

**Submission  
No 5**

## **INQUIRY INTO GREYHOUND RACING IN NSW**

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**Date received:** 23/09/2013

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23 SEP 2013

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Inquiry into Greyhound Racing in NSW.

1.a The economic viability of the Greyhound Industry in New South Wales.

The most inclusive democratic process of the parliament of NSW the committee system of the Legislative Council celebrates its twenty- fifth anniversary and also will hear the most inclusive code in racing, the greyhounds that have finally got an inquiry where they can claim a share of its creation.

I find myself in an awkward position having given my fellow historian and publisher guarantees not blog during the current period where we are preparing drafts on the manuscripts of a history into greyhounds in NSW and I would feel much more comfortable giving evidence at the hearing stage rather than the submission stage.

My general experience in racing involves practical experiences in wagering and the three code participation at the practical level leading to a regional development project on greyhound breeding in the South West Region, followed by a "consultancy" preparing submissions for country clubs under the Premier's Venue consolidation project in approximately 1994, the two resultant show cause attempts to remove country clubs, Appointment as Member of the Greyhound Racing Agency Board as representative for all clubs not managed by the Metropolitan Associations and then as the representative member of all non tab clubs on GRNSW (Greyhound Act 2002). I served one term and was appointed Hon Historian in 2006 until the introduction of the current board (Greyhound Act 2009). I did not seek to take up a role under the 2009 act as I wanted the freedom to publish a history without complicated confidentiality considerations but I still took the historical enquiries from time to time from the board. I am currently assisting the Greyhound Action Group as an information officer and this submission is my personal thoughts.

My main interest in the Greyhound Project is in regional development and this interest is consistent with my previous public service experiences as a Government Delegate on the previous Australian Assistance Plan and many decentralized and centralized national schemes involving regional areas and resultant funding schemes.

The greyhound racing profile belongs to the sports, recreation, the arts and racing profile where player participation produces full time employment for 2% of its population. Over the years the return for the effort of producing the greyhound to race has created expenses or wealth whichever way you look at it of originally 92% with 8 percent being returned in prize money per annum. The percentage return has now roughly doubled which is in the same proportion to the advanced minimum wage comparison with the rate of inflation on a basket of goods. The big change in the landscape has been the drop in the number of players and greyhounds to produce the same number of races . 24,000 greyhounds were required in earlier days to fill the yearly program and now it is down to about 9,000 in NSW. This means that the average greyhound now has

about three times more starts per year than previous and the preparation for actual racing being the main cost associated with the competition that means the burden falls on a decreasing amount of people and greyhounds. The wealth created overall has also fallen significantly and there is an effect by the fair share mechanism in relation to dividends (prize money) and the clubs receiving expenses in administration to provide the day to day racing but this is only part of the story.

The viability of greyhound racing long term is a matter of regional development which projects are based over a minimum of twenty years and the creation of promotion.

Funding of racing in NSW has been done since 1964 by surplus over and above the Governments take on tote receipts. These monies flowed to and from three funds the distribution funds to clubs from 1964 the creation of the Race course development committee in 1972 with first charges on the distribution fund and additional monies by a shared equal arrangement between the Government and Racing allowing for an increase in the take on exotics . This fund originally was meant to assist country racing but developed well beyond this aim distributing about \$300 million to racing over the period from its inception until its transfer to the discrete control boards in 1998.

The final fund was a racing assistance fund formed in the 1990 depressed conditions to "save country racing" this fund was created out of additional takes on the super-fecta pools and it also gave funding to the Metropolitan Greyhound and Harness clubs. This fund ceased to operate from 1994 onwards. The taxation the Government received wagering on racing was paid into consolidated revenue and any additional funding for racing was not forthcoming as the competition for a funding vote amongst the portfolio's was intense. The NSW treasury system on the receipts of racing tax was different to other states that kept wagering and gaming receipts in community, charity and racing accounts and accordingly drew from these funds from time to time.

When the Tab became a share holder company the then two funding functions of the Tab surplus had to find there way into the three racing codes combined and discrete code control boards which should have been a simple transfer of functions with a bit of housework but it became something that should not have happened to a dog.

The philosophy of the funding arrangements prior to the creation of the share holder company the TAB was for all codes overtime to progress to a 70/15/15 share of distribution. The capital fund would also follow in step. This did not happen. The intention of the reform was to also match NSW with its rival Victoria on an equal playing field between them both as producers of all codes of racing and this did not happen and neither.

The reasons for the shortcomings of the above can be explained they involve unintended consequences of cut and paste board reforms funded by the racing

people themselves and the performance of junior Ministers with drastically reduced departments trying to tackle the most profound changes on racing history. The resultant problems were predictable but it my contention that the damage or lack of opportunity for the greyhounds to retain their traditional advantage in greyhound racing was restricted more on the regional development side of the funds than the distribution dividend funding.

While a lot of the reforms led to unintended consequences the appointment of the senior officer on the Wentworth Park trust board in 2005 begs questions as preliminary check of the search engines which surely the delegate recommending the appointment would have made like thousands involved in the greyhounds and community would have done revealing that the appointment when approved was controversial. The appointee was also clearly hostile of greyhound racing (the main client of the complex) and this allegation can be supported by signed statements if required.. Actions of the Wentworth Park Trust in relations to the repayment of debts to the greyhound capital funds loom large around the original appointment of the chairperson and the inquiry is asked to look into this matter. The writer has provided the enquiry with the document from the search engines of the inter-net and would accept any redaction of the enclosure or the document not being published, also witness statements are available if required. The point made is that the greyhounds endured a lot of personal suffering possibly at the hands of others and the matter should be cleared up.

The case presented for the distribution of funding of wagering receipts to a formula created from the percentage of wagering in NSW by punters betting with the NSW section of the TAB on events created in NSW (15.6%) has a logical ring about it particularly in relation to regional development through capital works.

If the above principal had been adopted throughout the period prior to the Tab Float an argument could be made for each greyhound track receiving about an additional million each on average to develop racing in NSW over the period and racing generally would have been the better for it with the other States having more difficulties in breaking into the NSW market (greyhound mechanical racing).

What does history have to do with the greyhound racing going forward? , well almost everything, the traumas facing greyhound racing in NSW over the previous 15 years and the fact it still survives under extra ordinary difficulties most of them unintentional shows an underlying strength of great proportions in greyhound racing in NSW. It is just a matter of getting things right and advancing onwards and this is where the inquiry committee will be of great help to society including the greyhounds.

The survival of Country greyhound racing in NSW after three show causes and the proposed current attack by the independent board is amazing in itself and the country tracks are generally much more viable today than when reforms were introduced from 1994 on the pretext that country tracks could not survive in the depressed climate.

The 1994 attempt to save the Country Tracks from themselves involved a proposal to make Metropolitan Racing more efficient and to give 4% of the metropolitan distribution to assist the country tracks to reform. The proposal was supported at the GRA board recommendation level but defeated by the Minister due to pressure from the metropolitan clubs.

The handing of the commercial functions to the GRA full board gave the control board in their mind the power to close down what they regarded as marginal country tracks. They attempted this with little or no compensation to regional areas and failed.

The GRA then made a second attempt at the rationalization process using an in-house project unit but ended up with a bigger project mess than the first attempt and it was also obvious that they were not exactly conforming to the public interest.

The GRA board gave up and this started a short period of fairly intense introspection into regional development through the capital fund that was approaching a creative approach and a lot of good work was done in the short period before the next reform was upon the greyhounds. The GRA tried to get the racing clubs to apply for capital funding in ambit to a forward estimate classic funding model. Tab advancements to all clubs was mooted and eight clubs stated they were willing to put in Tab enhancement proposals and the board waited for these proposals to be tabled before considering the forward estimates. These proposals did not come to light and when the clubs were approached as to the reason for the non submissions they stated that their committees were of the view that any proposal for capital works would put the clubs in danger of being included on a future show cause. The GRA were also struggling with traditional distribution funding models that had difficulties and the general lack of policy development in capital funding areas. The policy on capital funding apart from the treasury guideline for projects of \$500K and above were in an embryonic stage.

The creation of the greyhound act of 2002 where the GRA board functions were split into two boards and powers were taken off the industry funding oversight COBBID was intended to be a revenue neutral reform exercise and as such was always doomed to failure. I essentially transferred over from the GRA interim board and was re-elected to the commercial section of the greyhound act of 2002 GRNSW. I was advised that the new reform would fail in less than six months unless millions were thrown at the reform to make it work. The reform succeeded in my view because the GRNSW board threw millions at the reform to make it work but obviously it came at a price.

After the new board went through what was seeming to become a compulsory central action of trying to solve all problems through reforms to country racing the GRNSW entered into a creative pattern of its own and this pattern had good policy programs on capital works and on the distribution schemes. GRNSW had also recreated the industry assistance fund which was a much more creative promotional fund than the old racing assistance fund and had appointed on a

temporary basis a CEO who was expansive in the human science areas. These developments even though they were potentially promising for the future development of greyhound racing in NSW. Superior governance and policy will close the gap in any imbalance.

GRNSW however did not have to wait for a long time until future traumas not of their own making were introduced to the mix. These involved the poor performance of race wagering turnover to reach expected levels and the loss of racing income through both the attempt of the horses to break into the broadcast area of live images and also the negative effect of the horses ceasing to race for a period and the greyhounds alone soldiering on with full expenses and a 20% reduction in Tab income.

GRNSW gave away eventually to yet another reform with its unintentional consequences the 2009 Greyhound Act bringing in an Independent Board. Naturally this reform followed all other initially by what appears to be trying to close country rural tracks by stealth but this time even the Minister for Gaming and Racing got sick of the approach and reminded the independent board that it was created independent to allow it to check the excesses of the backroom day to day management group which supports it.

The current reforms under the 2009 greyhound act seem to me to leave greyhound racing with a lot of problems in the effective control of GRNSW spending and adherence to its own codes of conduct which seem to be the only feature of accountability that could be forced on the unit. The integrity auditor seems to have dispute resolution duties less demanding than the dispute resolution standards required for clubs to be registered and this integrity cut and paste legislation holds a lot of viability of racing aspects.

I will reserve my rights to submit further to this inquiry at a later date in the process. I am confident that the various recognized greyhound associations will cover much of my concerns in their submissions. For whatever reasons the Greyhound advisory panel does not seem to recognize the power they have to ask questions that require responsive answers under these rules they should be able to act similar to your committees on the special purpose committees 1 to 5. The Greyhound Action Group in effect seem to be doing the job that the greyhound advisory committee seem to be struggling to understand.

The last item I would like to mention is that the reforms over time have had their disasters in relation to regional development. The two glowing examples of the before are the demise of both Albury and Cessnock. Both these racecourses were clearly the leaders in their regions under any reasonable regional assessment. Albury was considered in the middle of the twenty racecourses to stay under the original consultants to the GRNSW strategic plan and would have rated higher if the assessment had included the twin city of across the boarder which the project should have done. The failure to persist with Albury even though it had its problems was in my view a fatal error in regional development terms.

The Cessnock situation is a little different with GRNSW defending legislation of the Government without the Government joining in allowing the treasury to believe on appeal and reform matters that GRNSW will cop the cost for anything.

Irrespective of the above the argument Cessnock is still the best regional development prospect in the Hunter for greyhound racing is more compelling today than it was when the independent review picked them in the first place. Obviously it is up to the club and community to argue its case.

Regards,

John Tracey.

19/9/2013

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