

**Submission
No 398**

INQUIRY INTO GREYHOUND RACING IN NSW

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THE DIRECTOR,
SELECT COMMITTEE OF GREYHOUND RACING IN NSW,
LEGISLATIVE COUNCIL,
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The most greivous problem facing the NSW Greyhound Racing Industry, only secondary too its funding deficiency, is the board selection process and structure; it is from there that many governance issues arise.

The NSW Greyhound Racing Industry is now a pale imitation of our competition in Victoria, and at least since Year 2009, the worlds largest owner/ breeder has conducted the bulk of his racing in Victoria, citing lack of prizemoney return in NSW for that decision. Due to the overall neglect extended to the Sport of Greyhound Racing, it now resides on the fringes of being irrelevant in NSW. Since 2008/2009 trainer participation has declined by over one third, from 1502 to 942 as at June 2013, with further slippage anticipated ahead.

The blame for this rests solely with government, who have shown NO interest in the sport, contrary to their Victorian counterparts, who champion Greyhound Racing at every opportunity, recognise its importance, and extol the substancial benefits derived by their state on a regular basis.

I alluded to the board selection process, and this is a fundamental factor (secondary to funding) hurting NSW Greyhound Racing.

The current board was subject to a selection process run by Prof. Percy Allan, a former GRNSW Director and Chairman, along with the former GRNSW Director and former Chairman of the financially disastrous now deregistered NCA club, (hardly a strong recommendation), Richard Zammit. The very election of this selection committee reeked of croniysm from the very start, which is seen by the industry as a continual problem pervading the sport.

The board selection committee then elected a five person board including :-

Mr Murray Nicol - Has occupied senior positions within the NCA dating back a long way, including President/ Chairman, Company Secretary and Executive Officer. NCA has a dire history dating back a long time; it has lost millions of dollars on its failed 'The Gardens' project and closed up what the industry considered important racing centres in order to consolidate upon its failures. Mr Nicol is quoted in Hansard as saying in respect to The Gardens "But I guess something you wouldn't do as an individual, you do in the end for the industry" and "I guess GRNSW management will come up with the best outcome and it will then go to the Board for discussion". Hansards record of an address to Parliament by Mr. Kerry Hickey of the 24th February 2010 refers. This followed on from a previous address to Parliament, again from Mr. Kerry Hickey in Hansard dated 20th June 2008, basically along similar lines, i.e the continual covering up the ineptitude of the NCA with millions of Greyhound Industry Dollars.

This man oversaw the greatest set back in NSW Greyhound history, and then was rewarded for this incompetency with a position on the board, with that selection panel including then current colleagues. In this light it is extremely difficult to comprehend the Selection Panel's appointment of him to the board in Y2012, particularly in the context that it is legislated to be an independent board, his appointment was not only unpopular to the extent of his performance, but politically, to appoint a long time NCA club man, when the purpose of the independent board was to remove the hefty influence of club politics on the sport. There was at the time very clear animosity between the two principal clubs.

Mr. Nicol has recently resigned his position on the board.

George Bawtree - a former CEO of GRNSW under Percy Allan. During his term he earned the ire of participants, who felt that he performed badly in the role. Privatization has not delivered the riches participants were lead to believe, prize money has not kept pace with inflation, in fact has not even been increasing.

Joyce Alamango- A continual senior industry appointee, despite questionable performances, and having served on previous boards with Percy Allen and co. The industry is uncertain how she fulfilled the criteria of "having had experience in a senior administrative role or experience at a senior level in one or more of the fields of business, law, finance, marketing, technology, commerce, regulatory administration or regulatory enforcement".

As I aforementioned, I believe the board selection process and its consequences has been one of the dire events upon our industry. It has resulted in the current day GRNSW, with many factors that should have been addressed at board level including:

1. Lack of consultation with the industry. In its most simplest, the strategic plan process, has been overdue for years; GRNSW siting the Gardens as the key factor causing the delay. While the board has continued to dilly in that mess, the industry has continued to decay. Many believe the industry is leaderless/directionless in its current format.

2. The cost structure has risen from approx. \$3-4M in Y2000 to above \$7M in Y2012 and is believed to now be above \$10M. GRNSW operates in a hierarchical environment. It should be operating as a lean organisation. A look at the "Our Team" on their website shows a Chief Executive Officer, a Chief Operating Officer, 4 General Managers, a Chief Steward, 5 managers and a Chief Vet. Surely that is top heavy and is a cause for overheads to be above what they probably should be. The industry does not know where to go to raise concerns such as these, when turning to government, it appears to be upon deaf ears.

3. The sheer incompetence of the board, if not neglect, on the NCA Gardens.

NCA had a long history in NSW greyhound racing. Up until Y2009 it operated racing venues across regional NSW as well as being a principal metropolitan club. In Years 2003-05 it developed its Newcastle 'The Gardens' project; upon land and including licensed club of a previous failed venture.

This project was expected to cost \$8M, to be funded by NCA, a bank loan of \$5.6M to be repaid by NCA from future profits and an industry loan of \$1.5M.

What is shocking is not just the fact that the bank loan was effectively paid by the industry over time and not the NCA, but the number of separate 'bail outs' that were allowed to take place, all supervised by the GRNSW board.

Its initial bank payment failed to materialise in Y2008, and was funded through external loans and cash reserves. In Years 2009-2010, there were a series of three separate industry payments to NCA used to pay the bank back, being industry loans of \$750,000 and \$600,000, and \$1.8M from the other prime club, GBOTA. The \$1.8M payment was questionable in the least. GBOTA negotiated to purchase NCA's rights to city racing, something which the board could simply have re-awarded to GBOTA, as we understand it.

Then in Y2011 another \$750k loan was paid by the industry. Then again another \$760k in Y2012.

Finally, in late Y2012 the Gardens was acquired as to 70% by GRNSW for \$1.2M, against a \$1.05M valuation; and with forgiveness of \$2M in industry loans. A total of \$6.6M ended up being paid in by the industry.

That \$1M valuation is remarkable given the sum of payments having been paid in previous years.

Over this same period, NCA closed the licensed club and sold its assets. It closed other racing venues (Wyong, Singleton, lost Wenty rights, other tracks such as Cessnock were closed) to consolidate The Gardens.

Not at any stage did the board come to the industry and ask whether the industry considered the Gardens its important racing centre; it formed this view inward looking at board level, initially under a club dominated board led at various stages by Prof Percy Allen, who ultimately selected the current board, and then with this questionable current board selection, including an NCA man. Most participants favour other tracks and better locations.

Further, in what can only be described as bizarre, over a 2 year period, NCA also had a misappropriation by one of its senior staff totalling \$155,000. It is difficult to fathom, given the financial performance, that this could go two years without detection, and then only be made known following a NCA Annual general Meeting picked up from the auditor notes. Even more startling, NCA, with a closed membership base and evidently weak board, and GRNSW board, equally as weak, decided it would do nothing about it. The person involved was not dismissed, but allowed 'to work to pay the money back'. Only after actions by participants and groups such as the Action Group, was anything done at all.

The NCA has since been deregistered as a race club, and rightly so. Its now time for the current board selection process to be brought to the same account and two of those three board members (the other having left recently of his own accord), to be immediately removed.

What I would like to see happen -

- Previous board selection process reviewed with Ms Alamango and Mr Bawtree to step down.
- Board structure reviewed with the following to be considered:-
 1. Review the current board structure and selection arrangements.
 2. Maintain majority independence, but ensure the board selection process is GENUINELY independant, removed from current or former politics, is ACCOUNTABLE to a higher authority, thereby ensuring the organisation is less dictatorial.
 3. Consider inclusion of two INDUSTRY experienced persons within a 6 person structure whom preferably at least one of which would have professional qualifications.
 4. Ensure the board adopts transparency and consultation as a mainstay of it's code of practice.

Dennis Michael Carl.