

REPORT ON PROCEEDINGS BEFORE

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

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At Macquarie Room, Parliament House, Sydney on Monday 22 July 2024

The Committee met at 10:00.

PRESENT

The Hon. Scott Farlow (Chair)
The Hon. Wes Fang
The Hon. Emma Hurst (Deputy Chair)
The Hon. Dr Sarah Kaine
The Hon. Mark Latham
The Hon. Taylor Martin
The Hon. Bob Nanva
The Hon. Peter Primrose
The Hon. Damien Tudehope

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The CHAIR: Welcome to the first hearing of the Committee's inquiry into the proposal to develop Rosehill racecourse. I acknowledge the Gadigal people of the Eora nation, the traditional custodians of the lands on which we are meeting today, and I pay respects to Elders past and present and celebrate the diversity of Aboriginal people and their ongoing cultures and connections to the lands and waters of New South Wales. I also acknowledge and pay my respects to any Aboriginal and Torres Strait Islander people joining us today.

My name is Scott Farlow and I am the Chair of the Committee. I ask everyone in the room to please turn their mobile phones to silent at this stage. Parliamentary privilege applies to witnesses in relation to the evidence that they give today; however, it does not apply to what witnesses say outside of today's hearing. I urge witnesses to be careful about making comments to the media or to others after completing their evidence before the Committee today. In addition, the Legislative Council has adopted rules to provide procedural fairness for all inquiry participants. I encourage Committee members and witnesses to be mindful of these procedures in today's hearing. Mr Latham, do you want to make a declaration?

The Hon. MARK LATHAM: Yes. I declare, for the interests of transparency, that I'm one of 13,000 ATC members.

The CHAIR: Thank you, Mr Latham.

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Mrs GABRIEL WATERHOUSE, AO, Racehorse Trainer, sworn and examined

Mr JOHN O'SHEA, Racehorse Trainer, sworn and examined

The CHAIR: Good morning, everyone. Can I ask if either of you would like to make an opening statement today? Starting with you, Mrs Waterhouse.

GABRIEL WATERHOUSE: Yes, I would, thank you. I have a few pages to read to you gentlemen and ladies. I am Gai Waterhouse. I regard myself as a quintessential racing person. I'm a racehorse owner of over 50 years and I've trained thoroughbreds for the last 30 years. I was inducted into, and am the only living legend of, the Australian Racing Hall of Fame. I've been an ATC, AJC and STC member for over 40 years, since women were able to join the clubs. Tommy Smith was a champion trainer for over 30 years—my father. He was a horse owner as well, as was my grandfather. I'm married to a third-generation bookmaker and my son is a fourth-generation fielder.

Like everybody in racing, I'm incensed at the attempt to sell Rosehill and hijack—meaning steal—the proceeds. I'm infuriated by the mendacity of the ATC board and associates, but I exclude from criticism board members Tim Hale and Caroline Searcy, who have behaved more than fairly, having members' interests at heart. We would not be here today to discuss selling the cricket ground, the SCG, or Bondi Beach, but yet we're here to discuss the sale of Rosehill. The parallel business case is Harold Park, which was located in Glebe in inner Sydney and which in 1970 attracted bigger crowds—even on the coldest, wettest day—than at Golden Slipper Day in Rosehill. Harold Park was sold to secure the trotting industry's future. Now zero crowds attend headquarters at Menangle; similarly at Melton, which replaced Moonee Valley in Victoria, with the same result—so tragic.

There is an overwhelming issue involving the funding of racing—the elephant in the room. This is the real problem and should be corrected by this Parliament. In ATC chairman Mr Peter McGauran's words, "The ATC has an unsustainable financial model." It has been asserted by Racing NSW that any proceeds of the sale of Rosehill are industry's money. In other words, they belong to Racing NSW. This is outrageous. The Sydney Turf Club, using members' money, bought Rosehill in 1947 for £189,955. That sum would have bought 200 houses in Double Bay. In 1947 the basic wage was £5 18s 6d. Importantly, this is the members' money, not industry money. Rosehill is the members' property.

In response to the Temby report, the Government legislated, in 1996, the Thoroughbred Racing Act to control and supervise racing. Racing NSW's role was designed by the Act to be merely a regulator. The legislation talks of control, regulate, register, inquire, supervise, investigate and report, as you would expect of a regulator. Importantly, the second reading speeches speak only of supervisory matters: "Essentially, the 'controlling body' functions ... governance of the thoroughbred racing industry in this State." Interestingly, the New South Wales CEO was, under the Act, a mere factotum of the board with no vote. Also, the Racing NSW board was designed to be made up of elder statesmen of racing. Today, basically no racing people are on the board.

The Act gave no independent income to Racing NSW but allowed it to require fees and charges from the clubs to make its ends meet. Clubs used to receive all revenue from betting on races. All this changed in 2012. Racing NSW had legislation enacted to collect fees from the new corporate online bookmaking industry, and this was confirmed by the High Court. Last year, Racing NSW received \$512 million in betting fees, of which \$335 million was from corporates, in which clubs didn't share. Racing NSW, additionally, received \$70 million from the Government from the point of consumption tax—nothing to the clubs.

Racing NSW, while forcing prize money increases on the clubs, only distributes to the clubs part of the prize money, much of it by way of a loan. It has assumed the role of a massive property investor, having bought a large array of eclectic properties. Because much of what is received by the clubs from Racing NSW is by way of a loan, consequently, Racing NSW has effective control over the clubs. The Australian Turf Club is broke, owing Racing NSW, I believe, over \$200 million, hence the need to sell Rosehill. In ATC Chairman Peter McGauran's words, it has an "unsustainable model". Racing NSW should be returned to being just the regulator and nearly all funds must go to the club. This is the big and overriding issue for you with which to deal.

The CHAIR: Mr O'Shea, do you have an opening statement that you wish to make?

JOHN O'SHEA: Yes. I have been a trainer in Sydney for over 20 years, currently based at Randwick. I am a passionate supporter of racing in this State and would like to see it continue to thrive going forward. The future of Rosehill as a racing centre is crucial to that growth, and that is why I have chosen to speak today. In recent times, racing in this State has thrived. Albeit we have four metropolitan tracks in this State, but only two of those—Randwick and Rosehill—are of a sufficient standard to hold competitive group one racing. To close Rosehill would mean that we would be left with only one track that is capable of holding elite racing and, as a

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result, would take a massive step backwards, considering that our Victorian counterparts have three tracks of this quality.

We need to have the best facilities where racegoers and investors want to go. Rosehill is essential to that strategy, as it is the geographical centre of Sydney. Every sporting franchise in this country is trying to gain a foothold in the west of Sydney, and racing already has it. So it would be strategic suicide to sell our most valued asset. Similarly, as Gai said, when the trotting industry sold its centre in Glebe it has been an unmitigated disaster in terms of attendance and engaging the community.

The chairman of the ATC, Mr Peter McGauran, recently told a meeting of members of the ATC, "You should be spending \$12 million a year on facilities but can only afford four." That seems incongruous, given that the clubs hold five races with a combined value of \$45 million. Furthermore, given the financial strength of the regulatory body, I find it almost absurd that we feel the need to sell our most valuable asset, Rosehill, considering Randwick is on Crown land. Clearly, if McGauran's comments are taken at face value, the funding mechanism to the industry's premier club is not working. I understand this dates back to the changes in the wagering distribution after the introduction of race fields legislation which sees revenue generated from corporate bookmakers directed to Racing NSW.

I also understand that the revenue from the point of consumption tax is also directed to Racing NSW. The distribution mechanism is not helping to support the industry in its growth. As well as having strong prize money, it is essential that we have good facilities to race and train on. It frustrates me to say New South Wales has fallen behind Victoria in its investment in infrastructure facilities. While many projects have been announced, few have been completed. Conversely, Victoria has built a new race and training track in Pakenham, along with developing a new training centre at Cranbourne and a new track at Caulfield.

Having good training facilities and surfaces is vital to horse welfare, so we need to be leading the country and the world in this area, not trailing it. Moreover, owners who fund the industry and put on the show deserve their horses to be trained in the best facilities available. The ATC has publicly stated that they are considering developing another racetrack at the brick pit site at the Olympic Park. I suggest there is no chance this will happen, for a myriad of reasons: the presence of endangered frog species; the site is significantly smaller than the Rosehill site; and the brick pit is a disused quarry that requires a 30-metre hole in the ground to be filled. I would suggest the discussion surrounding this site is nothing more than a red herring to placate the ATC members.

As well as opposing the sale, it is important to voice my concerns on the way the proposed sale has been handled by those in charge of the thoroughbred industry in this State. To hold a press conference announcing the proposed sale before completing the appropriate due diligence is totally irresponsible and has brought undue negative publicity to our industry. At the press conference the chairman of the ATC told the media he believed the sale was very likely to go ahead, despite the fact the constitution of the ATC states members would need to sign off on such a deal.

This has now led to those opposed to the sale being labelled as "selfish" for not wanting to help and solve Sydney's housing crisis. But it is not incumbent upon the administration of racing in this State to rectify the inadequate housing policies of various Federal and State governments. If that was the case, every golf club and football field in the State would also be under consideration for housing development. The Rosehill racecourse is also an important community facility for the Parramatta area. Every morning hundreds of people who are skilled with working with horses attend the track in their capacity as strappers and track riders. The closure of Rosehill will mean that they will not find equivalent work in the area.

The races held on that track also help generate billions of dollars of taxes for the State Government, which go into general revenue for hospitals, roads and schools. Outside of racing, Rosehill also has a convention centre that supports the Parramatta community and draws tens of thousands of people to the area. I contend that the board of the ATC are many things, but property developers they are not. As a result, the proposal to sell Rosehill should be abandoned and the industry's significant resources be used to improve our infrastructure, such as training tracks, stabling and facilities for attendees, as well as concentrating on the perception of our sport and the challenge of engaging the next generation of racegoers.

The CHAIR: In terms of the need for a group one track in Sydney—an additional group one track to Randwick—if the Rosehill sale were to go ahead, do you see that Warwick Farm could be an additional group one track? Or is that limited in some way?

GABRIEL WATERHOUSE: Firstly, the tracks are completely different and the areas—Rosehill is in the centre of Sydney. We all agree that Parramatta is the centre of Sydney, and they've just moved the museum there and they've got all the sporting complexes. So it sustains a very large betting and population that go to Rosehill. The configuration of the track—it's a much bigger track, Rosehill. It's a more international track. Rosehill

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is more a sort of city-country-type track, which serves very well the horse industry and, of course, the people of Warwick Farm and all around that area, Liverpool.

The CHAIR: Mr O'Shea, do you have any comment on that?

JOHN O'SHEA: It's a very small track. The straight is very small. It would require a massive injection of funds just to get it up to scratch. But, in terms of its circumference, it's significantly smaller than what we would normally find is acceptable for genuine group one racing.

The CHAIR: With respect to another alternative that has been put, the Sydney International Equestrian Centre becoming a full-time training facility, what are your thoughts on that?

GABRIEL WATERHOUSE: Why? Why are we even discussing this? The whole point, which we're all missing, is that the ATC—it's their core asset. So why are we discussing the sale of it to move to Horsley Park or Warwick Farm or wherever when their core asset is there? It's one thing they own. Why would you sell it when you've got all of the training tracks and everything? The whole infrastructure is there. To replicate that at Horsley Park or wherever would cost millions upon millions upon millions of dollars. And, as my husband just said to me, you can't race there. We're better off being on the racetracks we've got and improving them instead of the money going everywhere else, which has been going and buying properties all over New South Wales. Aren't we better to put the money, which belongs to the clubs, back into making racing work there and sustaining the communities that live around racing and for racing?

The CHAIR: Thank you. Mr O'Shea?

JOHN O'SHEA: Racing NSW has looked at the Horsley Park proposal on three separate occasions prior to this one and it deemed it inadequate. So why all of a sudden has it now become adequate?

The CHAIR: Mr O'Shea, you indicated, with respect to Mr McGauran's comments in December about the need for a membership vote—I don't know if you're aware but, in the documents that we've been able to uncover through Standing Order 52 of Parliament, there is some advice from what was the Department of Enterprise, Investment and Trade at that time. They say that it is only the ATC board that would need to approve the submission of a proposal and not also the ATC members. From your understanding within the ATC, do you have any perspective on that and the ATC's constitution?

JOHN O'SHEA: I have no concept of what goes on with the ATC. I'm not a member because I'm a licensed person.

The CHAIR: Mrs Waterhouse, do you have any perspective on that?

GABRIEL WATERHOUSE: Of course the members have to vote on it. It's a core asset. You can't go and even contemplate selling anything when it's a core asset of the members. As I said to you in my statement here, in 1949 it was bought by the members—not by Racing NSW, not by anyone else. The ATC was bought by the STC members, who have since become incorporated into the ATC. As the club's Act says, you have to get the members' vote, and they know that. The trouble is that Mr McGauran and Mr V'landys all know that, but they're playing very deaf ears. They're having my problem.

The CHAIR: Finally, with respect to alternative proposals, we've seen also that the ATC was meeting with the department of planning about alternative housing proposals. Those included, at some points, the complete redevelopment of Canterbury racecourse for housing and, of course, housing development along Rosehill—not taking over the whole site but taking up portions of the site, including the circus site and including the car parking. What are your views with respect to those proposals that the ATC was taking prior to this unsolicited proposal coming to life?

GABRIEL WATERHOUSE: What they don't realise with Canterbury, it's the best return. It's got their best attendance going to the races. It's got the best betting turnover, which none of them would be aware of. I'm married to a bookmaker so I certainly should know because he attends all the metropolitan race meetings. It's their best. It's their little jewel in the crown, but they want to flog it. It's unbelievable. Going back to Rosehill, around Rosehill there are certain areas. There's the circus areas. There's the car park. Is it the cricket? There's one other area.

The CHAIR: The bowling club across the road?

GABRIEL WATERHOUSE: Yes. They could be developed. Why wouldn't they, like they've done in Hong Kong, like they're doing so brilliantly at Moonee Valley in Victoria? They've got the area to make the money to capitalise on, but why sell their core asset? I can't understand it. More importantly, the members don't want it. Just put it to the vote. Just literally say, "Ask the members." I can tell you it will be an overwhelming "No, we do not want to sell Rosehill."

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The CHAIR: Mr O'Shea?

JOHN O'SHEA: We definitely don't want to sell any core asset that we own. If you're in any business, you sell your weeds, not your flowers, and this is our core business. If we were all in favour of letting them develop areas surrounding Rosehill that was a tremendously good return for the industry and adds to the character of the track, we've got no problem. They've done that, as Gai said, in a variety of other tracks around the world. But there's no reason to sell our core assets because, as we've seen, historically, whenever we sell a racetrack we have nothing to show for it, historically speaking, and this will be another example of wasting money and getting rid of tremendously good assets that are irreplaceable.

The Hon. MARK LATHAM: Mrs Waterhouse, could you elaborate on that view of yours about what the membership would say about this proposal? Around the racetrack it's said you can't find anyone—an ATC member—who supports the sale of Rosehill. Wouldn't it be better to put the vote to the membership right now to deal with this? I mean, the ATC abandoned their information meetings to members because of the hostility. The whole thing could be sorted out now if the ATC acted as a true membership-based organisation and let the members decide with an open vote, rather than going through this process now of ridiculous sites like the brick pit, spending money on consultants, and further dividing the industry. Shouldn't we have a membership vote right now?

GABRIEL WATERHOUSE: We certainly should be having the membership vote because the members are the people who own Rosehill. That's what they keep forgetting. They think they own it, Racing NSW, and they've put them in such enormous financial difficulties by loaning the money to sustain these huge prize money races that they're really in dire straits. If they put it to the members now to have a vote, because I've been to all their meetings, I can tell you they overwhelmingly—"Please, do not sell this. We are totally and completely against it. We are against the sale of Rosehill."

The Hon. MARK LATHAM: Can I further ask about your view of how the ATC has handled it—both to Gai and John? There seems to be a breathtaking level of incompetence that on 25 October the ATC, through Steve McMahon, told the New South Wales Government they'd never sell Rosehill. Five days later, he meets with the Premier and then the ATC, without due diligence, without scoping studies, without valuation reports, goes down the path of a full sale of Rosehill. Before the board could consider it, on 21 November, Racing NSW knew about it, Chris Minns knew about it, New South Wales bureaucrats knew about it, and the board of the ATC hadn't even been told about it. They said, at their meeting on 21 November, they still didn't give it a full approval. They thought it was just the process that was starting up. So how can we have any confidence at all in the competence and management of the ATC leadership?

JOHN O'SHEA: There's no doubting that, as licensed people, we were shocked to read and hear of the announcement, considering there was no appropriate due diligence done. No-one on the board knew about it, and only one or two of the executives knew about it. The process is flawed because, fundamentally, as we know, we need a vote of members to agree to it. There's no way that the members will agree to it because it's a ridiculous proposal and it's not in the best interests of our industry. That's what we're all about here. We're here to do what is in the best interests of our industry so that in 20 and 50 years time we still have a viable industry that's engaged with the public. If you take away Rosehill, it will no longer be engaged with the Parramatta public, and you will lose that whole demographic of racegoers.

The Hon. DAMIEN TUDEHOPE: Mrs Waterhouse, I seem to hear you saying that there are potential other proposals which could be used for Rosehill and that is the development of areas surrounding the racecourse, including, I think you said, the bowling club. Have you got any information in relation to the totality of that area which may be able to be redeveloped and still retain the racecourse?

GABRIEL WATERHOUSE: They discussed at one of the meetings that they had, as you said, the bowling club, the circus ground and one other, and they discussed that it could be considered. But then they completely put that in the bin and just said, "We're selling Rosehill." Namely, they steamrolled the members to accept it. It was a fait accompli. Really, nothing has been discussed. Nothing has really gone down the track of "We could do this and save Rosehill. We could also develop it so that Rosehill becomes a greater area for racing", and they're also able to look after the population problem they say they have.

The Hon. DAMIEN TUDEHOPE: It is the case, is it, that you would support a proposal for the retention of Rosehill but the redevelopment of significant properties around the Rosehill precinct for the purposes of delivering housing infrastructure?

GABRIEL WATERHOUSE: It certainly seems a very logical way to go.

The Hon. DAMIEN TUDEHOPE: Would you agree with the proposition, however, that if that was the proposal, there may not be a delivery of a metro station?

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GABRIEL WATERHOUSE: We wouldn't know. I don't know if they would or not.

The Hon. DAMIEN TUDEHOPE: Is the proposal which has been put to the members a proposal which includes the delivery of a metro station?

GABRIEL WATERHOUSE: They certainly talked about it at one of their meetings, but isn't there a metro station only five minutes walk away?

The Hon. DAMIEN TUDEHOPE: There is a light rail which is five minutes away, not a metro station. There's a light rail. But is it the case that the actual proposal which the members are being asked to consider is a proposal which includes the delivery of a metro station?

GABRIEL WATERHOUSE: They certainly talked about it at the meetings. At one meeting they didn't discuss it; at the second meeting they talked about it. But it would certainly sound a very logical way to go.

The Hon. DAMIEN TUDEHOPE: Would you agree with me that if there was no metro station to be delivered, the value of the site would be significantly diminished?

GABRIEL WATERHOUSE: Yes, I would agree with you.

The Hon. DAMIEN TUDEHOPE: So the members may not have a full picture of the proposal to consider until such time as the Government's commitment to the delivery of a metro station.

JOHN O'SHEA: But that's irrelevant, because the members don't want to sell Rosehill, irrespective of whether there's a metro station or not.

The Hon. DAMIEN TUDEHOPE: Mr O'Shea, I accept that that may be, but in terms of the full information which the members may be asked to consider, for the purposes of making a decision—

JOHN O'SHEA: But it has been well documented that the metro station will be included should that proposal in its entirety go ahead.

The Hon. MARK LATHAM: Didn't we have a Rosehill platform and station on race day that they closed?

JOHN O'SHEA: We had a line there previously. They took it away.

The Hon. MARK LATHAM: The Government closed it. Why don't we reopen that?

GABRIEL WATERHOUSE: But nothing has been discussed in its entirety. That's the problem with the meetings we've had. Everything has been cloak and dagger. Nothing has been fully disclosed to the members, and that is the problem we have.

The Hon. EMMA HURST: Thank you both for coming today. It's been reported, Mrs Waterhouse, in the media that Peter V'landys has said that Racing NSW will have the final say in the sale of Rosehill. I'm assuming that concerns you. What's your relationship generally with V'landys and with the board of Racing NSW?

GABRIEL WATERHOUSE: I'm a licensed trainer, so I have a business relationship with him. When we meet each other, we're always very cordial with each other. What else was the question? I just can't remember.

The Hon. EMMA HURST: And with the board of Racing NSW.

GABRIEL WATERHOUSE: No-one would know who they are because they never attend the races. You never see them. You never see them on the racetracks or at the training tracks. They're a headless group of people, poor things.

The Hon. EMMA HURST: You said in your answer to the Hon. Damien Tudehope that the members are cloaked, that there's nothing fully disclosed. Is it because of that disconnect from Racing NSW, that they have fully disconnected from the trainers and other groups?

JOHN O'SHEA: What I would say to you is that, to all intents and purposes, Racing NSW are not to be involved in this process, but I think we all agree that it's possibly behind the scenes collaborating to some extent. There is a distinct disconnect between the board of the ATC and its members and the board of the ATC and its licensed people because there's been a lack of information. As Gai said, it's been done behind closed doors and then sprung on the individuals. We've had attempted information days, but, again, that's been selective information. It's not been in its entirety. It's as a result of this process that the membership feel, irrespective of the proposal, that the process that has been carried out has not been in the best interests of our industry.

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The Hon. EMMA HURST: I've also heard that some trainers were pressured not to come here to give evidence at the inquiry. Were either of you contacted by anybody within Racing NSW or anywhere else and encouraged not to come today to give evidence?

GABRIEL WATERHOUSE: A curly one.

JOHN O'SHEA: I would say that both of us have had people, represented from afar, to suggest that it wouldn't be in our best interests to attend. That wouldn't be without—

The Hon. EMMA HURST: And was that pressure not to attend coming from within Racing NSW?

JOHN O'SHEA: I don't know where it came from, but I've definitely had phone calls from people that I shouldn't attend.

The Hon. EMMA HURST: Have you had the same, Mrs Waterhouse?

GABRIEL WATERHOUSE: I'm here because I was asked to come, and I'm very pleased to be here to state the case of the licensed people and the members. But I think there are others that may have had pressure on them.

The Hon. EMMA HURST: Where do you think that pressure has come from? What is the concern that will come forward as part of this inquiry?

GABRIEL WATERHOUSE: It's a bit like the elephant in the room, isn't it? That's what. That's the problem. You have a very powerful CEO in Mr V'landys, and he controls racing and he controls everyone in racing. You only have to look at the newspapers nowadays and the media coverage—it's very controlled. We don't have the true picture at all.

The Hon. EMMA HURST: Is it that the CEO is so powerful that we're in this situation today where the members aren't being consulted?

GABRIEL WATERHOUSE: Absolutely. You hit the nail on the head.

The Hon. EMMA HURST: A number of submissions from people within the industry have called on this Committee to call for a review of the powers and responsibility of Racing NSW, as well as the funding mechanism. Is that something that both of you would support?

JOHN O'SHEA: We're definitely in favour of reviewing the funding mechanism.

The Hon. EMMA HURST: Can you expand on that?

JOHN O'SHEA: As Gai's submissions suggested, and mine, the money from betting is going to the regulator, not the clubs. The clubs produce the product. The clubs produce the training. All the horses are trained at the clubs. The regulator makes no contribution to the training of horses in this State, and yet the betting comes from the horses that race. The clubs are the ones who are being left without funding as a result.

The Hon. EMMA HURST: In your opinion, if that funding mechanism remains as it is, what will that mean?

JOHN O'SHEA: What will it mean? I've got no idea how it means going forward. We could end up with—that's not for me to say. All I can tell you is that we need to redress the funding mechanism of racing in this State.

The Hon. EMMA HURST: Mrs Waterhouse, do you have anything to add to that? My original question was a review of the powers, responsibilities of Racing NSW and the funding mechanism.

GABRIEL WATERHOUSE: Just as I said in my statement here, it has got to go back to being a regulatory body. The problem is that it has taken up too much power—complete power—and it has overstepped what it was devised for. It has overstepped it totally. It keeps overstepping it, and all the club now is completely broke. It owes so much money—I think it's \$200 million, something like that. It's out of proportion. It's madness, and it shouldn't happen. They're completely beholden to Racing NSW—completely beholden.

The Hon. EMMA HURST: I have one more question. I believe that Mr Peter V'landys has been the CEO now for almost 20 years. Is it time for a new CEO within Racing NSW?

GABRIEL WATERHOUSE: I think there's time for change. We wouldn't be here today if there wasn't because things aren't right in the state of Denmark. That's your problem. There are things that are very wrong here, and we have to—well, you have to address them. That's why we're here today.

The Hon. EMMA HURST: Mr O'Shea, did you want to add anything?

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JOHN O'SHEA: No, I'm not here to discuss about the tenure of the CEO of Racing NSW. I'm here to discuss the proposal at Rosehill.

The Hon. WES FANG: Mrs Waterhouse and Mr O'Shea, thank you very much for appearing today. We've spoken a little bit about the unsolicited proposal that's before members at the moment. There are two parties, in effect, to that unsolicited proposal. There's the ATC, but there's also the Labor Government at the moment. Has anybody from the Government reached out to you to better understand the position that you both have—to understand what it means for the members and the trainers that will be impacted by the sale, and to better understand what it means for the racing community in general to lose an asset like Rosehill racecourse?

JOHN O'SHEA: No.

GABRIEL WATERHOUSE: No, no-one.

The Hon. WES FANG: The racing Minister hasn't reached out to find out how it would impact racing in New South Wales from the trainers and from the members' perspective at all?

JOHN O'SHEA: No.

GABRIEL WATERHOUSE: No. We've just been told that—it was given as fait accompli when Mr McGauran addressed it first at Warwick Farm.

The Hon. WES FANG: Obviously the Premier has been at the forefront of this proposal. The Premier hasn't reached out to you to ask if he can better understand your opposition to this?

JOHN O'SHEA: No.

GABRIEL WATERHOUSE: No.

The Hon. WES FANG: Would you be open to meeting with the racing Minister and the Premier to explain to them in an unfiltered way why you have an opposition to this?

JOHN O'SHEA: Yes.

GABRIEL WATERHOUSE: I think it should be, if it's going to be, addressed to the members. The Premier should—if he feels that strongly about this, he should be addressing the members of the ATC.

The Hon. WES FANG: Are you disappointed that the Labor Government hasn't actually sought to engage with the membership, with trainers and with the racing community—that they're only really having conversations with the upper echelons of racing, not the people that actually support and contribute to the industry?

GABRIEL WATERHOUSE: They have only had conversation, I would imagine, with certain people in the upper echelon—not all. The board are certainly not aware of it.

The Hon. WES FANG: But obviously there have been people that have had conversations with you. We briefly touched on the fact that people have asked you not to appear today. Are you able to provide to this Committee an idea of who those people are?

JOHN O'SHEA: I would prefer not to.

The Hon. WES FANG: If required, we could move into a closed session for you to provide that evidence.

JOHN O'SHEA: Look, it's a long bow. Like I said, where they came from, those people—you know, it's only speculative.

The Hon. WES FANG: But it isn't speculative, is it, Mr O'Shea? Because it's quite clear that there have been approaches to you and Mrs Waterhouse to not appear today.

JOHN O'SHEA: From where those people—their origins are speculative because there would be no confirmation, and it wasn't alluded to me as to where they came from. But there were definitely conversations had as to why I shouldn't appear at this inquiry.

The Hon. MARK LATHAM: Chair, can I suggest that it's been put to the Committee that there's a serious breach of parliamentary privilege here? It's a serious matter to urge someone not to appear at a parliamentary committee. It's more serious than urging someone not to appear in a court of law. Could I suggest we go into private session at the end of the witnesses' evidence, without the witnesses, for the Committee to consider what to do about this? The matter goes to our rights as parliamentarians to have unfiltered available witnesses giving the evidence as they understand it under oath.

The CHAIR: I am happy for that to be entertained, perhaps, if we conclude these witnesses at 10.50 a.m. and then make a determination in a deliberative at that time not to hold the witnesses.

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The Hon. MARK LATHAM: We have the morning tea break, as well.

The CHAIR: No, we don't. We've got Mr Hall straight afterwards.

JOHN O'SHEA: I don't want to expand on it, to be honest.

The Hon. MARK LATHAM: But the Committee should consider the matters of parliamentary privilege that have been raised. These are serious legal matters that no Parliament should ignore.

The Hon. PETER PRIMROSE: I'm not trying to stop this discussion, but I think that would be a matter for us in deliberative.

The CHAIR: I agree. Potentially, once all members have exhausted their questions within this session, if we then look to go into a deliberative—not to delay our attendees any further—and to have a quick deliberative to discuss the point.

The Hon. PETER PRIMROSE: May I ask a question following on from this, to Wes's—

The CHAIR: Indeed, Mr Primrose.

The Hon. PETER PRIMROSE: It is to both witnesses. We've had suggestions that there should be a range of informal discussions occurring between members of Parliament and members of your organisations. Could you please outline your understanding, broadly, of the legal implications now of there having been an unsolicited planning application in place? Because that is a formal application. It is quite specific in terms of the requirements that have to take place. Can you tell us your understanding of the process that is occurring now? Because there is a formal application in place before the planning department.

The Hon. DAMIEN TUDEHOPE: Point of order: It is asking both these witnesses to give a legal opinion about their understanding of a fairly technical process. They may not have the capacity to give that.

The Hon. PETER PRIMROSE: To the point of order: I have asked for a broad understanding of the process that is in place, because there is a formal application in. There has been a suggestion in the questioning, particularly from Mr Fang, that there should be a series of informal discussions. I am suggesting that that may err and be contrary to the formal legal application that has now been lodged.

The Hon. MARK LATHAM: To the point of order: The question is incorrect in that there is a government committee of assessment that has been established that doesn't include the planning department. In the documents in the SO 52, the planning department have said they will stay at arm's length until the unsolicited proposal assessment is completed because they're the final decision-maker. So, not even the questioner understands the process. I don't think the witnesses are going to get into those details.

The Hon. WES FANG: To the point of order: I think there is an imputation on my questioning.

The CHAIR: Okay, let's proceed like this. I think it is a fair question for Mr Primrose to put, to ask the witnesses their understanding of the process which is on foot. We will leave it at that, which is effectively striking out some of the comments that were made. If I could put to the witnesses Mr Primrose's question, what is your understanding of the process which is on foot, which is characterised as an unsolicited proposal?

JOHN O'SHEA: I've got no idea how that proposal was to be put or the processes involved with it. I'm sorry, I can't allude to that.

GABRIEL WATERHOUSE: Answering your question, nothing will take place until the members vote on it. That's what you've got to understand: The members have to vote on the sale of Rosehill. Nothing can happen until that happens, and it hasn't happened.

The Hon. Dr SARAH KAINÉ: Just to follow up on that, just confirming, you wouldn't be aware that it wouldn't be appropriate to have those informal meetings that were suggested.

JOHN O'SHEA: No.

The Hon. Dr SARAH KAINÉ: You wouldn't be aware of that because you weren't aware of the process.

JOHN O'SHEA: That's right.

The Hon. DAMIEN TUDEHOPE: To that point, were you aware of any decision that was put either to members or to the board, before Mr McGauran went public, to actually put a proposal to the Government about lodging an unsolicited proposal?

JOHN O'SHEA: No.

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The Hon. DAMIEN TUDEHOPE: So when the announcement was made, to the best of your knowledge, Mr O'Shea, the board hadn't considered the idea of making an approach to Government.

JOHN O'SHEA: No.

The Hon. DAMIEN TUDEHOPE: And it certainly hadn't been canvassed with the members to make an approach to the Government.

JOHN O'SHEA: That's correct.

The Hon. MARK LATHAM: Could I ask—

The CHAIR: Just holding that, Mrs Waterhouse, did have anything to add to Mr Tudehope's question?

GABRIEL WATERHOUSE: No, just to say no. We had no understanding or we had no comprehension of what was going to be dropped on us until we turned up at Warwick Farm that day for the meeting. It was very much a fait accompli, from the way Mr McGauran was speaking, that this was what was going to happen. Of course, he expected everyone to agree, and I think he was quite shocked at how violent the reaction was to the sale of Rosehill.

The Hon. WES FANG: Did you reach out to—

The CHAIR: Mr Fang, we're going to go to Mr Nanva now.

The Hon. BOB NANVA: Thank you both for your evidence this morning. Mrs Waterhouse, you've previously stated that Warwick Farm is a substandard track. You've identified that less than half of—

JOHN O'SHEA: Can I just bring you to a point there? We didn't say it's substandard; we say it's unable to have serious group one races.

The CHAIR: Mr O'Shea, let Mr Nanva ask his question and then you can respond.

The Hon. BOB NANVA: I'm quoting from an interview Mrs Waterhouse gave in December. You stated that the Golden Slipper used to be attended by 35,000 people; now it's about 12,000 people. You stated that people have stopped going to the races. You also stated, "We don't get anyone to Randwick except on Everest day. Where are people through the week?" It doesn't point to a healthy picture of racing in New South Wales, does it?

GABRIEL WATERHOUSE: Well, because the clubs have lost control. If you go to the races, you have to pay to go into the course. I can go down to the pub and not have to pay to go in and have a bet, so they've made it difficult. They've got the bookies at Randwick in a little cordoned-off area, as though it's a chook pen. How can anyone have any sort of betting intercourse with them, because they're cordoned off. They advertise it for the big days and neglect the everyday.

We used to have local firms supporting Rosehill, Warwick Farm and Randwick, and those people would bring a lot of their members or customers to the races. The names of the races would be the Monty Python—or whatever it might be—Race. That's all gone, so you're losing customers all the time. They don't work on their membership, developing their membership, so of course people aren't going. When someone doesn't renew their membership, they don't go to them and say, "Why aren't you renewing your membership? We might give you a special deal, like six months free and then—". They're not trying to encourage people into the sport. They just worry about the big days, and not every day.

The Hon. BOB NANVA: Could I put to you—

The CHAIR: Mr Nanva, before you put anything, I think Mr O'Shea wanted to respond originally. We'll afford him the opportunity now.

JOHN O'SHEA: Just going back to your point, Warwick Farm is an acceptable track, but it's just not ideal for group one. Our comment was with regard to group one racing, which is a specific class of track.

GABRIEL WATERHOUSE: But, John, excuse me for one second. If you remember, we used to have the—

JOHN O'SHEA: Chipping Norton.

GABRIEL WATERHOUSE: We used to have group one racing there. But, because the clubs have no money, sir, the facilities have become so ordinary. I went into the committee room only six months ago, and there was no-one there. I just happened to bump into the chef; heaven knows why he was there. I said, "What do you do?" He said, "I don't do anything anymore." I said, "When was the last committee luncheon?" He said, "About six years ago." Six years ago. They're not utilising their facility. You've got the centre of Sydney as Liverpool and Parramatta, and you've got that many people there who would love to be coming to the races, but the clubs can't

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invite them. One, they don't have the money and two, Racing NSW isn't interested in those people. They're not important.

The Hon. BOB NANVA: Short of fundamentally changing the funding model in New South Wales, what is clear is that there is declining wagering income, there are fewer spectators, infrastructure and facilities are not up to standard and tracks are not up to standard. It's a risk, is it not, that the longer we leave the status quo in New South Wales the greater the risk that New South Wales will lose its competitive advantage—

The Hon. WES FANG: Why are you talking racing down?

The Hon. BOB NANVA: —to other jurisdictions, whether it's Melbourne or internationally. Isn't there a risk that the longer we leave this, the more New South Wales will lose its competitive advantage as a racing destination?

The Hon. WES FANG: Why are you talking down racing in New South Wales?

The CHAIR: Mr Nanva, I will let you ask in peace.

JOHN O'SHEA: Yes, I think there's merit—I have been a big advocate of re-engage—racetracks have always been a reflection of their communities. That's why there's a racetrack in every small town in Australia. What's happened with Rosehill is that, because of the amalgamation of the clubs, there's no connect between the Parramatta community and Rosehill itself. We need to get back to what Gai's been discussing, and what we've traditionally always done was engaging our communities. At the moment we have just got this massive big funding model for big days, and we're forgetting their grassroots. If we don't start to invest in our infrastructure and engage our communities, we will decline.

GABRIEL WATERHOUSE: Unless you can change, literally immediately, the way that racing is being controlled and the way the money is—one of the reasons, what you're saying, is that there's no money. They've got no money. You can't do things. You can't advertise or do any of those things or make the facilities nicer, be it Warwick Farm or Rosehill or wherever it might be, if you haven't got any money. The club is broke. The club is broke because Racing NSW totally control the money and they will say, "You can have that little bit. You're a good boy. We will give you that little bit." Don't forget you have also got to sustain the huge prize money, like the King Charles \$10 million in prize money. And everything is by loan; that's the other thing. So they're constantly falling into debt and massive debts. What did I say—\$200 million. The mind boggles.

The Hon. BOB NANVA: Could I put this question to you as business people as well as owners and trainers? The proposition that the development of a metro station at Rosehill tied to land use changes being proposed, I think it's undisputed, would result in a significant uplift in the value of the racetrack—a significant uplift in the value of a core asset of the ATC. Do you not think that the board and members are obliged to keep an open mind about the benefits, the costs, the advantages and disadvantages of such a proposal when there would be a significant boost in the value of an asset belonging to the club?

JOHN O'SHEA: Are we still retaining that asset? Are you suggesting—

The Hon. BOB NANVA: Sorry, Mr O'Shea. I will make the question clearer. If there is a business proposition put that a significant piece of transport infrastructure is linked to the reuse of land from a racecourse to mixed use development housing which would result in the significant uplift in the value of a core asset belonging to the club, is it not incumbent on the board and members to at least keep an open mind to that proposition?

JOHN O'SHEA: Not if we're selling it. If we're selling it, it's irrelevant, because it's not for sale. We have the option there to develop housing in the proximity to the track—around the track. That's all well and good but we must not sell this asset. It is our core asset. We don't have anything else if you sell it. We have a couple of minuscule bits of property that ultimately, given the pattern of racing administrators over the last century—that they'll probably want to sell that, as well. Now, it's not for sale.

GABRIEL WATERHOUSE: I think also what you should be thinking is—you've got to realise that Racing NSW controls the dollars and cents. If Rosehill's sold, the money goes to one place: Racing NSW. It doesn't go to the members. It doesn't go back to the ATC. The ATC won't get that money. They won't be able to develop the next club. It'll be developed at the—what Mr V'landys and Racing NSW think they should be getting. So, really, we don't know. We're going into a black tunnel. You talk about putting the rail there—us selling it—yet what are you going to get? Peanuts, if that—if we even get that.

I can't understand why the council there and the Government can't come together with the members and say, "Look, if we utilise that land around Rosehill"—which I imagine would be quite a substantial number of apartments—"then, yes, we could put the rail there." There's no reason why they can't make something work, but

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it hasn't been put to the members—"This is what we could do. This could be a very good idea. We can still keep this facility, which is a green area in an area which is getting more and more housing and more and more industrial." Why wouldn't you have a green area there? You only have to go to Hong Kong. Look what they've done in the centre of Sha Tin—the most amazing sporting facilities in the centre of Sha Tin. Why can't we have that at Rosehill? Why can't the public of Parramatta be able to enjoy that?

The Hon. TAYLOR MARTIN: Mrs Waterhouse, I accept it was your evidence earlier that this proposal was effectively dropped on members at Warwick Farm, as you outlined earlier. Since then have you gained an understanding of the genesis of the proposal to redevelop the track? What's your understanding of how this came about?

GABRIEL WATERHOUSE: I would imagine—I think it's come from Racing NSW. I think it's all of a sudden or over a period of time they thought, "Well, we have one core asset and only one core asset, and we might be able to flog it." And that's the terrifying thing.

The Hon. TAYLOR MARTIN: And before that day at Warwick Farm there were no rumours or whispers or anything of the sort?

GABRIEL WATERHOUSE: Well, they've talked—

JOHN O'SHEA: Not at Rosehill.

The Hon. TAYLOR MARTIN: Mr O'Shea, have you picked up any intel or info since that day as to where it came—the genesis?

JOHN O'SHEA: No.

The Hon. WES FANG: Just finally, turning to part of what has been a counterproposal—which is having a racecourse around the brick pit site—are you familiar with the brick pit site itself? Could you provide us an idea of whether you think it would be a big enough size to create a group one track equivalent to Rosehill?

JOHN O'SHEA: No, definitely not.

The Hon. WES FANG: Is that because it would have too sharp turns, too narrow straights?

JOHN O'SHEA: It's not a significant piece of land. It's too small a parcel of land—number one. There's not even sufficient room to put race day stabling. That site's been looked at on a number of occasions and there's a massive environmental issue there with regard to the community of frogs that live there. If it's been knocked on its head a number of times previously, why, all of a sudden, has it become a proposal that's now acceptable? You know, it's a 30-metre hole in the ground.

The Hon. WES FANG: So there's no conceivable way that the proposal to put a group one racetrack at the brick pit site is feasible at all?

JOHN O'SHEA: It's bordering on preposterous.

GABRIEL WATERHOUSE: It was interesting that at the meeting—Mr Chris Waller was there and he was very outspoken about how short the track was. It was quite unacceptable what Mr McGauran put to us. He had spent a lot of money—the ATC board—in having sketches of how it could look and how it could work, and Mr Waller was very outspoken about it. The other thing is that you've already got it there. Why do you have to invent something when you've got Rosehill right in front of you and you've got the facility to sell the land around it? Why can't they make it that it can work? The money could go into Rosehill and, with a fraction of the amount of money we're talking about in developing another site, make it into a world-class venue like you see in Hong Kong. But all the tracks are so shabby because they've got no money.

The Hon. WES FANG: Would you prefer to see the brick pit turned into housing?

JOHN O'SHEA: Yes, if possible.

GABRIEL WATERHOUSE: Also, the other thing is that you've got your racegoers going to there. As it happened in Menangle, when they moved it to another area, they didn't have the followers and it has been a disaster. They had a vibrant, living trotting industry and site in Harold Park, and when they moved it—gone.

The CHAIR: That is all the time we have for questions. As was foreshadowed, I ask all members of the Committee to stay for a deliberative meeting. Unfortunately, we will have to ask all people in the gallery to please vacate the room. Thank you very much for your attendance here today.

(The witnesses withdrew.)

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Mr DAVID HALL, AM, Past Chairman and Honorary Treasurer of the Australian Jockey Club, sworn and examined

The CHAIR: Thank you very much, Mr Hall, for agreeing to join us today. Would you like to first off start by making a short opening statement?

DAVID HALL: I've had the opportunity of seeing a number of the documents that the Legislative Council gained through their discovery requisitions, and I cannot see how it can be suggested that this is an unsolicited proposal. It is quite clear, through the documents that I was provided, that the ATC continually submitted that Rosehill was not for sale, that surrounding non-racecourse land was available for development but not the racecourse and the area required for racing, including stands, training facilities et cetera. It was quite surprising that on 23 October 2023, the ATC—and this is a repeated sequence—stated that there is no plan to relocate and racing would continue at Rosehill even if the surrounding development went ahead. Then the Premier met with the ATC's head of membership and corporate affairs, Steve McMahon, on 30 October. I understand there is a long relationship between those two gentlemen. The upshot after that meeting was what is now alleged to be an unsolicited proposal was submitted. It was a very, very significant and substantial change of the intent and historic policy and attitude of the ATC.

I have made a submission, which I presume everybody has. In that they will see I was the chairman and/or treasurer of the Australian Jockey Club for 12 years, including which during that time we had to defend ourselves from Racing NSW, who instigated a legal case against us in relation to our dealing with what were the club's media rights. The case is reported as Racing NSW versus STC and others in 2005. So I've been well exposed, if you like, to the machinations that have occurred from Racing NSW, who, I understand from—once again—discovery documents, have submitted to Cabinet Office that they support the sale of Rosehill. The history is that Racing NSW was established as a regulatory body to take over the regulatory activities from the principal club at the time, being the Australian Jockey Club. So we now have a situation where the motives of Racing NSW and their conduct need to be seriously considered in relation to, I suppose, the support they're providing to the Cabinet Office at least, according to the documents, on any proposed sale of Rosehill.

The CHAIR: Thank you. Mr Hall, you have outlined your background as a former chair of the AJC. Have you had any involvement with the ATC? I take it you retain a membership of the ATC, but have you served on any board roles?

DAVID HALL: Yes, I'm a life member of the ATC. I was a life member of the AJC. When the merger occurred, that was transferred into the ATC. I attend when I'm in Sydney, which is most of the time. I attend the races virtually every Saturday. I know all the committee well, and I know most of the—in fact, I do know all of the past chairs et cetera of both clubs.

The CHAIR: Mr Hall, having seen those documents that were a product of that Standing Order 52, you most likely would have seen the document from the Department of Enterprise, Investment and Trade where they reckon that it is only the ATC board that would need to approve the submission of a proposal and not also the ATC members. From your understanding of the ATC constitution, is that correct? Does it require a membership vote or not?

DAVID HALL: I think there's a distinction. The department of trade's memo, which I did see, relates to the submission of the proposal. Under the Registered Clubs Act, the sale of a core asset requires a members' approval to a sale. So I think there's a distinction, possibly, in the department of trade's submission in relation to the submission of a proposal versus effecting a sale.

The CHAIR: In theory, we could be wasting quite a lot of time in this unsolicited proposal if the membership don't actually support a sale. So the board is entrusted to be able to submit a proposal for an unsolicited proposal. The Government, of course, invests considerable time and money in assessing that proposal, but at the end of the day, the membership may decide that it's just not for sale?

DAVID HALL: There are two arms to my answer to that. One is I don't accept it's an unsolicited proposal; and, two—

The CHAIR: Whether you accept that or not, it is being assessed as one at this stage.

DAVID HALL: I was about to deal with that in the second arm.

The CHAIR: Sorry for interrupting you, Mr Hall.

DAVID HALL: You're all right. Secondly—and I was asked this question, in fact, by one of the committee members the other day, as to "How would you have dealt with it?" What did occur—and I, like most,

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only read about it in the press for the first time after McGauran made his statement, or I think it was on the news at night; McGauran and the Premier made a statement. The ATC then, I believe, followed a proper course. They convened a series of information meetings for members. After two information meetings, they abandoned them, which I think was wrong. The reason they abandoned them—because when you speak to virtually all of the committee, not quite all but close, they will tell you 90 per cent of the members are against a sale. Now, my view is from there what should have occurred is that the members should have been asked to vote on a proposal. I think you're probably right; I think it would have saved a lot of money. However, Racing NSW then came out with a statement that "We will be conducting all due diligence and, effectively, controlling all aspects." My understanding of the legislation is that they're entitled to do due diligence. They certainly don't have a right of sale.

The CHAIR: From your inspection of the documents, you would have also come across the Project Wattle transactions options analysis where it outlines four options, those being, one, direct deal joint venture; one being option two, direct deal, either proponent- or government-led; option three being an unsolicited proposal; and option four being a compulsory acquisition. Under option three, unsolicited proposal—and this is a government document—it outlines a call of probity risk, a perception that the New South Wales Government is engineering an unsolicited proposal for a government-driven transaction. From your experience, do you think that that would have been something that would appear in a document if this were in fact an unsolicited proposal that was brought by an applicant and the ATC?

DAVID HALL: No, I don't believe so. As I mentioned, over 90 per cent of the members—and this is obviously on vocal, in the sense of attending the race meetings and conversations—are against a sale. So, following that course is not consistent with Rosehill being a core asset of the ATC on which the members are required to vote under the Registered Clubs Act.

The CHAIR: As you indicated, you know all the committee and board members. From your knowledge of discussions with them, is this something that was brought to the board before it appeared as—

DAVID HALL: I believe not. From the comments made to me, I believe it was first basically put to the board as a fait accompli.

The Hon. MARK LATHAM: Thank you, Mr Hall, for appearing today. Do you think anyone at the ATC even knew what an unsolicited proposal was? It is a very obscure part of the governance of New South Wales.

DAVID HALL: From a technical viewpoint, no.

The Hon. MARK LATHAM: Does it surprise you that the ATC is proceeding, given that on 17 November, Peter V'landys, head of Racing NSW, met with the Cabinet Office and said that he would keep all the funds from any sale for the benefit of the whole industry across Racing NSW, and he was also sceptical about any upgrade of Warwick Farm? So, while he is supporting the sale of Rosehill, he is saying that the detail proposed by the ATC wouldn't be supported by Racing NSW. Doesn't that indicate that the ATC is a bit delusional in thinking that, even if the membership—unlikely—voted for this, they could keep the funds and proceed with their plans?

DAVID HALL: I think there's a conflict, if you like, in all of that. The chairman and two other board members of the ATC are government appointees, and I think the chairman's direction is very much influenced by that—and obviously the Racing NSW situation. I believe that the conduct of it is basically, as you say—I think it was improperly presented. I don't think the board members were properly briefed. And I think if it had been addressed in a less dictatorial manner, you may have a different situation.

The Hon. MARK LATHAM: You mentioned at the start of your submission your longstanding fellowship of the Institute of Chartered Accountants and also the Australian Institute of Company Directors. What are the implications of this under the Corporations Act for the ATC and the way they've handled this? In particular, the papers you referred to show that Steve McMahon from the ATC, an officer or official, and Will Murphy from the Cabinet Office on 20 November were drafting a press release for Chris Minns to announce the full sale of Rosehill and 25,000 new homes. That's before the ATC board had even considered it.

DAVID HALL: That's my understanding.

The Hon. MARK LATHAM: What are the implications of this in terms of good governance and the Corporations Act?

DAVID HALL: It's appalling governance. The executive have to act in accordance with the board. It is not the right of the executive to make decisions without board approval and board support on issues of this significance.

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The Hon. MARK LATHAM: Right. And putting your accountancy hat on, Tony Harris, the former Auditor-General in NSW and Parliamentary Budget Officer, has made a submission. I quote:

NSW Racing financial statements have provisions that appear not to represent "a present legal or constructive obligation as a result of a past event".

He points to what you might think of as slush funds unspent or hollow logs: \$116 million set aside for capital projects from their strategic plan, \$36 million for clubs unspent, and \$106 million for prize money unspent. Should Racing NSW be just sitting on this money unspent when there are pressing infrastructure needs that they say can only be funded by the sale of Rosehill?

DAVID HALL: The simple answer is no. If you would like me to go into the background, I'm happy to do that.

The Hon. MARK LATHAM: Yes, please do.

DAVID HALL: Historically, what used to occur with the principal club—and then Racing NSW, when it took over the regulatory role—was it used to provide development funds under what was called the Racecourse Development Fund. It would provide development funds to all clubs, as and when needed, in an appropriate manner. The terms of those funds were that, whilst they were denoted as loans, they were interest free and only ever repayable if the club went into administration or the property was sold. That is no longer what occurs.

Now, as I mentioned in my submission, what occurs is funds are only available provided we, Racing NSW, can take total control. It is most inappropriate and it is thwarting the development of the industry with Racing NSW sitting on all these funds. What's more, in my submission, I refer to the accountability and transparency. The Racing NSW annual report is appalling, and it certainly doesn't comply with ASX standards of presentation and detail, nor general accounting standards on annual reports and governance. It is really a closed, hidden shop, and all of the comments you make there are part of that. They just make a general reference—no detail.

The Hon. MARK LATHAM: Do you think Racing NSW is acting outside its statutory remit by building up an extensive real estate portfolio?

DAVID HALL: Yes, I do.

The Hon. MARK LATHAM: Inner-city apartments, lucerne farms, hundreds of millions of dollars spent on real estate, when that money should be spent on racetrack upgrades that they say can only be funded by selling Rosehill.

DAVID HALL: Which I don't believe is the role of a regulatory body.

The Hon. MARK LATHAM: You think it's outside their statutory remit?

DAVID HALL: Absolutely.

The Hon. MARK LATHAM: And it was never envisaged that racing would be run this way—that Racing NSW would just be a regulator, rather than a real estate empire.

DAVID HALL: It was always envisaged that way when Racing NSW was established. I think the first chairman was Bob Charley, and it fundamentally took over the regulatory role solely from the principal club. A major change occurred in legislation introduced—and you'll excuse me for not being able to put a year to it, but the Minister was Jackson—

The Hon. MARK LATHAM: Hopefully not Rex.

DAVID HALL: —that gave an extraordinary extension of powers to Racing NSW. I've also mentioned in my submission that it is perceived and operated on within New South Wales on the basis they are not accountable to anybody and they are unrestricted in the way they conduct their operations.

The Hon. MARK LATHAM: Finally, you are a former AJC chairman. Some 12 years ago the former Government amalgamated the two clubs in Sydney, the STC and the AJC.

DAVID HALL: That's the time I'm talking about.

The Hon. MARK LATHAM: Do you think it's possible that if the STC were still in place, they'd be selling Rosehill? Aren't we better off going back to a competitive model, where two or three clubs control the tracks in Sydney instead of just one?

DAVID HALL: It may be better to go back to a model of two separate clubs, but I think a merger can still work. When I was in the chair, I had conversations with the STC chairman at the time about us doing it on a voluntary basis and on our terms, which didn't occur. I think the big thing about it is Racing NSW has now

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deprived the clubs of all authority and basically any decision-making of any serious consequence, certainly in relation to major policy and even down to the naming of races, which has to be submitted for approval. The former STC chair, Ralph Lucas, shortly after the release of this announcement made the comment that Rosehill should never be sold. If any track had to be provided as a contribution to housing, it should be Canterbury.

The Hon. EMMA HURST: Thank you, Mr Hall, for coming today. You've talked about the fact Racing NSW is not accountable to anyone, including the Government. In your submission you say that Racing NSW operates in a monopolistic, dictatorial manner. Do you feel that there is an urgent need for more oversight and accountability from the Government in regard to Racing NSW?

DAVID HALL: I think what was interesting—and I do make reference to it in my submission—is that Racing NSW sought an extension of the chairman's term by a further two years. If my understanding is correct, the bill, when it came to the Legislative Council, was possibly going to proceed but with two significant changes. One was that the Auditor-General had to become accountable, and the other, as I understand it, was that Racing NSW had to report at least six-monthly, I think it was, to the New South Wales budgetary committee. That would have been a step, at least, in getting some accountability. But it was a good step. It was a good decision made, had it been allowed to occur, but the changes need to be far more substantive than that. I've put in my submission and there is long history as to why monopolies, and particularly dictatorial monopolies, don't succeed in the long run. Unfortunately, that is what we have. If you ask me why I formed the view that they see themselves as totally standalone, that is from comments made to me by past directors of Racing NSW.

The Hon. EMMA HURST: Very interesting. Just on the side from that, going back to your submission, you give some quite concerning examples around the conduct of Racing NSW, including paying a substantial sum to media organisations in exchange for ensuring that there is no criticism of its policies and performance. Do you know how much money is involved here or what media outlets this involved?

DAVID HALL: I think, when I was still in the chair, the payment at that time, which is quite a long time ago, was \$4 million a year.

The Hon. EMMA HURST: To which media outlets?

DAVID HALL: News Corp. I'm not sure what was paid to Fairfax. I don't know about that.

The Hon. EMMA HURST: Have you also heard about MPs in Parliament being influenced by this? Have you heard rumours about MPs being offered positive stories with those media outlets? Perhaps some of those media outlets are given substantial sums of money in exchange for advocating for the position of Racing NSW in party rooms?

DAVID HALL: I'm not sure I can answer it directly but I can, from information available to me and visually seeing it, tell you that Racing NSW puts a lot of emphasis on entertaining politicians.

The Hon. EMMA HURST: But have you heard of—even if it is just a rumour—MPs being offered media stories in exchange for advocating for the position of Racing NSW?

DAVID HALL: No, I can't say I have.

The Hon. EMMA HURST: You haven't?

DAVID HALL: No.

The Hon. EMMA HURST: You also refer to a lack of transparency about Racing NSW's welfare fund. Can you explain a little bit further what your concerns are in regard to the transparency of that welfare fund? Do we know where any of that money is going?

DAVID HALL: No, we don't. What we do know—once again, this is hearsay, if you like, and it's also what you see in the media, as you probably gathered already and no doubt will. The racing industry is quite vibrant on discussion, and the welfare fund is only one of the funds managed by Racing NSW. They also control the Jockeys Trust and a number of similar trustee-type roles. From every race prize money, I think it's—I'm not sure of the actual percentage, but on a normal Saturday it's about \$4,000 to \$5,000 from every race goes to the welfare fund. It's deducted from the prize money but if you read the annual reports, other than they were being showed as a provision, there is really no explanation of how those moneys` are allocated, invested et cetera. There's much talk about a lot of properties that are being bought that are absolutely unsuitable for welfare; they're too small. One of the ones that is getting a lot of coverage at the moment, and the trainer's just announced a major expansion of his operations on, was the Paul Fudge property down at Bowral that Racing NSW paid—rumour is—in excess of \$20 million. It's now been leased to Ciaran Maher to operate as a training facility.

CORRECTED

The Hon. EMMA HURST: So that \$20 million for that Bowral property, you believe may have come from the welfare fund.

DAVID HALL: We don't know. There's no transparency to tell you.

The Hon. EMMA HURST: Has anyone tried to get information about where the money is spent—that \$4,000 to \$5,000 that collects into this fund? Has anyone tried to get information as to where that actually gets allocated?

DAVID HALL: No. The new chairman of Racing NSW put a very bland statement out about it—no doubt a self-promoting statement—but it had a small paragraph. It only talked about amounts spent. It didn't say how, where or why.

The Hon. EMMA HURST: Just to go back to one of your other questions, you said that Racing NSW spends a large amount of money entertaining MPs. Do you have any idea—ballpark—around how much money is put into that?

DAVID HALL: No, I don't know the money.

The Hon. MARK LATHAM: You've to go to Everest Day, Emma, and have a look. You know them all.

The Hon. EMMA HURST: I don't think I will.

DAVID HALL: I think there might have even been a trip overseas, may there not?

The Hon. BOB NANVA: Thank you, Mr Hall, for your evidence this morning. I refer to your submission. Were you privy to the nature of the discussion at the meeting on 30 October?

DAVID HALL: Which meeting was 30 October?

The Hon. BOB NANVA: The meeting that took place between Mr McMahon and the Premier.

DAVID HALL: No, only from the documents discovered. I can refer to it if you like.

The Hon. BOB NANVA: So you're not privy to the nature of the discussion.

DAVID HALL: I do have a copy here of the Cabinet Office notes.

The Hon. BOB NANVA: Understood, but you're not privy to the nature of the discussion that may or may not have taken place. Have you discussed the nature of those discussions with anyone that was there with respect to the nature of what took place?

The Hon. WES FANG: Maybe you should, Bob. Ring up Lindsey and ask him.

DAVID HALL: There was a lot of discussion because McMahon also is still an employee of the club.

The Hon. BOB NANVA: I understand, but with respect to that specific meeting that took place—because you've made an allegation in your submission about the nature of the discussion—what I'm seeking to understand is were you either privy to that discussion or do you know anyone that was privy to that discussion that has spoken directly to you?

DAVID HALL: No, my knowledge is simply a copy of the minutes of the meeting with the Cabinet Office and obviously a lot of discussion afterwards between members and interested parties.

The Hon. BOB NANVA: Understood. I wouldn't expect you to answer this in the affirmative, but are you aware of the requirements of the unsolicited bid process?

DAVID HALL: I am.

The Hon. BOB NANVA: You are?

DAVID HALL: Yes.

The Hon. BOB NANVA: Is it your contention that the requirements of the unsolicited bid process since the bid was submitted in November are being followed or not being followed at the moment?

DAVID HALL: I don't know what's occurred since but obviously the lead-up to it and the submission was not unsolicited.

The Hon. BOB NANVA: But in terms of the process since the bid was submitted in November, your contention is not that the process is not being followed.

CORRECTED

DAVID HALL: No, my submission is that it is not an unsolicited proposal because of what occurred prior to and up to lodgement. I have no knowledge of what's occurred since.

The Hon. BOB NANVA: But you weren't privy to the discussions that took place beforehand.

DAVID HALL: It's very clear in the minutes of the meeting.

The Hon. BOB NANVA: The ATC has been seeking to redevelop its site since roughly 2015 to incorporate some housing along the adjacent lands to the racecourse itself.

DAVID HALL: Yes, but it's not the racecourse.

The Hon. BOB NANVA: Sorry, the ATC—apologies—has had plans since roughly 2015, is that correct, to incorporate some redevelopment of the adjacent lands?

DAVID HALL: Adjacent lands, yes.

The Hon. BOB NANVA: Extensive investigations have taken place and presumably studies have taken place with respect to the viability of developing that land, we can assume?

DAVID HALL: Of the adjacent land, I understand, yes.

The Hon. BOB NANVA: It wouldn't be unusual, would it, for well-established plans—eight-year plans—to be re-thought or redesigned if there has been a well-publicised change in a government's priorities with respect to housing, with respect to transport funding and with respect to planning, if it meant a vision could potentially turn into a reality? That wouldn't be unusual, would it? Boards change plans.

DAVID HALL: It would be most unusual within a week. The ATC stipulated to the Government on October 2023, "There is no plan to relocate and racing would continue at Rosehill even if the surrounding development went ahead."

The Hon. BOB NANVA: That's a public statement—

DAVID HALL: The meeting between McMahon and the Premier occurred on 30 October, a week later.

The Hon. BOB NANVA: My question to you is that it would not be unusual for boards to change their plans, would it?

DAVID HALL: No, not in the context of the way it has occurred. And, yes, I have served on boards of large development companies.

The Hon. BOB NANVA: If the delivery of a metro station would result in a significant boost to the value of a core ATC asset—in this case being the racecourse as well as the surrounding land—would it not be contingent on the board to look at the proposal in detail, to keep an open mind to that proposal, to look at the commercial benefits and to look at the long-term industry benefits and then put that to the membership? Would there not be a fiduciary duty at least on the board to explore the proposition?

DAVID HALL: Not in isolation. The board is the board of a racing club. It has a constitution. Its principal duty is to conduct racing for its members and the public. You cannot, in isolation, say, "We're going to just sell a core asset," because it produces some money that may not be able to ever be used in the conduct and the continuing conduct of racing in Sydney at the standard at which it is conducted today. You cannot look at them in isolation.

The Hon. BOB NANVA: Is the proposal, as you understand it, to look at the reinvestment of significant funds if the proposal were to proceed into improving the spectator experience, improving racing infrastructure, improving training and improving animal welfare? Are they all not contingent on the proposal going ahead and is that not ostensibly looking at the long-term benefits to the industry?

DAVID HALL: But where and by whom?

The Hon. BOB NANVA: By the ATC.

DAVID HALL: No, with respect. Once again, this is a Cabinet submission, "The key elements of Racing NSW proposed legislation reform include ensuring the ATC is governed by an appropriate skills-based board." And I have commented on that in my submission. That is simply saying, in real terms, "Please give us total control of ATC." Secondly, "Reform to ensure that the revenue derived from the ATC proposal is reinvested to benefit the racing industry as a whole." It is an ATC core asset and Racing NSW has submitted to the Cabinet Office they want legislative change to take control of the funds.

The Hon. BOB NANVA: If we were to assume that legislative change did not take place and was not part of this proposal, it's the case, is it not, that, if the ATC were legally obliged to spend the money on the purposes

CORRECTED

that it has stated and that it wants to spend the money from the proposal on, New South Wales would have a competitive advantage over other jurisdictions with respect to the amount of money that would be invested in the thoroughbred racing industry?

DAVID HALL: Can we go back to what I just said? I have elaborated on that in my submission. Racing in Sydney, without Rosehill, would decline substantially. And don't have any doubts about that. I heard Gai Waterhouse give evidence, and it's also in my submission, about what happened to the trotting industry when it moved out of Harold Park. Same thing occurred in Melbourne when it went out to Melton. What you're trying to say to me is, "Well, grab the money and then we'll work out how to spend it." But the reality is there is no viable alternative to Rosehill. Without two major group one tracks, Sydney racing will deteriorate substantially. And Victoria, if you want to promote Victoria, they have three quality group one tracks.

One of the questions I heard when I was listening to Gai's and John's session was Warwick Farm. Now, I was the chairman of the AJC when we conducted the one-in-100-year flood event studies on Warwick Farm. There is no ability to expand Warwick Farm. It is bound by, on the one side, the river, and, on the other side, by the Hume Highway. It can never be made into a quality group one track to carry a burden that would be placed upon it if Rosehill were sold. Canterbury will never be a group one track. When you talk about Gai, her father used to refuse to race at Canterbury.

The CHAIR: What about the brick pit?

DAVID HALL: The brick pit is a myth. It is so tiny in area, let alone the environmental situation as to whether it is ever able to be used, it can never form a group one track. A group one track requires expanse. It requires long straights. It's farcical.

The Hon. MARK LATHAM: I just follow up on Mr Nanva's point about the eight-year plan that the ATC had for developing what was apartments on the car parks adjoining James Ruse Drive and also a hotel and 3,000 residents. The documents you've looked at show that would yield a return of \$600 million to the ATC, which is exactly the amount of money that they need to raise for the upgrade of Warwick Farm, Canterbury and Randwick. So how do we explain the fact that they had the problem solved with the eight-year plan, but 11 days later, on 6 November, Chris Minns's head of the Cabinet Office is developing a document to show how you can sell the whole of Rosehill. Why do that, when the problem would have already been solved with the eight-year plan as part of the Camellia-Rosehill Place Strategy to have 3,000 residents, apartments, raise \$600 million from the car parks, keep racing at Rosehill, and upgrade the other places that need the infrastructure support?

DAVID HALL: No, I couldn't agree more.

The Hon. MARK LATHAM: How could that happen? It's a Minns miracle, isn't it? That within 11 days—

DAVID HALL: It's a bit like the one-week turnaround in the attitude and stance of the ATC board.

The Hon. MARK LATHAM: They didn't look at it until 21 November.

DAVID HALL: I know.

The Hon. MARK LATHAM: They didn't know any of this was happening. They didn't know that the day before they met, McMahon's drafting a press release with the Cabinet Office for Minns to announce the full sale.

DAVID HALL: True.

The Hon. MARK LATHAM: How could this happen?

DAVID HALL: Well, it shouldn't happen.

The Hon. Dr SARAH KAINED: Thank you very much, Mr Hall, for coming along today and your submission. Forgive me, I am probably one of the less well versed in the area of racing. I just wanted to understand a bit more. You're here currently in your capacity as an individual with, obviously, a vast history. But do you hold any formal positions now that are involved in this proposal or with the organisations involved?

DAVID HALL: No, I do not; nor do I have any financial interest of any kind.

The Hon. Dr SARAH KAINED: Your submission and your evidence here today is as an interested commentator.

The Hon. MARK LATHAM: No. He's the former head of the AJC.

CORRECTED

DAVID HALL: A little more than that, with respect. I'm at least third generation racing people. I served on the West Tamworth Turf Club committee when I was 21 until about 23 and then I came to Sydney. I served on the AJC committee for 12 years as either Treasurer or Chair and, yes, I still own horses. I'm very involved in the industry and I very strongly believe—and I heard John and Gai mention it—that the club structure is the most important structure in the advancement of racing.

The Hon. Dr SARAH KAINE: I appreciate that, and I do appreciate the level of your expertise. It was not meant to suggest otherwise.

DAVID HALL: No, no. You're right.

The Hon. Dr SARAH KAINE: More just in terms of the sequence of events that you have commented on, I guess, was my reflection—that you weren't directly involved with those in, obviously, your vast experience. But the direct events that we're talking about, you don't have the line of sight of being someone directly involved. In that sense, you are someone relying on the evidence that we have before us.

DAVID HALL: Correct.

The CHAIR: One last question from Mr Fang and that will conclude the session.

The Hon. WES FANG: Mr Hall, thank you for appearing today. In relation to the questions that Dr Kaine was just asking you, is it fair to say that the mere fact that you aren't involved in the intricate details of this proposal, yet you have vast experience in the racing industry over multiple decades on a number of levels that provide you a unique insight to be able to comment on not only the documents that you have and the understanding of the process behind operations like the ATC, but also, because you're not involved, you're able to provide an unfiltered view of what you believe is before the members and the Government as an unsolicited proposal?

DAVID HALL: I think that's a fair comment.

The CHAIR: Thank you, Mr Hall, for your attendance. That concludes your evidence before the inquiry. The Committee will now recess until 1.30 p.m.

(The witness withdrew.)

(Luncheon adjournment)

CORRECTED

Mr DARREN McCONNELL, Vice-President, NSW Racehorse Owners Association, sworn and examined

The CHAIR: Welcome, Mr Darren McConnell. Thank you very much for being here today. Would you like to make a short opening statement?

DARREN McCONNELL: Not at this stage, thank you.

The CHAIR: I'll open up for Committee questions. Mr McConnell, in the submission you've outlined on behalf of the owners, what is the perspective of the owners when it comes to a transaction at Rosehill?

DARREN McCONNELL: When the information became available to us, pretty much as ATC members rather than as an association, in February of this year, we surveyed our membership. Our current membership is about 1,500 members, both paying and non-paying. It's a voluntary organisation. We surveyed our members and there are three basic questions about the sale proposal. Were they aware of the proposal? And 93 per cent of those respondents—131 respondents, or about 8 per cent, indicated they were. The follow-up question was "Of the proposed sale and what you know about it, do you support the sale of Rosehill or not?" We had a mixed response. Fifty-nine per cent didn't support the proposal and 41 per cent either were undecided or were for the proposal of the sale. On that basis, the association is still seeking further information before making a position on whether we as a board support it or not on behalf of our members.

The CHAIR: What sort of role would the board have or the Racehorse Owners Association have in determining any sale support? Have you had any discussions with the ATC seeking your support or endorsement?

DARREN McCONNELL: From our understanding, unless we are ATC members, we won't have any position in deciding the sale. We don't get a vote as such. We have had a briefing similar to the briefing provided to ATC members at the forum by Steve McMahon in May of this year to the board about—exactly the information, we understand, that was presented to the ATC members of that forum.

The CHAIR: What percentage of your members would be ATC members? Do you have any figures on that?

DARREN McCONNELL: At this stage less than 10 per cent.

The Hon. MARK LATHAM: Do you receive funding from Racing NSW?

DARREN McCONNELL: We receive sponsorship for hosting the awards. We host the Racing's Night of Champions. As part of that, we also host Racing NSW awards and we receive funding for hosting those awards on that night.

The Hon. MARK LATHAM: About \$50,000?

DARREN McCONNELL: Last year, that was correct, yes.

The Hon. MARK LATHAM: Racing NSW, it seems, unilaterally just cut that off in 2020. Why do you think that was?

DARREN McCONNELL: I wasn't on the board at that stage so I am unable to answer that.

The Hon. MARK LATHAM: There is a suggestion it was to teach you a lesson that they can control the money—\$50,000 for your flagship event, the racing awards night. It was just cut off without explanation but then restored after COVID—almost to say, "You better dance to the piper's tune."

DARREN McCONNELL: Again, I wasn't on the board until—I got elected as a casual vacancy in 2022 in October. Since then I've been on the board. In 2020—I'm not aware of that, unfortunately.

The Hon. MARK LATHAM: What do you know of the proposal to sell Rosehill so that it becomes like Hong Kong, with 160-storey apartment blocks? No horseracing there. So we've then got Warwick Farm, Canterbury and Randwick. Racing NSW have said they're against any upgrade of Warwick Farm. Where do you think your owners would like to race their horses if they had a good horse and all we've got is Randwick?

DARREN McCONNELL: Hard for me to know where all our owners—as I said, there is quite a split in our owners supporting or not that. But, as an owner, your goal is obviously to race metropolitan Saturday races, wherever that may be.

The Hon. MARK LATHAM: Well, if you've got a really good horse, you want to race in the group one. I'm a racehorse owner. None of mine have been quite that quick and I wasn't part of your survey but, if we're just stuck with Randwick as a group one track, as Gai Waterhouse and John O'Shea indicated earlier on—and they know a little bit about it—that's not as good as having Rosehill and Randwick for group one racing, is it?

CORRECTED

DARREN McCONNELL: Again, if that's all that's available based on—I assume all owners want to race, again, for the highest prize money and the best options.

The Hon. MARK LATHAM: What do you think of the brick pit proposal that Mr V'landys has leaked into the media?

DARREN McCONNELL: Again, until there's more information, we haven't made a position on whether we support or oppose that theory.

The Hon. MARK LATHAM: What about going out to Penrith Lakes?

DARREN McCONNELL: Again, if that's the best training option. We will evaluate that when more detail becomes available.

The Hon. MARK LATHAM: You're not worried about flooding next to a lake?

DARREN McCONNELL: No. I'm not an environmental scientist.

The Hon. MARK LATHAM: What about upgrading Hawkesbury?

DARREN McCONNELL: Fantastic if it happens, but, yes, again, our owners haven't indicated whether they are keen to see three tracks upgraded or one track or just better facilities. We advocate on behalf of race day experiences, so if the best race day experience is at Hawkesbury then our owners would be very happy.

The Hon. DAMIEN TUDEHOPE: When did you first find out about this proposal?

DARREN McCONNELL: Personally or as a board?

The Hon. DAMIEN TUDEHOPE: Personally and as a board.

DARREN McCONNELL: Personally in December, when it was released in the paper, and then, as an ATC member, subsequently in February. As a board, we have several ATC members as board members, and they were aware at the same time.

The Hon. DAMIEN TUDEHOPE: In respect of the proposal going forward, how do you understand that the proposal will be dealt with going forward?

DARREN McCONNELL: It seems to us that there's a lot of negotiation to be had between now and when a finalised proposal is potentially released. That will be in the hands of, obviously, the Government and the ATC, and potentially Racing NSW.

The Hon. DAMIEN TUDEHOPE: So when you say you've surveyed your members about whether they support the proposal, what do you understand the proposal to be?

DARREN McCONNELL: At the time, we understood the proposal to be that information that was released to us as ATC members, and we then passed that on. So the statements that were made by the ATC regarding the proposal—the sale of Rosehill and the upgrading of potential new sites, new training facilities and then, potentially, the windfall in terms of money, which would be then reinvested.

The Hon. DAMIEN TUDEHOPE: Was that how you drafted the survey?

DARREN McCONNELL: Yes. The question was exactly: Are you aware of the current proposal for the sale of Rosehill?

The Hon. DAMIEN TUDEHOPE: But 58 per cent said yes.

The CHAIR: Ninety-three.

DARREN McCONNELL: Ninety-three per cent of those people indicated that they were aware of the proposal.

The Hon. DAMIEN TUDEHOPE: Okay. Sorry.

DARREN McCONNELL: And then 59 per cent of those people said they were against it but 41 per cent said they were either for it or undecided. We didn't provide them exactly what the proposal was.

The Hon. MARK LATHAM: Fifty-nine per cent against?

DARREN McCONNELL: Fifty-nine against and 41 were undecided.

The Hon. MARK LATHAM: I thought you said the opposite earlier.

DARREN McCONNELL: Thirteen.

CORRECTED

The CHAIR: What was the breakdown of the undecided and against?

DARREN McCONNELL: It's about 13 to four.

The Hon. DAMIEN TUDEHOPE: On some of the reports there will be the return to the ATC of potentially \$5 billion. Are you aware of that?

DARREN McCONNELL: Yes.

The Hon. DAMIEN TUDEHOPE: Was that part of what you were suggesting the proposal was?

DARREN McCONNELL: No. We did not provide the exact proposal to the members. We were keen to understand if they'd been across what was outlined in the press and what was outlined by the ATC. We didn't, again, give them, "Here's the proposal." We gave them a link to where there was more information.

The Hon. DAMIEN TUDEHOPE: Where do most of your owners have their training facilities?

DARREN McCONNELL: I would suggest that, predominantly, they are Sydney based. We do have some more regional members in New South Wales, but predominantly our membership is made up of Sydney-centric. So that would be, again, probably across all training facilities.

The Hon. WES FANG: Following on from what Mr Tudehope was just asking, my question was going to be in relation to the owners that are at Rosehill and have their training facilities there. How many are supportive?

DARREN McCONNELL: We didn't break down our response by that. Unfortunately, I can't answer that.

The Hon. WES FANG: Would you say that it's your role to advocate for those owners that have training facilities at Rosehill?

DARREN McCONNELL: It would be part of our responsibility, but we also only advocate for those owners who are members of our association.

The Hon. WES FANG: I understand that, but who acts as the advocate for the trainers that have their facilities at Rosehill?

DARREN McCONNELL: I don't act on behalf of the trainers.

The Hon. WES FANG: The members that have their horses under those trainers, how do they feel about their likely training position being sold up? Have you spoken to those owners that have their horses based at Rosehill?

DARREN McCONNELL: There have been those who approached us who have horses at Rosehill. Again, based on our survey, some are against it and some are for it. But, again, we don't break down our ownership by where their trainers are at, unfortunately, so I can't give you exactly how many of our owners have horses, whether at Rosehill or other areas.

The Hon. WES FANG: Do you think that might have been, I don't know, some of the metrics you might have used to determine when you were doing a survey? Obviously there would be, as you have rightly said, trainers and owners who have their facilities based in regional areas. There are owners and trainers that have their facilities based in other locations, but predominantly this issue—in the short term, at least—will impact those owners and the trainers that are based at Rosehill. Isn't their view the one that's likely the most important?

DARREN McCONNELL: They're probably the most affected. Whether their view is the most important in an association is questionable. I'm more than happy to obviously look at that in the future, but, as I indicated earlier, we were awaiting further information before we went—whether we decide to advocate either way at this stage.

The Hon. WES FANG: We know that part of the proposal involves alternatives being progressed. There have obviously been discussions about a racetrack being built at the brick pit in Sydney Olympic Park. There's talk of an equine facility upgrade to the equestrian centre. There have been discussions around some of the more country and regional tracks being upgraded in order to improve facilities across the Racing NSW area. Have you been consulted at all as to what is on the table or what will be done with the money? There's obviously a lot of money that will flow from this. It's going to potentially provide places like rural and regional New South Wales a windfall for their facilities, but that's only if it goes to those facilities and not into Racing NSW coffers. Have you got any assurances as to what's going to be on the table?

DARREN McCONNELL: No, we have received no assurances about where the money would flow other than, again, what was provided in the briefing that we were given by the ATC.

CORRECTED

The Hon. WES FANG: When you surveyed your members, did you ask what it was by way of facilities upgrades or track improvements that they thought were the priority for this money if it was to go ahead?

DARREN McCONNELL: Not in the initial survey, no.

The Hon. WES FANG: Have you thought about what priorities would be required by your members to rubberstamp an approval like this? Have they indicated to you where they would like to see money spent and what priorities?

DARREN McCONNELL: At this stage, no-one has indicated how they would like to see the money spent and no priorities. Again, we believe it's far too early to start to think about what the priorities might be for our owners until there's an outcome.

The Hon. WES FANG: If there's no priority as to what's being spent, purchased or improved, there's no plan that's on the table. There's no approved proposal that—what have you surveyed? Is it just that you're aware that it's happening? What is it your members have said, 59 per cent they're against?

DARREN McCONNELL: They're against the proposal that was presented by the ATC that was made public, and that's what they responded to. There wasn't a question about "Where would you like the money that potentially comes from the sale spent?" or "What priorities would you have?" or "How many training facilities would you like to have?" It was purely around their acknowledgement that there was a proposal and, in its current form, did they support it or oppose it.

The Hon. WES FANG: Given that there is an absolute lack of detail—and I've been trying to drill down on what detail has been put or asked for or progressed by the association to your members and that your members responded to—they've basically just agreed to the sale of Rosehill, but with no detail. Is that correct?

DARREN McCONNELL: They haven't agreed to it. As I said, 59—

The Hon. WES FANG: Sorry, 41 per cent have agreed with the concept of—

DARREN McCONNELL: Agreed or undecided, based on further information.

The CHAIR: On that point, your evidence before, if I was correct, was that 59 per cent are against?

DARREN McCONNELL: Correct.

The CHAIR: Thirteen per cent for. Is that right?

DARREN McCONNELL: Yes.

The CHAIR: And then the remainder, 28 per cent, undecided.

DARREN McCONNELL: Twenty-eight per cent undecided.

The CHAIR: Thank you for clarifying that.

The Hon. WES FANG: Okay, that's even more damning.

The Hon. EMMA HURST: I want to go back to the questions that were asked by the Hon. Mark Latham. He was asking about funding from Racing NSW for Racing's Night of Champions, which I believe is an awards ceremony that you put on.

DARREN McCONNELL: That's correct.

The Hon. EMMA HURST: If Racing NSW pulled out their funding for future events, would that awards night be able to continue?

DARREN McCONNELL: Yes, it will continue. It has continued—again, unfortunately, I wasn't here in 2020, but I believe it still went ahead in 2020 even without the Racing NSW money. It would go ahead regardless of whether we host their awards or we just do our own.

The Hon. EMMA HURST: It doesn't rely on the funding of Racing NSW, in your opinion?

DARREN McCONNELL: No.

The Hon. EMMA HURST: Mr McConnell, have you spoken to anyone at Racing NSW or the ATC about the evidence that you were planning to give here today?

DARREN McCONNELL: No.

CORRECTED

The Hon. BOB NANVA: Mr McConnell, thank you for your evidence today. Would it be fair to say that your members would agree that no change or even limited amounts of change, in the long run, to the industry's infrastructure, spectator experience and financial underpinnings is not an option, that something should be done to improve race day experience and the facilities and incentives to race?

DARREN McCONNELL: I think there's certainly an appetite from our membership to improve things like race day experience and prize money distribution—all those things that we advocate on their behalf for—definitely.

The Hon. BOB NANVA: So the status quo is not an option?

DARREN McCONNELL: Not from our perspective. We would like to see things change.

The Hon. BOB NANVA: Do you believe it's a risk that, in the longer term, if we don't invest in upgrading those facilities, shoring up the financial underpinnings of the industry and improve incentives for trainers and owners to run horses, New South Wales could well get left behind as a thoroughbred racing destination compared to other jurisdictions?

DARREN McCONNELL: That's a fairly large question to speculate on. Look, I think continued investment is required. I'm not sure we'll be left behind. We seem to be in a fairly strong position comparative to the other jurisdictions at this stage.

The Hon. BOB NANVA: With respect to some of the proposals that are being put forward by the ATC should the sale of Rosehill go ahead—we are talking about things like a training centre of excellence, upgraded tracks, upgraded stables, improving the spectator experience, lifestyle precincts, improved animal welfare investments et cetera—I assume if you were to survey your members, they would all be in favour of those initiatives?

DARREN McCONNELL: Again, improvements in race day experience and horse welfare are things we advocate strongly for and our members feel strongly about. If there are improvements in that area, definitely our members would be supportive of those.

The Hon. BOB NANVA: But wouldn't want to pay out of their own pockets to deliver it?

DARREN McCONNELL: I would suggest that most of our members believe they pay enough as an owner, let alone paying any more.

The Hon. BOB NANVA: Worthy investments, but no money, ostensibly, to deliver them.

DARREN McCONNELL: That's right.

The Hon. BOB NANVA: If there were legal guarantees the proceeds from any sale would result in those initiatives, do you think there would be a change in the proportion of your membership that would be in favour of the proposal? I suppose I'm asking: Are your members keeping an open mind to the proposition?

DARREN McCONNELL: I think they are keeping an open mind. As I said, 28 per cent undecided—that's a fair amount of people undecided. Whilst there is, at this stage, a majority against, if there is more information which is better articulated and about the benefits to owners, then I think they would be potentially undecided and may change their mind. Again, until that information becomes available, I can't speculate on how they may vote or what their position may be. As I indicated before, our members don't get to vote unless they're ATC members at this stage.

The Hon. BOB NANVA: Would it be fair to say the proportion of your members that have answered the survey as being against it might be operating in a vacuum and not have sufficient information to make an informed decision?

The Hon. WES FANG: Who wrote that question?

DARREN McCONNELL: That's potentially—you could draw that conclusion, but I can't agree or disagree with that statement.

The CHAIR: Mr McConnell, given that, on your evidence, 59 per cent of your members have indicated that they're against the proposal and only 13 per cent have indicated that they're actually for the proposal, why has the board refrained from making a decision one way or the other as to whether they support the proposal?

DARREN McCONNELL: We didn't believe it was in our interests or the best interests of our members at this stage to go out with a position supporting or opposing the proposal until we had further information.

CORRECTED

The CHAIR: So when does the board propose to make their determination as to whether they support or oppose the proposal?

DARREN McCONNELL: When there's further information about what the outcome of the proposal might be and whether it does actually, in fact, go ahead.

The CHAIR: So would that be following an ATC vote, so to speak, that would actually confirm that it was a real proposal, or prior to that?

DARREN McCONNELL: Again, I don't know the timings. If there was further information which was quite comprehensive, we may make our position clearer prior to that.

The Hon. MARK LATHAM: Mr McConnell, have you got any horses with Chris Waller?

DARREN McCONNELL: No.

The Hon. MARK LATHAM: Mr Waller has indicated his opposition to the sale of Rosehill and also his dissatisfaction with the alternative that's been put for a training centre at Horsley Park. With the competitive nature of racing between New South Wales and Victoria, the Waller training establishment has been taking up more opportunities in Victoria—the Williams property there and a few other farms on the outskirts of Melbourne. Isn't it logical if our leading trainer is unhappy with what's happening in New South Wales, as he's indicated, that he'll do more out of Victoria, where they have these facilities that he's been using anyway?

DARREN McCONNELL: As you would well know, training is a fairly competitive industry. If Mr Waller chooses to go to Victoria, that's his choice, but I'm sure owners would like to race where the best prize money is. If that's New South Wales, they'll remain here, despite who the trainer may be.

The Hon. MARK LATHAM: Right, but wouldn't it have been sensible for the ATC and Racing NSW to have consulted first with Chris Waller, Gai Waterhouse, John O'Shea and the other trainers in New South Wales—particularly those at Rosehill, led by Chris Waller—before going down this path at the risk of empowering Victoria? The whole of V'landys' strategy has been a jihad against Victoria, and now we're playing into their hands with this proposal that's met with the opposition of our leading trainer, Chris Waller, aren't we?

DARREN McCONNELL: Again, it's hard for me to speak on behalf of our members on whether consulting trainers is what's required. They probably would have asked why didn't they consult owners first, as well, but that didn't happen either.

The Hon. MARK LATHAM: Well, that's a good question too. Why didn't they consult anyone?

DARREN McCONNELL: Again, I can't answer that.

The Hon. MARK LATHAM: Yes, at least you've consulted your membership. Why do you think it has not been done that way? Why was it all done in secret, where the Government actually solicited the proposal? The ATC has been stamped on the possibility of a metro station and what appears to be one of the weirdest statements I've ever seen, where the document that was put to the ATC board says, "Oh, we can play a role in solving New South Wales's housing crisis". Are we here for racing or for housing?

DARREN McCONNELL: I can't answer why they didn't consult. I would prefer that they did consult us but, again, I can't answer why they didn't.

The CHAIR: Thank you very much for your evidence here today.

(The witness withdrew.)

(Short adjournment)

CORRECTED

Mr ADAM LETO, Chief Executive Officer, Western Sydney Leadership Dialogue, sworn and examined

Mr DAVID BORGER, Executive Director, Business Western Sydney, affirmed and examined

Dr PETER TULIP, Chief Economist, Centre for Independent Studies, affirmed and examined

The CHAIR: Thank you very much for joining us. Mr Leto, would you like to start by making a short opening statement? Then I'll afford that opportunity to all other witnesses as well.

ADAM LETO: The Western Sydney Leadership Dialogue strongly supports the ATC's Rosehill Gardens Racecourse unsolicited proposal to transform Rosehill into a vibrant new urban city, centred on its own Sydney Metro station. I commend the ATC for their vision. We see Rosehill as an exciting, once-in-a-generation opportunity to catalyse the broader transformation of Rosehill and Camellia into a vibrant new urban area. It promises to deliver much-needed housing co-located with world-class transport connections, and has the potential to unlock a new wave of economic activity. This proposal would deliver 25,000 new homes and an additional metro west station, addressing the housing crisis, and would maximise both the public benefit and return on the New South Wales Government's \$25 billion investment in Sydney Metro West. The initiative also aligns with the recently announced transport oriented development principles: promote sustainable growth, reduce reliance on private vehicles, and enhance community amenity in GWS.

DAVID BORGER: Business Western Sydney is a not-for-profit organisation representing more than 130 of the region's largest organisations in business, industry, government and community. Our advocacy priorities are to support private and public sector investment that makes Western Sydney a better place to live, work, play and learn. The proposed development will result in the creation of 25,000 new homes, providing much-needed housing and revitalising an industrial precinct that has experienced decline since the 1970s. The significant increase in housing supply will help address Sydney's housing crisis and contribute to the overall economic growth of Western Sydney. We fully support the opportunity to have an additional metro west station in Western Sydney close to Parramatta. We think it will supercharge the economic growth of that broader city.

PETER TULIP: The CIS didn't make a formal submission to this inquiry. We strongly support the development, but essentially for the same reasons that were given by Mr Leto and Mr Borger. They are general issues that apply to housing policy in all other locations. If I could, I would just like to take this opportunity to say what I think are those key issues in housing policy and relate it back to what I hope will be some of the recommendations from your report. In particular, I want to talk a little bit about where we agree on housing policy and where we disagree, because I think that would benefit from some clarification.

We agree, I think, that housing affordability is one of the biggest issues or biggest social problems facing us. I think there is also agreement that the solution is a large increase in housing supply, especially along transport corridors. Both the Liberal and Labor parties agree that can be delivered by setting ambitious housing targets for local councils and enforcing those with strict deadlines and sanctions. All of that, I think, is quite consistent with Rosehill being redeveloped. So where do we disagree? Mr Farlow, you've criticised the Government for announcing its preferred controls before it announced its targets. I think that is a fair point, though I don't actually know anyone that cares about that.

The CHAIR: I do, but anyway!

PETER TULIP: The really important difference, from what I can see, between the Liberal and Labor parties is that the Government has announced numerical targets with explicit State controls that would apply if councils failed to meet them, whereas the Opposition hasn't yet. The main guide we have as to the targets and remedies that the Opposition would enact are those that were in place when the Opposition was in government. But, in my view, I think those policies were a failure. They were leading to increasingly expensive housing, so I hope that the Opposition will announce something better, and I expect that.

I think it is fair to point out that the Liberal Party, the Labor Party and The Greens have very strong NIMBY elements that oppose new housing. Within the Labor and Liberal parties, my understanding is that those elements are probably a minority, though they do control the preselection of several politicians. In my view, the only way that New South Wales will make housing affordable is if those opponents of new housing are told that they need to accept more density for the wider good. That's what I hope will be the main message that your report conveys, and I'd be interested to hear if you have different views.

The CHAIR: Thank you very much, while this is not a conversation, but anyway. Dr Tulip, in terms of this proposal, it has been characterised as an unsolicited proposal. The Government was provided—we know from advice from Standing Order 52—with four options, one being a direct deal joint venture; one being a direct deal, either proponent- or government-led; one being the unsolicited proposal; and one being a compulsory acquisition.

CORRECTED

If the ATC weren't to have brought this proposal and if the members of the ATC don't in fact vote to support this proposal, do you think the Government should undertake a compulsory acquisition of the site?

PETER TULIP: No, I don't. In general, the CIS opposes compulsory acquisition, but we think people should be allowed to do what they want with their own property. If people want to build apartments on their property, they should be allowed to do it. If they want to have it as detached housing or as a racetrack, that should be the decision of the landowner. That said, I do support the proposal which I think was in the Sydney YIMBY submission that if this proposal doesn't go ahead, it should be rezoned. The value of the land should be its highest value use, which would be \$5 billion. So the ATC should pay rates and land tax consistent with that. That, I think, would essentially have the effect of strongly encouraging them to redevelop the property.

The CHAIR: If I can open that question up for Mr Borger and Mr Leto.

DAVID BORGER: I think the opportunity for housing only comes with the potential for transport access. It wouldn't make any sense to have tens of thousands of apartments at Rosehill, which has some constraints in terms of road access, unless there was really excellent public transport.

The CHAIR: If the Government foreseeably were to say, "We would build the metro. Under a compulsory acquisition, we will acquire the site, build a metro and also develop the homes," is that something you would support?

DAVID BORGER: I think it's an option open to government. Compulsory acquisition is there for good reasons, where there's a clear public purpose. I think that would certainly enable maximum uplift for the public and for the community. But, equally, I also understand we're dealing with a situation where there's a long-term owner of the site, an important part of the community of Sydney, and I think the Government's trying to have this negotiation via the USP. The USP came to the Government, not the other way around, so they are dealing with that and responding to that. I think that's first cab off the rank to deal with the proposal that's on the table at the moment.

ADAM LETO: I would agree with that. I think the public benefit needs to be considered in the broader context of the development. I also think that the industry concerns and some of the issues that have been raised by the racing fraternity and by the community need to be considered. I think compulsory acquisition would be a last resort, as far as we would see it. I'd like to think that there is enough value and enough economic and renewal drivers that would be seen by the industry. The council—as far as I see it and have heard—are supportive of it. Industry associations like David's and others see some merit and value in it but I don't think we can ignore the concerns and issues raised by the racing fraternity either.

The Hon. MARK LATHAM: Thank you to the three gentlemen who've appeared. Are any of you, or a combination of you, familiar with the Camellia-Rosehill Place Strategy? Because as Mr Nanva pointed out earlier on, there's been eight years of study into this precinct that's reached certain conclusions and none of you mention those in the submissions. How much do you know about this place strategy?

DAVID BORGER: I think there's been different versions of the Camellia place strategy, which seeks to maximise the opportunities of the light rail station at Camellia to provide more housing. I think the Camellia place strategy's an important—there needs to be a place strategy and a rezoning proposal before housing can occur anywhere. The fact you've got a light rail stop provides opportunities to get more housing into that precinct and to hopefully rehabilitate some pretty damaged land in a pretty good location within Sydney. If you dropped a map in the very centre of Sydney, it'd probably land in Camellia or Rosehill so this is in the middle of the metropolis. It's a good location generally for housing to be located.

The Hon. MARK LATHAM: The place strategy was finalised in 2022 and the Department of Planning, Housing and Infrastructure had a workshop reporting on its strategic objectives on 15 March. Do you know the upper limit of dwellings that they set for the Rosehill-Camellia precinct?

DAVID BORGER: I couldn't say exactly. I thought it was around 10,000.

The Hon. MARK LATHAM: Yes, 10,000. Why do you want to go to 35,000, given that at 10,000 new dwellings opened up a \$673 million infrastructure funding gap? Why do you want to go to 35,000 and open up a multibillion-dollar funding gap for the people who might live there?

DAVID BORGER: I think we're in a crisis. Our children are moving to Queensland because they can't afford to live in the city any more. We need well-supplied, well-located housing. In that crisis, 30 beats 10 any day of the week.

The Hon. MARK LATHAM: Does it now?

CORRECTED

DAVID BORGER: More housing is better for our community. The metro is a step change up; the carrying capacity of a metro is far greater than a light rail stop.

The Hon. MARK LATHAM: You know that place strategy had a look at a metro at Camellia and it was ruled out because of flooding and contamination. Have you looked at any of the flood reports about Rosehill racecourse?

DAVID BORGER: I haven't in detail, no.

The Hon. MARK LATHAM: You haven't, but you think a metro is feasible?

DAVID BORGER: I think a metro is going to be there anyway.

The Hon. MARK LATHAM: It's going to be there anyway.

DAVID BORGER: The train line is running underneath the whole precinct. The uplift value for potentially \$5 billion is really significant. I think the uplift value could pay for a lot of the public infrastructure that's required to overcome some of those challenges.

The Hon. MARK LATHAM: You haven't looked at the flood reports because, in January this year, the Department of Planning received a flood report and civil engineering report that at pages 10 and 11 states, "The following are known flooding hotspots," and they list four of them, including Rosehill racecourse. Are you confident they're going to build a metro on a flooding hotspot?

DAVID BORGER: I'm confident that the Government's going through a process to—

The Hon. MARK LATHAM: You don't know, do you? You've got no idea; you haven't done the research.

The Hon. TAYLOR MARTIN: Let him answer.

DAVID BORGER: —look at the unsolicited proposal and to consider the opportunity of the contribution of a traditional metro station. I'm confident that our engineers will look at all of those issues.

The Hon. MARK LATHAM: Well, they have and they've described it as a flooding hotspot; the same as Camellia was ruled out.

DAVID BORGER: Western Sydney's full of flooding hotspots. The entire Parramatta CBD is a flooding hotspot—the entire CBD—but we can't walk away from that now. If there's a one-in-a-thousand-year event, most of Parramatta is under water. We have to learn to live with flooding; we have to learn to build cities to overcome these constraints and I've got no doubt good engineers can resolve those issues.

The Hon. WES FANG: If that's the case then, Mr Borger, are you an advocate for opening up the Hawkesbury area that the Premier has said that they won't be building on now?

DAVID BORGER: I don't have any particular comment on the Hawkesbury area.

The Hon. MARK LATHAM: What about contamination? Do you know the level of contamination on Rosehill racecourse? The Camellia metro was ruled out because of flooding and contamination. The racecourse is said to flood here in this report to Planning. What about contamination? What research have you done there?

DAVID BORGER: In general terms, the Camellia area has had a long history of industrial development activity, including the James Hardie factory and other places. As far as I know, the racecourse has been fairly pristine land for a very long time. We don't know until all of those soil samples are undertaken and detailed research is undertaken, but we think it's far less likely that Rosehill is heavily contaminated in the way Camellia is heavily contaminated.

The Hon. MARK LATHAM: We don't know what happened there 100 years ago on the racecourse. William Murphy from the Premier's Department wrote to his colleagues on 15 December saying, "The ATC has conducted contamination testing across its site and has found contamination and it needs more testing." There is no guarantee here that a metro is happening, for exactly the same reasons it didn't happen at Camellia. Your submission, and that of Peter McGauran, places a lot of weight on a metro. You talk about it like it's a fait accompli and it's about to be built. Wouldn't it have been a lot smarter for the ATC to say to the Government, "You guarantee us the feasibility of the metro and then we'll think about the sale"? All they've got out of the Government so far is some further examination of whether a metro can happen. Wouldn't it be smarter, from the interests of the ATC, to say, "We want to guarantee the metro will be built"?

DAVID BORGER: I can't advise the ATC. All I know is that—

The Hon. MARK LATHAM: You are advising them. You are telling them to sell their property.

CORRECTED

DAVID BORGER: —we've had other precincts within Sydney where we have been able to overcome massive contamination issues. Rhodes is probably the best example. People didn't think Rhodes could be built, but it's actually one of the nicest places in Sydney to live now.

The Hon. MARK LATHAM: Rhodes? One of the nicest places? Did you know that the population density that you're putting on Rosehill, which will have 160-storey apartments like Hong Kong, is 60 per cent denser than Rhodes, 270 per cent denser than Pyrmont and 120 per cent denser than Wentworth Park? I've been around Western Sydney a little while and the whole historic battle is that we've always had an imbalance between population and jobs. What you're advocating is to make things worse—more people and fewer jobs—because you will take away the jobs at Rosehill for racing and all the functions that are conducted there. Why are you advocating against the interests of Western Sydney? Why aren't you talking about increased density on the North Shore instead of this abomination at Rosehill that will have a population density 55 times higher than the rest of Sydney? You should be ashamed of yourself.

DAVID BORGER: I'm actually quite happy to be supporting housing for Sydney. In terms of employment—

The Hon. MARK LATHAM: Where are the jobs?

DAVID BORGER: If I could answer the question, Mark.

The CHAIR: Let Mr Borger answer, please.

DAVID BORGER: In terms of employment, the biggest job fall of any precinct in Sydney in the last 30 years has been Camellia. It was formerly the home of manufacturing for Sydney. Very few of those jobs exist. It has an incredibly low job density and generally a racecourse would have fairly low job density as well—some casual jobs on race days and some trainer jobs, of course. But considering the scale of that land, the job density at Rosehill would be amongst the smallest in Sydney. An opportunity to build a metro station is also an opportunity to build jobs. It shouldn't just be a housing precinct. We should be looking for opportunities for commercial offices, for retail and for other things that make a place good, but also to provide employment.

The Hon. MARK LATHAM: You don't understand the full-time jobs at Rosehill for the trainers. There are hundreds of jobs there every day of the week.

The CHAIR: Mr Latham, I think Dr Tulip wanted to add commentary.

PETER TULIP: If I could just say that I strongly agree with what Mr Latham is saying about the misallocation of housing in Sydney. The Centre for Independent Studies put out a report about a year ago saying that where we most need more housing is in the eastern suburbs and the North Shore, where housing is most overpriced. We need housing everywhere. The priorities should be putting it where there is the biggest excess demand. There are places more deserving than Rosehill—that's true. That's not a reason for not doing it at Rosehill.

ADAM LETO: Just to pick up on a couple of points that Mark made, in terms of connections to jobs—and not speaking on behalf of David but knowing what David has said in the past around making sure that homes and communities have access to jobs—having Parramatta located within a short light rail distance as well as a potential metro station or a rail connection is the sort of development that we want to see in Western Sydney. We want to see homes located close to jobs. That's what this development is premised upon.

In terms of some of the other issues that Mark raised, I think one of the key things in our submission is that we want to see the funds allocated from the Rosehill sale go back into racing infrastructure in Western Sydney. We want to see the Golden Slipper stay in Western Sydney. That's important. We see it as a signature event for the region, and that needs to stay. We would like to see an upgrade to Warwick Farm and to Canterbury and the sales of the Rosehill development go into upgrading some of those facilities.

The CHAIR: To that question on the Golden Slipper, do you think it could be held at Warwick Farm?

ADAM LETO: Not in the current state, no.

The Hon. MARK LATHAM: It's going to be held at Randwick. You are taking jobs out of Western Sydney and putting the event in eastern Sydney or Birchgrove.

ADAM LETO: We don't want that.

The CHAIR: To that point, have you investigated the brick pit as a potential opportunity for racing? What's your perspective on that?

ADAM LETO: I think if there's an alternative in Western Sydney, then it should be investigated. Whether it's Sydney Olympic Park or elsewhere, that is up to the ATC and for the analysts to decide. Certainly, we do

CORRECTED

support that. We support upgraded facilities as a centre of excellence proposed for Horsley Park. We think that's an opportunity that's too good to be ignored. We definitely do want to see Warwick Farm not get lost in this conversation. It's used for Wednesday track meets at the moment; it can be doing more. In terms of being able to potentially host the Golden Slipper one day, it's going to require future funding to be able to enable that.

The Hon. WES FANG: Dr Tulip, I will start with your comments in relation to the rates payable and the re-zoning of Rosehill. Do you think we should do that on all racecourses? Do you think we should do it for golf courses? Do you think we should do it for any green patch of space, including Crown land?

PETER TULIP: Yes, I do. I think land should be allocated to its highest value use, and subsidising low-value uses, which is what tax concessions offer, means we get a lot of low-value uses like golf courses and others. We're in the middle of a housing crisis. That land could be much better used and having uniform land taxes would help achieve that.

The Hon. WES FANG: Progressing that idea forward, any patch of green space in an area is susceptible to housing development, in your opinion?

PETER TULIP: Yes.

The Hon. WES FANG: Let's progress that forward a little more. We've obviously talked about the brick pit as being an alternate site for a class 1 racetrack, which we believe is not suitable from having spoken to trainers earlier today. Why don't we just turn that location into housing?

PETER TULIP: I don't know the details of that particular site, sorry.

The Hon. WES FANG: It's obviously part of the proposal that's being put forward from ATC in order to sell Rosehill. Part of the offsets for that is that we look at another class 1 racetrack, which would be at the brick pit, and the upgrading of the equestrian centre to be a centre of excellence. We're spending a lot of money to effectively move things around and shuffle the pieces on the chessboard. Why don't we just look at housing in other places where we haven't got something like a racetrack already rather than try to put another racetrack somewhere else? Why don't we put the housing where the racetrack is, which is right next to the train station at Sydney Olympic Park?

PETER TULIP: If you can deliver more housing there, close to transport and in a good location, then that sounds like an attractive option to me.

The Hon. WES FANG: Isn't this more about the fact that there's a dive pit for the metro out the front of Rosehill racecourse and there's a thought that we can easily put in a metro station there and utilise that?

PETER TULIP: That sounds like a relevant consideration that should be factored in.

The Hon. WES FANG: Mr Borger, we've looked at some of the concerns of the members of the ATC in relation to the sell-off of the land. Obviously, racing is important to many in Western Sydney. Have you or any of your members been consulted in relation to this proposal before it was put into the public arena?

DAVID BORGER: No, not about Rosehill racecourse. Certainly we've got members in Camellia. There's a university there as well. We've been in lots of discussions over the years around how to maximise the opportunities in Camellia for housing and renewal and remediation, and so on, but not specifically in terms of Rosehill.

The Hon. WES FANG: Dr Tulip, you said that the compulsory acquisition shouldn't be on the table if the owners opposed it.

PETER TULIP: Yes.

The Hon. WES FANG: When you say "the owners", do you mean the owners as in the members of the ATC? Or are you talking about the board of the ATC? Because it's quite clear that the members of the ATC are opposed to it. Ultimately that should mean that you would oppose the compulsory acquisition or the redevelopment of Rosehill racecourse.

PETER TULIP: That's a legal question and I'm not a lawyer, but my understanding is that it's the members that are the owners, yes.

The Hon. WES FANG: But it would be fair to say, then, that the view of the Centre for Independent Studies would be that if it's opposed by the owner of the land, it shouldn't be compulsorily acquired; or, if they opposed the development, then that rules a line under that. Your centre's view, then, should be no to the redevelopment, shouldn't it?

PETER TULIP: Yes, correct.

CORRECTED

The Hon. WES FANG: But you're here advocating for it.

PETER TULIP: Yeah, I mean, I really hope that they choose to redevelop it, but it's their decision.

The Hon. WES FANG: But the indication already is that the membership—

PETER TULIP: And I think the Government should be doing everything it can to facilitate that decision, including putting in a metro in what's an ideal location. If that makes redevelopment feasible and attractive, that's a plus.

The Hon. WES FANG: There's a question I always like to ask of members that are part of independent groups. Do you have any political affiliations? Mr Borger, I'd say that you've got one fairly prominent one. Would you like to disclose your political affiliations, please?

DAVID BORGER: I now work for an organisation that's apolitical. We are non-partisan. We work with all sides of government, with many Ministers and shadow Ministers across the board. Whatever private political leanings I have don't influence my public life.

The Hon. WES FANG: But do you have any?

DAVID BORGER: I do, yes.

The Hon. WES FANG: And they are?

The Hon. MARK LATHAM: It's not about funding.

The Hon. BOB NANVA: Point of order—

The Hon. MARK LATHAM: Is the ATC one of your sponsors?

DAVID BORGER: They're not a sponsor. They're members of us, yes.

The Hon. MARK LATHAM: What do they pay you each year?

DAVID BORGER: The standard fee for Business Western Sydney.

The Hon. MARK LATHAM: Which is what?

DAVID BORGER: I think it's 17, 18, thousand dollars per year.

The Hon. MARK LATHAM: Seventeen or 18 thousand dollars. Why wouldn't you declare that at the beginning of your testimony here today?

DAVID BORGER: Well, I've got—

The Hon. MARK LATHAM: You take \$18,000 from the ATC—

DAVID BORGER: The answer to your question, right—

The Hon. MARK LATHAM: —and you're here backing their proposal without declaring it.

DAVID BORGER: Look, the answer to your question is that I—

The Hon. MARK LATHAM: Why wouldn't you declare it?

DAVID BORGER: I didn't require there was a declaration at the beginning. I gave a statement, so—

The Hon. MARK LATHAM: Gee, if I took \$18,000 off someone, I'd declare it. What about you, Mr Leto? You're listed as a lobbyist and communications director for Taylor Street. You do work for the ATC and the NRL.

ADAM LETO: I'm not a lobbyist, no.

The Hon. MARK LATHAM: You've done work for the ATC and the NRL?

ADAM LETO: No.

The Hon. MARK LATHAM: No? The ATC sponsors your so-called "leadership dialogue".

ADAM LETO: They are a partner.

The Hon. MARK LATHAM: How much do you take from them every year?

ADAM LETO: About \$30,000.

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The Hon. MARK LATHAM: Thirty thousand dollars. Why didn't you declare that at the beginning of your testimony? Don't you think that's relevant for us to know that you're taking \$30,000 from the organisation you're supporting here today?

ADAM LETO: If that was required, I would have, happily.

The Hon. MARK LATHAM: Of course it's required.

The Hon. WES FANG: Of course it's required.

ADAM LETO: All the documentation that was provided was—

The Hon. Dr SARAH KAINE: Point of order—

The Hon. MARK LATHAM: It's outrageous.

The CHAIR: There is a point of order from Dr Kaine.

ADAM LETO: There was no information provided asking for that information. I'm happy to declare it.

The Hon. MARK LATHAM: I know you're from Birchgrove, but wouldn't you do that, ethically?

The CHAIR: No. Can we stop, please? Mr Latham, can we stop, please? There's a point of order on foot.

The Hon. Dr SARAH KAINE: Can I just remind the Committee of our procedural rules for procedural fairness and how we treat witnesses? There are questions that legitimately can be asked, but there is a way to do that which does not transgress those procedures.

The Hon. MARK LATHAM: Point of order: Chair, I think, out of respect to the Committee, we would expect—and it's a basic ethical thing, especially for someone who's served in a parliament—that if you're taking money from an organisation that you're directly representing and supporting at the Committee, you would declare that at the beginning of your evidence.

The CHAIR: They are valid questions to be put to the witnesses, but I ask that they be put as questions to the witnesses, not as statements. But I would ask you to continue with your line of questioning, if you so wish.

PETER TULIP: Should I answer the same question?

The Hon. MARK LATHAM: No. You don't take money from—

The Hon. WES FANG: Maybe he does.

The Hon. MARK LATHAM: Wait. Do you take money from the ATC or the NRL?

PETER TULIP: No.

The Hon. MARK LATHAM: Okay. I didn't think so.

PETER TULIP: But in terms of affiliations, I'm a member of the Australian Labor Party but, of more importance to this, I'm a member of Sydney YIMBY, which is a group that actively campaigns for more housing.

The Hon. TAYLOR MARTIN: Hear, hear.

The CHAIR: Further questions?

The Hon. WES FANG: Mr Leto, do you have a political affiliation?

ADAM LETO: No.

The CHAIR: Ms Hurst?

The Hon. EMMA HURST: Dr Tulip, if I could just go back to something that you mentioned earlier, can you expand further on the proposal that you put forward that the ATC should be required to pay rates? Is it the case now that the ATC is not required to pay any rates?

PETER TULIP: This was a proposal put forward by Sydney YIMBY in their submission to the inquiry. I don't know much about the details of this. I mean, I'm attracted to it in principle. My understanding is that they do not pay council rates at a normal market value, nor do they pay land tax. They have property that's worth \$5 billion, they should be taxed the way everyone else is taxed on property like that that they own.

The Hon. EMMA HURST: It sounds like the racing industry's asset, effectively, is being given a tax concession by the New South Wales Government.

PETER TULIP: Yes.

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The Hon. EMMA HURST: Do you know how much of a tax concession that would be?

PETER TULIP: No.

The Hon. EMMA HURST: Is that in the Sydney YIMBY submission?

PETER TULIP: I don't remember, I'm sorry.

The Hon. EMMA HURST: That's all right. Are you able to take it on notice? I understand if you don't have access to that information, but if you are able to get access to that information, could you provide that to the Committee?

PETER TULIP: I think it's in the Sydney YIMBY submission.

The Hon. EMMA HURST: You think it might be.

PETER TULIP: I'll read that too.

The CHAIR: Just as a brief advertisement, unfortunately, the Committee members don't have a copy yet of the Sydney YIMBY submission, including myself, for that matter. So just take that in terms of any evidence you might be providing.

The Hon. EMMA HURST: Could you take it on notice? I understand if you can't get that information, but it would be useful if you did have it and it wasn't in that submission. This is to everyone or anyone. This morning we heard from different people within the industry who are supportive of retaining Rosehill as it is, that the development can simply occur around the precinct outside it. Could I get your thoughts around that proposal? Will it allow the same amount of housing? Is it going to be adequate? Is that even a solution that should be on the table?

DAVID BORGER: I think one of the challenges with providing a station at a metro site is that they're very expensive. They can cost billions of dollars for the station, so that has to be paid for in some way. This is a really significant project for Sydney. It's also one of the biggest public transport projects in the country. So I would have thought you'd have to have significant uplift in order to be able to make that compensation to pay for that additional station. I don't think that Camellia is big enough, frankly, considering the other costs that Camellia would have to pay for, to also pay for a metro station.

PETER TULIP: I think the real alternative to development of Rosehill is if we don't put housing where the racecourses are, it's going to be on koala grounds out around Appin and the western suburbs. We have a choice as to what kind of city we want to develop. Do we want to sprawl forever out west or do we want to put the housing in close, on top of metro stations?

The Hon. DAMIEN TUDEHOPE: Mr Borger, thanks for being here. I think you do a lot of good work. I'm interested in the suggestion you make that any zoning uplift should be used for the development of infrastructure on the site, and that includes any proposal to deliver a new railway station. Is that your evidence?

DAVID BORGER: This would be the biggest metro site with the biggest opportunity, but also probably one of the biggest costs in terms of paying for a metro station that wasn't in the original scope. It has been done elsewhere. Recently in the UK, the Battersea Power Station sat idle for years—a great piece of UK industrial heritage. They could really only get the project up by paying for a railway spur line coming off the main line there. So it has happened before. I think that Rosehill is unique because of its scale and size. It's just enormous.

The Hon. DAMIEN TUDEHOPE: There is significant uplift by virtue of rezoning. You would agree with that?

DAVID BORGER: Yes.

The Hon. DAMIEN TUDEHOPE: And there is, again, further significant uplift by, potentially, the delivery of a railway station in terms of the value of that site.

DAVID BORGER: Correct, yes.

The Hon. DAMIEN TUDEHOPE: So what I'm saying is, is it your view that that uplift in value should be returned to the ATC?

DAVID BORGER: I think that the Government's approach of trying to consider the unsolicited proposal in the first instance is probably the best approach. But the opportunity might be there, if that was unsuccessful, for compulsory acquisition. If that was the case, then presumably the Government would pay fair value for land.

The Hon. DAMIEN TUDEHOPE: But just going back to the proposal I was putting to you, when you get uplift in value like this—value capture, I think, is the term of art which is used, which attaches to this sort of

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rezoning and delivery of this sort of infrastructure by the taxpayers—should, in fact, any uplift in value go back to the taxpayers?

DAVID BORGER: I don't think it's any uplift. I think that there's an argument to say some of the uplift should go back to the taxpayers if they're creating the infrastructure and the zoning to allow the value to be uplifted, yes.

The Hon. DAMIEN TUDEHOPE: So in the negotiations, or what you would consider an appropriate approach to this unsolicited proposal, would be not that the ATC get a \$5 billion return but that, in fact, whatever uplift is there, the infrastructure would be paid for by that uplift?

DAVID BORGER: I think the infrastructure probably includes more than just the metro station.

The Hon. DAMIEN TUDEHOPE: It does.

DAVID BORGER: There would be significant road and other infrastructure that would be required.

The Hon. DAMIEN TUDEHOPE: The roads and hospitals and schools. So do you take the view that those ought be funded out of any uplift in value?

DAVID BORGER: I think it should be part of the negotiation discussion, yes.

The Hon. DAMIEN TUDEHOPE: So if the ATC are representing that the uplift in value is being returned to the ATC, that would be wrong in your view, would it not?

DAVID BORGER: I think we're dealing speculatively here because the proposal we haven't seen in detail. The proposal is going to be subject to a vote by the ATC, and that proposal will consider many things and the Government will have to consider opportunities for value capture as well as paying for the station box.

The Hon. DAMIEN TUDEHOPE: But the problem is, is it not, that everyone can agree—and I can agree with everything which you are suggesting here—when you use the figure of an additional 25,000 homes for people in Sydney, that's immediately appealing, isn't it?

DAVID BORGER: Absolutely.

The Hon. DAMIEN TUDEHOPE: It's immediately appealing. And that, of itself, is selling itself to your organisation, to Mr Leto's organisation and to Dr Tulip. That sells itself, but it's got to be sold not just as 25,000 additional accommodation opportunities but as a total package, and we don't know what that is. We don't know how it's going to be funded and the ATC doesn't know how it's going to be funded.

DAVID BORGER: Correct, because I think that work is being undertaken as we speak.

The Hon. DAMIEN TUDEHOPE: When did you first become aware of the unsolicited proposal?

DAVID BORGER: When I saw it in the newspaper.

The Hon. DAMIEN TUDEHOPE: So no consultation with your organisation beforehand?

DAVID BORGER: No. We've certainly spoken about Camellia on many occasions with groups involved there over about eight years.

The Hon. DAMIEN TUDEHOPE: And at that time, of course, a lot of the discussions involved no commitment to redevelop Rosehill racecourse, did they not?

DAVID BORGER: No. In fact, one of the challenging things about Metro West was there was a proposal to create a station in North Parramatta to go to the other side of the Parramatta River and then come back again, because that was on government land and I think government thought that would be opportunistic for government return. But, in fact, that significantly added to the cost because there were two river crossings. So the challenge with the way the rail line was designed was we went off on a frolic for about a year looking at this alternative. It turns out that didn't stack up, and by then it was almost too late to properly consider Rosehill, in my view.

The Hon. DAMIEN TUDEHOPE: So your position fundamentally would be that you would want to see, whatever development is delivered on this site—in the event that it goes ahead at some stage, and we don't have any timeline in respect of when this might happen—liveable, sustainable amenity on this site, would you not?

DAVID BORGER: Absolutely. There would need to be housing, jobs, a public domain, a connection to the Parramatta River—it would have to be a great place to live. There's no shortage of people that choose to live in high-density locations, and sometimes pay very high value. I think it would have to be properly master planned

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and designed, with a whole range of infrastructure. It's not just the train station. It would have to be a great place to live, absolutely.

The Hon. DAMIEN TUDEHOPE: And you would want, I assume, the whole process to be very transparent?

DAVID BORGER: Of course.

The Hon. DAMIEN TUDEHOPE: And you'd want probity to attach to the whole of the process, would you not?

DAVID BORGER: Of course.

The Hon. DAMIEN TUDEHOPE: Dr Tulip, I'm also very interested in your proposal in relation to the new rating system which you're proposing for open space in Sydney. Have you identified any other sites that you want for this new rating system? Best and possible use.

PETER TULIP: In general, land should be taxed at a uniform rate at its highest value use.

The Hon. DAMIEN TUDEHOPE: And that's the Sydney Cricket Ground?

PETER TULIP: Sure. But in a lot of cases you're talking about—

The Hon. DAMIEN TUDEHOPE: Randwick racecourse, would you advocate for that as well?

PETER TULIP: Sure. But in a lot of the cases you're talking about and the previous questions, a lot of the green space you're talking about is council land, so council will be paying rates to itself. So, in many cases, it doesn't make much difference. But there are cases where land is being allocated to very low value uses and uniform taxation would discourage that.

The Hon. WES FANG: Mr Borger, how many members do you have?

DAVID BORGER: It's approximately 130. It moves around a bit, but around that figure.

The Hon. WES FANG: So it's fair to say you would know who your members are?

The Hon. Dr SARAH KAINE: Well, they're on the website, Wes, if you want to know.

The Hon. WES FANG: It's just a question. I wasn't asking you, Dr Kaine.

DAVID BORGER: I can feel another question coming on.

The Hon. WES FANG: Is Wentworth properties a member of yours?

DAVID BORGER: I don't think Wentworth properties is. I'd have to check it but, no, I don't think so.

The Hon. WES FANG: Abacus property group?

DAVID BORGER: No.

The Hon. WES FANG: I note you said that you haven't been engaged for the last eight years when you have been looking at the Camellia proposals. The landowners around that area involved with the Camellia proposal, are they members of yours as well?

DAVID BORGER: Some of them are.

The Hon. WES FANG: Do you think that might have been something that should have been declared when you're coming here and advocating for a metro station and a redevelopment of Rosehill racecourse? Those property owners will also see an uplift in value of their land, given that if there's a metro station put there, automatically it will shoot right up, won't it?

DAVID BORGER: I could list all 130 members, if you had time. I'm happy to get the website and read them out.

The Hon. WES FANG: No, that's not necessarily what I'm asking. What I'm saying is that you're here advocating for something, but you're also receiving money from people that are going to receive a substantial uplift in property values if there's a metro station put in that location.

DAVID BORGER: We're an association. We have members. We advocate. We're not registered lobbyists. I'm not on the register of lobbyists—I don't intend to be. But we certainly are advocates on behalf of our members and the broader community.

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The Hon. WES FANG: Mr Borger, I feel like I'm telling you how to suck eggs here. You are a former member of this place. You would understand as well as anybody else that there are interests, conflicts and declarations that are required to be made when there are—whether they're intentional or not—issues that are going to be addressed in evidence you have given to an inquiry. You should know that.

DAVID BORGER: Sorry, I think there's—I have no pecuniary interest whatsoever in anything to do with anything in Rosehill.

The CHAIR: And there's no suggestion that you do, Mr Borger.

The Hon. WES FANG: But your members—

The Hon. Dr SARAH KAINE: Point of order—

The Hon. MARK LATHAM: But you're here advocating on behalf of the ATC. That's what you've said.

The CHAIR: I will hear the point of order.

The Hon. MARK LATHAM: You should tell us that, instead of looking independent.

The Hon. Dr SARAH KAINE: We've heard questions, legitimate questions, that have been asked and answered. We're not verging on the point of badgering the witness over a question that has been answered and dealt with. I ask that the questions cease and that we move on to our questions.

The CHAIR: Mr Fang is entitled to ask the question. Mr Fang, do you have further questions to ask?

The Hon. WES FANG: No, I think I've made the point.

The Hon. DAMIEN TUDEHOPE: Chair, I've just got one more. Mr Borger, were you the housing Minister when the Harold Park raceway was redeveloped?

DAVID BORGER: I don't recall if it was specifically on my watch. I think it probably went over a number of housing Ministers.

The Hon. DAMIEN TUDEHOPE: But was it one of the ones—

DAVID BORGER: The housing industry in New South Wales certainly at that stage was mainly the social housing Minister, and it certainly wasn't a particular focus during my time. I didn't have responsibility significantly for the Harold Park redevelopment as the community and social housing Minister.

The Hon. BOB NANVA: Thank you for your evidence this afternoon. Can I come to some of the points raised by Mr Tudehope around the uplift in value of developments of this nature? It's not unusual that some of that is always returned through developer contributions, through mandated affordability, affordable housing requirements or other levies. There's nothing peculiar about an uplift in value being captured back by the taxpayer in some way, shape or form.

DAVID BORGER: No, it happens in various forms all the time through State infrastructure contributions, through local council levies, voluntary planning proposals.

PETER TULIP: Though it is fair to say that New South Wales does much less than other jurisdictions. In the ACT, 75 per cent of uplifts in value that are due to rezonings payable to the ACT Government is called a betterment, popularly called the betterment tax.

The Hon. BOB NANVA: The \$5 billion figure that has been publicised by the ATC, you wouldn't have any visibility on whether that's net of paying these contributions?

DAVID BORGER: No, there's no financial analysis that I know of that's in the public domain at the moment.

PETER TULIP: My understanding is that would be gross.

The Hon. BOB NANVA: I will read this statement without necessarily endorsing it, but I will ask your view on it. Professor Barney Glover has previously stated:

... the city's evolution has become misaligned. The cultural and spatial incongruency of Rosehill Racecourse with the wider city is obvious yet unchallenged.

Do you have a view on that?

DAVID BORGER: My sense is that without a station at Rosehill, Western Sydney and certainly the broader City of Parramatta is not getting enough uplift from the metro. We want to see job growth and housing growth and opportunity in Western Sydney. We know that metro stations are wonderful places to invest. People

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want to be close to them. We think providing a station two kilometres to the east of Parramatta will give greater opportunities for economic growth and housing growth close to Parramatta.

ADAM LETO: I believe that was taken from the Glover review from a couple of years ago. Parramatta, as it stands at the moment—to the western fringe you've got Westmead, and the vision for that and the identity around that precinct is fairly set. On the eastern side of Parramatta, it hasn't really formed an identity. Part of the appeal of this concept was that it did actually bring to life the concept and an identity around that part of Parramatta. I think the context is a lot different to what it was a few years ago now. We've got a 75,000-home target. Looking at Western Sydney, a lot of the homes as part of that target will need to be delivered in Western Sydney.

We haven't recovered post pandemic. The 2022-23 delivery of homes was around 12,000. We're way below where we need to be, and I think we see this. Yes, there's a lot of detail still to come out of the wash. There's technical analysis. The infrastructure spend and contribution scheme all still need to play out, as well as a bunch of other consultation and engagement with industry and community. But, as a concept and as a whole vision for what this precinct can be, it's hard to deny that there is at least the bones of a plan now that can help form a concept and view of what that precinct might look like.

The Hon. BOB NANVA: Would it be fair to say that the precinct would lend itself more towards a vision of urban renewal and housing that should be more ambitious and more comprehensive than the on-again off-again Camellia master plans and the current Camellia-Rosehill Place Strategy, which, as Mr Latham has flagged, factors in 10,000 homes over a 20-year period?

DAVID BORGER: Yes. If you look at that whole peninsula, as I said, in the 1970s tens of thousands of people worked in that peninsula in manufacturing industries. It's had one of the biggest falls in jobs anywhere in the metropolis. What we've got is a parcel of land in the very centre of Sydney which is not working hard enough for our city. It's not delivering enough in terms of jobs and housing and so on. I think there should be a more ambitious vision. I think it's a fantastic location for one.

The Hon. BOB NANVA: Most transit oriented development sites and previous metro station developments have involved discrete sites rather than a potential precinct-scale redevelopment. Given the scale of the transformation that is possible if that ambition is maintained, and given the costs of building a metro station, would you agree that the Government should resist decoupling the investment into a Rosehill metro station if that more ambitious precinct-scale transformation doesn't take place?

DAVID BORGER: I think there are probably greater opportunities at Rosehill because, unlike all of the other metro station sites, it doesn't really sit within an existing nineteenth century street pattern where a whole lot of things are fixed—there's fixed heritage, fixed investments. It's not a greenfield site, but it's closer to a greenfield than any other site, which means I think the opportunity to plan it really well and to get the best urban design outcomes, the best housing and job outcomes, are really significant.

PETER TULIP: But also, if you don't have people living there, then there's not much point putting the metro there. I mean, if it's just a racecourse which people use for a few hours a week, then the financial feasibility of the metro doesn't add up. The two go together. The metro makes the housing worthwhile and the housing makes the metro worthwhile.

The Hon. BOB NANVA: Given its central Sydney location, it's quite unique in that you get the advantages of it largely being a greenfield site, but you get the benefits of the sort of infill developments where you have got consolidated land holdings—you know, 90 hectares owned by four land owners. You don't have local residents that are opposed to large-scale precinct development. You can master plan the public spaces and the infrastructure, yet it is still close to road, rail and river services. It is close to major job centres, be it medical, industrial, commercial. You really have the sort of once-in-a-generation opportunity to pursue what is a greenfield development within a sort of infill—

DAVID BORGER: I think you can't undervalue the time proximity that this train line and the station, if there's one at Rosehill, will actually deliver. We did a piece of work with Arup a number of years ago, and it looked at Olympic Park, which is the next station along. It showed that, I think within half an hour, the number of jobs you could access went from about 70,000 to over 800,000 the day the metro line opens. So that's the sort of transformation that you could see at a place like Rosehill. You've got a two-minute trip to the Parramatta CBD. You've probably got a 17-minute trip to the Sydney CBD, a five-minute trip to Olympic Park. That means all of those jobs are available without polluting the environment or using the congested road system, which makes it a really valuable place to live.

The Hon. BOB NANVA: Given it is a unique opportunity to boost housing supply and a unique opportunity for urban renewal in an underutilised location, is it surprising to you that there would be a use of

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the New South Wales Government's unsolicited proposal process, given that those opportunities simply can't be realised without the impetus or motivation of the enormous landholders on that site? There are no other means of pursuing a project of this scale without the impetus of those landowners. Are you surprised by the use of an unsolicited bid process?

PETER TULIP: I don't have any view on that.

DAVID BORGER: I think the fact that a new government has been elected—the challenge is the metro is being delivered to a military-like timetable, as it has to be, and so the timeframe to make these big decisions is really short. One organisation has chosen to take that up, and I think it's a big idea for Sydney that's worth exploring, both for the Government, financially, but also from a public policy point of view.

ADAM LETO: I think one of the challenges and one of the criticisms of that process has been that, because of the stringent controls around how that works, it does stop or preclude the engagement that would have been normally required and normally would have been carried out with industry and other stakeholders. We weren't consulted; I know industry weren't consulted and community hasn't been consulted. I think part of going down that path has meant that there are some question marks around transparency, but we remain hopeful and confident that ATC is going to undertake that, starting with the vote with the members coming up.

The Hon. BOB NANVA: But short of the drive and motivation of a landowner that has 60 hectares on that site, other than a compulsory acquisition by Government—that is the only means by which a project of that magnitude is going to be pursued, isn't it?

ADAM LETO: Yes.

The Hon. MARK LATHAM: Finally, did the ATC ask you to appear here today and make submissions?

ADAM LETO: No.

DAVID BORGER: No, I had a call from the inquiry secretariat.

The Hon. MARK LATHAM: To make submissions? You said you represent your members and they're one of your members.

DAVID BORGER: No, there have been no requests.

The Hon. MARK LATHAM: You've not had any discussions with—

The CHAIR: In fairness to the witnesses, I believe that both Business Western Sydney and Western Sydney Leadership Dialogue were on our stakeholder list.

The Hon. MARK LATHAM: Sure, but you've not had discussions with the ATC?

DAVID BORGER: I haven't been asked to make a submission to the inquiry.

ADAM LETO: We weren't asked, no.

The Hon. MARK LATHAM: No, that wasn't the question. Have you had discussions with them about the nature of their proposal and what you should be saying about it?

DAVID BORGER: We've had meetings—regular events, 50 per year—where they will attend. Of course we talk about housing and transport at every one of them.

ADAM LETO: Yes, and we wanted to understand some of the questions. We had questions around the proposal as well, so we've had meetings with them to understand what the proposal is and how it's going to work.

The Hon. WES FANG: Sorry, just to that—

The CHAIR: We're out of time, so one last question.

The Hon. WES FANG: So you're saying that the ATC has engaged with you about their proposal. Have they indicated that the Government has provided any feedback to them in relation to the proposal?

DAVID BORGER: No, I wasn't saying that.

The CHAIR: We will conclude there. Thank you very much for your attendance today. I don't think you took anything on notice, so there's no need to report back. The Committee will now recess until 3.15 p.m.

The Hon. DAMIEN TUDEHOPE: I think Dr Tulip took something on notice.

The CHAIR: Apologies, Dr Tulip did take something on notice, so you'll have to report back within 21 days after the Committee secretariat has contacted you.

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(The witnesses withdrew.)

(Short adjournment)

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Mr HAMISH ESPLIN, President, Thoroughbred Breeders NSW, affirmed and examined

The CHAIR: Thank you very much, Mr Esplin, for attending. Would you like to make a short opening statement?

HAMISH ESPLIN: Sure. I'll refer to my organisation's—TBNSW's—written submission and delve a bit more into that. I think the reason we've been invited here today is that there has been a long-running number of issues which have started to interfere very much so in the operation of the breeding industry within New South Wales and, more broadly, across Australia—given that New South Wales is the largest jurisdiction for breeding in this country—involving decisions and lack of decisions and a lack of communication with the regulators in this State. We first picked up on this when the length of directorships under the Thoroughbred Racing Act for the board appointments to Racing NSW was first extended many years ago. The excuse given at the time was that it was COVID and therefore we needed to keep some continuity. That's fine.

Two years later an extension was proposed again. We wrote to the Minister at the time and said, "This is not a personal thing, we just think there needs to be a refreshing of ideas, of people, of concepts and the way to keep the whole organisation in check, given the amount of resources that Racing NSW has in this State." That didn't achieve much. Then, again, it happened last year with a further extension which ended up being a proposed extension of the chairperson's term. The reason we acted so strongly on that issue is that there are very few avenues for senior stakeholders like breeders in New South Wales to have a direct communication with the regulator like Racing NSW and also the ATC in respect of issues that happen. They might happen upstream, but they have a huge effect downstream for what is a huge amount of people involved in the racing and breeding industry.

Throughout those processes we became largely disillusioned with how decisions were made and the people that were making those decisions as a broad group. There is an organisation that appears from the Thoroughbred Racing Act called RICG—we write about that in the submission—which is effectively the only avenue for any stakeholder, including breeders, to be able to have a conversation with the regulator about how money is spent, what is done about things like welfare, or any change in policy which is designed to attract participants or to broaden the reach or indeed attract new players to the game. It is a very poor medium, from someone who has been in that organisation for five years. It's not taken seriously, in our view, by Racing NSW, in terms of what it should adhere to under the Act, and the dialogue that emanates from around that for very important issues such as what we term "black type" racing in this country has been non-existent and, really, nothing has changed.

When the concept of a once-in-a-generation or once-in-a-lifetime—whatever you want to call it—proposition for the sale of a major racecourse is put on the table such that it would generate massive revenues that would not only be spent on infrastructure but, we assume, we are told, on other investments, including prize money that breeders rely on downstream for the purposes of supplying, to get boring about it, the product of breeding foals and then racehorses, is a very relevant issue. There are a number of problems we've had over several years about the direction of racing and industry issues through Racing Australia, which is the national organisation comprised of all the principal racing authorities, and how they interrelate to the turf clubs and the racecourses around the country but also in New South Wales. Really, nothing happens and we are left, again, with no real ability to put anything on the table as to where we say the leading decisions, the major decisions, should be made, and faced with a proposition of \$5 billion, we're now very concerned that that would be taken even further away and spent in ways which we don't think are appropriate for our stakeholders.

The CHAIR: Thank you, Mr Esplin. You raise in your submission many concerns with Racing NSW and the concerns that the Thoroughbred Breeders have. All of those issues aside, if this were a transaction where the ATC were to retain all of the dividends from the proceeds of sale and were to reinvest it in ATC's portfolio of assets, and maybe potentially a new asset, what would the position of the Thoroughbred Breeders be?

HAMISH ESPLIN: The position is the same as anyone. We want to see great racetracks; we want to have great racing. We want it to be safe for everyone and we want it to be spent in a way that's going to further the scope of the sport. The reality is that the racing industry and the breeding industry are necessarily intertwined so what's good for one is usually good for the other. If there was a proposition that a large windfall would lead to improvements, either by way of infrastructure or by way of prize money, then our view is it's a matter to be determined by the club itself; they're the land owner. We don't really have a position on that from the ATC's perspective; it's a matter for the members.

We're a breeders' organisation. What we say is if you're going to have this massive windfall and have this capital in a company that is somehow related to the regulator but we don't understand how and it's not made clear how, except to say that Racing NSW say they can have the final say on how that money's spent and where it's spent, then we say, "Well, where's the assurance that it's going to be spent properly for us?", whether by way of a new racecourse or whether by way of putting it into very large prize money races at the top, which many of our

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members don't think really makes its way down to the broader membership of those who breed and race in this State.

The CHAIR: With respect to some of the concerns about alternate sites, do you have any view in terms of either the brick pit site or the Horsley Park site in terms of training?

HAMISH ESPLIN: No, not particularly. We had a presentation from the ATC to the NSW board meeting the other week. I mean, it all looks fine. Anyone can do mock-ups on a map and show you what it's going to look like.

The CHAIR: And they were mock-ups of the brick pit, were they?

HAMISH ESPLIN: Yes, correct, of all of them I think, from memory—every site. So there's Warwick Farm, Canterbury—maybe there wasn't the brick pit; I honestly couldn't tell you off the top of my head. There was Rosehill, Randwick, Canterbury, Warwick Farm. There was the proposed site at Horsley Park; that was certainly involved in there. Maybe there was no mock-up of the brick pit site but it was certainly mentioned in the presentation.

Rosehill is a good racecourse. There's nothing to detract from it but we understand the pressures that are outside the racing industry and the breeding industry for housing et cetera. We don't say it's our position to dictate the policy of moving racetracks or creating new racetracks, save for that it's extremely expensive to build new racetracks. We wouldn't want money that's returned to the industry to be misspent in any sense. If that means you spending money on upgrading racetracks that are hardly used at the moment in terms of metropolitan racing, like Warwick Farm and Canterbury, then, no, we don't think it should be spent that way.

The CHAIR: In terms of those mock-ups you saw with respect to either Warwick Farm or Canterbury, would either be upgraded to a group one track?

HAMISH ESPLIN: No. In our opinion, no. It's got nothing to do with whether they lengthen the straight, or whether they beautified it or made it look better. The simple fact is it's driven by wagering, in our view, and the wagering is just not the same at those two venues. That is why you have a two-handed metropolitan racing in Sydney these days, which is Rosehill and Randwick. That's the progression of racing. It's just become very concentrated and all the big races go there.

The CHAIR: Mr Esplin, we heard before from the owners association and they surveyed their members. Have you undertaken any similar survey of the breeders at all?

HAMISH ESPLIN: No, not an official survey. Suffice to say that our board is comprised of the leading studs and smaller breeders representatives across the industry. We're a funny little industry and organisation in that we often see each other because we're selling various types of thoroughbreds throughout the whole year, effectively, and so the conversations that I have with people are pretty broad. People are pretty happy to approach you. I've had many conversations with people on both sides of issues like this, from breeders, horse trainers and everyone.

The Hon. WES FANG: Mr Esplin, thank you for appearing today. Your submission is quite interesting. Before I go into your submission in detail, to better understand your organisation, would it be fair to say that your connection to Racing NSW is probably slightly stepped back from some of the more day-to-day participants? Would that be a fair description?

HAMISH ESPLIN: I'd certainly agree with the stepped back but probably not the day-to-day. The funny thing is that, anecdotally, we say that 60 per cent of breeders are owners and so you almost get both groups. I wouldn't put it as a day-to-day thing but certainly we're removed insofar as—the key factor is that we're not licensed, per se, by Racing NSW.

The Hon. WES FANG: That's where I was going. There is less leverage that Racing NSW would have over your members than perhaps other industry organisations.

HAMISH ESPLIN: Yes, definitely. I would agree with that proposition.

The Hon. WES FANG: It is quite clear that your submission is relatively critical of some of the more recent Racing NSW events or situations from a historic perspective.

HAMISH ESPLIN: Definitely.

The Hon. WES FANG: What we've seen today is a number of people coming here and giving evidence where there is concern that there is a potential for leverage to be used against people. That doesn't seem to appear in your submission, which is quite remarkable.

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HAMISH ESPLIN: It has happened once. It's in my submission.

The Hon. WES FANG: What I'm saying is that it's quite fearless in the fact that you've put forward your views without the restrictions that other groups might have because of the fear that there would be reprisals.

HAMISH ESPLIN: Definitely. I think that's a fair way to put it.

The Hon. WES FANG: Tangentially, is it generally the case that within the industry there is fear that if you speak out there might be reprisals?

HAMISH ESPLIN: Yes.

The Hon. WES FANG: And that's pretty well known?

HAMISH ESPLIN: Certainly amongst those people that, as I said, I speak to a lot around horse sales and race meets and things, definitely.

The Hon. WES FANG: If you were somebody that was potentially going to appear before a committee and they didn't want you to appear, you might receive a veiled threat or a warning that you shouldn't appear? Would that be unusual or not unusual?

HAMISH ESPLIN: It's speculation. I've obviously seen—I didn't see the evidence this morning but someone told me about it. It wouldn't be unusual, no.

The Hon. WES FANG: Turning to the proposal as we know it, what is your understanding of the proposal? You said the ATC gave you a briefing at your board meeting.

HAMISH ESPLIN: As I understand it—I didn't go to the meeting of the ATC members, but it was effectively the same proposal. Steve McMahon, who is effectively the ATC employee who is leading the charge presented that same—

The Hon. WES FANG: Are you aware of what feedback was given when those proposals were presented to the board meeting that you were at and the ATC members?

HAMISH ESPLIN: The feedback from whom?

The Hon. WES FANG: From the attendees.

HAMISH ESPLIN: At my board meeting?

The Hon. WES FANG: Yes.

HAMISH ESPLIN: Yes, definitely. I mean, I was sitting there. We've only got seven of us on the board.

The Hon. WES FANG: And was it positive or negative towards the proposal?

HAMISH ESPLIN: I would have said probably negative was the stronger connotation but, again—and we discussed this at length about what this would mean in light of this inquiry. We see the same problems that we've tried to identify for several years writ large. I say "writ large" because when we were talking about proposals one thing you have to understand is that one of the reasons breeders are so intertwined with racing is this concept of black type—this international scheme devised 50 years ago about ways that you can try to make an equivalent between certain top-level races in other countries around the world. It's really what drives the commerce in the breeding industry, but it's a racing concept. It appears in the catalogues of our thoroughbred sales. It's the reason why—people might mock it and say that it's ridiculous that you can sell a broodmare or a racemare for \$6 million, but the practical reality is that's because the people around the world look at a horse like Imperatriz, who is one of the leading racehorses this year, and go, "Well, look, that's got some intrinsic value, and I am going to pay a lot of money for that."

Once you understand that concept and that that is one of the larger drivers of investment and that puts jobs, it gets participants to the game—people think breeders are mad. They think that we're all elite, but most of the people—you know, wealthy people who do it as an elite hobby—most of the people you meet are not like that. You are a bit mad because it's an expensive game, but the payoffs can be massive and they all dream. Once you understand that concept and then you take it to a \$5 billion proceeds for that same racing, which then gets replicated in catalogues and drives our investment, you are necessarily nervous that it's going to be spent the best way. Some of the races that have been proposed or have been run that have got huge prize money attracted to them that sit outside the black type system, because of this ongoing feud between the members of Racing Australia, create all sorts of problems for members like us.

The Hon. WES FANG: We've spoken at length about this site being uplifted to a value of around \$5 billion and that money then being reinvested into the industry, but on the flip side of that is the loss of one of

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only two class 1 tracks in New South Wales. Is it the case that we're cashing our chips now to get \$5 billion to invest at the moment possibly at the loss of the industry further down the track for future generations because we've gone from two class 1 tracks down to one and Victoria has three?

HAMISH ESPLIN: Yes, definitely. That's a risk. I think that's definitely a risk. That's one of the bigger problems. It's very difficult. I was there at the meeting of the members of the AJC and the STC when they merged. It was a seriously difficult meeting because people were very worried they were going to lose their identity of where they race their horses, where they went to the races, where they punted from, all sorts of things. You take away that from the membership or the participants of any level—owner, breeder, punter, racegoer, fan. Okay, you might put it somewhere in Western Sydney. But you take that away, you're necessarily going to impact everything else. It's going to put way too much strain on Randwick. It's already at a big strain. The Autumn Carnival, which is the biggest investment in New South Wales racing and for us as breeders, will be changed or be impacted by that. There's no doubt.

The Hon. EMMA HURST: Thank you for coming in today. Your submission says that a senior administrator in racing last year urged you to write to Minister Harris supporting the extension of Russell Balding as Chair. Was that senior administrator Peter McGauran?

HAMISH ESPLIN: Yes.

The Hon. EMMA HURST: Just to clarify, Peter McGauran is the chair of the ATC.

HAMISH ESPLIN: Yes.

The Hon. EMMA HURST: My understanding as well is that Peter McGauran is also the godfather of Peter V'landys' son. Is that correct?

HAMISH ESPLIN: So he told me.

The Hon. MARK LATHAM: So he told you?

HAMISH ESPLIN: I don't know, but that's what he told me.

The Hon. EMMA HURST: Peter V'landys has been the CEO of Racing NSW for almost 20 years. Do you think it's appropriate that someone remain as a CEO in an organisation for that long? Just from a corporate governance perspective.

HAMISH ESPLIN: I mean, that's where my answer—well, it's very hard. I'm a lawyer by trade. I like principles, I like theories and I don't take it kindly that rules of the game are changed. When you see a CEO petition so heavily to change legislation, that we as a body didn't take favourably two years ago, and go hard at it two years later, then it brings to mind questions as to whether that organisation has really lost its way in so far as are the checks and balances there? Is there a broad enough representation of people saying that this is not a good idea? We would certainly say, as breeders—and the feedback I get, certainly informally, but I have had many conversations with small and larger breeders—is that the representation on Racing NSW is just not broad enough. It doesn't listen enough to those in the interests certainly of breeders and it has become very difficult to get any meaningful dialogue, as I said at the beginning. In a longwinded way to answer your question, that has happened because of the length of time of certain of these positions, and it's not just the CEO. It's also the chairperson, who was there for 12—wanting to go into 14—years.

The Hon. EMMA HURST: Just on that, my understanding is that your organisation wrote to the former racing Minister, Kevin Anderson, objecting to the extension of that term previously.

HAMISH ESPLIN: Yes.

The Hon. EMMA HURST: However, very soon after that, around \$3 million around some sort of incentive investment scheme was cut.

The Hon. MARK LATHAM: BOBS.

The Hon. EMMA HURST: Do you believe that those two things were related? Was this some kind of punishment for objecting to that chairperson remaining in?

HAMISH ESPLIN: Yes, in my opinion.

The Hon. EMMA HURST: What led you to that opinion?

HAMISH ESPLIN: As I said, we've had a number of ongoing issues with Racing NSW about what could be done for breeders. The BOB Scheme, in its most simple form, is an extra bonus that is paid on top of prize money at certain levels of races to the owner of that horse. We went, several years ago now—before my time as

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president but I was on the board—to say, "Why can't we expand this to try and increase some returns to breeders to drive more investment, to get broader people involved, more people from different regions than just the Hunter?" and we came up with a scheme. Racing NSW at the time agreed to it and thought it was a good idea, and that was in respect of the BOB Scheme that was paid to the owners of the racehorse that won a race, a proportion of that as an extra bonus was paid to the breeder of that horse.

Even though you might not have owned that horse but you bred it—breeders are a very curious bunch; it's almost like they painted the Picasso even though it's a complete knock-off—they love it, and they got some return for it. Because of the change of the scheme, it was multiplied. It became a lot bigger, and it became a lot bigger because breeders withheld some of what their returns were. Studmasters, who stand stallions, said, "We'll forgo some of the returns to us, if we can expand the scheme, because we all need customers." It went on for several years. The feedback I got was that it was a very popular and good scheme, and it helped attract people to the game and pay a few of the bills, certainly in regional areas.

Then we wrote that letter. From memory, the letter went on, say, a Friday, and on the Monday the reply was "It is gone." It wasn't as if there was a dialogue about it. It wasn't as if we'd heard any of the issues raised in the letter from the chief executive at the time being raised with me or it had been said this is a scheme that's failing or we should apply moneys elsewhere. It invited us to reply to it to say how the moneys could be better spent. We spent a long period of time at the board meeting saying how should we reply. We said, "There's an opportunity. Okay, we've lost something. We don't think it's fair, but let's have an opportunity to put something back to them." We wrote to them and never got anything. The scheme just disappeared and died.

The Hon. EMMA HURST: Are you concerned, coming to this inquiry, that there may be further consequences based on past history?

HAMISH ESPLIN: I'm not sure what else they could take away from us, although I'm extremely concerned at the way that black type racing will be utilised in this State. That is a large concern. That's probably the last thing, because nothing happens. I've had communications with Racing NSW about that exact issue and nothing seems to have changed. Yes, I'm in fear of reprisals.

The Hon. EMMA HURST: Has Racing NSW simply become too powerful, and there's no real oversight and accountability in this State?

HAMISH ESPLIN: In a general sense, I think that's probably a fair statement.

The Hon. EMMA HURST: There was legislation that was put forward last year that was abandoned by the Labor Government that would ensure that there is some accountability and oversight. Do you think that this Committee should be making recommendations around transparency and accountability within Racing NSW?

HAMISH ESPLIN: Yes, definitely.

The Hon. EMMA HURST: We've had other evidence raised about serious concerns about the conduct of Racing NSW and also around the spending on animal welfare and their rehoming programs. Do you have any views on that as well—that aspect that we don't know where the money that's earmarked for animal welfare is actually going in regard to animal welfare?

HAMISH ESPLIN: Very much so. Again, that's another issue that has been discussed many times. As I say in the submission, the burden falls on the participants, not on the regulator. We're the ones that have to defend the accusations as to "You don't look after your horses. You breed dead foals. You're all in it for the money." Nothing could be further from the truth. Private organisations have been done, including by a board member on TBNSW. Vicky Leonard started a campaign off her own bat to try to change public perceptions around things like that. That exists because of the opacity of the information that is returned to us. We're very supportive of ideas like Equimillion. We're a sponsor of it, as an organisation. We sponsor people to put their horses forward to do it. We love doing it. We sponsor other thoroughbred rehoming and equestrian events. We think it's a great way for ex-racehorses to enjoy a longer life. We're broadly supportive of a lot of the policies that Racing NSW has about welfare, but we get no feedback from it—where it's spent, how it's spent, how effective it is, can we help. But we're also subject to regulation as to whether we are looking after the thoroughbreds, more than any other participant, I'd say.

The Hon. EMMA HURST: What's your relationship like with Peter V'landys? Is there a close relationship there, with communication?

HAMISH ESPLIN: No, I've never really had a close relationship with him, but that's not making anything of that. I can't think of many times I've spoken to Peter directly in the last couple of years. We communicate on issues. I've communicated with him once about black type. We exchanged emails a month or so ago about an issue arising about the late registration of foals. I felt Peter didn't handle it particularly well, in my opinion.

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The Hon. EMMA HURST: In what way?

HAMISH ESPLIN: It was an issue about why there seemed to be an increase in the number of mare owners not, within 30 days of foaling, registering their foals. Fine. It is a perfectly sensible issue. It affects everyone. You can't trade them; you can't race them. It's a drain on the industry. We need to look into it, but it was really couched in terms of me, personally, being antagonistic and someone who doesn't like Racing NSW. So I took umbrage at that.

The Hon. EMMA HURST: So that was V'landys' attitude?

HAMISH ESPLIN: Yes. It was just a private email exchange, yes.

The Hon. BOB NANVA: Thank you, Mr Esplin, for your evidence. Apologies in advance; I'm not an expert at thoroughbred racing or breeding, by any means.

The Hon. WES FANG: Really?

The Hon. BOB NANVA: That will come as a shock to Mr Fang. I'm drawn to a section of your submission that references the paralysis at Racing Australia by virtue of the disputes between Racing NSW and Racing Victoria, which I won't get into. But, for the purpose of this inquiry, with respect to changes to the black type system and other breeding-related issues—including the welfare of thoroughbreds—that you've referenced in your submission, might an unprecedented injection of funds from a proposal of this scale potentially deliver changes in a way that's in the best interests of breeders?

HAMISH ESPLIN: You mean like a \$50 million Everest, as I put in the submission, which sits outside the black type pattern at the moment? My honest answer to that is no, because history has shown in the last five years, since the fragmentation of Racing Australia and the fight between Racing Victoria and Racing NSW, that the money that has gone into prize money for racing in this State has been done in a way that's outside the system. So it's hard for me to say to you that if you multiply that money by an even bigger factor—\$5 billion—that somehow it's now going to come back inside the system and we're going to get more grassroots spending or more spending on black type races, where we think they'll get value. Or are we going to see more spending on races like the Big Dance and the Little Dance and those kinds of schemes or more money spent on welfare things that we don't get any feedback on? No, I can't agree with that statement.

The Hon. BOB NANVA: I suppose what I'm wondering is if you were given comfort that any proceeds from the sale of Rosehill were quarantined for the use of the industry, for the use of the ATC and its members—I'm not proposing how that would be done, but if you were given comfort that those funds were quarantined for the benefit of your members and the ATC's members, would your view on the proposal change if you had some guarantee that Racing NSW wouldn't absorb the proceeds?

HAMISH ESPLIN: No, I don't think it would change, because our view is not so much whether you're swapping a major racecourse—although I can see problems with that—and then creating a new racecourse somewhere else and spending some money and getting all these proceeds. Our problem is who's in charge of it, with all that decision-making, the sale of the racecourse itself and the investment of the proceeds—whether, as you say, it's quarantined or not. Necessarily, you're turning a company which is, effectively, massively in debt into a hugely liquid company. You have the ATC board, but they've got members that can vote for it. But then we're also told, "No, it wouldn't be yours to spend." It would somehow have to relate to Racing NSW. We'd get a decision as to how it would be spent, because they're the organisation that runs racing. Whatever the proposal is—whether specifically we'll dedicate X amount of dollars from any proceeds of the sale from races to black type racing or to grassroots racing or to welfare, or whatever—I don't see how that changes any of the problems identified in our submission. It's a failure of structure and it's a failure of proper corporate governance.

The Hon. MARK LATHAM: Thank you Mr Esplin, for appearing today. At page 3 of your submission you state that you wrote to the racing Minister, Mr Harris, on 26 September, basically saying the statutory requirements for the chairperson or chief executive of Racing NSW to attend the meetings of the Racing Industry Consultative Group were being ignored. Have you received a response in that regard?

HAMISH ESPLIN: That letter was the letter that was about the extension of the terms. We did receive a response.

The Hon. MARK LATHAM: On this question?

HAMISH ESPLIN: No, not on this question.

The Hon. MARK LATHAM: When was the last time the chairperson—whether Mr Balding or now Ms Cooke—or the chief executive attended this RICG meeting?

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HAMISH ESPLIN: There was a meeting—I couldn't attend, but it was quite close to Christmas last year—and Mr V'landys attended that. I saw the minutes. But in my five years I've never seen a chairperson attend a RICG meeting.

The Hon. MARK LATHAM: In five years?

HAMISH ESPLIN: Yes.

The Hon. MARK LATHAM: It's a statutory requirement, isn't it—

HAMISH ESPLIN: It's one or the other: chief executive or—

The Hon. MARK LATHAM: —under section 39 of the Act?

HAMISH ESPLIN: Correct.

The Hon. MARK LATHAM: Has David Harris responded to this statutory failing?

HAMISH ESPLIN: No. It has come up a few times within RICG itself, and nothing seems to have changed.

The Hon. MARK LATHAM: What about this other requirement for a strategic plan every three years, and the last one was five years ago?

HAMISH ESPLIN: Yes. Well, I'm only going off what material we can get and that's material on its own website, and that's what it says. The last one was in—

The Hon. MARK LATHAM: Have you alerted the Minister to the failing? He was threatening to sack the greyhound board for a few things. If you're not complying with the law, it's very serious, isn't it?

HAMISH ESPLIN: I'm a lawyer, so yes.

The Hon. MARK LATHAM: Have you not had feedback from Mr Harris about any of these noncompliance problems?

HAMISH ESPLIN: No.

The Hon. MARK LATHAM: The feedback I get from breeders, they say—and I assume it's correct—that owners and breeders put a lot more money into racing than Racing NSW, even with its rivers of gold from gaming revenue, but they have next to no say in what's going on. Is that basically the problem? You sound like you've got a frosty relationship with Mr V'landys. Was that also true of Stuart Lamont from Koorinal, who preceded you?

HAMISH ESPLIN: Yes, it was exactly the same.

The Hon. MARK LATHAM: So the issue is that the breeders feel like, "We're a big part of the industry and we've got no chance to really have a say"?

HAMISH ESPLIN: Exactly.

The Hon. MARK LATHAM: What they say is that, "Peter V'landys, through the power he has accumulated through *The Daily Telegraph* and rugby league and whatever PR machine he has got operating, has sort of become a dictator." Racing should be fun, shouldn't it? One of the great experiences is if your horse wins a race. But so many people seem like they live in fear of retribution from Mr V'landys. He has become such a big figure. When it comes to BOBS and some other issues that have come up, he is quite vindictive if he doesn't get his own way.

HAMISH ESPLIN: I've heard things to that effect, but I can't say I've been personally exposed to it, save for that email exchange a month or so ago. The problem that I would say that most breeders have is there's just a lack of recourse to get anything put forward to change. It never happens through the formal channels. If anything needs to be done, it's usually done through backroom dealings of people who are influential that you have to get on board to say to whomever, Racing NSW or someone else, "This is what we think should happen." It's just not a very formal process. There are no structures in place which are practical enough to allow breeders to say, "We want to have a say on a particular issue."

The Hon. MARK LATHAM: I go to the races and have the happiest day of the week, but it saddens me there are people there down in the dumps that they can't speak their mind or they feel like they're—

HAMISH ESPLIN: There is no doubt that that feeling is pretty strong in the industry. It's very strong.

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The Hon. MARK LATHAM: Yes, it's so striking. It has come up over Balding and now Rosehill, and it's very depressing to hear these accounts.

HAMISH ESPLIN: I do litigation for a living as a lawyer. It doesn't really solve anything, in my opinion. It's just expensive and time-consuming. I understand the game has grown a lot in the last 10 years in terms of prize money and investments and everything, and no-one but breeders—the breeders are the most appreciative of all those things due to changes of race fields legislation, point of consumption tax, all these kinds of things. But what really disappoints people is that you have people who are said to be representing you but really don't understand anything that you do or anything that you might want. Furthermore, all you see is, "We've picked a fight on your behalf, and you're just going to lump it", without any understanding as to whether it's a fight worth fighting or whether it's actually going to yield anything more beneficial for the industry.

The Hon. MARK LATHAM: My last point is that one of the techniques of dictators is to dumb down the people around them so they look like the smartest in the room, even if they're not all that bright themselves. Gai Waterhouse earlier on made the point that—and I think it's true—we don't see the people on Racing NSW board at the races, and they don't seem to know much about the industry. I'm fairly objective here, I think; I'm not holding any brief for any of these people. But I've had conversations with your Antony Thompsons. I know of Olly Tait, Peter Orton, Vin Cox. Why haven't we got knowledgeable, passionate people like them on the board of Racing NSW instead of non-attendees or a chair who apparently has said, "You breed your stallions and then come back and race," which shows that she might know something about corporate compliance but nothing about the racetrack.

HAMISH ESPLIN: You'd know more than I would. I don't understand that point either.

The Hon. MARK LATHAM: Why haven't we got those talented, passionate people involved at the highest level?

HAMISH ESPLIN: I think there's probably a stigma involved in breeders being representative on bodies like Racing NSW.

The Hon. MARK LATHAM: Why?

HAMISH ESPLIN: Why? I don't know.

The Hon. MARK LATHAM: What's the stigma? These are the smartest, passionate people.

HAMISH ESPLIN: I would agree.

The Hon. MARK LATHAM: They love racing. They want it to be successful and to expand. Why wouldn't you get the best and brightest?

HAMISH ESPLIN: I agree—and a diversity of thought and a diversity of backgrounds. We, as an exercise, go around the board at TBNSW to see if anyone has even got a relationship with anyone on Racing NSW, of any level, just so we can have a conversation, and it is pretty much nil. No-one does. Our big events are horse sales. There are many of them. They're well organised. They're very exciting for some people. They like travelling to the Gold Coast.

The Hon. MARK LATHAM: They're a great day. You can buy a \$10 million yearling these days.

HAMISH ESPLIN: And there is no way to have a casual conversation. No, they're not people that, really, we identify with, that represent our breeders' interests—no.

The Hon. MARK LATHAM: That's a terrible shame.

HAMISH ESPLIN: Yes, I agree.

The CHAIR: There being no further questions, thank you very much, Mr Esplin. I don't think you took anything on notice, but I was wrong previously when I made that indication. I think it might be right in this case. You're dismissed for today, and thank you very much for your evidence before us.

HAMISH ESPLIN: Thanks very much for the invitation.

(The witness withdrew.)

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Mr ELIO CELOTTO, Campaign Director, Coalition for the Protection of Racehorses, affirmed and examined

The CHAIR: Thank you, Mr Celotto, for your appearance here today. Would you like to make a short opening statement before the Committee?

ELIO CELOTTO: Yes, I would. Our submission outlines our concerns and conditions we would like to see imposed on the sale of Rosehill racecourse to remedy the grave situation most racehorses are in, especially after racing, when they no longer serve a purpose and are extremely difficult to rehome. The thoroughbred exists because of the racing industry and therefore it should be the racing industry that finds long-term solutions for every thoroughbred it breeds, whether the horse won \$10 million or never raced. However, our concerns extend way beyond the welfare of racehorses. The integrity of the racing industry is a scandal on its own. The racing industry in Australia is rife with corruption and immoral, with scandal after scandal making the news headlines on a regular basis. Its contribution to our society is far outweighed by the harm it does to, firstly, the horses it breeds, but also to its workers, many of which are underpaid, psychologically, physically and even sexually abused. This needs to stop.

I would like to highlight how the industry's priority is first and foremost to turn a healthy profit; it is not animal welfare at all. It does, however, need its social licence because, without it, its long-term viability is doomed. It does what it needs to do to give the appearance of addressing animal welfare concerns at minimal cost and also hide or mitigate any negative news. I will give you some examples. Racing NSW refuses to communicate about any matter regarding horse welfare, and especially about any data concerning retiring racehorses that they claim are prohibited from being sent to slaughter. As a statutory body, it must be able to respond to questions raised by the general public, yet it arrogantly ignores them. It even ignores welfare concerns raised by its own members, who contact us in frustration. That has been articulated by previous speakers.

Online footage is routinely redacted when incidents occur on track, or deleted altogether. Horseracing is the only sport that expects their competitors to sometimes die. Our annual death watch report shows that approximately 160 horses are killed on track every year. However, it gets increasingly difficult to record on-track deaths because more horses are taken off the racetrack to be euthanised to remove the need for the death being reported in stewards' reports. Animal protectionists who can be identified are also routinely removed from racetracks for simply taking photos or video footage. I was banned myself from entering New South Wales racetracks, without ever having entered one.

In 2008-2009, when the equine influenza hit, Peter V'landys, CEO of Racing NSW, applied to the Federal Government for emergency relief funding. He put forward a funding proposal that cost taxpayers \$220 million. However, an independent audit on the distribution of the funding found many inconsistencies, and most of the \$220 million is still unaccounted for. Taking into account the maximum number of horses eligible in New South Wales and Queensland, where EI had first spread, the scheme should not have cost more than \$110 million. There is so much evidence of corruption, and there should be an inquiry into this matter alone. The racing industry and Racing NSW, in particular, have shown they cannot be trusted.

The padded whip was introduced in 2009 in response to public concerns that the whip was hurting horses. Instead of considering banning the whip, they placed seven millimetres of foam around the shaft of the whip and called it a padded whip. I have a padded whip here. I challenge anyone to use this whip on themselves or someone else and tell me that it doesn't hurt. I'd like to pass it around, if it's at all possible. I'd like to highlight the hard seams on the sides of the padded whip that stitch both sides together. If the edge of the whip makes contact with a horse, either intentionally or not—and there is evidence of it being used intentionally—it can hurt the horse even more so than the previous version of the whip.

The industry claims that the whip does not hurt and it's just a perception issue. I challenge them on that point. In 2014 Professor Paul McGreevy requested permission from Racing Australia to conduct a study using thermographic technology to establish if the whip strikes actually hurt. The then CEO, Peter McGauran, refused and called Professor Paul McGreevy an enemy of racing. A study in 2020, co-authored by McGreevy and Dr Lydia Tong, on horse skin determined that horse skin is at least as sensitive as human skin. Again there were more calls for a ban but, as is typical, the racing industry showed nothing but contempt for the study. Their latest solution is to call it a "persuader" and do away with the term "whip". Let's be clear: It is a whip. If animal welfare was their primary concern, the whip would have been banned a long time ago. This is just another example of the industry wanting to give the appearance of addressing animal welfare while at the same time trying to keep the status quo.

Finally, the industry operates under a veil of secrecy. Workers are often forced to sign confidentiality agreements as part of their employment, and anyone who is publicly speaking out is ostracised or, worse still, can be physically threatened. CPR—that's the Coalition for the Protection of Racehorses—is contacted on a regular basis from industry workers who reveal information about animal welfare but will only do so if anonymity can be

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guaranteed. The industry punishes anyone who speaks out. For these reasons, the racing industry simply cannot be trusted, and it is imperative that any conditions placed on the sale of Rosehill racecourse concerning the welfare of racehorses are overseen by an independent body and its findings are made transparent and publicly available. This would also help restore its somewhat vanquished social licence, if that is at all possible. With a \$5 billion windfall, there is no reason why the horse, the most important player in this industry, is not finally given the respect and protection it deserves.

The CHAIR: Thank you very much, Mr Celotto. We will now open for questions from the Committee. I think Ms Hurst is itching to get underway.

The Hon. EMMA HURST: Thank you for coming here today. You talked a little bit in your opening statement about the amount of money that was applied for federally, and I think you said that they probably only needed \$110 million. Can you provide to the Committee, on notice, any kind of information around the breakdown of those costs to show where that came up to \$110 million versus \$220 million, just to give us a bit more context around that? I don't think it was detailed in your submission. Are you able to give something like that to us on notice?

ELIO CELOTTO: Yes, absolutely.

The Hon. EMMA HURST: We've had a number of submissions raising concerns around the actions of Racing NSW—a lack of transparency and accountability within the organisation. It's been described as a dictatorship. What's your view of Racing NSW?

ELIO CELOTTO: We've been communicating with the racing industry Australia-wide since 2008. I can say that Racing NSW has been the most difficult organisation to deal with. They are not forthcoming with any kind of information regarding the welfare of racehorses, regarding the numbers of racehorses that they've rehomed and, in particular, around their local rule about preventing horses being sent to slaughter. There are no details about that whatsoever. There are approximately 3,000 racehorses that retire from racing in New South Wales every year. That's a lot of horses and if they're going to make a claim that no New South Wales horses are being sent to slaughter they need to be able to justify how they're doing that.

The Hon. EMMA HURST: You mean that there should be transparency around the rehoming process?

ELIO CELOTTO: Absolutely.

The Hon. EMMA HURST: You mentioned that Racing NSW has been the most difficult. Can you explain to us the difference between communicating and working with—obviously, you're advocating for animal welfare changes in New South Wales—Racing NSW compared to those other States?

ELIO CELOTTO: It's a problem Australia-wide, really. It's a problem in horseracing worldwide. It's basically, as I said in the submission, immoral to be treating these horses in a way that is contrary to how they should be living. They're referred to as a product, as a means to making money. They're not that. This whip, for example—I mean, this looks like nothing on a TV screen but it's an implement used to create pain to make the horse run out of fear. It's not just Racing NSW. They are certainly the most difficult, but we have problems with every racing authority in the country who continually try to hide the reality behind horseracing.

The Hon. MARK LATHAM: Do you want to pass that around?

ELIO CELOTTO: Absolutely.

The Hon. EMMA HURST: We've heard some pretty shocking evidence just today in regard to the CEO, Peter V'landys. I've heard as well through the grapevine that Mr V'landys specifically has been opposed to banning the use of the whip. Is that something that you've heard and, if you have heard that, can you expand on that more for us?

ELIO CELOTTO: Racing Victoria was supportive of a ban of the whip. As we know, it needs the support of Racing NSW to get it through. As far as I'm concerned, it's a no-brainer that the whip should be banned because it would certainly improve the image of racing and be a better thing for the horses, of course. It's our understanding that Peter V'landys absolutely does not want to ban the whip and that the problem is not the whip itself; it's the perception that it hurts. I'll challenge him on that one. I'd love to try it on him and see if he can then say it hurts or not.

The Hon. EMMA HURST: Have you heard that he specifically tried to stop Racing Victoria from banning the whip?

ELIO CELOTTO: I think there's been media articles about him publicly stating that he opposes the whip. We haven't had any communication—

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The Hon. EMMA HURST: Opposes the ban on the whip, you mean?

ELIO CELOTTO: Opposing the ban of the whip, yes. Sorry. We haven't had any communication with him on that matter directly.

The Hon. EMMA HURST: Have you struggled with Racing NSW for other animal welfare reforms as well and, if you have, can you tell us what else has been blocked by Racing NSW?

ELIO CELOTTO: We're lucky if we get a response from Racing NSW. We often have to resend the same email several times before we get a response. Even then sometimes we don't. I think the view is to say nothing at all or as little as possible. When we're talking about a sentient being that they're using, the horse is the centrepiece of horseracing. They should be out there providing the information that's required to give us all peace of mind that these horses are well looked after, but we all know that that's simply not the case.

The Hon. EMMA HURST: Do you know how much Racing NSW is investing in animal welfare at the moment?

ELIO CELOTTO: We understand they've got a levy on prize money which amounts to about \$5 million. Again, we've asked them for details about how that money is spent. As we've found out today, they're not forthcoming with any information at all when it comes to animal welfare.

The Hon. EMMA HURST: So there's no transparency or accountability.

ELIO CELOTTO: Absolutely no transparency.

The Hon. EMMA HURST: The sale of Rosehill has been estimated to be about \$5 billion for the industry. It's interesting that I'm on another inquiry where there have been concerns around an injection of \$21 million to the RSPCA and there have been concerns around transparency and accountability if they're getting \$21 million. Now we're talking about an industry that could get \$5 billion worth of taxpayers' money as one massive injection, again with no transparency and oversight. Why would we not then ensure that there's an enormous amount of transparency and oversight in this industry, particularly if they're going to be getting any taxpayers' money?

ELIO CELOTTO: It's absolutely crucial that there is 100 per cent transparency if Rosehill racecourse is sold, because we need to know how this money is being spent. We need to know how many horses it's actually helping. The objective should always be that every single racehorse that's born into this industry is given the appropriate care, not just during racing but after racing. The only way that we can do that is through an independent body that oversees how this money is being spent and what work is actually being done for the horses to make sure that they're given the appropriate care.

The Hon. EMMA HURST: In regard to rehoming, you mentioned that there are 3,000 horses a year and that the racing industry says that they're all rehomed. Is the problem that we just don't know—that there is no actual traceability or transparency? We can't confirm whether they've gone to knackeries. Have there been investigations to show that they potentially are? What's happening here?

ELIO CELOTTO: Since the 7.30 exposé in 2019 it's been extremely difficult to find out where these horses are going—in particular, New South Wales racehorses. We get tip-offs now and then from people from within the industry and others. Whatever they're doing, they're doing a very good job of hiding where these horses are going. We can only assume the worst, because a racehorse, or any horse, costs thousands of dollars to look after a year as a minimum. When you take into consideration there are 3,000 horses that can live potentially another 25 years, it's a huge undertaking to make sure all these horses are well looked after.

The Hon. EMMA HURST: Just for context for the Committee, what was the 7.30 report exposing?

ELIO CELOTTO: The 7.30 report was about the mass numbers of racehorses being slaughtered at a Queensland slaughterhouse. The estimate was around 3,000 horses were being killed from that one slaughterhouse alone and there were also several knackeries that were highlighted in that story showing other horses that were being killed, other racehorses being killed.

The Hon. EMMA HURST: Were any of those horses coming from New South Wales?

ELIO CELOTTO: Yes, they were.

The Hon. EMMA HURST: In your submission, you argue that if the New South Wales Government is going to be giving the industry money for Rosehill, a portion should be dedicated towards animal welfare. Can you go into that a little bit more? Your submission outlines where you believe that money should be best invested, but what are the top priorities? Why should the money be spent, say, for things like a horse traceability register?

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ELIO CELOTTO: First of all, a traceability register would mean that we can trace the horse and account for it at any moment in time. That would mean that anyone who takes on a racehorse would become responsible for that horse. They're more likely to do the right thing if they are the registered owner, so that's extremely important. But also, when horses leave racing, they leave racing for a reason. Most often it's because they're injured and they can't race any further. That's why we see horses that have been pushed way too far, way too often and way too young. They only have careers that are typically between two and three years. So they ended up retiring well before even reaching full maturity. That, in itself, should tell you how bad the racing industry is for horses—that they're forced to retire even before reaching maturity. These horses need the proper care and need to be rehabilitated, both physically and psychologically. They're damaged goods. It takes a lot of money to look after them. That's why we need a significant fund to make sure that these horses are given the proper care after racing.

Back in 2013, we put forward a rehoming proposal to the racing industry. Every racing authority in the country received it as well as Racing Australia. We requested a 1 per cent levy on betting turnover that, at the time, would have raised over \$200 million, as well as a 1 per cent levy on prize money, which actually was adopted and is now being increased to, I think, 1.5 per cent here and 2 per cent in Victoria. That's great, but how is that money being used? The reality is that that's not enough. We need \$200 million or \$300 million a year if we're going to be serious about looking after these horses—and more.

The Hon. EMMA HURST: We've heard recently, around the greyhound racing industry, that they now do have somewhat of a traceability mechanism and a little bit of oversight. They're not allowed to simply kill greyhounds. But then there was a report recently that came out that greyhounds were simply languishing in kennels and having to be shipped overseas and all these sorts of things. Do you think that we're going to see the same problems in the horseracing industry? Are there going to be 3,000 homes every single year?

ELIO CELOTTO: That is the fundamental problem, because the homes aren't out there. Another way of addressing this problem is by not creating it in the first place. We should be reducing the numbers of horses being bred in the first place. We're breeding way too many horses. We have seen a reduction from 18,500-odd down to about 13,000. We need to reduce that further. We need to reduce the number of races. That's a starting point. Ultimately, we believe any form of horseracing is not in the interests of the racehorse, but there's a lot that can be done in the meantime to reduce the wastage problem.

The Hon. EMMA HURST: If the sale of Rosehill were to go ahead, are you proposing a certain percentage of that would go towards animal welfare? What do you think would be adequate?

ELIO CELOTTO: I think there needs to be an analysis done on what it's going to require to look after every racehorse that's bred in New South Wales, as we did back in 2013, and establish what is going to be a reasonable amount of money. Of course, it's going to have to be a cash injection to run and build facilities where these horses can be rehomed. The most important thing is to conduct an independent study on what amount of money is going to be needed to look after all these horses that are bred every year.

The Hon. EMMA HURST: Lastly, I want to open it up to you to talk further about that proposal in regard to animal welfare. I think that was something that you made a point of in your opening statement as well, that it's so important that some of this money is earmarked. Can you talk us through that and what animal welfare initiatives that should go towards, specifically? I know we've talked a little bit about rehoming, but what would your organisation like to see as the top animal welfare priorities for the money?

ELIO CELOTTO: First of all, we need traceability of every racehorse that is bred in racing and gets raced or even bred from. We know that there are 3,000 mares in Australia that retire from racing and they're not accounted for; foals that aren't good enough. I heard someone earlier speaking about foals not being registered within 30 days. I think Peter V'landys made a good point there, because what has been told to us is that many of these foals aren't being registered until they think they can determine whether the horse is viable or not. By not registering the horse, it means it doesn't have to appear as a statistic. So I think that is also happening. First of all need to have traceability and then we need to work out a plan on how these horses can be rehomed. But also we need to work out how we can reduce the numbers of horses being born into the industry every year. That is the fundamental problem, that we're overbreeding these horses and that number needs to be reduced.

The Hon. MARK LATHAM: Mr Celotto, where did you get the whip from?

ELIO CELOTTO: I purchased it several years ago when the whip was brought out. I wanted to see what it looked like and what it felt like.

The Hon. MARK LATHAM: How do you know that's a racecourse whip?

ELIO CELOTTO: Because I bought it from a place in Caulfield—Hyland. I think they've got a store in Caulfield. I bought it from there. It's a registered whip.

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The Hon. MARK LATHAM: The whips they use in New South Wales are nowhere near as old as that. You said several years ago. When did you buy the whip? Because the material is very hardened now with age.

ELIO CELOTTO: Several years ago.

The Hon. MARK LATHAM: Ten, 20 years ago you bought it?

ELIO CELOTTO: It was after the rule was brought into place.

The Hon. MARK LATHAM: The whips now are a lot different to the one you've presented here, which I find quite misleading; so, too, some of the data you've given us. You say at the top of—I don't know what page it is; you haven't numbered it, but it's the section above "Animal Welfare in Racing". You're using data here from New Zealand 30 years ago to say that six out of 10 foals never make it to the racetrack. The recent figures show that it's one in three that don't make it to the racetrack, for various reasons. So you've got to acknowledge that figure is just plain wrong, to present data from 30 years ago from New Zealand. Apparently they counted in mares that missed and slipped in that study. You see that "Bourke 1995" study. Haven't you got something more—it's as old as your whip.

ELIO CELOTTO: There haven't been a lot of recent studies done on it. They're the ones that we're referring to.

The Hon. MARK LATHAM: It's available from stud book. Thirty-five per cent of foals Australia-wide don't get to racing, but two-thirds do. So that figure is totally wrong. Can I take it from your remarks—you said you were banned and you've never been to a racetrack. Is that still true? In your entire life you've never been to a racetrack.

ELIO CELOTTO: No, I've never been to a Sydney racetrack.

The Hon. MARK LATHAM: To a Sydney racetrack.

ELIO CELOTTO: I was demonstrating at Rosehill racecourse and I was handed over a legal letter, saying that I was not permitted to enter a racetrack in New South Wales, and that if I did, I'd be trespassing.

The Hon. MARK LATHAM: Have you ever been to a training establishment?

ELIO CELOTTO: I have.

The Hon. MARK LATHAM: How many times?

ELIO CELOTTO: A few times.

The Hon. MARK LATHAM: As a protester or to find out what—

ELIO CELOTTO: No, I was actually invited to have a look.

The Hon. MARK LATHAM: Have you ever been to a stud farm?

ELIO CELOTTO: I have been.

The Hon. MARK LATHAM: When you see a horse like Snitzel, one of our leading stallions, living in an air-conditioned barn in better conditions than humans, doesn't it demonstrate that a lot of these horses are living a life much better than the homeless out on the streets?

ELIO CELOTTO: I don't think horses want to be kept in air-conditioned comfort. They want to be out in the paddock with other horses.

The Hon. MARK LATHAM: Well, he gets that too.

ELIO CELOTTO: That's how they want to live.

The Hon. MARK LATHAM: He gets to breed 300 mares a year. That's pretty good. He thinks so.

ELIO CELOTTO: Thoroughbred stallions are kept in barns and forcibly bred onto a mare who is actually not always wanting to receive the horse. As you would probably know, since you seem to be very knowledgeable about horseracing, that they use twitches on the mare, on her lip, to keep her still. So, in effect, these mares are effectively being raped.

The Hon. MARK LATHAM: Oh, that's just ridiculous. You describe it as a factory farming model. Anyone who used the factory model of breeding horses would go broke. These are selective, targeted matings that, in one case, has generated a \$10 million yearling. If you pay \$10 million for an animal, how do you think that animal is treated?

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ELIO CELOTTO: I think you're not understanding what it is to be a horse.

The Hon. MARK LATHAM: Well, you're not a horse—Mister Ed.

ELIO CELOTTO: Horses don't want to be out there on racetracks. They would much prefer to be out in their natural environment, and this is something that they're not able to do when they're a racehorse. Most of them are kept in individual stalls for up to 22 hours a day, often sedated because they develop stereotypical behaviours. So this is something that is completely unnatural to them. To say that they're in air-conditioned comfort and they're given all the comforts that they need—they don't want that. It's not what horses want.

The Hon. MARK LATHAM: You haven't been to a stud farm, though, have you? You've never been to a stud farm.

ELIO CELOTTO: That's not what they want.

The Hon. MARK LATHAM: You've been to a couple of training establishments, never a racecourse in New South Wales, no stud farms and a couple of training things, and you bring a 20-year-old whip.

ELIO CELOTTO: As I said, I have been to stud farms.

The Hon. MARK LATHAM: Which ones?

ELIO CELOTTO: I've been to Arrowfield. I've been to a couple in Victoria. They're smaller ones; I can't remember their names. It's irrelevant. You're saying—

The Hon. MARK LATHAM: It is very irrelevant. If you saw the standards at Arrowfield, you'd be proud of the condition those horses are kept in and you would be down in the Snowy Mountains getting in front of the helicopters that are shooting brumbies.

The Hon. WES FANG: That's where you should be.

The Hon. MARK LATHAM: Arrowfield is a shining example of animal care and love compared to this barbarism from the current Government of shooting horses from helicopters down in the Snowy Mountains. There's no comparison.

The Hon. WES FANG: Shame!

The Hon. MARK LATHAM: Can I just say, having bred and owned horses, they all get microchipped. They're all traced. And we all live in fear, having signed obligations that if they're not transferred on or sold to a proper humane establishment—

The Hon. EMMA HURST: Is this a question?

The Hon. MARK LATHAM: —then we're in deep, deep criminal trouble. So the rules are very, very strict.

ELIO CELOTTO: Well, they're not strict at all because you could easily—

The Hon. MARK LATHAM: How many horses have you owned?

ELIO CELOTTO: That's not relevant.

The Hon. MARK LATHAM: Yes, it is.

ELIO CELOTTO: No, it's not.

The Hon. MARK LATHAM: You would have direct experience as a racehorse owner if you had ever owned any.

The CHAIR: Mr Latham, let Mr Celotto finish.

The Hon. MARK LATHAM: They're all microchipped and they're all tracked.

The CHAIR: Mr Latham, let Mr Celotto finish responding to your question.

ELIO CELOTTO: When you own a horse, and you're supposed to rehome that horse, the rules are that you are to try to pass that horse on to somebody else. There is no proper bookkeeping of who that person is.

The Hon. MARK LATHAM: Yes, there is. You sign a form.

ELIO CELOTTO: Once the horse is sold on, the racing industry itself says that you are no longer responsible for that horse. As far as the racing industry is concerned, you've on-sold that horse. That horse could easily be sold on to a kill buyer that will kill it for dog food or kill it for human consumption.

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The Hon. WES FANG: Have another inquiry.

The Hon. MARK LATHAM: You're making this up. You're making it up.

ELIO CELOTTO: That rule is in place—I'm not making it up.

The Hon. MARK LATHAM: You are making it up. It's just not true.

The CHAIR: Mr Latham, let Mr Celotto finish. Order! Mr Latham.

The Hon. MARK LATHAM: It's like your 30-year-old data and your 20-year-old whip.

The Hon. EMMA HURST: Point of order—

The CHAIR: Mr Latham, order! Please let Mr Celotto finish.

The Hon. MARK LATHAM: It's just not true. We all sign a form saying we're obliged to look after the horse in rehoming.

The Hon. EMMA HURST: Point of order—

The CHAIR: Mr Latham, there is a point of order. Mr Latham, please stop.

ELIO CELOTTO: That rule was in place in—

The CHAIR: Mr Celotto, we're hearing the point of order from Ms Hurst.

The Hon. EMMA HURST: Mr Latham is now badgering the witness. He is firing questions at the witness, not allowing the witness time to be able to answer those questions. He is also badgering the witness and he is making long statements that aren't even questions. I ask you to call him to order.

The Hon. MARK LATHAM: You had 20 minutes.

The Hon. WES FANG: Firing them like bullets from a helicopter.

The CHAIR: Mr Latham, I would ask you to ask the witness a question—

The Hon. MARK LATHAM: Well, Mr Celotto, if you—

The CHAIR: Wait! And to allow the witness to answer that question as well.

The Hon. MARK LATHAM: If you have not owned a racehorse, why would you disagree with someone who has owned several and bred several that they're all microchipped, they're all tracked and we all sign obligations to make sure that they're rehomed in a humane, sensible, safe way? Now, why would you doubt that that is what happens?

ELIO CELOTTO: I'll tell you exactly why.

The Hon. MARK LATHAM: From no experience?

ELIO CELOTTO: I have had the experience of going to several knackeries and to the slaughterhouse in Queensland—

The Hon. MARK LATHAM: In Queensland.

ELIO CELOTTO: —where there were New South Wales racehorses found there in fairly large numbers. So, whilst you say that you've on-sold your horse to someone, these horses are still—

The Hon. MARK LATHAM: No, I haven't said that. I haven't said that.

ELIO CELOTTO: These horses are still ending up in knackeries—

The Hon. MARK LATHAM: I rehome them.

ELIO CELOTTO: —and slaughterhouses around Australia. That was in the 7.30 story. You just need to watch it.

The Hon. MARK LATHAM: In Queensland five years ago—and I hope those people that you think came from New South Wales were prosecuted.

ELIO CELOTTO: That law was in place that horses were not to be sent to slaughter back in 2019, before this story went out, and yet those horses were still found there. In fact, there was one stud where I think there were 13 horses from the same stud—from foals to yearlings to two-year-olds and mares that all came from the same stud—that were dumped there to be killed and they came from a New South Wales stud.

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The Hon. MARK LATHAM: What's the name of that stud?

ELIO CELOTTO: I think it was Hardwicke.

The Hon. MARK LATHAM: Where?

ELIO CELOTTO: Hardwicke.

The Hon. MARK LATHAM: Hardwicke? No-one's heard of it.

ELIO CELOTTO: That is an example of how these rules that are put in place by not just Racing NSW but by Racing Australia and every racing State—that they put these laws in place, but they are not policed. Even when you go to the welfare department in that State, they fail to act on it. That has been our experience for the last—since 2008. They fail to take animal welfare seriously and prefer to hide it from the general public instead of actually acting on it because they understand that the wastage problem is way bigger than they can manage unless they're prepared to spend hundreds of millions of dollars. That's what they're going to need to do if they want to maintain their social licence. If they don't, these kinds of exposés are going to continue to come out, and the racing industry will end up shooting itself in the foot.

The Hon. MARK LATHAM: Right. What's a social licence and who hands them out?

ELIO CELOTTO: I'm not going to answer that question.

The Hon. MARK LATHAM: Well, you must. You've referred to it in several times. You must be able to explain your own rhetoric.

ELIO CELOTTO: I think you know what the social licence is.

The Hon. MARK LATHAM: I don't know what a social licence is. I've never seen one. I've never been given one. I've never handed one out.

ELIO CELOTTO: Google it.

The Hon. MARK LATHAM: It's your determination of what's right and wrong in society. Is that what you're saying? It's not in any legislation. There's no social licence legislated.

ELIO CELOTTO: I think most people in Australia would find it abhorrent what's happening to racehorses, before, during and after racing. That's why they find themselves in a situation where they're always having to try and cover up all the bad news that's happening in horse racing, including horses being sent to slaughter. Because the racing industry chooses profits above everything else, and the welfare of racehorses is the least on their agenda. What is important to them is giving the appearance of doing the right thing, and they're failing.

The Hon. MARK LATHAM: But your evidence relies on one TV program five years ago, mainly about Queensland.

ELIO CELOTTO: No, it doesn't.

The Hon. MARK LATHAM: Yes, it does. That's all you've said today.

ELIO CELOTTO: I've seen racehorses in paddocks awaiting slaughter weeks ago.

The Hon. MARK LATHAM: Whereabouts?

ELIO CELOTTO: In Victoria.

The Hon. MARK LATHAM: Okay, well, we're in New South Wales for the parliamentary committee in our State, and you're in Victoria.

ELIO CELOTTO: Sure, and if I was in New South Wales I'm sure I could find the same here in New South Wales.

The Hon. MARK LATHAM: Finally, what are you doing about the brumbies being shot from helicopters in the Snowy Mountains? If you love horses, what are you doing about that?

ELIO CELOTTO: I'm not commenting on that issue.

The Hon. MARK LATHAM: It's not relevant? It doesn't worry you?

ELIO CELOTTO: I'm not commenting on that issue.

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The Hon. WES FANG: You should. It's pretty bad: the Labor Government slaughtering horses in the Snowy Mountains, cruelly.

The Hon. EMMA HURST: Can I talk a bit about the traceability register compared to what Mr Latham was talking about in regard to just signing a form and saying that someone would rehome an animal? Can you explain why? Obviously, there's this system that's currently in place that Mr Latham explained; you're proposing instead a traceability register. Why is it important and how are the two different?

ELIO CELOTTO: The traceability of racehorses at the moment is such that once the horse leaves racing, when it goes to the new owner, that's where the racing industry's obligation to that horse ceases.

The Hon. MARK LATHAM: That's not right. That's untrue.

ELIO CELOTTO: And the same even occurs for mares. There is no traceability after that. What the racing industry will tell you is that once the horse is out of racing, they have no jurisdiction over that horse, which makes sense. That's why we campaigned for a national horse traceability register, because that would mean that every State had to abide by the same rules. Obviously horses go from State to State. That seems to have failed, though it looked promising that we were going to have a national horse traceability register that would mean when a horse changed State it could still be traced.

It becomes somewhat problematic when it's done State by State. But what we can do is impose a condition on the sale of a horse that whoever the new owner is must agree to keep that horse in its proper condition and, if it passes on the horse to another owner, that they must also agree to passing on that person's details. And so it goes on and on and on, so we can still trace a horse in one State if it goes into another State. We could potentially trace every racehorse in one State. That's something that is feasible. It's up to the racing industry whether they actually want to go to that trouble.

I would say that they don't want this to happen because they would know that the end result will be that they'll find the horses that are ending up in slaughterhouses or there aren't people prepared to take on these horses because they know that they're going to be made responsible for that horse, and any future owners. So it's somewhat problematic. We have an oversupply of thoroughbreds in the country that have been used for racing. The homes aren't out there, and the most pragmatic solution is to reduce the number of horses being allowed to be bred each year.

The Hon. EMMA HURST: Why do you think there is this fear around transparency? Why is it "Don't worry, there's a form signed and that's enough"?

ELIO CELOTTO: Look, in the 16-odd years that I have been researching the racing industry, there seems to be a lot of concern about how people may come across and how they treat their horses. They're concerned that, if they speak up about animal welfare issues, it may affect their employment or they may be threatened with violence. I, myself, have been threatened many times. I've been threatened at racetracks. I don't hide my phone number. I would rather someone threaten me over the phone—at least I know. I'd like the opportunity to be able to speak to them. These people live in fear of the truth being found out in how horses are being treated.

There is this kind of code of silence in the racing industry that wants to restrict as much as possible what really happens behind closed doors. I have been told many, many times that what we know about the racing industry is just the tip of the iceberg. These are people that work in the industry as breeders, as stable hands, even some trainers, that say to us, "You only know the tip of the iceberg." It's sad that these people who claim to love these horses put them in conditions that they should be ashamed of, that those horses are bred for what they say is a purpose and are supposedly kept in these fantastic conditions. The reality is these horses live miserable lives and only a very few are given proper homes after they finish racing. And that comes from people that genuinely do care about horses but often are not even connected to the racing industry, that spend their own money to purchase and look after these horses even with all the problems they often come with.

The Hon. EMMA HURST: You mentioned whistleblowers. Do you speak to whistleblowers in New South Wales as well?

ELIO CELOTTO: Yes, we do.

The Hon. EMMA HURST: Can you tell us some of the concerns that have come forward from those whistleblowers?

ELIO CELOTTO: There are a lot of concerns about welfare issues with Racing NSW and Peter V'landys, in particular.

The Hon. EMMA HURST: This Committee has looked at concerns with regard to V'landys. Are you able to share some of the concerns that have been brought forward to you?

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ELIO CELOTTO: I could, perhaps, in broad terms. But the reality is that a lot of these people still work in the industry and disclosing some of this information might jeopardise their employment, so it is very difficult for these people to come forward.

The Hon. EMMA HURST: Broad terms are fine.

ELIO CELOTTO: They will often come forward and give us information, but they will only give it on the condition that it doesn't go anywhere, which is unfortunate.

The Hon. EMMA HURST: Are you able to give us some broad terms which won't identify any of these people?

ELIO CELOTTO: I could do but I will take that on notice.

The Hon. EMMA HURST: Yeah, if you could provide that on notice. I understand you might want to have some space to think that one through. That would be great. Also as part of this Committee, we're able to make recommendations from this inquiry. What recommendations would you really like to see in that report that this Committee would make to the Government?

ELIO CELOTTO: I think fundamentally what I would like to see is that every racehorse in New South Wales is truly given the opportunity to be, firstly, rehabilitated and rehomed, and whatever money it takes to do this should be spent. I think that the general public would agree with that and I think even a lot of racegoers would agree with that. However that is to take place, it should be open and transparent, and every racehorse born in New South Wales and that races in New South Wales needs to be accounted for for their entire lives.

The Hon. EMMA HURST: And you think that the money to be able to do that should come from the sale of Rosehill?

ELIO CELOTTO: Absolutely.

The Hon. EMMA HURST: Is there anything else you wanted to bring to the Committee's attention, particularly with regard to Racing NSW, the CEO or the proposal to sell Rosehill?

ELIO CELOTTO: No, I think I'm pretty right.

The CHAIR: I will just ask one final question, Mr Celotto, and I understand you are time pressured this afternoon to get a flight. It has been reported there will be \$5 billion in proceeds from the Rosehill sale, if that were to proceed. What percentage of that quantum do you think should be dedicated to animal welfare purposes?

ELIO CELOTTO: Talking in rough figures here, back in 2013, we estimated it would take around \$300 million to look after all the racehorses in Australia. Considering the time that's passed and the reduced number of horses, I'd estimate that perhaps between \$200 and \$300 million would be probably enough to look after the crop at the moment, keeping in mind that this is money that needs to be funded by the racing industry every year.

The CHAIR: You're saying \$200 to \$300 million a year or in quantum?

ELIO CELOTTO: Yes. You work out the numbers of horses, the training that they need and the rehabilitation they need and we're talking around that figure. Certainly, what this windfall could do is allow the infrastructure to be set up and then that reduced amount of money should be allocated each year. We think that a 1 per cent levy on betting turnover would be a good way of raising that \$300 to \$400 million Australia-wide, but that's Australia-wide. Here in New South Wales, I think they could significantly increase their levy on prize money and that should be able to—I think people would say it's fair that, if you're making money off the back of the horse, whatever money it takes to look after these horses after racing is fair. After all, these horses were born into the industry by the racing industry and they should be well looked after. That money needs to come from somewhere. I don't think there's any better place than the prize money.

The CHAIR: Finally from me, and before handing over to Mr Fang, where do you think that money should be vested?

ELIO CELOTTO: Where?

The CHAIR: Yes. Where would you suggest that money be vested?

ELIO CELOTTO: That money needs to go into, first of all, setting up the proper establishments where these horses can be kept, paying for vets, paying for retrainers, paying for their upkeep whilst they can be rehabilitated and eventually, hopefully, rehomed. The reality is these horses are going to have to be looked after for a very long time because, as I have said several times, the homes simply aren't out there. That's probably where I would start and then, hopefully, through perhaps improving the image of the thoroughbred and showing that

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these horses can be rehabilitated, it might be that these horses become more attractive to horse owners and they could be used more often than what they currently are.

The CHAIR: Mr Fang—final question.

The Hon. WES FANG: Just following from the questions of Mr Latham, you said you purchased that whip when they brought in—what was it that you said?

ELIO CELOTTO: Padded whip.

The Hon. MARK LATHAM: That's not a padded whip.

The Hon. WES FANG: Did you buy that brand new?

ELIO CELOTTO: I did.

The Hon. MARK LATHAM: That's before the rule.

The Hon. WES FANG: It's fairly worn. How did it become fairly worn if you've bought it and it's only been used for demonstration purposes?

ELIO CELOTTO: It hasn't been used on any horses.

The Hon. WES FANG: There are holes at the end of it, so it seems fairly well worn-in leather.

The Hon. MARK LATHAM: You bought that before the padded whip rule.

ELIO CELOTTO: Sorry?

The Hon. MARK LATHAM: You've bought that before the padded whip rule.

ELIO CELOTTO: No, I didn't. I bought it after that rule came into place.

The Hon. MARK LATHAM: Which year did you buy it in?

ELIO CELOTTO: Sorry?

The Hon. MARK LATHAM: Which year did you buy it in? You're very evasive.

The Hon. EMMA HURST: You can take that on notice if you wanted to take that on notice to give the exact year.

ELIO CELOTTO: Yes, I'll take that on notice. I bought it after the whip rules came into place.

The Hon. WES FANG: I'm just curious as to how it became quite worn at the end.

The Hon. MARK LATHAM: He's dug it out of the garbage bin.

The Hon. WES FANG: It does have a hole in the end of the leather.

ELIO CELOTTO: The whip has been kept here with a colleague here in Sydney.

The Hon. WES FANG: What have they—

ELIO CELOTTO: It hasn't been used on any horses. I wasn't able to bring a whip from Melbourne because it was deemed to be a dangerous object. Strangely, it is—especially if you're a horse. So it is a padded whip.

The Hon. MARK LATHAM: So it's not your whip; it's a colleague's whip.

ELIO CELOTTO: I purchased the whip.

The Hon. MARK LATHAM: But you leave it here in Sydney.

ELIO CELOTTO: But I left it here in Sydney.

The Hon. MARK LATHAM: For when you come up here to do what?

The CHAIR: I think we're at the end. Mr Celotto does need to get a flight. Thank you very much for your evidence here today. I think you did take some questions on notice in the end. If you could provide your responses to the Committee's secretariat when they contact you within 21 days, it would be greatly appreciated.

ELIO CELOTTO: Will do. Thank you.

The CHAIR: That concludes our hearing today. Thank you all for your interest and attendance today.

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(The witness withdrew.)

The Committee adjourned at 16:45.