

INQUIRY INTO PROPOSAL TO DEVELOP ROSEHILL RACECOURSE

Organisation: Thoroughbred Breeders NSW

Date Received: 18 July 2024

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NSW Legislative Council
Select Committee on the Proposal to Develop Rosehill Racecourse

Dear Committee,

What of the future of racing in NSW in a post-Rosehill world? How will the \$5b+ be spent after apparently building a new racecourse at Homebush? Who will be responsible for the management of the sale proceeds? The Australian Turf Club (ATC) or Racing NSW? As Racing NSW's chief executive reminded us;

"The majority of revenue the ATC gets comes from the NSW racing industry, not from its members. The ATC still needs our approval if they go ahead with it. It's not just the members. We license the club, and we're the regulator, so there would have to be some agreement."
(SMH, 23/5/24)

For a significant period of time Thoroughbred Breeders NSW, the industry body which represents all thoroughbred breeders in this state, has been concerned with the overall governance, operation and direction of thoroughbred racing in NSW including those charged with its leadership.

On 26 September 2023 TBNSW wrote to Mr. David Harris, Minister for Gaming and Racing, regarding the extension of legislated terms of appointment for the chairperson to Racing NSW. We enclose a copy of that letter which in general terms sets out the issues that TBNSW had and still has with Racing NSW and the State Government concerning the governance of thoroughbred racing in this state. While that letter addresses the then specific concern of corporate governance within Racing NSW we do not see that the issues raised by the proposed sale of Rosehill racecourse as being any different.

By that we mean, whether the process in formulating the sale of Rosehill racecourse solely rests with the ATC, as they declare publicly, or is in some way to be viewed as a combined effort with Racing NSW ("*... part of the Project Team*", as the ATC wrote in an email to the State Government) doesn't address TBNSW's concerns. More specifically those concerns are as follows;

1. As reported in the Sydney Morning Herald on 9 December 2023 the then Racing NSW chairman and current chief executive met with the State Government – about what we had only imagined but at a time which we now know was when the ATC was dealing with the State Government regarding the proposed sale of Rosehill racecourse. On 26 April 2024 thoroughbred industry website "The Straight" reported that 19 days before Premier Minns announced the proposal to investigate the sale of Rosehill racecourse, the then chairman and current chief executive met with the Premier;

2. Documents emerging from minutes of the meeting between Racing NSW and the Premier's office state;

Item 2: Sector governance

- RNSW suggested that there may be a need to reform the governance of the ATC via legislation, particularly if the unsolicited proposal is taken up.
 - The key elements of RNSW's proposed legislative reform include:
 - Ensuring the ATC is governed by an appropriately skills-based Board to ensure the right mix of capability required.
 - Reforms to ensure that the revenue derived from the ATC proposal is reinvested to benefit the racing industry as a whole.
 - TCO noted the comments and advised that any proposals for legislative reform would be dealt with via the Minister for Gaming and Racing rather than as part of any USP process.
 - There was no specific request or commitment to action made on governance reform.
3. In TBNSW's view it is highly problematic that at a time when Racing NSW was pushing the State Government to extend the term of its chairperson it was also pushing the State Government to amend the legislation which determines the composition of the ATC. How can it be proper governance for a statutory body to act in such a manner? Separate organisations we are told by the Premier (per SMH 9/12/23) ...

“How much of this [memorandum of understanding] has to do with wanting to extend Russell Balding's tenure?” Premier Chris Minns was asked at Thursday's announcement. “Nothing,” he replied. “I mean, they're separate organisations. The ATC is not Racing NSW.”

4. When it came time to select a new board member to Racing NSW earlier this year following the departure of the chairman, we learned that one of the members of the selection panel was a “lifelong friend” of its chief executive. We enclose a copy of our letter to the Premier for your information for which we did not receive a reply.
5. For over five years thoroughbred breeders in NSW and across Australia have had to deal with Racing Australia - the organisation constituted by each of the Principal Racing Authorities in each state and territory including Racing NSW - regarding changes to the black-type system for racing across the country and other breeding related issues including the welfare of thoroughbreds. Those dealings with Racing Australia have effectively been entirely fruitless given the stagnation of that organisation due to the ongoing feuding between Racing NSW and Racing Victoria so much so that there is currently no process in place for the assessment of elite racing in Australia;
6. Were the ATC (and/or Racing NSW) to receive a windfall sum in excess of \$5 billion from the sale of Rosehill racecourse then the risks of those monies being spent in a manner that is contrary to breeders' interests in NSW is only heightened. Currently,

TBNSW's only involvement in the direction of racing and programming in NSW is via the Racing Industry Consultative Group (RICG) which has "*the function of consulting with and making recommendations to Racing NSW on matters concerning horse racing in the State*" by virtue of s34 of the *Thoroughbred Racing Act 1996* (NSW). As stated in our letter dated 26 September 2023 to Mr. David Harris, the requirements of s39 for the Chairperson or Chief Executive to attend RICG meetings has been largely ignored. Section 14B of the *Thoroughbred Racing Act 1996* (NSW) requires Racing NSW to publish a Strategic Plan every three years. The most recent one is dated 2019. Efforts to discuss the breeders bonus system called BOBs have been ignored;

7. One of the chief concern of many breeders is the ongoing welfare of young thoroughbreds, racehorses and retired thoroughbreds. Pursuant to the Australian Rule of Racing, breeders are subject to rules of traceability and welfare. However, any attempt to determine how funds levied by 1.5% of all prizemoney in NSW (but retained by Racing NSW) are spent on welfare is scant (try finding any detail in the Annual Report) and so breeders of NSW are left defending themselves and their practises to a public increasingly concerned with the welfare of all animals;
8. The information issued by the ATC concerning the proposed development of current racecourses and design of a new racecourse for metropolitan racing are heavy on glossy photo mock-ups but very light on where or when these supposed \$5b+ proceeds will be spent. Will prizemoney go up? Will the Everest be worth \$50m?
9. The ATC must call meetings of its members, Racing NSW does not. RICG aside, there is no obligation on Racing NSW to meet with its stakeholders.

TBNSW thinks Racing NSW is correct – it is time to review the governance of the ATC but there should also be a review of the *Thoroughbred Racing Act 1996* (NSW) to determine whether it and Racing NSW continue to serve the purpose they were created for.

Yours faithfully,

Hamish Ėsplin
President
Thoroughbred Breeders NSW