

**Submission
No 63**

INQUIRY INTO PROPOSAL TO DEVELOP ROSEHILL RACECOURSE

Organisation: Save Rosehill Group

Date Received: 18 July 2024

SUBMISSION TO THE SELECT COMMITTEE ON THE PROPOSAL TO DEVELOP ROSEHILL RACECOURSE

SAVE ROSEHILL GROUP

The Save Rosehill group was established by group of members and industry stakeholders to campaign against the unjustified proposal to sell Rosehill Racecourse.

Our campaign is supported by many highly respected leaders in the racing industry who are also members of the ATC, including Julia Ritchie (former AJC Vice Chair), Debbie Kepitis, Matt McGrath (former ATC Chair), Frank Cook, Bob Charley (former AJC Chair), Greg Kenny (former STC Vice Chair), Neil Werrett, Jason Abrahams, and Annette English.

Leading trainers including Gai Waterhouse, Chris Waller, John O'Shea and Anthony Cummings are also supporters of the campaign.

This is an issue that is close to our hearts, but also of vital importance to the cultural and economic fabric of Sydney, where thoroughbreds race 109 days of the year across four race venues, including the major race days hosted at the premium tracks of Rosehill and Randwick.

The 21 premium Saturday race meetings held at Rosehill include two major carnivals (Golden Slipper/Golden Rose, Five Diamonds/Golden Eagle), but we also celebrate our community with the Lord Mayor's Cup, Members' Appreciation Day, Country Classic and Clubs NSW West Metro San Domenico Stakes Day. It is very much a racetrack of the people.

It is also a track that has been home to many of the legends of NSW racing, including our No.1 trainer Chris Waller, Hall of Famer John Hawkes and a long list of champion horses including Winx, Verry Elleegant and Nature Strip. Hundreds of thoroughbreds are trained at Rosehill every morning.

Any proposal to dispose of this rich legacy deserves close scrutiny, and Save Rosehill group thanks the Committee for the opportunity to raise our concerns about the sale in the context of broader concerns about the governance of our industry.

1. Executive Summary

The following summarises the Save Rosehill Group's key concerns about the proposal to sell-off Rosehill:

- Save Rosehill is concerned about the lack of transparency on how this proposal has come about, and that some ATC Board members and Racing NSW have publicly or privately endorsed the proposal before conducting any due diligence on its impact or before ATC members have been informed or consulted.
- The timeline of discussions around the proposed sale has prompted reasonable questions around whether this is genuinely an unsolicited proposal.
- Save Rosehill is alarmed at suggestions, including in public commentary from the Racing NSW CEO, that the final decision on the proposal may be taken away from the ATC membership.
- We are greatly concerned that a proposal by Racing NSW to divert funds from the proposed sale for the benefit of the broader racing industry (on the premise that “the majority of the revenue the ATC receives comes from the NSW racing industry, not from its members”) represents a bid for further consolidation of power and financial resources in the industry on the part of Racing NSW, and denies the central role of clubs in the generation of wagering revenue.
- Furthermore, we believe that the way in which Racing NSW is currently exercising its mandate, which has led to the significant power imbalance between it and the racing clubs, is detrimental to the industry's development, and that a formal review of the Thoroughbred Racing Act should be undertaken.
- Two premier racetracks are necessary in metropolitan Sydney to sustain a viable thoroughbred racing industry. Rosehill Gardens and Randwick are the only two premium tracks in metropolitan Sydney and between them they sustain racing 47 Saturdays of the year. This frequency of premium racing is necessary in metropolitan Sydney to support the thoroughbred racing ecosystem in NSW.
- There is currently no viable proposal to accommodate first class racing elsewhere in metropolitan Sydney. All alternative proposals have been previously examined and found to be deeply flawed, and detrimental to public access to green space and parkland. If a viable alternative did exist that met the required criteria of participants, and the ATC was to realise the full proceeds, we believe it would meet with greater acceptance from the industry.
- The total redevelopment of Rosehill is an unnecessary high-risk proposition for the ATC and the NSW racing community and there has been no due diligence by proponents of the sale on its impact on the thoroughbred racing industry or the alleged financial benefits.
- Save Rosehill believes that the ATC's financial position will be weakened by selling off its premier asset.

- Rosehill Gardens' rich history is an integral part of the heritage of thoroughbred racing in NSW. It is a huge asset to the local community in Western Sydney and delivers significantly more economic value than many other green spaces in Sydney. It would be irresponsible of the Government not to first consider other less value-destructive proposals to create new housing.
- It is not the Racing community's responsibility to fix the NSW housing crisis, but there are alternative options for the ATC to assist with the delivery of up to 5000 new homes without threatening the future of thoroughbred racing in NSW.
- Save Rosehill believes the NSW racing community has made significant progress in improving animal welfare, but believes public confidence in the industry's ability to self-regulate would be strengthened by better disclosure and more regular and comprehensive collection and disclosure of data on animal welfare by the regulator.

1.1. Specific recommendations for consideration

In line with the Committee's Terms of Reference, we ask that consideration be given to the following recommendations in its report:

- That Government and Racing NSW respect the right of ATC members (via a vote by members) to make the final decision in relation to any proposed sale of Rosehill Gardens.
- That Government undertake a review of the Thoroughbred Racing Act (1996), specifically with reference to the impact on the industry of the incremental expansion of Racing NSW's mandate since its inception.
- That Government amend the Act to make Racing NSW subject to the direction and control of the Minister for the purposes of accountability to the Parliament, and subject to audit by the Auditor General, in line with the Thoroughbred Racing Amendment Bill (2023) passed by the Legislative Council on 30 November 2023.

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2. Concerns around process

(Parts A & B, Select Committee Terms of Reference)

2.1. Questions around process and transparency revealed by the Order for Papers

The papers made public by order of the Legislative Council have revealed serious questions about precisely how the proposal to sell Rosehill Gardens has come about.

- The ATC on 25 October 2023 informed the Department of Planning that Rosehill remained one of its “premier race venues” and while it was open to development around the racecourse there was “definitely no plan to relocate”¹.
- In that presentation to the Department, the ATC instead presented two options for Canterbury Racecourse. One would have created about 900 new homes by developing a car park. An alternative option countenanced relocating Canterbury and creating space for approximately 4,000 new homes in Sydney’s inner west.
- On 30 October, a meeting took place between Steve McMahon, Head of Membership and Corporate Affairs at the ATC and Premier Minns. This meeting seems to have been a catalyst for a backflip by the ATC.
- By 6 November 2023, the NSW Cabinet Office had tabled four transaction options for the sale of Rosehill, including the compulsory purchase of Rosehill Gardens, and two days later, on 8 November, the ATC lodged a proposal to sell Rosehill.

Given the ATC’s prior position against a sale of Rosehill, and the reversal of that position following meetings with Government, and seemingly without the prior knowledge or agreement of the full ATC Board, it is reasonable to question whether this is genuinely an unsolicited proposal.

2.2. Disposition of Racing NSW to the proposal

According to minutes made public by the same Order, the Chairman and CEO of Racing NSW met Cabinet Office officials on 17 November. Rather than reserve judgement on the merits of a sale of Rosehill Gardens until due diligence had been conducted, the minutes from that meeting say that Racing New South Wales was “very supportive of the proposal” but “had additional comments to make” that included the following:

- “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.

¹ [Sydney Morning Herald, 16 April 2024](#)

- Reforms to ensure that the revenue derived from the ATC proposal is reinvested to benefit the racing industry as a whole.”²

A reasonable interpretation of the above is that Racing NSW believes that the current Board of the ATC is deficient in capability and irrespective of any potential reform should not be trusted to administer the funds it would receive from any sale of Rosehill Gardens. Presumably, Racing NSW would see a central role for itself in the administration of such funds.

The irony and chutzpah of this request for governance reform of the ATC by Racing NSW is not lost on us or many others in the racing industry. The Government already appoints three of the ATC’s Directors, and presumably consults the regulator in doing so. Furthermore, it is our understanding that the appointment of the current ATC Chair was supported by Racing NSW.

Then there is the matter of Racing NSW’s own governance record, given that its previous Chair has twice been the beneficiary of legislative changes to extend his tenure beyond the prior maximum term with, we understand, the full support of the Racing NSW Board. In our view, there were no extraordinary circumstances that would justify such a departure from the legislated policy, simply a general desire to further utilise Mr Balding’s experience in dealing with the typical challenges facing the industry.

The governance principles that underlie such term limits are incredibly important in a regulator such as Racing NSW, which presides over a large industry which is significantly dependent on wagering. It should be a core duty of the Racing NSW board to ensure it has the bench strength and succession planning in place to ensure continuity and regeneration and to mitigate against the cronyism and other negative features that can accompany the long-term entrenchment of power.

Under the Act, Racing NSW is required to produce an annual report each year and a Strategic Plan every three years. In the annual report they are also required to state the organisation’s progress against the aims of the Strategic Plan.

Additionally, either the chair or chief executive of Racing NSW is required to attend all meetings of the Racing Industry Consultative Group (RICG). The Act stipulates there should be 12 such meetings each year.

While Racing NSW publishes an annual report, it appears that it has failed to meet its commitment in regard to Strategic Plans. We can find no record of a Strategic Plan being published since 2017 (although this document appears to have been updated in 2019).

Furthermore, we understand that it has now become common practice for neither the Chair or the CEO (or any other Racing NSW director) to attend RICG meetings.

In short, we question the sincerity of the governance concerns expressed by Racing NSW, which we suspect are intended to cover an attempt to secure control of the proceeds of any sale of Rosehill and diminish member representation and the independence of the ATC board.

² Minutes of NSW Cabinet Office meeting with Racing NSW Friday, 17 November 2023

2.3. Concentration of power in the NSW Thoroughbred Racing Industry

The position and actions taken by Racing NSW in relation to the sale reflects an ongoing concern amongst our supporters - which we believe is more broadly held in the NSW racing industry - that there already exists a significant power imbalance between the regulator, on one side, and the clubs (who generate most of the sector's revenue) and other participants including owners, breeders, jockeys and trainers on the other.

The regulator has attempted to justify this power imbalance through the accumulation of financial resources provided to RNSW under the current funding model. For example, the RNSW CEO, in defending the attempt to remove control of the ATC over funds that would flow from a sale of Rosehill, told the Sydney Morning Herald that "The majority of the revenue the ATC receives comes from the NSW racing industry, not from its members".³ This is not only a circular argument – asking to control a greater share of industry revenue by virtue of the fact that they already control a disproportionate share, and are consequentially responsible for its distribution to clubs – it also denies the fundamental role of clubs in the generation of wagering revenue. We examine Racing NSW's wider financial relationship with NSW racing clubs, and the need for this to be reviewed and reformed, later in this submission.

It is also true and understandable that some in the industry may be fearful of publicly voicing their concerns about this situation, or offering any constructive criticism about Racing NSW's behaviour, due to concern that their licence to operate and / or commercial interests in the industry may be significantly affected by their relationship with the regulator.

Considering the inherent conflicts established by the discourse around the sale, it is the view of the Save Rosehill group that Racing NSW should not be tasked with further review of the proposal to sell Rosehill. This responsibility should rest with the ATC, after its membership has had the opportunity to address its concerns about their Board's governance of this matter. We ask the Committee to consider this request in its report on the proposed sale of Rosehill.

2.4. Lack of due diligence in proposed sale

There is significant and justified scepticism among the ATC membership and wider racing community about the revenue that would be generated by the mooted redevelopment. No financial analysis has been produced to substantiate the speculative figure of \$5 billion referenced in media coverage of the proposal. We understand that Racing NSW may be undertaking due diligence on behalf of the ATC. However, there has been no clarification of what proposal they are investigating.

The value of the supposed windfall has been cited by ATC Chair Peter McGauran as the reason it would be "impossible to say no" to the proposal⁴, yet the discussions referred to previously between the Government and Racing NSW draws into question whether the revenue would ever be realised by the club.

³ [Sydney Morning Herald, 23 May 2024](#)

⁴ [Sky News, December 7 2023](#)

Alarming, no details have been offered as to how this sum had been calculated, when it would be received, and whether it would be guaranteed.

As it stands, it is not clear whether due diligence, including full market appraisal and financial modelling, has been conducted into the ramifications of the proposal for the long-term interests of the club and for thoroughbred racing in NSW.

In the absence of due diligence it is greatly concerning to ATC members that Racing NSW should offer its support for the sale of a core asset of the state's premier racing club, and then advocate for reform which removes control of the revenue from the club.

Under such circumstances, it is unclear whether value would be obtained for thoroughbred racing in NSW from the sale of Rosehill, and almost certain that value would not be obtained for the club.

2.5. The right of ATC members to determine the fate of Rosehill Gardens

Given that:

- The NSW Government has canvassed the option of the compulsory purchase of Rosehill Gardens;
- Racing NSW has lobbied the NSW Government to divert funds away from the club towards “the racing industry as a whole”; and
- The CEO of Racing NSW has asserted a “final say” over the sale proposal, but has remained silent on the rights of the ATC members in relation to the same.⁵

Save Rosehill does not accept the reassurance by the Chair of the ATC that its members will have the right to veto any proposed sale of Rosehill.

We ask the Committee to recommend that both the NSW Government and Racing NSW make explicit their commitment to respect the rights of ATC members under the Registered Clubs Act (1976), and not to attempt to override any vote to reject a sale of Rosehill Gardens.

⁵ [Sydney Morning Herald, 23 May 2024](#)

3. Impacts on the ATC and the broader racing industry

(Part F, Select Committee Terms of Reference)

3.1. The sale of Rosehill undermines the ATC's financial position

Irrespective of any short-term financial benefit that may accrue from the sale of Rosehill Gardens, selling the ATC's most valuable asset to embark upon a high-risk development proposition makes no sense.

The NSW thoroughbred industry's financial position is the envy of racing authorities around the globe. As discussed below, the majority of revenues from wagering and tax flow to Racing NSW rather than race clubs, but notwithstanding this, the ATC's current financial position is sustainable.

Additional funding for future expansion and development will be necessary, but that challenge can be managed by the ATC, particularly if assisted by the timely release of funds by Racing NSW (as was historically the case under the longstanding Racecourse Development Fund) or through a much-needed realignment of the industry's funding model to alleviate the disproportionate burden on racing clubs (as below).

For FY 2023, the club reported an improved financial performance, assisted by a change in senior management that resulted in EBITDA of \$7.9m and a healthy balance sheet showing net assets of \$302m. Of those assets, Rosehill Gardens is by far the ATC's most valuable. The club does not own Royal Randwick, which is Crown land and leased by the ATC until 2107.

As the ATC's CEO noted in the 2023 annual report, "ATC repaid 25% of its working capital debt during the year and is confident the recent business restructure along with plans for the coming year will ensure your club is well-placed to achieve current and future strategic goals."

It should also be noted that the significant debt owed by the ATC to RNSW, according to the 31 July, 2023 audited financial statements, relates to a loan from the Racecourse Development Fund to the ATC that only becomes repayable on the sale of properties that have benefited from expenditure funded by said loan, or in the event the ATC ceases its current operations.

3.2. The end of premier racing in Western Sydney

If Rosehill were sold, there is currently no viable proposal to accommodate first class racing elsewhere in metropolitan Sydney. All alternative proposals have been previously examined and found to be deeply flawed. Warwick Farm is simply not big enough, and is in a much inferior location to Rosehill.

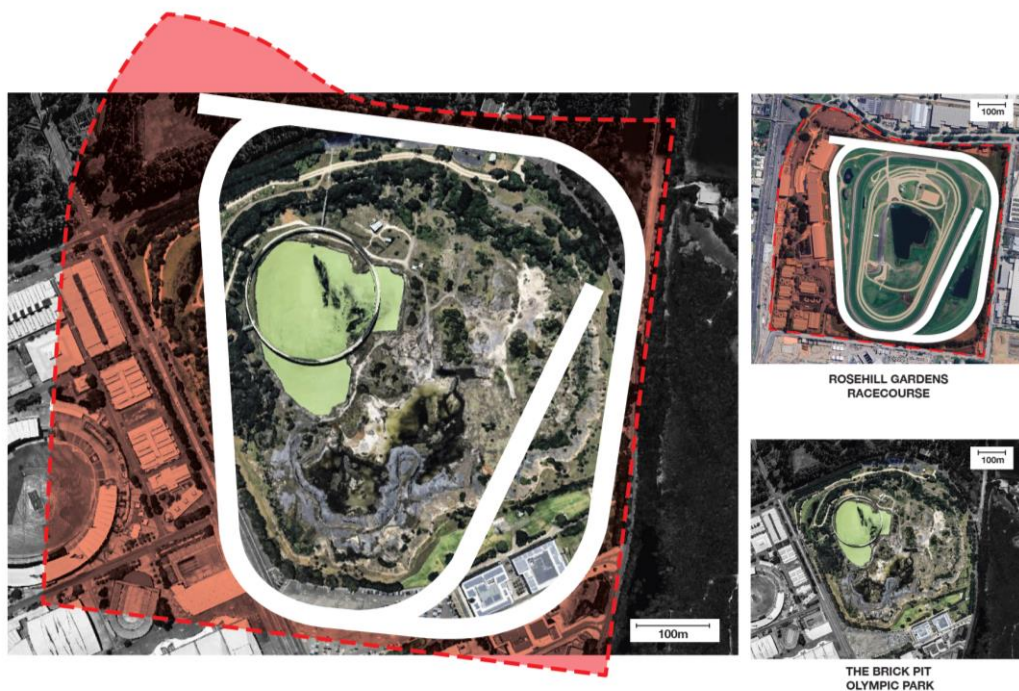
According to a media report by the Sydney Morning Herald, members of Government have been made aware by a plan amongst senior members of the racing industry to move premier racing from Rosehill to the former brick pit at Homebush.⁶

As the graphic below demonstrates, the site is too small to accommodate the racetrack, stands and associated infrastructure necessary to host premier racing. We use this example here to illustrate how little real due diligence and thought has been applied to the future of

⁶ [Sydney Morning Herald, March 14 2023](#)

thoroughbred racing, should Rosehill Gardens be lost, and discuss the impact on parkland below.

The overwhelming sentiment of ATC members is that the lack of any viable alternative to Rosehill means that the proposal would effectively end premier racing in Greater Western Sydney for the foreseeable future, with hugely significant and negative ramifications for the entire thoroughbred racing ecosystem, as noted below.



3.3. NSW racing needs two premier racetracks in metropolitan Sydney

A minimum of two premier racetracks are necessary in metropolitan Sydney to sustain a viable thoroughbred racing industry.

By way of comparison, metropolitan Melbourne has three premier racetracks to support its thoroughbred racing ecosystem: Flemington, home of the Melbourne Cup Carnival; Caulfield, home of the Caulfield Cup; and Moonee Valley, home of the Cox Plate. Rosehill is the home of the Golden Slipper, the only race in NSW with the prestige and heritage to match.

Along with Royal Randwick, Rosehill is one of only two premium tracks in metropolitan Sydney. Between them, they sustain racing 47 Saturdays of the year, 26 Saturdays at Randwick and 21 Saturdays at Rosehill.

This frequency of premium racing in metropolitan Sydney is necessary to sustain the thoroughbred racing ecosystem in NSW. For example, betting revenue falls dramatically on racing that takes place at venues other than Royal Randwick and Rosehill, as do race day attendances.

According to an expert, independent economic impact report by EY commissioned by the ATC in 2019, racing at Randwick and Rosehill accounted for over 80 per cent of all wagering generated by racing at Sydney's four racetracks (Randwick, Rosehill, Warwick Farm and Canterbury Park).

The reliance on premier racing in NSW is even more stark when income generated by race day tourism is considered. Randwick and Rosehill are responsible for generating approximately 96 per cent of tourism revenue.

Wagering is the main source for the prize money that is the life blood of thoroughbred racing. This submission goes into greater detail about Rosehill Gardens' economic contribution to the state below.

The 25 premier race meetings that take place at Rosehill cannot simply be transferred to Randwick, since such a burden would destroy the track.

3.4. Rosehill Gardens' heritage and economic contribution

Rosehill is an essential part of Sydney's heritage. It opened in April 1885 and has hosted race meetings every year continuously since. It is as important to racegoers as the SCG is to cricket lovers. There was uproar among cricket fans when Cricket NSW contemplated moving test matches to Homebush. We feel the same way about the heritage of Rosehill: the track where Phar Lap won his first race, where Winx was trained and had many victories, and where the Golden Slipper – which is recognised as the Thoroughbred industry's most important 2-year-old race, nationally and internationally - has always had its home.

Its proximity to Parramatta means that it is by far the most popular racetrack for residents of Greater Western Sydney.

In 2019, the ATC commissioned EY to analyse the economic contribution of the ATC's activities, including racing and non-racing events at Rosehill and other racecourses. It concluded that it contributed \$682m in Gross Direct Output; \$236m in direct value added and 2,762 jobs including trainers, strappers, jockeys, farriers and ground staff.

The following chart from the 2019 report provides a useful breakdown of contribution by the four Sydney race clubs and Rosehill Bowling club:

3 Economic contribution

ATC is estimated to contribute \$682.1 million to NSW's economy in direct gross output and support 6,694 direct and indirect jobs annually.

1 Executive summary
2 Overview and methodology
3 Economic contribution
4 Other measures
5 Appendices



Indicator	Total	Royal Randwick	Rosehill Gardens	Warwick Farm	Canterbury Park	Rosehill Bowling Club
Direct (direct multipliers used include 0.35 for value added and 4.0 for job creation)						
Output	\$682,108,285	\$315,093,948	\$205,469,299	\$124,953,776	\$24,319,697	\$12,271,565
Value added	\$235,465,272	\$108,884,425	\$72,973,723	\$41,384,988	\$8,189,021	\$4,033,114
Jobs	2,726	1,245	844	498	92	47
Indirect (indirect multipliers used include 0.47 for value added and 3.3 for job creation)						
Output	\$1,201,054,143	\$555,076,425	\$357,085,162	\$223,446,395	\$43,394,303	\$22,051,858
Value added	\$559,563,366	\$258,131,664	\$167,025,872	\$104,121,110	\$20,054,098	\$10,230,622
Jobs	3,968	1,821	1,186	748	140	73
Total Contribution						
Output	\$1,883,162,428	\$870,170,373	\$562,554,460	\$348,400,171	\$67,714,000	\$34,323,423
Value added	\$795,028,638	\$367,016,089	\$239,999,595	\$145,506,098	\$28,243,119	\$14,263,736
Jobs	6,694	3,067	2,029	1,245	232	120

Note: Totals are being calculated using exact figures

According to the EY report, in FY18 Rosehill Gardens Total Output was approximately \$563m; direct and indirect value added was approximately \$240m and it was responsible for over 2,000 direct and indirect jobs. **It is indisputable that Rosehill Gardens is a huge asset to the local community in Greater Western Sydney and delivers significantly more economic value than many other privately owned green spaces in metropolitan Sydney.**

4. Potential impacts on parkland in Western Sydney

1. (Part E, Select Committee Terms of Reference)

In keeping with the spirit of the Rosehill sale proposal, where justifications and contingencies appear to have been largely formulated on the run, a number of thought-bubbles have been propagated in media coverage to allay the future capacity fears of the thoroughbred racing community. Common elements of each are that they are ill-conceived and result in a net loss of precious green space in Western Sydney. We discuss the two most notable below.

4.1. Homebush Brick Pit site

As previously discussed, the Homebush Brick Pit site, at less than 30 ha, is far smaller than Rosehill racecourse, and is so small that any suggestion of a racecourse at the site should sensibly be dismissed.

Yet according to the Sydney Morning Herald, senior “Labor sources” have been made aware of a plan developed by “several players in the racing industry” to build a new racetrack on the site to replace Rosehill.⁷

For emphasis, this would be a proposal to rebuild one of the premier racetracks in the country on almost half the land area at a site so ecologically sensitive it was deemed unsuitable for the Olympic Tennis centre, despite being next-door to the Olympic precinct.

The Brick Pit, and the primary habitat of the Green and Gold Bell Frog which it protects, were central to the context surrounding the legislated environmental protections developed for Sydney Olympic Park. It is extremely difficult to see how any development of this scale could proceed there in future, given that the Brick Pit has been deemed to be essential to the self-sustenance of the frog population in the area⁸.

The site is now a key feature of the open space in the precinct. Visitors can view the nature park via a 550-metre elevated walkway that avoids encroaching on the frogs’ habitat and that featured at the Vienna Biennale and was the subject of prestigious engineering and design awards as well as a National Trust design award.

4.2. Horsley Park Training Complex

According to earlier reporting in the Herald:

“The ATC and NSW government have discussed setting up a state-of-the-art training centre on crown land at Horsley Park in the Western Sydney Parklands near the Sydney International Equestrian Centre.”⁹

⁷ [Sydney Morning Herald](#), 16 March 2024

⁸ Cogger, H. 1995b. *Fauna Impact Statement for Proposed Development of the Royal Agricultural Society Site (Showground Precinct) located within the area of the 1995 Homebush Bay Masterplan*. Olympic Co-ordination Authority, Sydney. Cited in Darcovich, K & O’Meara, J *An olympic legacy: Green and golden bell frog conservation at Sydney Olympic Park 1993-2006*, Sydney Olympic Park Authority

⁹ [Sydney Morning Herald](#), December 8 2023

The plan would be for a far greater parcel of land at Horsley Park than the 140 acres at Rosehill, including uphill gallops and tree-lined trails, opposed to the largely concrete jungle at Rosehill.

Whilst the parcel of land in question is not precisely specified, there are limited options within the Abbotsbury Western Sydney Parklands precinct.

Ruling out the main facilities of Equestrian Centre itself, Bushland Corridors and Environmental Conservation Areas, and the eastern part of the site which is heavily utilised by visitors at The Dairy, Lizard Log and Calmsley Hill City Farm, we turn our attention to the remaining western part of the parkland, immediately to the south-west of the Equestrian Centre.

The obvious site is an adjacent parcel between Villier’s Rd and the Equestrian Centre. At approximately 48 ha, it is smaller than the current Rosehill site, and most of that area is heavily timbered and undulating.

It has hard boundaries to the west (M7), north (Equestrian Centre) and east (bushland corridor), so any larger facility would logically extend to the south.



There is another possible 50 ha addition in this direction, over former farmland which has been partially resumed as a John Holland site compound for the M7-M12 integration (scheduled for completion in mid-2026). This parcel is bisected by a creek and two high-voltage electricity transmission lines. It is less timbered but no less undulating.

The combined area is slightly less than 100 ha, which probably meets the description of the “far greater parcel of land” referred to in the Herald article. It is not clear whether new tracks would be cut into this precinct, or whether the existing steeplechase track and cross-country course at the Equestrian Centre might form part of the plan. The former would involve significant clear-felling and earthworks through remnant native vegetation; the latter would rely on the appropriation of almost half of the existing public facility, to the detriment of the broader equestrian community.

Whatever the case, it is obvious that any Horsley Park solution would rely on the use of at least 50 ha from Western Sydney Parklands.

Regardless of which site is mooted next, it is obvious that other proposals will share similar characteristics, and that this is likely to be a zero-sum game, with either racing or parkland the loser. That the proponents of the sale are unwilling to admit to this reality speaks either to fanciful thinking or duplicity. Either motivation is a cause for serious concern.

5. Thoroughbred Racing's deficient funding model

(Part H, Select Committee Terms of Reference)

Save Rosehill believes that the ATC, along with all other thoroughbred racing clubs and other industry participants, is unnecessarily hamstrung for development funds by Racing NSW. The sale of its most significant asset and the diversion of the proceeds for the “benefit the racing industry as a whole” would only serve to reinforce this broken funding model.

5.1. Evolution of the funding model

It should be noted that the funding model for the NSW thoroughbred industry changed fundamentally with the advent of race field provisions in 2012. This development allowed Racing NSW to charge corporate bookmakers a fee for betting on races in the state. These fees, which go directly to Racing NSW, have since surged dramatically, as wagering service providers, such as SportsBet and Ladbrokes, now control 75 per cent of the wagering market.

The only direct revenue from wagering received by the clubs is through a longstanding agreement to receive a percentage of turnover from parimutuel betting (the TAB). That, however, has significantly diminished as a proportion of overall wagering turnover. Additionally, the state government has introduced a Point of Consumption Tax on all wagering, effective 1 January 2019. Whilst some 33 per cent of this is returned to racing, it is paid to Racing NSW rather than directly to the clubs. In FY23 this was worth over \$70 million.

The result of this relatively new funding model is that Racing NSW financially dominates the 129 clubs across the state. Despite being central to the generation of betting on thoroughbred racing in NSW, clubs are therefore significantly or (in the case of many of the smaller clubs) existentially dependent upon handouts from Racing NSW to meet their financial obligations for routine expenditure, such as prizemoney payments to participants. For capital works, such as building new stables or a grandstand, most provincial and country clubs are completely dependent on funding (whether through a grant or loan) from Racing NSW.

While the ATC is financially sustainable, it is also dependent upon Racing NSW for funding for prizemoney (it should also be noted that Racing NSW determines the value of all races run on ATC tracks, such as the \$10 million Golden Eagle). It also receives money for infrastructure projects from the regulator.

However, the ATC chair, Peter McGauran, publicly asserts that the club does not have the resources to maintain its facilities. Speaking at a members' forum to discuss the proposed sale of Rosehill, he stated the ATC should be spending around \$12 million on maintenance each year but can currently only afford around \$4 million.

5.2. Hoarding of industry revenue

An analysis of the Racing NSW 2023 Annual Report shows RNSW has approximately \$315 million in industry funds that are currently not allocated to participants but retained under a

series of ‘provisions’, such as Race Fields (to fund specifically racing surfaces and training facilities), Capital Expenditure, Club Sustainment, Prize Money and Equine Welfare.¹⁰

Given the financial strength of Racing NSW – which also has \$286 million in term deposits - according to its 2023 annual report – it is deeply concerning to Save Rosehill that the ATC, which hosts all elite racing in NSW, does not have the immediate capability to maintain and develop its facilities, despite generating the lion’s share of revenue that RNSW is now seemingly hoarding.

Save Rosehill is concerned that Racing NSW’s use of these provisions (and the cash deposits noted above) has the effect of retaining a greater proportion of industry funds than necessary, starving industry participants (who generate the revenue via hosting race meetings) of development capital.

5.3. Forced sale of clubs’ assets

This view is strengthened by the fact that Racing NSW has recently acquired (at least) three regional and country racetracks at Goulburn, Scone and Cessnock. In each of these cases, the sale of their primary asset was either linked to or contingent upon the release of funding for training and stabling facilities by Racing NSW.

In the case of Goulburn, Racing NSW CEO Peter V’Landys told the *Goulburn Post*:

“Ownership of the land is of no benefit to the club if there is no intention to ever sell it. In fact, retaining ownership...is poor use of the club’s capital assets as construction of stabling through this funding provides the club an opportunity to generate significant recurring revenues.”

The sale of a racetrack – a racing club’s home and heritage, and often its only significant asset - to the regulator, versus the release of funds for vital infrastructure development should not be a binary choice for clubs. However, that is now Racing NSW’s established pattern of behaviour. So, it comes as no surprise to us that Racing NSW has stated it is supportive of the sale of Rosehill Gardens, *if* it controls the process and the funding that results from its sale.

The creation of Racing NSW to replace the Principal Club as the regulator was intended to determine and control funding priorities for the benefit of the racing community as a whole, and improve the administration of matters that affect the integrity and welfare of the sport.

However, we now believe that the way in which Racing NSW is exercising its mandate – as an asset owner and sporting administrator, rather than a regulator - risks creating a mendicant thoroughbred industry, which is inconsistent with the intention of the Thoroughbred Racing Act.

For this reason, and given both the governance issues highlighted earlier (relating to the appointment and tenure of Racing NSW Board members and the Board’s failure to adhere to key aspects of the Thoroughbred Racing Act) and the role of Racing NSW in the proposal to sell-off Rosehill, **we believe a review of the Thoroughbred Racing Act 1996 is long overdue.** In particular, this review should consider whether the increasing consolidation of power by Racing NSW is detrimental to the industry’s development.

The question as to whether the regulator needs to be subject to more formal and regular scrutiny by both Government and industry also needs to be revisited. **We respectfully ask the Select Committee to revisit the amendments to the Act passed by the Legislative Council**

¹⁰ [Racing NSW Annual Report, 2023](#)



in its Thoroughbred Racing Amendment Bill (2023), and to consider making such recommendations, as noted above.

6. Alternative paths to housing targets

(Part C, Select Committee Terms of Reference)

Sydney's housing crisis is a complex policy challenge, and one that it is not strictly ours to solve.

That said, our industry can be part of the solution, and as noted earlier, the ATC has presented plans to build 3,000 homes on land around Rosehill racecourse. The club also tabled two proposals for Canterbury Park racecourse: one which would see racing continue and 900 dwellings built; and another that would see the track make way for 4,000 homes. Any of these proposals would make a significant impact on Sydney's housing shortage and would be far less detrimental to the racing community and the city's green spaces than the sale of Rosehill Gardens.

In revealing Sydney's new housing targets on 29 May 2024, the Premier claimed that historically too much of the burden of development has fallen on western Sydney and said, "other parts of Sydney will have to share the load"¹¹, increasing the targets for places like Ku-ring-gai and Woollahra, whilst reducing Parramatta's five-year target from 4500 new dwellings to 3900 per annum. **The proposal to now put 25,000 homes in place of Rosehill Gardens makes a mockery of that pledge to even the development playing field between western Sydney and its more affluent suburbs.**

¹¹ [Sydney Morning Herald, 29 May 2024](#)

7. Equine Welfare

(Part G, Select Committee Terms of Reference)

7.1. Rosehill and equine welfare

Rosehill Gardens provides excellent facilities for equine safety for both horses trained and raced there. Trainers widely regard the stabling facilities for those horses trained there as the best in Sydney. Since the installation of a new Polytrack surface, which allows barrier trials to be transferred if grass surfaces are wet, thereby reducing the risk of injury during training, Rosehill matches or betters any other racecourse or training facility in Australia in terms of equine safety and welfare.

Putting aside for a moment the lack of a viable alternative in metropolitan Sydney to Rosehill Gardens for premier racing, if Rosehill was sold, even if a suitable alternative was somehow identified elsewhere, there would likely be a substantial time lag before it is operational. We believe Warwick Farm is not a viable alternative because of its size, inferior facilities and location. The only other viable alternative, Royal Randwick, could not accommodate Rosehill's current racing schedule without degrading other racing and training surfaces, with consequential impacts on equine safety.

It is further evidence of the complete lack of any due diligence that no explanation has been provided as to how *both* the economics of thoroughbred racing and equine safety would not be compromised by the closure of Rosehill Gardens.

7.2. Racing NSW transparency around equine welfare

Our submission highlights our belief that the regulator already has an unhealthy focus on increasing its power base (to the detriment of the racing clubs) and why we believe it is inappropriate for it to be tasked with due diligence into the impacts of selling Rosehill Gardens.

Instead, Racing NSW resources would be better utilised in other core areas, like communicating our record on equine welfare.

To be clear, Save Rosehill believes NSW racing community has made significant progress in improving animal welfare. However, it is our belief that the public's trust and confidence in the industry's ability to self-regulate would be strengthened by more regular and comprehensive disclosure of data on animal welfare by the regulator.

According to its 2023 annual report, Racing NSW officials completed 582 retired horse audits. It has also put in place a partnership with Equestrian Australia to encourage more equestrians to rehome retired racehorses. Last year it introduced Equimillion, a series of events with \$1m in prize money for ex-racehorses.

Such initiatives are evidence of our industry's commitment to ensure all racehorses are cared for throughout their lives.

However, it is our view that Racing NSW should go much further in publicly reporting on the impact of our efforts. For example, by providing an analysis of horses being retired annually, with details on where they have been rehomed.

Also, Racing NSW audits the health of all racehorses on its farms and other rehoming facilities it owns. It also employs equine welfare vets to undertake audits throughout NSW at other locations where retired racehorses are homed to help ensure that they are being properly cared for.

Disclosing the scope and results of these audits and measures being taken to address any shortcomings would help demonstrate our community's commitment to maintain appropriate standards of equine welfare.

It should also be noted that Racing NSW 2023 Annual Report has \$19 million in Horse Welfare provisions. Since the establishment of the provision, approximately \$1.8 million has been spent, according to Racing NSW annual reports. In the interests of transparency, Racing NSW should also disclose how and when it intends to use the balance.