

INQUIRY INTO GREYHOUND WELFARE AND INTEGRITY COMMISSION

Organisation: NSW Greyhound Breeders, Owners and Trainers' Association
Wentworth Park

Date Received: 9 December 2020

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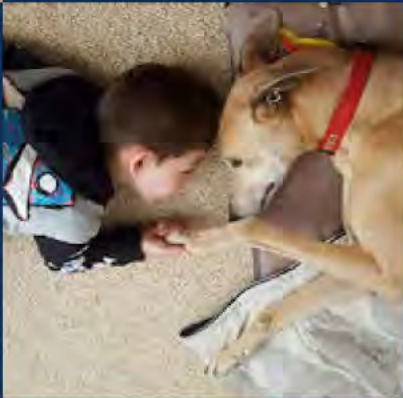
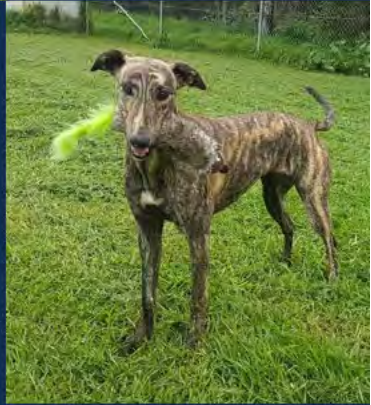
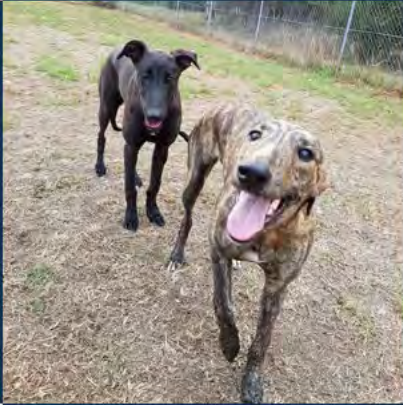
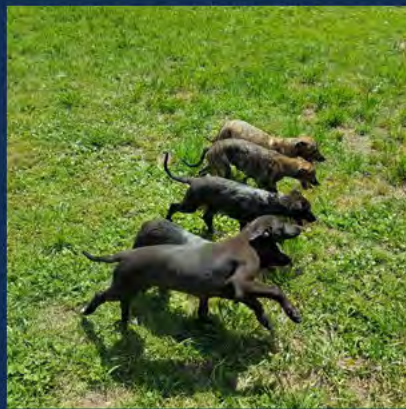
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SELECT COMMITTEE ON THE GREYHOUND WELFARE & INTEGRITY COMMISSION SUBMISSION

DECEMBER 2020

CRADLE TO



COUCH



A proud tradition – An exciting future

Submission to the Select Committee on the Greyhound Welfare and Integrity Commission

As the New South Wales greyhound industry navigated its way out of the events of 2016, it did so with a major commitment to dramatically improve the welfare of greyhounds racing in New South Wales and create and meet the **highest animal welfare standards**.

In February 2017, the NSW Greyhound Industry Reform Panel released its report with 122 recommendations which formed the genesis of the legislation that revamped regulation of the industry. The key recommendation of the Reform Panel was the establishment of the Commission as an independent regulator to promote and protect the welfare of greyhounds in NSW, safeguarding the integrity of greyhound racing and breeding, and maintaining public confidence in the greyhound racing industry.

Under Section 35 of the *Greyhound Racing Act 2017* the new Greyhound Welfare and Integrity Commission was tasked with the development and implementation of a

new Code of Practice, which would set the welfare standards across the NSW greyhound racing industry.

Incredibly, the Commission has achieved this objective of developing a Code of Practice that sets the **highest standards of welfare across Australia**, putting the NSW greyhound racing industry on the path to a strong, vibrant and sustainable future.

Following lengthy consultation with key stakeholders, the new Greyhound Welfare Code of Practice will come into force on January 1, 2021. The Code was developed by the Commission and includes feedback from GRNSW, NSW GBOTA and the NSW Greyhound Industry Animal Welfare Committee, the RSPCA, the NSW Department of Primary Industries and was subject to a period of public consultation.

The new Code of Practice sets **very high standards** for the keeping, treatment, handling and care of greyhounds. It includes detailed standards regarding the facilities, equipment and conditions at the premises where greyhounds are kept, trained and raced.

The Code strongly represents the commitment of the industry to achieve long-term sustainability by setting standards that reflect public expectations.

When the new Code was launched in June 2020, the Minister for Better Regulation and Innovation, The Hon. Kevin Anderson MP, said of the code:

“As a result of the code, NSW will now be leading Australia, if not the world, in providing standards for the protection of greyhounds that reflect public expectations.”

“These include the largest spatial requirements for greyhound housing in the nation. In addition to setting out high standards for socialisation, exercise and enrichment, it is also the first code to contain standards that apply to retired greyhounds who remain in the care of industry participants.”

The successful development and implementation of the Code of Practice means the industry is now positioned to put the past behind it and grow strongly.



EXECUTIVE SUMMARY

- The NSW Greyhound Breeders, Owners and Trainers Association has worked in partnership with the governing bodies to ensure that the greyhound racing industry over the past three years has made significant progress in improving the welfare standards of greyhounds, track safety standards, and has implemented strong governance, regulation and compliance within the industry.
- The introduction of the Greyhound Welfare and Integrity Commission (the Commission) as the regulator of the NSW Greyhound Racing Industry emerged from an incredibly challenging, adverse and unpleasant time for the industry body and its participants. However, despite the circumstances surrounding its introduction, and the challenges that it has navigated since inception, overall the introduction of the Commission has seen a dramatic improvement in the welfare of greyhounds within the industry.
- These important welfare improvements can be seen through the development of the Greyhound Welfare Code of Practice, which sets the **highest minimum welfare standards across Australia**; improvement in minimum track safety standards; reduced injury rates; significant reduced rates of catastrophic injury; reduced rates of unnecessary euthanasia; more balanced breeding levels and overall increase in rehoming capabilities, resulting in increased rates of successful rehoming placements. The Commission has significantly developed data collection which has improved the overall welfare of the race dog, as well as enhanced the industry's capability of tracking a greyhound throughout its entire lifecycle, from cradle to couch.
- Despite all of these positive improvements, it is clear that funding and independence of the Commission remains a serious issue which needs to be addressed.
- The current penalties, offences, and investigate powers available to the Commission are adequate to enable the Commission to do its job and appear to be working. Similarly, the appeals processes available for participants are reasonable and appropriate.

However, the Association is concerned regarding the length of time it takes to conduct enquiry and investigation from the time of charging of the offence to when the discipline is handed down, which takes an enormous mental, emotional and financial toll on participants. This is largely due to the administrative based disciplinary model used by the Commission. The Association feels there is alternative disciplinary models that used effectively could achieve results with a significant reduction in administrative burdens, and improving participant welfare.

INTRODUCTION

This select committee has been established to inquire into and report on the Greyhound Welfare and Integrity Commission (the Commission) as the independent regulator of the greyhound racing industry in New South Wales, and in particular:

- a) the policies, procedures, mechanisms, and overarching principles of the Commission in relation to industry participants,
- b) the appropriateness of disciplinary action for those industry participants breaching legal requirements as set out by the Commission,
- c) the options for appeal by industry participants who breach legal requirements as set out by the Commission,
- d) the combined relationship of the Commission, the industry operator Greyhound Racing NSW, and industry participants in relation to the overall greyhound racing industry,
- e) the existing funding agreement between the Commission and Greyhound Racing NSW with a view to considering recommended options,
- f) the actions, conduct and effectiveness of the Commission and GRNSW, in particular in relation to its role in improving the welfare of greyhounds, and
- g) any other related matter.

The Association submission will address each of the points as outlined above.



a) the policies, procedures, mechanisms and overarching principles of the Commission in relation to industry participants

The introduction of the Greyhound Welfare and Integrity Commission as the regulator of the NSW Greyhound Racing Industry emerged from an incredibly challenging, adverse and unpleasant time for the industry body and its participants.

Looking back at that transitional time, it is fair to say that the process undertaken to handover regulation duties from Greyhound Racing NSW to the Commission, including the movement of staff, data information transfer for participants, communication to participants about the changes and the implementation of new policies and procedures for participants and the industry was undertaken against a back drop of hostility, fear, uncertainty, and with a 'big stick' mindset.

Initially, the Commission's approach to the development and implementation of new policies, processes and procedures for participants was quite autonomous, excluding key industry stakeholders from valuable consultation, and lacking in real engagement and communication with participants.

Industry participants strongly felt that the lack of consultation and unwillingness to thoroughly research matters resulted in the development of policies and procedures which were impractical or unnecessary for the industry. Additionally, the Commission and their officers took a very narrow interpretation and inflexible approach to policy implementation, with a major lean towards enforcement rather than education.

Coupled with this, the Commission's minimal engagement and communication of new policies with key industry stakeholders and participants meant that there was often a lack of understanding from participants as to their obligations, resulting in many examples of misunderstanding, miscommunication and mistrust between participants and Commission Officers.

The Association has certainly observed over the past twelve to eighteen months a shift in the attitude of the Commission to working alongside the industry towards the goal of the best welfare standards in Australia, with a move from a reactive to a proactive approach.

In the past twelve months the Commission has established strong consultation frameworks for policy development with both the NSW Greyhound Breeders, Owners and Trainers Association (NSW GBOTA) as well as other key industry stakeholders. This consultation framework extends to industry participants with the Commission being more visible and active in consulting on key policies and processes which directly affect participants.

A major recent example of this is the development of the new Greyhound Welfare Code of Practice which will come into effect on January 1, 2021. The Commission established strong consultative frameworks with NSW GBOTA, GRNSW, key industry bodies, as well as provided a number of opportunities for feedback and

consultation on the Code for industry participants. The thorough industry consultation resulted in an end document that was significantly different to the beginning, a result of listening intently to the industry's concerns.

In consultation with the Association and GRNSW, the Commission has written a number of industry practice guides addressing specific areas of the Code of Practice to assist industry participants to better understand their obligations under the Code and provide an interpretation guide for inspectors.

Significantly, the Commission has outlined that the implementation plan will see inspectors seeking to educate participants on their obligations as an initial first step, with enforcement a last step. This shift from policing to education is a key change in the attitude of the Commission towards industry participants and will be important in the long-term regulation of the industry. This education process has already commenced, with the Commission currently two months into a campaign of participant information sessions, workshops and phone consultations to assist participants to get up to speed on the Code.

It is clear that the Commission has realised the value of engagement and collaboration with industry participants and experts prior to developing policy or reviewing procedures and has shown itself to be more willing to do so. The recent creation of the new Greyhound Industry Participants Advisory Committee, with eight industry experts statewide, is another step forward in building a stronger consultative relationship between the Commission and participants.

The Commission's new proactive approach has seen it willing to review old policies that have been implemented for best practice, and to ensure they are still offering the highest welfare standards, for example currently work is being undertaken to review a controversial policy regarding provision of water to greyhounds on race days.

Similarly, the depth of research for policy and procedural development has increased, with the Commission both undertaking its own research, as well as engaging in widespread consultation with industry stakeholders prior to policy development. Whilst there is still some work to be done on the consultation framework to ensure that engagement is genuine, it is certainly moving in the right direction.

Online information sessions
Greyhound Welfare Code of Practice

Monday 26 October	12 pm
Tuesday 27 October	12 pm
Wednesday 28 October	12 pm
Thursday 29 October	12 pm
Friday 30 October	12 pm

Register your interest today!



GWIC is coming to a track near you!

GWIC will be at race meetings during September and October to chat with trainers, and provide more information about the NSW Greyhound Welfare Code of Practice, licensing and our online services. We look forward to seeing you soon!

GWIC will be at the following race meetings:

Bathurst	21 Sept 2020	Lismore	4 Oct 2020
Nowra	24 Sept 2020	Goulburn	15 Oct 2020
Wagga	25 Sept 2020	Richmond	16 Oct 2020
Maitland	28 Sept 2020	Wentworth Park	18 Oct 2020
Dubbo	1 Oct 2020	Goulburn	20 Oct 2020
Cassemobile	5 Oct 2020	Dubbo	23 Oct 2020

If you have any questions or need more information, please contact GWIC on 13 47 42.



b) The appropriateness of disciplinary action for those industry participants breaching legal requirements as set out by the Commission

The Association believes the current penalties and offences are appropriate and are assisting to achieve the desired outcomes.

However, the Association remains concerned with the length of time it is taking for participants to have their disciplinary matters heard, sometimes months, or even over a year. This creates enormous pressure on participants and their families as they wait on the sidelines through months of uncertainty, often without an income.

The delay in the resolving of disciplinary matters is largely due to the heavily administrative nature of the disciplinary model currently being utilised by the Commission. The Association believes there is vast room for improvement with the current disciplinary model that the Commission is operating with, which would streamline the process, and speed up matters for participants.

The Association will discuss this in further detail later in this submission.

Another disciplinary issue that the Association remains concerned is the recurring issue of the way in which the Commission deals with prohibited substances, where the use of performance enhancing drugs is treated in the same vein as benign substances such as cobalt, calcium or arsenic, which are also on the prohibited substances list.

Cobalt and calcium are naturally occurring substances found in the food eaten by greyhounds, with a degree of doubt still in existence as to the scientific basis for the substance being prohibited. The finding of cobalt or calcium in the system is ordinarily due to husbandry practices, specific foods that have been provided to the greyhound for nutritional purposes, or supplements that have been provided to aid in recovery. Similarly, arsenic is a naturally occurring substances which is found in some foods fed to greyhounds, such as sardines, seaweed, kelp extract, and beetroot; and has also been proven to have been found in soil and Sydney water in a previous case.

The Commission has progressed some positive work in this area, with the introduction of an early alert system for participants, to provide them with feedback to warn them where cobalt levels are approaching the threshold. It is clear from the significant reduction in the number of positive swabs for Cobalt that this is having an impact on husbandry practices. However, given the success of this program, it does raise the question as to whether the substances are in fact performance enhancing and what are the

appropriate threshold levels.

In this respect, the Association strongly feels that further research and review of these policies needs to take place in the near future.



At the present time, all of these breaches are treated in the same vein, including being listed on the Commission's website as a 'prohibited substance' charge. This remains an industry reputational risk, providing other participants, owners, and the general public with the perception the trainer is guilty of a serious performance enhancing issue, or in simpler terms 'drugging' their dog.

Additionally, the time taken for participants to have charges dealt with, in some cases has been months, or even over a year between the charge, the process of enquiry and investigation, and the handing down of a disciplinary decision. This has an enormous impact on the mental health and wellbeing of both the participant and their family members, as they deal with long periods of uncertainty.

Whilst it is important to have a process of natural justice, in circumstances where the Commission is dealing with a charge related to a benign substance such as cobalt, arsenic, calcium or other low-level offence, the process should be streamlined to ensure it is efficient.

In the absence of cobalt, arsenic, calcium or other benign substances being removed from the prohibited substances list, consideration should be given to breaches in relation to these substances being dealt with quite differently than the breaches for actual performance enhancing drugs.

The benign substance offences, or other low-level offences may be able to be resolved more efficiently through a different process such as an enforceable undertaking that could be negotiated early and efficiently after detection. The administrative process of dealing with such matters would then be lessened, leaving the Commission to concentrate its efforts on dealing with the more complex charges.

c) The options for appeal by industry participants who breach legal requirements as set out by the Commission

Following a decision handed down by the Commission for a participant deemed to have breached a legal requirement, there are two ways that a participant can formally appeal the decision:

- Racing Appeals Tribunal in accordance with the Racing Appeals Tribunal Act 1983 and Racing Appeals Tribunal Regulation 2015
- Internal Review under the *Greyhound Racing Act 2017 (NSW)*

Neither method of appeal provides participants with an



affordable, efficient, simple or easy to navigate way of having a decision reviewed.

In short, appeals to the Racing Appeals Tribunal are cumbersome, complex, costly and often lengthy for participants. Appeals must be made within seven (7) days of the decision being handed down by the Commission, can often take weeks to resolve, and due to the complex nature of appeal cost thousands of dollars in legal fees.

Similarly, Internal Review requests must be made within 28 days of the decision being handed down, and the method of application is not easy for the average participant to navigate. For minor matters, the cost of making an internal review application often outweighs the cost of paying the fine itself.

Additionally, in circumstances where a participant has already made an appeal to the Racing Appeals Tribunal, the Commission will not commence the internal review until the decision has been handed down by the Tribunal. Given the Commission is not going to overturn a decision by the Racing Appeals Tribunal, this effectively negates the purpose of applying for internal review.

Appeals Panel

One suggestion to negate the need for lengthy and costly processes of appeals for participants would be the introduction of an appeals panel, made up of three suitably skilled and experienced persons, who would operate as a first point of appeal for participants wishing to have decisions imposed by the Commission reviewed.

The Association envisions that an appeals panel could operate similarly to panels within other sports such as soccer which hears appeals from players wishing to contest decisions. In most circumstances these panels operate in a more informal way, generally without the participant being legally represented, and provide opportunity for an easier and speedier decision.

The benefit of having an appeals panel would be to provide participants with a forum to have decisions reviewed at a face to face level in a cost efficient and timely manner, with an environment that would not be as confronting or complex for the average participant to navigate. Essentially, it would provide the participant who believed they had a reason to appeal a decision with the opportunity to sit down with the panel and 'tell their side of the story', without the need to draft lengthy written submissions and pay a fortune to legal representatives.

An appeals panel would need to be charged with delegated authority to uphold the Commissions decisions, or alternatively to make changes to the decision. It is important that the panel be empowered to provide participants with a decision, so that we are not just installing another level of administration that does not offer real solutions.

Commission's Disciplinary Model needs review

Before we can start building the house, the most important aspect is ensuring a solid foundation with which to build upon. In this respect, whilst the avenues for appeal for

participants who are charged are important, of far greater concern is the current disciplinary model in operation by the Commission.

At the present time, the disciplinary model being utilised by the Commission is complex, heavily administrative, and far too legalistic to provide real natural justice to participants. From the initial notification of charge, to the handing down of a final decision, each step of the disciplinary process is generally undertaken through written letters and requests for written information. This is a challenging task that requires legal assistance, resulting in an enormous cost burden for participants who may have already lost their incomes due to the charges.

This heavily administrative model has resulted in extremely lengthy delays for participants to have their initial charges dealt with by the Commission. We have seen and continue to see examples of disciplinary cases taking weeks, months, some even well over a year between the initial charge being handed down, the process of enquiry and investigation and the final handing down of a disciplinary decision. At the present time, due to the length of time in decision making, participants have often served much of their suspension time by the time the final decision has been handed down.

During this time, participants are left in limbo, often on interim suspensions, unable to participate, quickly losing income sources, as well as suffering reputational damage. This also has an enormous impact on the mental health and wellbeing of both the participant and their family members, as they deal with long periods of uncertainty.

Once the final decision has been handed down, participants often feel reluctant to go through the appeals process which would mean several more weeks or months of uncertainty, as well as a further cost burden from legal representation. This is often weighed up against the cost of waiting out the suspension.

Winning an appeal following months sitting on the sidelines achieves very little other than clearing a participant charge sheet, as the time and money lost through the process is not able to be regained. Additionally, the reputational damage that has been suffered through the process is irreversible.

Clearly, our disciplinary system is not working as efficiently as it could be, and we are not operating at best practice with respect to procedural fairness and the principles of natural justice for our participants. In short, we can do better.

How can we achieve a better disciplinary system?

Clearly, what is needed is a more robust enquiry system at the initial first level, which would assist the Commission to bring charges in an expedient and efficient manner and provide participants with a greater degree of certainty.



In other racing jurisdictions, initial enquiries and charges are most often laid by stewards, which allows them to be dealt with expediently, and in a face to face manner which provides a more suitable forum for a participant to be heard in accordance with the principles of natural justice.

It would also appear there is scope for charges to be categorised into a tier system, with some of the more benign substance charges, such as those of cobalt or arsenic, or lesser offences to be categorised as Tier 1, and dealt with in an almost regulatory fashion, with a charge and penalty issued simultaneously. It is unlikely that there would be many reasons for appeal of these types of charges.



Should a participant wish to appeal a decision, they could then take it to the panel, providing them with one more face to face opportunity to explore their review options. The Association strongly feels that such a system would reduce the burden on the Commission's legal team, leaving the team to focus on the more complex cases, and would reduce the number of appeals to the Racing Appeals Tribunal.

d) The combined relationship of the Commission, the industry operator Greyhound Racing NSW, and industry participants in relation to the overall greyhound racing industry

The relationship between the Commission and GRNSW was created out of the recommendations of the Special Commission to separate the regulatory and commercial powers.

As previously raised within this submission, the Commission was established in an environment of uncertainty and fear. In the earlier days of the Commission's implementation, the Commission did not adequately engage with GRNSW and participants in valuable consultation when developing its policies, processes and procedures, which has contributed to the relationship issues.

It is clear that there has been to date an overall lack of cooperation and respect between the two parties which has an impact on participants. The two bodies should be working harmoniously on common goals, but are instead disjointed, and not united, although this has improved slightly in recent months.

The Association is of the opinion that the large majority of the relationship issues between the two parties are a direct result of the funding issues within the industry as a whole.

The Commission's income is currently sourced jointly from State Government grants, payments from GRNSW as required under its operating licence, the Point of Consumption Tax on wagering, and the Commission's internally sourced revenue. The latter includes registration fees.

Under the Act, one of GRNSW's statutory functions is to fund the costs of the Commission. This obligation is also specified in the five-year Operating Licence

which requires GRNSW to make an annual contribution to the Commissions costs, with the Minister making final direction. From July 2022, GRNSW will be responsible for **all** of the Commission's operating costs.

In the view of the Association, the funding arrangement is a fundamental weakness in the industry and underpins the relationship issues between the two bodies. The Commission's reliance on GRNSW funding causes conflict between the two bodies, which ultimately drags in the Minister to resolve.

As the commercial arm, GRNSW wants funds for race prize money, infrastructure investment, payments to clubs, and general promotion of the sport, whereas the Commission's responsibility is for integrity and welfare, including the registration of participants.

While industry growth, integrity and animal welfare are ultimately mutually supportive of each other, the financial dependence of the Commission on GRNSW causes tension and mistrust. Funding for the integrity function should be at arm's length from the commercial side. This is the case with the Queensland Racing and Integrity Commission (QRIC) – it is fully funded from state revenue.

In the real world, funding arrangements like this, will always lead to one party blaming the other for any funding shortfalls.

From GRNSW perspective, for every dollar of funding given to the Commission, there is a dollar of funding potentially subtracted from prize money, club costs reimbursements or track investments. While GRNSW clearly supports the need to promote integrity and animal welfare, it is incentivised to heavily scrutinise and oversee the Commission's expenditure. This causes tension and mistrust.

From the Commission's perspective, it is an independent regulatory agency and does not want its role potentially constrained by the commercial arm of the industry. Ultimately, this conflict risks a lack of accountability for outcomes. Best practice would have the Commission establish an independent funding base.

The Association has already made a detailed submission regarding these matters within the statutory review of the *Greyhound Racing Act 2017* (NSW).

e) The existing funding agreement between the Commission and Greyhound Racing NSW with a view to reconsidering recommended options

Funding problem will increase as GWIC's funding needs increase in years ahead

The tension over funding between the Commission and GRNSW will increase in the years ahead. Currently, NSW GBOTA understands that the estimated operational cost of the Commission in 2020-21 will be \$16.5m, which is marginally higher than the expenditure in 2019-20 of \$16.1m.

However, a major source of funding for the Commission in 2019-20 was State government grants of \$3m. The grant allocation is estimated to decline to just \$1.0m in 2020-21, creating a shortfall of \$2m.

NSW GBOTA fully recognises the importance of ensuring the Commission and its critical functions are properly funded. This was made very clear by the Special Commission of Inquiry. Indeed, it is fundamental to the industry's continuation.

Critical need for industry 'sustainability' in administration

Whilst NSW GBOTA recommends a sound funding model for the Commission (next section), this does not exempt the Commission and GRNSW from ensuring they operate with maximum efficiency. This is critical for taxpayers, but even more so for participants who need adequate prize money to participate in NSW racing.

The Hon Dominic Perrottet MP NSW Treasurer has spoken of his approach to manage the budget for the people of NSW (a much bigger budget than GRNSW, the Commission & NSW GBOTA) with two guiding principles:

- 1. Cut red tape**
- 2. Create greater efficiency**

The bodies in Greyhound racing must respect this position and show it is genuinely taking steps to implement these principles.

When the Commission commenced there were naturally numerous administrative and financial functions that needed to be established. Unfortunately, in terms of employment Awards, a decision was taken to employ all the Commission staff under the *Crown Employees Award 2012* – noting that previously when employed by GRNSW, staff such as stewards were employed under an enterprise agreement.

It is now clear that this decision is very costly, especially when you consider that of the \$16.4m cash expenditure in 2019/2020, \$11m or 67.07% was spent on employee costs. This Award is totally inconsistent with the normal requirements of the greyhound industry, with various allowances and loadings paid to perform at times and on days when greyhound racing has been conducted for the past 30 years.

The reality of this decision means a Steward (not the Senior Steward) who officiates at a NSW GBOTA track is paid more than the combined salaries of the track manager and the track curator. This current situation is unfair and has not surprisingly caused division amongst staff on race days.

All employees are entitled to a fair rate of pay, however, the Award must be consistent with the normal activity of the business.

If the Commission is wanting to continue paying from this Award, it is critical that they only do so if they can find a new source of sustainable funding and show it is not coming from the commercial side of things (e.g. prize money).

The Association also believes that GRNSW should be given an efficiency target regarding their operating cost and also falls in line with the NSW Treasurer's position regarding organisational efficiency.

A reminder – NSW Greyhound racing is (unfairly) underfunded

It is important to always remember that this funding tension is in-part due to the systematic unfairness in the funding of greyhounds relative to other racing codes in NSW. Twenty two (22%) percent of NSW racing revenue comes from wagering on greyhounds, yet this percentage is not used as the basis for three greyhound industry income sources.

- (a) TAB distributions are based on a 13% share, creating an \$18.7m funding disadvantage;
- (b) PoCT is based on 13%, creating a \$3.8m disadvantage; and
- (c) Tax harmonisation 10%, creating a \$7.1m disadvantage.

In dollar terms, if these income sources were based on the correct and fair percentage of 22% in the period 2019/2020 the greyhound industry would receive an additional \$29.6 million in annual funding. The Association agrees with the Commission's analysis which indicates that the value of the greyhound code funding inequity exceeded \$29.6m in the 2019/20 financial year, as shown in Chart 1:

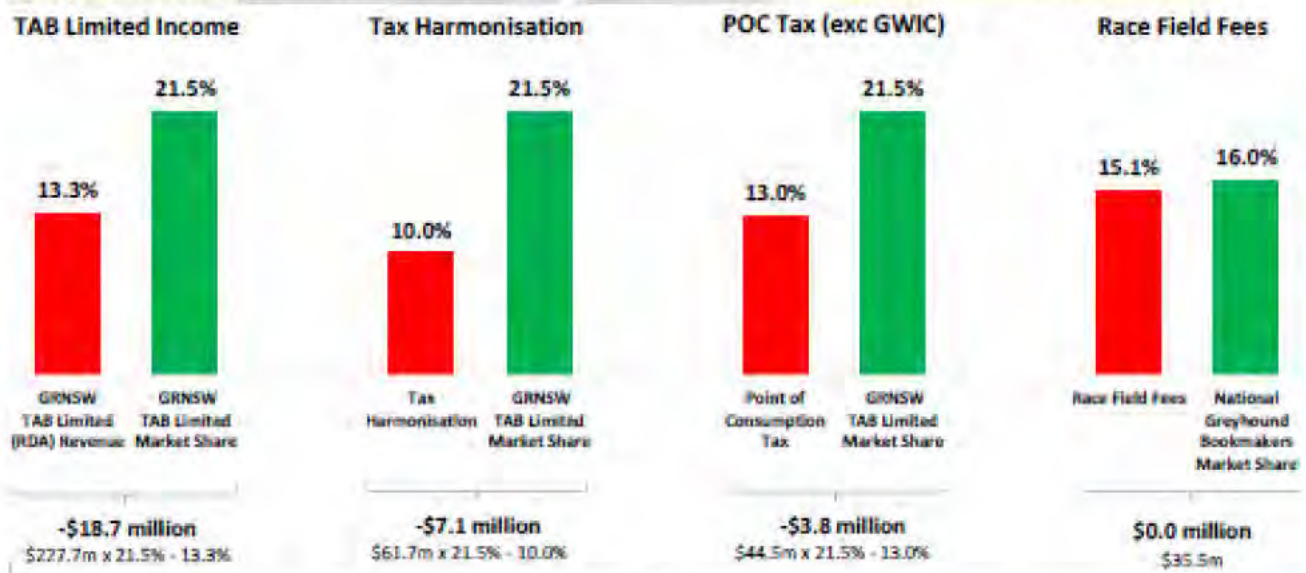


Chart 1: NSW Greyhound Code Funding Inequity of Revenue to Market Share 2019/20

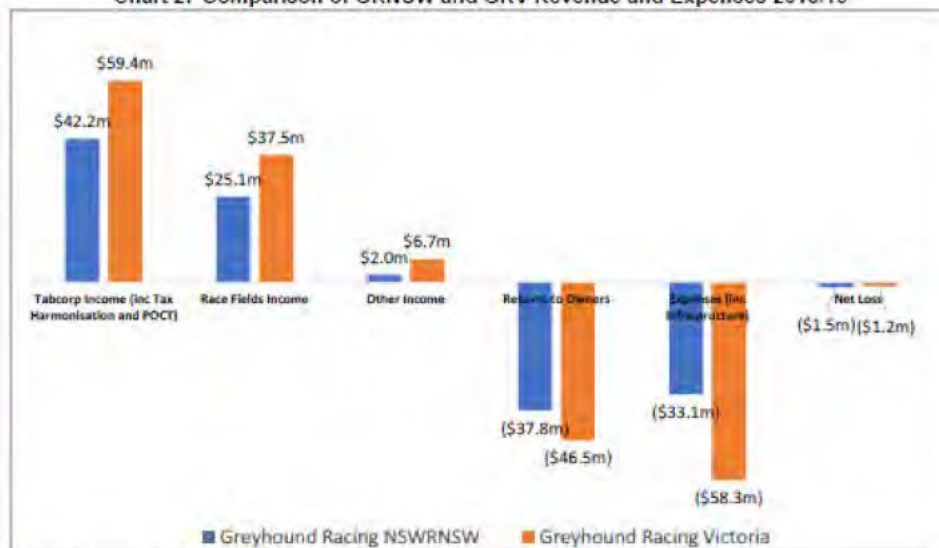
Source: GWIC analysis based on data provided from GRNSW management reports.

GRNSW funding is at a substantial economic disadvantage to its main competitor, Greyhound Racing Victoria (GRV). In 2018/19, GRV revenue exceeded GRNSW revenue by \$34.2m and returns to owners by \$8.7m, driven by:

- A more favourable inter-code agreement between the three Victorian codes with 50% of VICTAB revenue allocated to the Victorian Greyhound industry on its market share (currently 21.26%) and 50.0% at fixed percentage of 9.0%. This provided GRV with 15.1% of VICTAB revenue in 2018/19 as compared to GRNSW with 13.0% of TAB revenue and
- GRV hosting more TAB fixtures than is the case in NSW, with GRV conducting 1,127 meetings in 2018/19, an increase of 6.2% over the prior 5-year period. This is attributed to increased opportunities emanating from the announced NSW prohibition on greyhound racing. NSW greyhound TAB fixtures declined to 825 meetings, a reduction of 4.2%, during the same period.

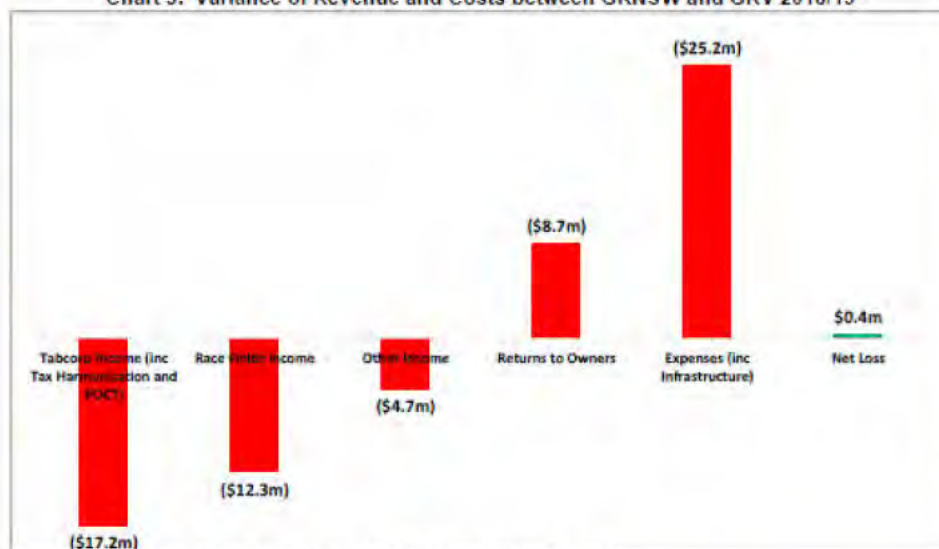
This substantial economic disadvantage when GRNSW is compared to GRV is evident in Charts 2 and 3:

Chart 2: Comparison of GRNSW and GRV Revenue and Expenses 2018/19



Source: GRNSW and GRV Annual Report 2018/19
Note: GRV 2019-20 Annual Report not yet publicly available.

Chart 3: Variance of Revenue and Costs between GRNSW and GRV 2018/19

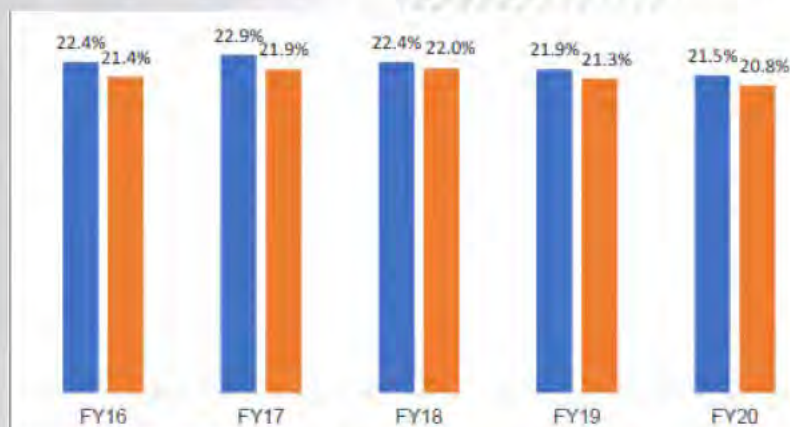


Source: GWIC analysis, derived from GRNSW and GRV Annual Reports 2018/19

Despite the inherent economic disadvantage, greyhound racing remains relatively more popular with NSW citizens than Victorian citizens, as reflected by the comparison of greyhound code market share in the respective states, as set out in Chart 4:

Chart 4: Comparison of GRNSW and GRV Revenue and Expenses 2015/16 to 2019/20

Source: 2015-16 to 2018-19 code market share of pari-mutuel and fixed odds betting on TAB Limited, derived from Australian Racing Board Fact Books 2015-16 through Table 74, 84-85 and reconciled to Greyhound Racing Victoria Annual Report 2018-19, page 23. 2019-20 code market share for Tab Limited provided by GRNSW. 2019-20 VICTAB market share provided to GRNSW by GRV.



The Association acknowledges that over the last decade the Government has introduced initiatives that continue to provide significant revenue growth to the racing codes, including the introduction of:

- Race field fees in 2008, which requires all wagering operators that use NSW racing information to obtain an approval from each controlling body before they can accept bets on any NSW race event and allows each code to impose a fee on all wagering on NSW racing events. In 2018/19 this provided an additional \$166.3m of annual funding to the three codes
- Tax harmonisation which was phased in between 1 July 2015 and 1 July 2019, reducing the NSW wagering tax rates on totalizators and fixed odds wagering to match the Victorian rates, with the economic benefit of the tax reduction to be provided to the NSW racing industry. In 2018/19 this provided an additional \$55.9 million annual benefit to the three codes
- A 10% point of consumption tax on wagering revenue placed by NSW residents, regardless of location of the wagering operator, from January 1, 2019.

Of the 10% point of consumption tax, 2% is provided to the three racing codes, with Racing NSW arguing that this would ensure the NSW racing industry would not be worse off as a result of the introduction of it, given the impact it has on the pricing power of the NSW racing industry when setting the rate of race fields fees.

In 2018/19 this provided an additional \$17.8m of code funding for the six months period since introduction. In addition to this amount, \$2.0m which was provided to support the establishment costs of the Commission (with a \$4.0m undertaking to

cover the Commission's costs in 2019/20 and 2020-21) and \$2.5 million to be provided to the Responsible Gambling Fund annually.

Unfortunately, despite these enhancements, the allocation of funding between the codes from tax harmonisation (of 10.0% to NSW greyhounds) and the point of consumption tax (of 13.0% to NSW greyhounds) was not based on the NSW code market share of wagering performance (21.9% by greyhounds) and has accelerated the funding inequity between the codes.

Need for a breakthrough on fairer funding

The Association is concerned that the mismatch between contribution of greyhounds to wagering turnover and money returned to the industry has not been addressed by NSW Parliament in 20 years. It is a critical question for the industry as to why, in the face of glaring unfairness, NSW Parliament has not sought to address it.

One possible answer is that community concerns over integrity and animal welfare in greyhound racing has coloured perceptions of the industry, not just since the ban in 2016 but before that as well. This has meant there are few political 'champions' of the industry to go into bat for fairer funding and greyhounds. The industry is out lobbied by racing. In other words, a fair funding formula is being undermined by issues around perceptions of integrity and welfare.

NSW GBOTA fully recognises this issue needs to be fixed. We are hoping that the entire industry will take a leading role in campaigning for a fairer funding system, directly challenging the unfair lobbying efforts of other codes to take money from greyhounds.

We must always keep a focus on sustainability of this industry

We have already shown that the NSW Greyhound Code Funding Inequity 2019-2020 was **\$29.6M** and approx. a massive **\$200M** over the past 20 years.

Based on these figures it is hardly surprising that the industry, and all the hard working Clubs have struggled to survive, when a fair distribution of the wagering income that is generated would provide all of us with an opportunity to thrive.

NSW GBOTA fully supports the following funding Approach

The Association is aware of and in fact has had input into the funding approaches being prosecuted by GRNSW and the Commission in their individual submissions.

The Association has a strong belief that the Commission should be funded outside of the "racing bubble", which would go a long way to alleviate the conflicting priorities that GRNSW have to balance, when expending their limited revenue streams.

The Association is aligned with the approach of Greyhound Racing New South Wales' (GRNSW) submission in that the funding of the Commission should be sourced from NSW Point of Consumption Tax revenue under 13 O Special appropriation to Greyhound Welfare and Integrity Commission, whilst preserving for GRNSW at least the 13% POCT distribution it currently receives for industry. We are

led to understand that the Treasurer of the NSW Government has the power to make this allocation.

Perception amongst almost all participants is that the apparent large costs of the Commission being funded out of GRNSW revenue, is taking directly away from grass root returns. Either by way of prizemoney, improved infrastructure, breeding support, education or further welfare initiatives. There is unanimous support from all independent racing clubs across NSW on this position.

Specifically, the Association supports the following elements

GWIC be funded 100% from a special appropriation under Section 130(6) of the Betting Tax Act 2001 No 43 [NSW], which:

- Ensures the Commission can operate effectively as a NSW government crown entity, separate and independent from GRNSW;*
- Establishes an appropriate arm's length financial relationship with GRNSW on an ongoing basis;*
- Be consistent with the state funding of the Queensland Racing and Integrity Commission (QRIC) which is funded in a similar manner by the State;*
- Goes some way towards correcting the \$29.6 million annual funding inequity which continues to be perpetuated within the inter-code deed, the allocation of tax harmonisation code distributions and point of consumption code revenue.*
- Government inquiries recommended this inequity be corrected;*
- Funding is from industry sources though the point of consumption tax on wagering;*
- Industry analysis indicates that net race wagering taxes will be substantially higher than the NSW Treasury forecast (+\$212 million over the next three years after GWIC funding) driven by the point of consumption tax;*
- Does not disadvantage the thoroughbred and harness codes;*
- Can be undertaken within the existing legislative provisions of the Betting Tax Act 2001.*

Reminder of the original intention of independence

“.... If the industry is to continue then it is critical that the yearly funding of the regulator not be based upon what GRNSW claims it can or cannot afford. If there is a discrepancy between what GRNSW can in fact pay and what the regulator requires, then it will be necessary for government to provide funding. That funding should not be set as a consequence of ‘horse-trading’ or compromises. The integrity of the greyhound racing industry will not be served by an under resourced and ineffective regulator.” (Special Commission of Inquiry)

The Association is of the view that the creation of the Commission is a positive for the industry and this will become clearer overtime. The key issue right now is to fix:

1. The problem of GWIC's funding coming from the commercial arm, GRNSW; and
2. The inherent unfairness in distributions of TAB, tax harmonisation and PoCT;
3. Streamlining of the existing disciplinary and appeals process.

In our view, these problems are best addressed by ensuring the Commission has a sustainable funding base through Ministerial appropriation and GRNSW receiving funding the matches the commercial investment our industry and participants deliver through the wagering revenue delivered to the State of NSW

The Association has a strong belief that the Commission should be funded outside of the “racing bubble”, which would go a long way to alleviate the conflicting priorities that GRNSW must balance when expending their limited revenue streams.

Perception amongst most participants is that the costs of the Commission being funded out of GRNSW revenue is taking directly away not only from grass root returns, but from essential greyhound safety and welfare, improved infrastructure, breeding support and education. Investment in education at all levels will ensure we achieve our industry goals of “best practice” in all we do.

We make the observation that the major welfare costs and initiatives are in fact delivered and funded by GRNSW, implemented by owners / trainers and breeders and “policed / enforced” by the Commission. Commercial programs such as Greyhounds as Pets, Injury Rebate Scheme and various Re-Homing Assistance Schemes have all been pro-actively introduced by GRNSW, embraced by participants and are being monitored by the Commission for their effectiveness.

f) The actions, conduct and effectiveness of the Commission and GRNSW in particular in relation to its role in improving the welfare of greyhounds;

The functioning of the Greyhound Welfare and Integrity Commission has seen marked improvement in the overall welfare of greyhounds. In particular, the Commission has undertaken a range of projects and policy enhancements which have contributed to the welfare of greyhounds, such as amendments to the Hot Weather and Race day Hydration Policy; the population project which has identified and determined the number of greyhounds in NSW; whole of life cycle tracking enhancements; upgrades to online registrations and improved data collection.



Code of Practice

Following lengthy consultation, the Commission recently introduced its Greyhound Welfare Code of Practice, which is set to be implemented from January 1, 2021, and provides the **highest standards of animal welfare across Australia.**

The Code of Practice provides an outstanding platform on which to build a vibrant, sustainable, exciting, rewarding and strong industry and one that has true engagement and solid support from the community.

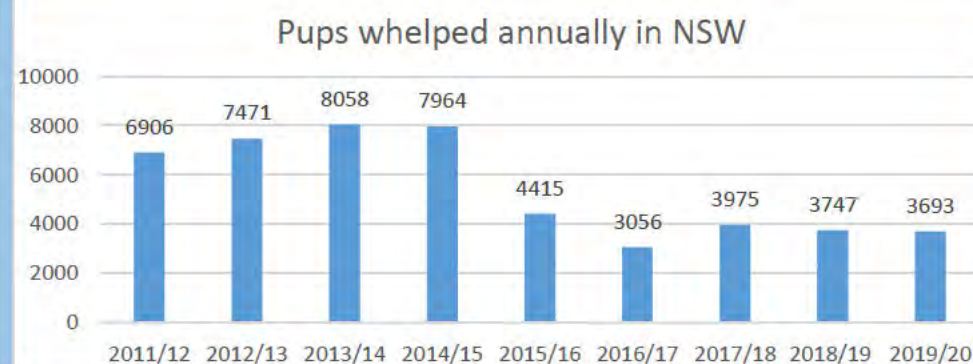
As with any major set of principles or standards, there are some standards which have been identified as requiring interpretation to ensure trainers understand the

standards correctly, and in this regard, the Commission has undertaken some valuable work to produce industry practice guides to assist participants.

Breeding Levels

Prior to the introduction of the Act, concern remained regarding the high number of pups being bred annually. Pleasingly, and very importantly breeding levels have adjusted significantly since the introduction of the Act. In 2014/15 the number of greyhounds whelped was 8048, with the last two years showing levels at 3,976 and 3,747 respectively, a fall of more than fifty percent.

The halving of the number of greyhounds bred over the past six years is reflective of a new industry culture where the welfare of the greyhound is paramount and is at the forefront of all decision making.



Industry dedicated to whole of life cycle management

(Source: Greyhound Welfare and Integrity Commission, August 2020)

Injury Management

Currently, the industry is seeing its lowest rate of catastrophic injuries since reporting began in 2016, with 10 greyhounds suffering catastrophic injuries in Q2 of calendar 2020. This equates to a rate of 0.5 per 1000 starts. This decline is consistent with an overall decrease in catastrophic injuries since 2017/18.

Catastrophic injuries are the injury type that is most concerning to the industry, and we have seen a decline of 58% over the past four years.



Safety of the racing greyhound a key focus of the industry

(Source: Greyhound Welfare and Integrity Commission, August 2020)

Recently, the industry also recorded its lowest total injury rate since 2018, with a total injury rate of 28.1 per 1000 starts for Q2 2020, a decline from a high point of 34.2 per 1000 starts in Q4 2019, after readjusting for re-categorisation of minor injuries.

The decline in the injury rate can be attributed to a range of policy and operational developments that have been made by both the Commission and GRNSW, including, but not limited to improved track inspection, track design and maintenance standards; improved decision making matrix and support for on track treating veterinarian's; the introduction of the Race Injury Rebate Scheme by GRNSW, and the separation of the welfare and integrity functions of the industry from the commercial functions.

The Commission has undertaken to closely manage all industry injury rates. In particular, in 2019 the Commission established the Race Injury Review Panel to provide a consistent mechanism for systematic review of serious and catastrophic injuries to greyhounds racing on tracks. The Race Injury Review Panel reviews each and every catastrophic injury across all tracks, to provide a better understanding of the underlying causes of racing injuries and makes recommendations to reduce injury rates.

Minimum Track Standards

The development of draft minimum track standards has already had a positive effect in contributing to the reduction in catastrophic injuries across all NSW tracks.

The GRNSW Strategic plan includes substantial investment in safety at greyhound racing tracks in NSW. GRNSW has demonstrated its commitment to the Strategic Plan, having already invested more than \$7M from the Safety and Welfare Capital Grants Program into NSW tracks over the past two years. The funds have been used to upgrade, rebuild and remediate tracks to meet new and higher standards for greyhound welfare and safety.

GRNSW has recently been engaging and consulting with tracks on the track strategy to invest the remaining \$23M in funds to upgrade and rebuild and remediate tracks to meet the new standards for greyhound safety and welfare. It is obvious from recent industry discussions that the current level of funding won't be enough to achieve the standards required.

Track safety standards, and the welfare of the greyhound is and remains an important and vital key focus of the industry.



Strengthened Rehoming

By far one of the biggest improvements in the overall welfare of greyhounds has been the stronger rehoming requirements introduced by the Commission.

Greyhound owners are now responsible for rehoming any greyhound that they do not wish to retain. Owners are required to meet strict requirements in attempting to rehome greyhounds, and there are strong disciplinary actions available for the Commission to deal with any greyhound owner who fails to meet these obligations.



Destination	Number	%
Retained by owner or trainer	517	36%
Rehomed privately by owner or trainer	285	20%
Accepted by Greyhounds as Pets	249	17%
Accepted by another animal rescue or adoption agency	390	27%
Total	1435	100%

Industry culture focused on the whole of life cycle of its greyhounds

(Source: Greyhound Welfare and Integrity Commission Annual Report, 2018/19)

Both GRNSW and the Commission have introduced several policies and programs to assist owners to rehome their own greyhounds. GRNSW have increased their capacity to provide pathways for industry dogs to be rehomed, providing an increase in the number of greyhounds being rehomed each year. Recently, GRNSW have purchased a large property which will be used as a farm stay to house greyhounds, improving pathways to rehoming.

The Commission has also introduced compliance programs designed to ensure that it is able to track all registered greyhounds throughout their lives and ensure that when they are rehomed to people outside of the industry they are placed on the NSW Pet Registry so that they can continue to be monitored by the RSPCA, Animal Welfare League and Local Council Rangers.

Goal to Zero Euthanasia

A number of strong and critical steps have been taken by the industry to reduce the unnecessary euthanasia of greyhounds, and this has contributed significantly to an overall decline in euthanasia.



Reason	Monthly average		% change
	Before	After	
Failure to Re-home	3.0	1.9	-38%
Behaviourally Unsuitable	9.8	1.4	-85%
Medical Euthanasia - Illness	15.4	16.0	+ 4%
Medical Euthanasia - Injury	20.0	13.1	-34%
Total	48.4	32.4	-33%

(Source: Greyhound Welfare and Integrity Commission, August 2020)

The Commission has been instrumental in introducing the Greyhound Rehoming Policy, which is intended to maximise opportunities for rehoming greyhounds that are retired from or otherwise unsuitable for racing; eliminating unnecessary euthanasia of healthy greyhounds; and ensuring that where it is necessary to euthanise, this is conducted humanely.

Complementing this, GRNSW have also introduced a number of rehoming assistance programs, and an injury management rebate scheme, to support the care and rehoming of greyhounds who are not able to continue racing. Participants rehoming their own greyhounds are able to claim up to \$950 in veterinary costs to cover desexing, dental, and vaccinations prior to rehoming. Overall, these objectives have led to a significant decline in unnecessary euthanasia, and we should continue to see the downward trend as we work towards zero euthanasia.



Lifetime Tracking

The Commission is proactively working on a lifetime tracking and data accumulation project that will significantly improve the long-term welfare of greyhounds and overall sustainability of the industry. The project will enable the industry to track a greyhound from the time it is microchipped as a pup throughout its entire life cycle to retirement including each time it trials, races, goes to the vet, moves trainers or kennels.

Such an important and detailed project will take an enormous amount of resources and will require a significant amount of funding, another reason why it is imperative the industry's funding issues are addressed.

g) Any other related matter.

The Association has no further matters it wishes to address in this submission.

CONCLUSION

The Association wishes to reiterate the significant welfare improvements that have been made since the implementation of the Commission which can be seen through the development of the Greyhound Welfare Code of Practice, which sets the **highest minimum welfare standards across Australia**; improvement in minimum track safety standards; reduced injury rates; significantly reduced rates of catastrophic injury; reduced rates of unnecessary euthanasia, more balanced breeding levels, and an overall increase in rehoming capabilities, and progression to whole of life cycle tracking of greyhounds.

The Association is strongly of the view that the creation of the Commission is a positive for the industry and this will become clearer overtime. In recent months we have seen a vast improvement in the approach of the Commission in building valuable consultation frameworks to engage with key stakeholders on the development of policies, and procedures, and working along side the industry.

Whilst there have been some relationship frictions between the regulation and the commercial arm, the Association is strongly of the opinion this is directly due to the funding model which is currently in place.

The key issues to fix right now:

1. The problem of the Commission's funding coming from the commercial arm, GRNSW; and
2. The inherent unfairness in distributions of TAB, tax harmonisation and PoCT.
3. Streamline the disciplinary and appeals model

In our view, these problems are best addressed by ensuring the Commission has a sustainable funding base through Ministerial appropriation and GRNSW receiving funding that matches that commercial investment our industry and participants deliver through the wagering revenue delivered to the State of NSW

The Association has a strong belief that the Commission should be funded outside of the "racing bubble", which would go a long way to alleviate the conflicting priorities that GRNSW must balance when expending their limited revenue streams.

Perception amongst most participants is that the costs of the Commission being funded out of GRNSW revenue is taking directly away not only from grass root returns, but from essential greyhound safety and welfare, improved infrastructure, breeding support and education. Investment in education at all levels will ensure we achieve our industry goals of "best practice" in all we do.

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Thank you for the opportunity for the Association to contribute to the select committee on the inquiry Greyhound Welfare and Integrity Commission. The Association welcomes any further opportunities to consult regarding any proposed

outcomes from the inquiry. The Association is more than willing to make presentation to the Select Committee of the matters outlined in this submission.

For further enquiries regarding the Association's submission, please contact Membership and Advocacy Manager Kristy Harper on [REDACTED], or General Manager Steve Noyce on [REDACTED].





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