendas being pursued, ranging from the future financial viability of the industry (including vis a vis other forms of racing) to animal welfare issues.¹ Following the Four Corners program and other information becoming public about the industry via hearings of the Special Commission of Inquiry, Dr Kaye became concerned about the accuracy of evidence that had previously been given to the Select Committee by some witnesses, including certain representatives of Greyhounds Racing NSW. It was partly in an effort to obtain further information to verify those concerns, that Dr Kaye took the next steps in our story.

Animal welfare issues receive more attention

¹ Select Committee on Greyhound Racing in New South Wales, *First Report*, March 2014; *Second Report*, October 2014.

The final member elected at the 2015 periodic election for the NSW Legislative Council was Mark Pearson of the Animal Justice Party. As noted by Steven Reynolds in his recent ASPG paper published in the APR, "Making Honey in the Bear Pit,"² by his very election Mr Pearson appears to have generated increased attention to animal welfare issues in NSW parliamentary proceedings. He seems to have also provoked some level of competition in relation to this policy space and constituency. Media reports suggest that Mr Pearson was contacted directly by Premier Baird in relation to the announcement of the decision to close down the greyhound racing industry.

September 2015 Order for Papers and response

The NSW Legislative Council has a common law power to order the production of state papers. The power was upheld by the High Court in *Egan v Willis*, and the NSW Court of Appeal in *Egan v Chadwick* subsequently affirmed that the power requires the production of documents despite a claim of privilege. Whilst the power exists at common law, its operation is regulated by Standing Order 52.

In September 2015 the Legislative Council agreed to a motion moved by Dr John Kaye, ordering the production of documents from Greyhounds Racing NSW created since 1 January 2013 concerning greyhound welfare. The motion was agreed to as formal business, without objection being taken and on the voices.³

Under SO 52 all orders for papers are required to be communicated by the Clerk to the Secretary of the Department of Premier and Cabinet (DPC), which co-ordinates the response (as outlined below, a very helpful role). In response to this order the General Counsel in DPC wrote to advise that "Section 5 of the *Greyhound Racing Act 2009* provides that Greyhound Racing NSW does not represent the Crown and is not subject to direction or control by or on behalf of the Government." The General Counsel further suggested that "the Legislative Council may need to liaise directly with Greyhound Racing NSW in relation to the resolution." Although this correspondence did not explicitly indicate a refusal to comply with the order of the House, the deadline for the return of documents subsequently passed without the return of any documents.⁴

A Note about Section 5 of the Greyhound Racing Act

The *Greyhound Racing Act 2009* was curiously worded. On the one hand section 5, as outlined, precludes the NSW Government from directing or controlling the regulator of the industry (Greyhound Racing NSW) and explicitly states that Greyhound Racing NSW does not represent the Crown. On the other hand, the responsible Minister appoints the Board and Greyhound Racing NSW is required to produce an annual report which is tabled in Parliament.

² Steven Reynolds, "Making Honey in the Bear Pit: Parliament and its Impact on Policymaking," *Australasian Parliamentary Review*, 31(2), Autumn/Summer 2016, pp 183-186.

³ LC Minutes, 9/9/2015, p 373.

⁴ Tabled 15/9/2015 - *LC Minutes*, 15/9/2015, p 396.

It is understood that this unusual legal position arose in response to actions by the industry some decades ago, with investment decisions potentially creating unwelcome liabilities for the NSW Government, hence the legislative distancing of Greyhound Racing NSW from the Government. This legislative construction has since been applied to the regulator of the thoroughbred racing industry and, with a number of variations, to a range of other statutory bodies. As outlined below, this sort of legislative formulation raises a number of important questions about the accountability of such statutory bodies to Parliament in the context of a system of responsible government.

Legal advice from Bret Walker SC

Since the Egan cases in the late 1990s the Legislative Council has made more than 300 orders for the production of documents. Almost all have been complied with. From time to time some documents members believe exist are not returned, most often implicitly (occasionally explicitly stated) because they are regarded as cabinet documents. That in itself is another interesting area for discussion. On three occasions documents have not been returned on the basis that the executive government (on the advice of the Crown Solicitor) takes the view that the power of the House to order the production of documents does not extend to statutory bodies.⁵ In previous examples, however, this non-compliance with one part of an order had been in the context of compliance with the remainder of the order. Presumably the movers of the motions had obtained the documents they were seeking, as those instances of limited non-compliance had not been pursued any further. On this occasion, however, the non-production of documents from Greyhound Racing NSW meant that <u>no</u> documents had been produced. This was the clearest instance of non-compliance with an order for the production of documents since 1998 and one which greatly concerned the mover and other members (not to mention the Clerk!).

Following discussion with the mover of the original motion, the President and other key members, all of whom immediately appreciated the significance of the issue to the powers of the Legislative Council, and robust and well informed debate about strategy amongst the clerks-at-the-table,⁶ I sought legal advice from Bret Walker SC.

On 18 November 2015 the President made a statement in the House, noting the seriousness of non-compliance with an order of the House, indicating that legal advice had been sought, which he then tabled. The advice is accessible on the NSW Parliament's public website, through the Legislative Council tabled papers database.⁷ I would also be happy to circulate the link directly.

In relation to the matters immediately at hand, Mr Walker advised that in his view so called "independent" entities, groups or persons with public functions, such as Greyhound Racing NSW, are amenable to orders for papers addressed to them by the Legislative Council. Further,

⁵ These previous examples are discussed by Kate Mihaljek, in her PLPP paper "Fifty shades of Grey(hounds)" shortly to be published in *Australasian Parliamentary Review*.

⁶ These discussions amongst the clerks-at-the-table were particularly helpful in framing the precise questions to pose and the instructions that went to Bret Walker.

⁷ Bret Walker SC, "Parliament of New South Wales Legislative Council: Orders for papers from bodies not subject to direction or control by the Government," advice tabled in the Legislative Council - *LC Minutes*, 18/11/2015, p 608.

DPC's suggestion of the order being communicated directly to Greyhound Racing NSW is sound, with Greyhound Racing NSW compelled to comply with the order on pain of its responsible officer being in contempt of the House.

These aspects of the legal advice were re-assuring but not particularly surprising. There are, however, two further aspects of the advice which are of particular and additional interest. Firstly, paragraphs 8 to 29 of the advice contain a fascinating discussion of the nature of accountability to Parliament, particularly in an era when public functions are increasingly being allocated to entities other than traditional government departments.⁸

Secondly, paragraphs 34 to 40 of the advice discuss the meaning of the term "give evidence" in the Parliamentary Evidence Act 1901. This is relevant to the question of what sanctions would be available in the event of continued non-production of documents by Greyhound Racing NSW. The conclusion in the advice is that the responsible officer could be summoned under the Act to appear at the bar of the House to give evidence, including by the production of documents. (The Parliamentary Evidence Act provides for the summoning of persons to attend and give evidence before the bar of the House, or before a Committee.) This is particularly significant in the NSW context given that from a few years after the Egan cases there has been a dispute between the Legislative Council and the NSW Government (successive Clerks vs the Crown Solicitor) as to whether Legislative Council Committees have the power to order the production documents. Bret Walker has now resolved that conundrum by pointing to the means by which Legislative Council (and Assembly) committees can achieve the production of documents - namely by summoning a person to "give evidence" - the giving of evidence in the Parliamentary Evidence Act previously being conceived as words spoken, actually being in Bret Walker's view not only through words spoken but also, as long as the summons is appropriately worded, by the production of documents during a witness's attendance. (The compelling of evidence from reluctant witnesses is not an issue that arises frequently - perhaps once in each term of Parliament.)

Subsequent actions in the House

On 19 November, the final sitting day for 2015, the mover of the original order for papers concerning greyhound welfare, Dr John Kaye, gave a follow up notice of motion that reaffirmed the original order and ordered that the Clerk communicate its terms directly to Greyhound Racing NSW. The item was listed for consideration on the first sitting day in 2016. Sadly, however, due to ill health Dr Kaye did not return to the Legislative Council and died in May 2016. The motion standing in Dr Kaye's name was taken over by one of his colleagues but was not moved immediately.

Subsequently, as outlined above, during the 2016 winter recess the greyhounds issue became a very hot political issue and upon the resumption of Parliament in August legislation was enacted to shut down the industry. The *Greyhound Racing Prohibition Act* included a section (section 27) which seemed to be at least in part aimed at resolving the order for papers issue, without the

⁸ This is the main reason for this paper and I will return to this theme shortly.

Government necessarily having to concede the correctness of Bret Walker's advice, as it authorised the Minister to require the production to the Minister of documents from Greyhound Racing NSW and the making public of such documents. This provision was subsequently referred to in a new follow up order for papers. The follow up order also reaffirmed the original order and told the subsequent story, including quoting from and adopting or endorsing the advice of Bret Walker. (We have learned from the Egan cases the critical importance of the precise wording of such resolutions about the powers of the House and committees in demonstrating the practice of the House, which under the doctrine of reasonable necessity ultimately informs what is regarded as reasonably necessary and in effect as the law.)

The follow up order for papers was agreed to as formal business, without objection being taken and on the voices, on 14 September 2016.⁹ As at 14 September, of course, the *Greyhound Racing Prohibition Act* had only recently been enacted and the Government was still defending its decision to ban the industry, in the face of increasingly strident criticism. Perhaps the fact that the information to be disclosed in the documents could have assisted the Government to defend its decision might have influenced the Government's decision to support the motion at that particular point in time?

The return date for the documents was 12 October 2016. On 11 October, the Government announced the reversal of its industry ban. How might this impact upon the return to order? On the morning of 12 October correspondence was received from DPC advising that the return to order would be provided directly by Greyhounds Racing NSW, rather than via DPC. That afternoon a return was received directly from Greyhound Racing NSW consisting of 48 boxes of public documents and 118 boxes of documents subject to a claim of privilege.¹⁰

Further developments and disputed claim of privilege

The return of these documents was a significant development for the Legislative Council in its assertion of the power to order the production of documents, including from statutory bodies. That is the big picture message. However, for completeness the story took another six months to play out, through a very complex dispute in relation to privilege claims. There were also a number of curiosities and points of fine detail that might be of interest to aficionados – these matters are dealt with in the appendix to this paper.

Greyhound Racing Bill 2017

On 5 April 2017 the Legislative Council debated the Greyhound Racing Bill 2017. This legislation reversed the previously enacted industry ban which would have otherwise come into effect on 1 July 2017. It reconstituted Greyhound Racing NSW as a commercial entity to conduct race meetings and register racing clubs, and established a new body, the Greyhound Welfare and integrity Commission as an independent regulator to oversee the industry, including the promotion and protection of animal welfare.

⁹ LC Minutes, 14/9/2016, p 1123.

¹⁰ LC Minutes, 12/10/2016, p 1137.

During the second reading debate, a number of references were made by members to the documents that had been returned from Greyhound Racing NSW and made public subsequent to the resolution of the disputed claim of privilege. For example:

The secret papers released as a result of my call for papers in the upper House, and then my successful challenge to the privilege claimed on these, showed thousands of reports, including of animal neglect and cruelty, dog drugging, dodgy GRNSW officials, the involvement of organised crime and outlaw motorcycle gangs, and live baiting investigations. "The Return to Order—Greyhound Welfare—Further Order" documents tabled by the Clerk on Wednesday 12 October 2016 showed significant evidence of dogs being euthanized simply for being unsuitable for racing, in suspicious circumstances, or dogs being reported as dying of natural causes in similarly suspicious circumstances.¹¹

During consideration of the bill in Committee-of-the-whole a total of 30 amendments were moved by four separate political parties, with one amendment agreed to. During debate on amendments, further references were made to the documents contained in the return to order. For example:

The call for papers that I referred to earlier uncovered literally thousands of pages of tip-offs that Greyhound Racing NSW had received from the public and was investigating. Many of them are not just from animal welfare investigators and advocates but neighbours and everyday people in the community who are sick of animal abusers getting away with it time and time again with no-one knowing about it. Some incidents particularly stood out to me—repeated reports of extreme animal cruelty and neglect, including an extremely emaciated dog, with graphic pictures, brought dead to Quakers Hill vet in June 2016. The vet noted that the dog was very emaciated and very malodorous, with necrotic wounds dorsal spine, amongst other injuries. The owner said the animal was energetic yesterday and claimed it was a pet and not raced, despite being a greyhound registered for racing.

I give another incident of a tip-off by the public and through a property being visited. One dog was euthanised immediately due to being in a critical condition, extremely thin, with flea infestation and skin ulcerations. Another was seized for similar injuries but given veterinary assistance. A third dog was euthanised due to extreme pain and discomfort stemming from a long-term dental condition as far back as 2012. The dog owner refused to admit there was any problem with the dogs and said, "If euthanised am not going to pay vet costs, a whole load of tests for nothing."¹²

An internal email from the secret papers dated 3 June 2016 talks about flags for identifying false euthanasia. Those flags include "owners who report a significant number of fatalities as a result of 'snake bites' or similar". It goes on to state, "... certain vets are also on a watchlist and we have a database of all euthanasia carried out by them". We know that a watchlist of vets with high euthanasia rates exists. There are countless other examples. In February 2016 a greyhound racing participant was banned from greyhound racing. A few days later his five greyhounds were euthanased by a vet at Young and certified as being not suitable for racing. What a coincidence. In April 2016 a retirement form indicating the death of a greyhound by spider bite was submitted, but the participant later admitted to having the animal euthanased six days after the greyhound dislocated its toe at the Gosford track.

The participant took the dog to a vet at Colyton to dispose of the body. It was only during investigation that the euthanasia was admitted to, with the vets merely noting that the dog may have been bitten. In May 2016 the officiating steward at the Muswellbrook track claimed that the club vet

¹¹ NSWPD (Hansard), 5/4/2017, Dr M Faruqi.

¹² NSWPD (Hansard), 5/4/2017, Dr M Faruqi.

was about to euthanase a dog with swelling because the owner stated that "he needed to have dog euthanised because it would never race again". The dog survived only due to the intervention of the steward, who requested that a closer check be kept on dogs that are euthanased on track at Muswellbrook. The unnecessary euthanasia having been stopped, the dog was able to race by September.

In June 2016 a greyhound racing participant approached a Greyhound Racing NSW vet at the Bathurst track and requested that his dog be euthanased on track due to a perceived lack of performance. When refused, the racer took the animal to a vet claiming it could hardly walk and had it euthanased anyway. In August 2016 a Gunnedah vet put down six greyhounds in the space of three weeks even though the legal owner of the dogs had not given permission.¹³

(In addition to these references to the documents made public following resolution of the disputed claim of privilege, another member had earlier made a statement in the House on 17 November 2016 in relation to the contents of some of the documents that were not subject to claims of privilege.¹⁴

Potential significance of this case

For the NSW Legislative Council

The following are some of the outcomes and some of the significance of this matter from the point of view of the NSW Legislative Council. Firstly, explicit non-compliance with an order of the House has been addressed and resolved. Much was at stake and this outcome was not assured. Ultimately the positive outcome of compliance with the order of the House was achieved through a mix of the attentiveness of a number of members from across the Government, Opposition and cross bench who recognised the significance of the matters at stake, a sound strategy based that rested on the very best legal advice, and a good measure of luck and timing.

Secondly, a statutory body has produced documents directly to the House in response to an order for papers, providing a powerful precedent for the future.

Thirdly, the potential resolution to a long running conundrum as to how to obtain the production of documents to a committee in the face of resistance from reluctant witnesses.

For Parliaments generally?

For Parliaments generally the observations in the advice of Bret Walker about the accountability of statutory bodies may be of interest and assistance. To summarise his advice:

• Recent decades have seen a proliferation of administrative and regulatory regimes whereby governmental functions are given to entities, groups or persons distanced from government

¹³ Ibid.

¹⁴ "Greyhound Racing industry drug use," NSWPD (Hansard), 17/11/2016, the Hon M Pearson.

- While accountability to parliament in a system of responsible government is generally via ministerial responsibility, to suggest there is no accountability of such bodies to parliament except where it is via a Minister would leave a considerable (and growing) gap in accountability for public functions
- In the *Lange* case, cited in *Egan v Willis*, it was accepted that the conduct of the executive branch includes not only Ministers and departments but also statutory bodies and utilities that are obliged to report to a Minister who is responsible to parliament the conduct of such bodies is part and parcel of the topics about which parliament requires information (in addition to scrutinising their role, parliament needs to be informed of the conduct of such bodies in order to properly discharge its law making functions)
- Parliament's scrutiny functions in relation to statutory bodies is not dependent upon whether or not legislation makes the body subject to ministerial direction or control
- The above points are consistent with a long body of precedent and parliamentary authorities, particularly from the UK Parliament
- And finally, in the direct words of Bret Walker SC

... the fashion for committing public administration to entities, groups or persons who are not subject to ministerial direction or control, is not capable of shrinking the scope of papers within the desirable grasp of the Council to compel production. It would be perverse to suppose that Parliament has enacted the existence and nature of such authorities in order to remove the public affairs for which they are responsible from Parliament's own scrutiny. At least, plain language or necessary indentment would be called for before reaching such a startling conclusion.¹⁵

¹⁵ Bret Walker SC, advice tabled in the Legislative Council – *LC Minutes*, 18/11/2015, p 608.

Appendix

Points of details arising from the production of documents directly from Greyhound Racing NSW and the disputed claim of privilege

Curiosities and points of detail

Firstly, as mentioned above, the follow up order of 14 September 2016 referred to section 27 of the *Greyhound Racing Prohibition Act* and called for the Minister to require the production of documents (to him) and for those documents to then be produced to the House in the normal way from the Minister via DPC. The order did not actually seek the documents directly from Greyhound Racing NSW. Nevertheless the documents were produced directly by Greyhounds Racing NSW. As stated, this is a very significant precedent in terms of the accountability of statutory bodies. However, technically, the Minister did not comply with the order as he did not produce any documents.

Ultimately this issue has not been pursued by any member. The return of the documents directly from Greyhound Racing NSW is actually a more satisfactory outcome than the process provided for in the order, which by referring to section 27 of the Act could be considered to have not ultimately pressed and tested the point of direct accountability of a statutory body. On the other hand, pursuing this matter might have resulted in the provision of an explanation from DPC that might provide a further insight into the advice on which the Government and Greyhound Racing NSW relied in determining how to respond to the order.

The fact that the documents arrived directly from Greyhound Racing NSW also means that the usual co-ordinating, quality checking and general value adding role performed by DPC in relation to returns to order has been absent. The documents produced were compiled for Greyhounds Racing NSW by a law firm and a legal documentation service, at significant expense and without the customary expertise of DPC. The documents subject to a claim of privilege were not consistent and the index supplied was inadequate. This has had a number of consequences. The index included in some ways too much information (eg names other than the names of the author of documents). The House subsequently agreed to a motion for the index to be replaced with a version which redacted these details due to security concerns for some of those named. (The indexes, including the index to documents subject to a claim of privilege, are regarded as public documents – an important point now explicitly endorsed by the House in the subsequent motion to which reference has just been made.)

Disputed claim of privilege

One of Dr Kaye's colleagues, Dr Mehreen Faruqi, lodged a dispute in relation to the claim of privilege over certain documents. The Hon Keith Mason AC QC, former Solicitor-General for NSW and former President of the NSW Court of Appeal, was appointed as independent legal arbiter to evaluate the claim. The state of the documents and index made this task very difficult. The dispute led Greyhound Racing NSW to produce fresh redacted versions of some documents over which it decided, in effect, to withdraw the claim of privilege. The adequacy or

appropriateness of the new redactions was the subject of detailed review by the arbiter, in consultation with both Greyhounds Racing NSW and the member who disputed the claim of privilege. The dispute examined a number of claimed privilege categories that have not been sought to be relied upon before including claims based upon suppression orders made by the Special Commission of Inquiry.

The dispute was predicated on the principle that as the Government has announced that legislation will be brought forward during the autumn 2017 session to reverse the greyhound racing ban, the making public of documents currently subject to a claim of privilege would enable those matters to be fully explored during debate on that legislation. This is probably the clearest example of a return to order linking together the scrutiny and law making functions of the parliament identified by the High Court in *Egan v Willis*.¹⁶

Mr Mason's report was finalised in February and, in accordance an order of the House, was tabled and made public on 23 February 2017. On 8 March, following careful consideration and negotiation between members, ministers and Greyhound Racing NSW, the Legislative Council resolved:

- 1. That, in view of the report of the Independent Legal Arbiter, the Hon Keith Mason AC QC, dated 14 February 2017, on the disputed claim of privilege on documents relating to a further order for papers regarding greyhound welfare, this House:
 - (a) orders that the documents subject to the following claims of privilege and considered by the Independent Legal Arbiter not to be privileged be laid upon the table by the Clerk:
 - (i) documents produced to the Special Commission of Inquiry into the Greyhound Industry in New South Wales (Category A),
 - (ii) client legal privilege (Category C), and
 - (b) orders that Greyhound Racing NSW produce within 14 days of the date of passing of this resolution a redacted version of documents subject to a claim of confidential personal information privilege (Category B) or commercial in confidence / regulatory documents (Category D) considered by the Independent Legal Arbiter not to be privileged with the following information omitted:
 - (i) the personal information of those informants who may be at risk of harm in the event that those personal details were published,
 - (ii) the personal information of informants who have called the GRNSW 1800 Hotline,
 - (iii) information of participants who, in GRNSW's view, have been the subject of spurious complaints.
- 2. That, on tabling, the documents are authorised to be published.¹⁷

In accordance with the order of the House certain documents found not to be privileged were tabled the next sitting day. The process of redaction of personal information from other documents, however, took a further two weeks to be completed through the painstaking work of Legislative Council staff in collaboration with lawyers engaged by Greyhound Racing NSW. Those redacted documents were tabled on 28 March 2017. The resolution of this disputed claim

¹⁶ As outlined by Jenelle Moore, at the 2014 ANZACATT professional development seminar, the approach of the independent legal arbiter has evolved under the Hon Keith Mason.

¹⁷ LC Minutes, 8/3/2017, pp 1430-1431.

of privilege had proven to be the most complex and time consuming dispute since the Egan cases. I take this opportunity to pay tribute to painstaking work on this matter by Legislative Council staff, including Jenelle Moore, Liz Clark and Christine Thai.