

**Supplementary  
Submission  
No 14b**

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

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*To : Legislative Council Select Committee on Greyhound Racing in NSW*

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This submission is made by Susan Absalom

**Integrity and Governance Issues**

*Terms of Reference –*

(d) the effectiveness of current industry regulation, including the level of autonomy 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.

**Executive Summary**

**ICAC Recommendations**

The ICAC recommendations are attached as I believe GRNSW should be asked how they have addressed each recommendation.

**Drug Administration and Swabbing**

I believe that the red marble should be reintroduced. It is a system that is transparent, cost effective, a good deterrent and a check on stewards. The current system is secretive, expensive, no greater deterrent and as it is stewards' discretion is open to corruption.

### Regulatory Functions

There is a lack of consultation with participants in relation to rule changes. Occasionally GRNSW calls for forums on say the grading policy. Generally there is no consultation. Rules are made and changed on a thought bubble. If participants are notified, and they are not always notified, then it is by way of press release on the website. The problem is that many participants do not use a computer and so only hear about changes via word of mouth.

My suggestion is to have rule changes come in twice a year say 1<sup>st</sup> March and 1<sup>st</sup> September each year. The new rules are sent to participants on 1<sup>st</sup> February and 1<sup>st</sup> August by way of either email or post whichever is requested by the participant. At least by doing this the participant is aware of the changes.

### Governance

I believe that GRNSW should have a flatter structure. There is no need for a Chief Executive Officer, Chief Operating Officer, 4 General Managers and 5 Managers.

It seems to me that employees that are not competent are kept on. In one case a new position was created for an employee considered by participants to be incompetent. It seems that he is incompetent in his new position as well. Another employee appears to be moved from one project to another and never seeming to finish any of them.

I believe GRNSW undertakes functions that can and are done by other organisations. I do not believe that GRNSW should employ more than 1 journalist at most. Dogs TV is expensive and not necessary as there is media such as Catching Pen and Greyhound Recorder that can give the same information.

Quality Control does not seem to exist. Screens were purchased that were too small for patrons to read the information. Chairs were purchased that were not able to be properly cleaned and can no longer be used.

Although GRNSW had operating standards in place for race clubs it did not stop the problems with the NCA and the Gardens track. It seems that the board of GRNSW accepted information given to them without properly following it up. Millions of dollars were spent at the venue, a number of other tracks had to close for the Gardens to be viable and eventually GRNSW purchased a share of the venue. The board did not even look at the annual reports until these reports were brought to their attention. It was then that the misappropriation came to light as well as auditors concerns about the club's viability to continue. I think that there is a conflict of interest where the peak body that allocates race dates and distributes funds to clubs could be allowed to own a race venue or part of a race venue. I do not believe that was the intention of legislators in the Greyhound Racing Act 2009 but rather they were referring to administration property.

I believe that the way GRNSW employees alter documentation such as stewards' reports and swab clearance pdf's can lead to corrupt activities. Any documents that are changed should be numbered and there should be an audit trail.

New computer systems should not be introduced without consultation with stakeholders to ensure that the system provides the functions that are needed by the industry. I believe it is a waste of money to do otherwise.

Main Report

ICAC Recommendations

I am concerned with how GRNSW undertakes its regulatory functions. It is more than disappointing that there is not a person on the board who is experienced in law enforcement. This shows in how poorly GRNSW handles regulatory functions. Another concern is the performance of GRNSW and its governance of the industry. In approximately 2002 the ICAC report was released. There were 16 recommendations and I have attached them as Attachment A. I believe that GRNSW should be asked how they have addressed each recommendation.

Drug Administration and Doping

My concern relates to the swabbing processes currently used by GRNSW. The system was put in place in 2009. The change went from a transparent system of selection to a system of steward's discretion with an internal check.

Previously there was a system commonly known as "the red marble". In fact it was a system with a number of parts to it. Basically greyhounds to be swabbed were either automatically chosen if the race was a feature race or one worth more than a certain amount of money, in respect to the remaining races there was steward's discretion as to whether or not there was improved performance and lastly in respect of the remaining races the handler would spin the marbles and if the red marble fell down the greyhound would be swabbed. The stewards also had the discretion to swab greyhounds if they considered there was a poor performance. There were also greyhounds selected by the stewards for a pre-race swab.

The red marble system consisted of a barrel and 5 balls one of which was painted red. The balls were in full view of the public. The handler of the winning greyhound spun the wheel and if the red ball fell through the greyhound was swabbed. This system is still used at the Non TAB tracks but with 8 balls, one of which is painted red. I consider that this system was preferable to the current system for a number of reasons. The first is that it is cost effective in that a sample of greyhounds are swabbed but it is still a deterrent because trainers would not know if they are to be swabbed or not. It was also a check on stewards as it would be difficult for them to manipulate the system.

Prior to ICAC a calico bag was used rather than a cage. The rogue chief steward was able to hold the red marble in the corner of the bag to manipulate the draw. The cage allows all the marbles to be in full view of the public which prevents manipulation by the steward.

In a press release of 14 August 2009 (Attachment B) GRNSW announced there would be a new drug detection system. In that press release the Chairman of GRNSW made comments such as “the new changes will lift standards to their highest ever levels and are fundamental to ensuring punter confidence in the integrity of our sport is maximized and our members have confidence that they are competing on a level playing field” and “It will increase the surprise element that appears to be lacking in the current approach where in most cases there is an 80% likelihood that you will not be swabbed”.

In fact the new system has reduced standards and increased the cost of swabbing. The statement that there is an 80% likelihood that you will not be swabbed is silly. It is akin to saying that it is fine to play Russian Roulette because you only have a 1 in 6 chance of being shot. Even using that argument I don't think you will find too many people trying Russian Roulette. In fact the red marble was a deterrent and was cost effective.

The new system involved reducing the number of stewards at the track to 1 and having another in a room at Rhodes looking at videos and betting data on computer screens. It is no wonder the stewards' reports now contain an unacceptable number of errors.

I have included 2 email exchanges between myself or my daughter and the Integrity Officer of GRNSW regarding why greyhounds were or were not swabbed under the current system. In Attachment C on page 2 the Integrity Officer refers to the red marble being a hangover from the Rodney Potter era. In fact this time is very much in the minds of participants and that is why they have no confidence in a system that is not transparent. The current system is not considered transparent. The second email, Attachment D, shows why the current system is not transparent and can be considered unfair. It related to the heats of a group race where they were held at both Maitland and Bulli with the final at Bulli. There was 1 heat at Maitland with four greyhounds going through to the final and one being a reserve while at Bulli there were 3 heats with the winners and fastest second going through to the final and the second fastest second being a reserve. None of the greyhounds from the Maitland heat were swabbed yet first and second in the 3 Bulli heats were swabbed even though the slowest second took no further part in the series. Although the Integrity Officer was happy with the steward's decision it should be noted that the trainer of one of the Maitland qualifiers had had a positive swab result, albeit in the previous year.

I note that there is now a tendency to swab every winner at the main greyhound meeting and at other meetings on a random basis. Raw statistics from GRNSW are used to justify the additional swabs. However, this is not the full story. Over the last 10 years greyhounds have returned positive swabs to substances in their feed and in respect to oestrus suppression which is currently causing a great deal of confusion within the greyhound industry.

Rules have changed and feed producers have made changes so that trainers are not inadvertently caught with positive swabs. A majority of participants do not want to see greyhounds given banned substances and abhor such practices. In an ideal world where money was no object swabbing all winners would be fine. However, when finances are tight swabbing practices need to be both cost effective and a deterrent. I believe a system such as "the red marble" can fulfill this role. There are all sorts of ways it can be adapted to the circumstances. I consider it to be best practice not the intelligence based, locked in a room, internal check system currently in use.

### Regulatory Functions

My concern with the regulatory functions relates to the lack of consultation with participants, continual changes to rules etc. and the inappropriate way that participants are advised of the rule changes. Generally changes are made without consultation and are advised by way of a press release on the dogs website. There is no structure as to when the changes will be made so participants have to be vigilant and check the website continually. This makes it difficult for those participants who do not use the computer to keep up to date with rule changes. As well, when the press release goes onto the computer there have been times when, rather than being the latest press release, it has been put underneath the previous release. If participants look at the computer quickly they can mistakenly miss the notice.

The example of lack of consultation I will give relates to performance trials. Participants first heard of these by way of a press release dated 26 October 2009. It is Attachment E. The reason given for the introduction of performance trials was to give the punter disclosed form. The problem was that the TAB did not use the information in its form guides.

On the 9<sup>th</sup> March 2011 GRNSW then issued a press release (Attachment F) advising of distance restrictions for greyhounds after competing in performance trials. An increase in confidence in racing through accountability and integrity was the reason given for the change.

On the 2<sup>nd</sup> October 2012 GRNSW issued a press release (Attachment G) advising that greyhounds must race within 28 days of a performance trial or trial again. The reason given for this initiative was welfare because it not only protected the greyhounds having their first start but also other competitors. The problem with this initiative was that many greyhounds were not able to obtain a start within 28 days. After taking the statistics from trainers showing that it did not work a further press release was issued on 6<sup>th</sup> March 2013 (Attachment H) advising that the time was increased from 28 days to 42 days. GRNSW employees should have done their homework and either obtained proper statistics or asked trainers before bringing in the 28 day rule.

The next change was to make greyhounds pass a time standard. There has been no press release issued about this change. Participants found out when their greyhounds began failing the performance trials. The problem here is that the greyhounds compete in fields ranging from 1 to 4 greyhounds. My view is that if there is to be a time standard then it should be a solo trial. If GRNSW insists on field trials then they should not be insisting on a time standard. Brent Hogan replied to a motion from participants as follows:

“The prescription of strict time trials for performance trials would fail to take account of varying track conditions and actual race interference and as such cannot be supported.”

This has led to inconsistencies in the passing and failing of greyhounds as well as opening up the opportunity for corruption.

Later the same participants submitted a motion asking for the purpose of performance trials. The reply is Attachment I. I can go through each item and contradict it but this submission is already too long. However, participants do not get prize money nor travel allowance for the performance trials. The reasons given for introducing and maintaining performance trials are not valid and there was no consultation with participants before bringing them in or making amendments.

I will return to the first paragraph about how the information is passed onto the participants. The press releases attached issued via the website. Those participants who do not use a computer only hear about the changes via word of mouth. It is no wonder that they are caught out not knowing that rules have been changed. My view is that rules are changed twice a year on say 1<sup>st</sup> March and 1<sup>st</sup> September. Participants are advised a month prior either by email or post whichever means the participant chooses. This method at least goes some way to ensuring that participants are aware of rule changes.

### Governance

I am concerned with mismanagement at GRNSW. The concern relates to such issues as staffing and use of funds.

### Staffing

The first matter is staffing. A look at the dogs website under "Our Team" shows there is 1 Chief Executive Officer, 1 Chief Operating Officer, 4 General Managers and 5 Managers. How can this organization justify being so top heavy?

There are two parts to the organization so I can understand a Chief Executive Officer, Chief Operating Officer and General Manager Integrity. The only other manager should be the Chief Steward otherwise GRNSW should be organized under a flat structure system. There is no justifiable reason for the hierarchical structure that it currently operates under. It is a waste of industry money.

I am also concerned about various positions within the organization and how a perceived incompetent employee was moved to a new position rather than being let go for not passing probation. This person was employed as chief grader after the resignation of the previous chief grader. However, there were numerous complaints about him including a number of complaints that came through the participants' representative structure as motions. He came across as arrogant when he fielded complaints and would not listen when participants tried to point out how he misread the grading rules. Rather than letting him go a new position in Media was created for him. Even in this position he has been found wanting. On the 5<sup>th</sup> September this year he was heard on radio 2ky reviewing the heats of a group staying race at Wentworth Park. The race was a group 3 called the Chairmans Cup. This person, however, referred to it as the group 1 Association Cup, the GBOTA's flagship staying event which was recently moved from January to Easter. When a participant rang and advised him of his mistake his reply was "point being" rather than something like "sorry, I will double check my facts next time".

### Duplication of Functions

There would appear to be too much emphasis on media and content. It seems that there is a duplication of functions within this department as they are undertaken by both GRNSW and the clubs. My view is that promotions should be undertaken by the clubs. I do not think it necessary for GRNSW to employ more than 1 journalist, if any at all. I don't know anyone who watches Dogs TV. I have no problem with the video replays attached to the race results as these are used by owners, trainers and punters. The stories on Dogs TV are a different matter. They are better covered by industry media such as the Greyhound Recorder and Catching Pen.

### Quality Control

I don't know if there is enough quality control in relation to spending on large projects. We had the case at Wentworth Park where money was spent on screens and furniture. From the start there were complaints that the screens were too small and participants were having difficulty reading the information. When GRNSW was questioned about this the reply was something to the effect of go and buy new ones yourself. During the same project tables and chairs were purchased. The green coloured chairs were found to be difficult to clean and now cannot be used. Surely the serviceability of the furniture should have been reviewed at the purchase stage.

We have the issue of an employee of GRNSW who appears to be continually given projects but often we cannot see the result of these projects. One such project was what has become known as the GAP Wall. This employee took control of the project. He came up with a grandiose vision that would have glass structures on the wall. However, after a number of years nothing has been done and we cannot find where the funding is for the project.

A more modest project could easily have been done at the same time and by the same people who put the information re the major races on the columns and walls of the ground floor at Wentworth Park. Another of the projects this employee was given was to upgrade restaurant facilities on the first floor of Wentworth Park including a kitchen. Again the scheme he was looking at was grandiose and again after several years nothing has been done. Another project was to look at the issue of design and maintenance of the tracks. Of course track safety is a big issue among participants. He and the Integrity Officer were to hold forums with track staff around the state. We have not been told how many forums were held and indeed if any were held. We have not seen a result such as a press release or new manual about maintain tracks. It is a waste of money to have an employee put in charge of projects and nothing comes of them.

Of course there are also the operating standards for clubs. These were supposed to give an indication of how the clubs were travelling. However, we have the situation with the NCA and the Gardens project. I will not go into detail here as I am sure that there will be other submissions on it. If necessary I can send it press releases and GRNSW replies on the project it the Select Committee would like them. Suffice to say that participants were not happy with the amount of money spent at the Gardens, with the number of tracks that were closed to try to make the Gardens viable and the lack of information and accountability from GRNSW on the project. We were continually told how the Gardens venue was profitable. We were shocked when the announcement came that GRNSW had used industry funds to acquire a 70% share of the venue. Worse still the latest two annual reports from the NCA showed misappropriation and qualified report from the auditor. At first GRNSW were not going to take any action. However, public opinion was such that something had to be done. The fact is that the operating standards clearly did not work in this instance. Millions of dollars of industry funds were used here and we still don't know where it all went.

Of course there is also the issue of conflict of interest with GRNSW having a share of a venue when that same body allocates race dates and distributes funding to clubs. I know that under the Greyhound Racing Act 2009 GRNSW can own or lease property but surely the legislators would have been referring to say an administration property rather than a racing venue.

One area of governance that I think is very important relates to documentation, particularly the documentation on the website such as stewards reports and swab clearance pdf's. I consider the stewards reports to be legal documents. These reports have information such as the scratchings, placings, what happens during the running of the race, the greyhounds swabbed and any incapacitation certificates given. My problem with these is that GRNSW changes these documents without notifying the public that they have been changed. One example was when a greyhound finished last and was swabbed. The steward's report mentioned Corporate Bookmaking betting on the greyhound not to win intimating that the trainer may have been implicated. However, the trainer did not have an account with that Corporate. The steward's report was altered by taking out a reference to the trainer. I had occasion to speak to the CEO of GRNSW and suggested that when changes were made the steward's report should show which version it was. He laughed.

There was also an issue with swab clearances relating to the biggest races in New South Wales. When the pdf was published there were a number of greyhounds that had won large prize money amounts not on the list. Of course there was speculation within the industry as to whether there were positive swabs or not. After an article was printed in the mainstream media and GRNSW confirmed that participants had not received information from the forensic laboratory a new pdf was published with those greyhounds omitted now included as having cleared swabs. There was no indication that the file had been changed.

I believe that action such as this leaves open the opportunity for corruption. It is vital that all document changes are numbered and an audit trail is in place for when changes are made.

I cannot finish without mentioning the new computer system. I don't disagree with the concept of the new computer system. However, where I think there has been mismanagement is in the lack of consultation with industry stakeholders. Normal business practice is for the IT people to consult with the stakeholders as to what they need from the computer. As we know the computer is nothing more than a tool to assist in the work. It therefore must adapt to what is needed by the stakeholders. I cannot find anyone who was consulted. We now find that the system does not do what it needs to and because of this there is reverse workflow for the employees of GRNSW in having to respond to queries and complaints as well as additional work to make upgrades to try to get the system working for stakeholders.

Policies have been changed because of unintended consequences of the programming. One of these relates to the points system for grading. Under the grading rules greyhounds can only win one maiden. If it is a series with heats and a final the final was called a mixed grade because there were at least 2 greyhounds that had won a race. The points allocated were for a fifth grade race. It is normal practice for greyhounds in a mixed grade race to be given the points for the higher graded race. This has worked well. The new computer system, without consultation with stakeholders, was programmed to treat both the heats and final as maiden races so the final attracts maiden points. GRNSW employees were not even aware of this anomaly until a participant brought it to their attention. The response from GRNSW was to backdate the change to 1 July 2013 and tell the participant that at some stage they would notify participants by way of electronic communication. To date this has not been done.

The reply also stated that because all the greyhounds were treated the same it did not matter. This is not true. One greyhound can have 2 starts and win both being the heat and final yet have accumulated less points than another greyhound also having 2 starts winning both but one being a maiden and the other a fifth grade. It can mean the difference between getting a run and being left out. It is therefore an important change which GRNSW employees do not seem to grasp.

### Conclusion

There are many more examples that I could give regarding these three issues, swabbing, regulatory and governance. I am happy to write more if that is what the Select Committee requires.

I thank the Select Committee for the opportunity to put in this submission.

Susan Absalom