
From: Peter V'landys
Sent: Tuesday, 17 September 2024 4:25 PM
To: Rosehill Racecourse
Subject: RE: Inquiry into the proposal to develop Rosehill Racecourse - Post-hearing responses - 9 August 2024
Attachments: Racing NSW Submission - Funding 170921.docx

Hi Verity

At my appearance on 9 August due to time constraints I was unable to finish my opening statement.

Accordingly I was invited to provide the remainder of my presentation by way of submission.

This on page 43 of the transcript.

The material is attached for the Committees consideration.

Best regards

Peter

Yours Sincerely,

**Peter V'landys AM
Chief Executive Officer
Racing NSW
Level 7, 51 Druitt Street, Sydney NSW 2000
Phone: Fax:
Website: www.racingnsw.com.au**



Funding

- The greatest fallacy are the mistruths in respect of the funding model.
- Prior to the advent of corporate bookmakers and Betfair, 70-80% of the funding of NSW Clubs came from the TAB distribution.
- Racing NSW's initiatives, while I have been Chief Executive, have resulted in more than \$3 billion of additional funding flowing directly to the NSW Thoroughbred Racing Industry, with these initiatives generating recurring income of more than \$300 million annually.
- This is all new money. Racing NSW's initiatives have made the money and now some want the keys to the castle.
- It all started with corporate bookmakers that were based in Northern Territory and paid nothing to the racing industry. Investigated copyright enforcement, then went with race fields.
- Accordingly the detailed background is below:
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 - b. Negotiating with the NSW Government for the NSW Racing Industry to receive parity with Victoria with regards to wagering taxes paid by Tabcorp. This tax parity was implemented over 5 years from 2016 and has since generated over \$451 million of revenue for the industry.
 - c. Negotiating with the NSW Government for the NSW Racing Industry to receive a share of the Point of Consumption Tax when it was introduced in 2019, given that this tax would limit the industry's ability to ever increase it's own race field fees. Total revenues received from Point of Consumption Tax since 2019 are \$257 million:
 - d. Maximising revenues from Tabcorp and holding Tabcorp to account for its obligations at all times;
 - e. Maximising media rights revenues for NSW race clubs, which included amalgamating all race club rights and selling these to Sky Racing at the time that TVN was dissolved. This transferred the industry from a

financially disastrous agreement with TVN to one that has provided tens of millions of dollars in ongoing media rights fees, plus a \$28 million upfront payment to the ATC which was used to repay an historic bank loan;

- f. Securing new revenue opportunities such as selling digital vision rights which provided for a significant, but never before available revenue stream for the industry has provided tens of millions of dollars in ongoing media rights fees.
- g. Negotiations on international pooling agreements and negotiating the sale of NSW races internationally, with these negotiations by Racing NSW now generating over \$25 million of revenue per annum that is paid directly to NSW race clubs.

Prizemoney increases across the whole sector

- In 2004, total returns to owners and participants was \$110 million. In 2024, total returns to owners and participants was \$407 million. Increase is as below with prizemoney increases across all sectors of racing:

Race Type	2024	2004	Change	% Chg
Metropolitan Saturday	\$160,000	\$45,000	\$115,000	256%
Metropolitan Midweek	\$60,000	\$20,000	\$40,000	200%
Highway/Midway	\$120,000	N/a	\$120,000	N/a
Provincial	\$42,000	\$9,000	\$33,000	367%
Country TAB	\$30,000	\$5,000	\$25,000	500%
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Picnic Races	\$7,000	\$1,500	\$5,500	367%

- Since 2016, returns to owners has gone from \$196.4 million to \$407.1 million. Accordingly, an increase of 107% in 8 years.
- Trainers went from \$17.4 million to \$36.75 million, an increase of 111%.
- Jockeys went from \$19.91 million to \$37.64 million, an increase of 89%.
- Stablehands from, \$1.66 million to \$4.7 million, an increase of 183%.
- Inflation during that period was 26.68%.

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- Racing NSW's initiatives have secured the below additional revenues that are paid direct to clubs each year, totalling **\$68.5 million**.

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Media rights	\$27.2 million
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TOTAL	\$68.5 million

- Further, Racing NSW continues to pay a top up to clubs to offset any decline in TAB revenues, totalling **\$20 million** in FY24.
- The combined net current assets across all Provincial and Country Clubs as at 30 June 2023 totalled **\$47 million**, being the highest on record. In 2014, this figure was just **\$17 million**.
- This net current asset figure is a key indicator of the financial health of an organisation and such an increase illustrates the strength in funding provided to clubs over this period.

ATC Funding

- The ATC reported \$351 million of revenue in FY23. Of that total:
 - \$119 million is Racing NSW prizemoney contribution;
 - \$85 million is from the TAB Distribution;
 - \$50 million is from additional Racing NSW revenues provided;
 - Just \$5.9 million is from members.

Capital Works

- Since winning the High Court case in 2012, over \$300 million has been spent on infrastructure across NSW, including:
 - \$153 million Queen Elizabeth II grandstand at Randwick.
 - \$24 million Rosehill grandstand upgrade.
 - \$16 million for Polytracks, sand track and grass training tracks at ATC racecourses.
 - \$18 million for Polytracks at all provincial racecourses.
 - \$6 million for sand training track upgrades at Tamworth, Albury, Dubbo, Wellington, Casino and Bathurst.
 - \$46 million for Winx stand at Randwick for the general public.

- \$11 million for reconstruction of Newcastle course proper and Beaumont track.
 - \$4 million for reconstruction of Kembla Grange inner track.
 - \$4 million for course proper reconstruction at Port Macquarie.
 - \$3 million for plastic running rail installations.
- In addition to the above, Racing NSW currently has an unprecedented number of projects currently underway:
 - Construction of stables and a Polytrack at Scone;
 - Gosford course proper renovation and creation of home turn camber;
 - Construction of stables at Sapphire Coast, Moruya and Goulburn;
 - Wyong Race Club irrigation upgrade and drainage works;
 - Ballina and Grafton irrigation system replacement;
 - Major expansion of Muswellbrook function centre.

Future proofing the industry

Racing NSW has future proofed the industry through a strong financial position. This strategy protects the industry against future risks, including declines in wagering revenues or another major disruption such as a pandemic or equine influenza.

Development of industry provisions

- A club sustainment provision of \$36 million is in place as at 30 June 2023. This provision is to provide ongoing financial support to race clubs, such as when the annual TAB distributions fall below the historic levels. A total of \$30 million has been distributed from this fund since it was established in 2019. These payments are on top of the payment of increased prizemoney to race clubs by Racing NSW which is \$267.84m per annum.
- A prizemoney sustainability provision of \$106 million is in place as at 30 June 2024. This provides for any substantial decrease in wagering revenues, so as to ensure that the current minimum prizemoney levels can be sustained during any such downturn. This in turn guarantees the income of NSW participants. This ensures participants can meet their financial commitments and general livelihood.
- A Capital Expenditure provision of \$116 million is in place as at 30 June 2023. This is to provide funding for critical industry infrastructure such as racecourse and training track upgrades, stable construction or procurement of additional training facilities.

Collectively, these provisions provide for the industry into the future and ensure that there is no immediate risk of a shortfall of funding in these critical areas.

From: Peter V'landys
Sent: Tuesday, 17 September 2024 5:04 PM
To: Rosehill Racecourse
Subject: RE: Inquiry into the proposal to develop Rosehill Racecourse - Post-hearing responses - 9 August 2024

Hi Verity

I refer to the questions taken on notice in respect of Racing NSW's rehoming program when I gave evidence before the Select Committee on Friday 9 August 2024.

There were two questions taken on notice, the first relating to the number of employees that work in Racing NSW's rehoming program. This question has been answered in the Responses to the Supplementary Questions from the Select Committee with there being 30 employees that work in Racing NSW's rehoming program. The questions are found on page 55 of the transcript.

In respect of the second question, being a request for the details of the horses rehomed in FY24, they are:

○ Equestrian pursuits	1,492 (64%)
○ Breeding	613 (26%)
○ Non-Equestrian homes	148 (6%)
○ Racing NSW Properties	<u>75</u> (3%)
Total	2,328

Best Regards

Peter

Yours Sincerely,

Peter V'landys AM
Chief Executive Officer
Racing NSW
Level 7, 51 Druitt Street, Sydney NSW 2000

From: Peter V'landys
Sent: Tuesday, 17 September 2024 5:13 PM
To: Rosehill Racecourse
Subject: RE: Inquiry into the proposal to develop Rosehill Racecourse - Post-hearing responses - 9 August 2024
Attachments: Letter to the Hon. Scott Farlow MLC re Select Committee re Questions on Notice from The Hon. Damien Tudehope MLC (17 Sept 24).docx

Hi Verity

The Honourable Damien Tudehope asked I take a question on notice on the monies the ATC would receive if the new revenues were distributed in accordance with the historical percentages provided in TAB distributions.

This is found on page 61 of the transcript.

Accordingly the attached letter addresses this matter.

Yours Sincerely,

Peter V'landys AM
Chief Executive Officer
Racing NSW
Level 7, 51 Druitt Street, Sydney NSW 2000
Phone: Fax:
Website: www.racingnsw.com.au





17 September 2024

BY EMAIL

The Hon. Scott Farlow MLC
Committee Chair
Select Committee of the Legislative Council
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Farlow MLC

Select Committee into the Proposal to develop Rosehill Racecourse

I refer to my attendance before the Select Committee into the Proposal to develop Rosehill Racecourse on Friday 9 August 2024.

I refer to the two questions on notice from The Hon. Damien Tudehope MLC.

The first question on notice related to the valuation of the proceeds from the proposal to develop Rosehill Racecourse. That valuation is still yet to be finalised and forms part of a detailed due diligence being conducted by an independent corporate advisory firm.

The other question on notice taken from The Hon. Damien Tudehope MLC related to the funding model in the NSW Thoroughbred Racing Industry. In this respect, as I stressed in my attached submission in respect of the funding model, prior to the advent of corporate bookmakers and Betfair, 70-80% of the funding of NSW Thoroughbred Race Clubs came from the TAB distribution. Racing NSW's initiatives, while I have been Chief Executive, have resulted in more than \$3 billion of additional funding flowing directly to the NSW Thoroughbred Racing Industry, with these initiatives generating recurring income of more than \$300 million annually.

As requested by The Hon. Damien Tudehope MLC, Racing NSW has undertaken a calculation of the funding that would have been received by the ATC in FY24 if the historical rates in respect of the TAB distribution were applied to the new revenues arising from Racing NSW's initiatives, being Race Fields, Parity and Point of Consumption Tax.

The table below compares that calculation to what was actually received by the ATC under Racing NSW's current funding model. As shown, the ATC received \$17.6 million more in FY24 under Racing NSW's current funding model than it would have received if the historical TAB distribution scheme percentages were applied to the new revenues. In addition to that \$17.6 million, the ATC also directly received \$37 million of further other revenue procured by Racing NSW meaning that it is \$54.6 million better off under Racing NSW's current funding model.

FY24 - ATC revenue if TAB distribution percentages were applied to all revenue sources		FY24 – ATC revenue actually received under Racing NSW’s Funding Model	
Revenue source	Amount	Revenue source	Amount
TAB Distribution less Charges	\$70,333,687	TAB Distribution less Charges	\$70,333,687
Race Fields	\$73,746,664	TAB Top-up (Club Sustainment)	\$10,434,735
Parity	\$33,724,430	Prizemoney/Bonus Contributions	\$151,821,035
Point of Consumption Tax	\$37,156,027		
Sub-total	\$214,960,809		\$232,589,457
		ATC’s share of further revenues procured by Racing NSW (TAB Digital, TAB Sponsorship and Exclusivity PGI, international pooling and wagering, media rights and first charge reduction)	\$37,000,000
Total	\$214,960,809		\$269,589,457
ATC better-off by \$54.6 million under Racing NSW’s current funding model			

Funding

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From: Peter V'landys
Sent: Tuesday, 17 September 2024 5:34 PM
To: Rosehill Racecourse
Subject: RE: Inquiry into the proposal to develop Rosehill Racecourse - Post-hearing responses - 9 August 2024
Attachments: Letter 8 August - TBA and NSWTB.pdf

Hi Verity

I refer to the question taken on notice from the Chairman of the Select Committee, The Hon. Scott Farlow MLC, when I gave evidence before the Select Committee on Friday 9 August 2024. I confirm that during the course of my opening statement, I alerted the Select Committee to correspondence that was seeking to prevent me from providing full and frank evidence to the Select Committee. I provided the Select Committee with a redacted extract of that letter on 9 August 2024 and agreed to provide the letter in its entirety. Accordingly, attached is a copy of the letter from Basil Nolan and Hamish Esplin dated 8 August 2024 in its entirety.

At the outset, I confirm that the only reason for providing the redacted letter to the Select Committee was because of the attempts to intimidate me from providing full and frank evidence to the Select Committee and advice received from Senior Counsel in respect of possible contempt of the processes of the Select Committee.

In providing the complete version of the letter, it should be emphasised that the allegations in the letter in respect of the release of the report of the Thoroughbred Aftercare Welfare Working Group and the statements attributed to me are untrue and are categorically rejected. They were redacted previously given that they were false and defamatory. To be very clear, my objection at the meeting was to TBA and the report supporting horses being sent to knackeries and abattoirs (see pages 101-115 of the Report) which I am totally opposed to and which Racing NSW has prohibited since 2017. Further, I've confirmed my recollection with the independent party who organised and attended the meeting referred to in the letter who has verified that the statements attributed to me are false and untrue. This independent party has also confirmed that the disagreement at the meeting was that Racing NSW would never support the sending of horses to knackeries and abattoirs. It is imperative to note that neither of the authors of the letter were at the meeting.

In this respect, it is also important to note that the Thoroughbred Breeders Australia (TBA) had vigorously fought Racing Australia and the State regulators such as Racing NSW for an extended period on traceability and only reluctantly fell into line on this issue. Specifically, TBA fought against the breeders being subject to any of the Rules of Racing on the basis that they purported to be primary producers and as such should not be bound

by the Rules. In particular, where they were compelled to register horses under the rules of racing to enable the racing industry to have accurate information from the time of the horse's birth.

TBA's continuing support for the sending of horses to knackeries and abattoirs continues to be a significant issue as I and Racing NSW are vehemently against any such practice.

In order to ensure that the attached letter is considered in context, I respectfully request that this email is attached to, and accompanies, that letter at all times.

Best Regards

Peter

Yours Sincerely,

Peter V'landys AM
Chief Executive Officer
Racing NSW
Level 7, 51 Druitt Street, Sydney NSW 2000
Phone: Fax:
Website: www.racingnsw.com.au



THOROUGHBRED BREEDERS



Australia

08 August 2024

Dr Saranne Cooke
Chairperson
Racing NSW
Level 7, 51 Drutt Street
Sydney NSW 2000

By email:
Cc:

Dear Dr Cooke,

We write to you on behalf of Thoroughbred Breeders Australia (TBA) and Thoroughbred Breeders NSW (TBNSW) in relation to comments made by your chief executive Peter V'landys to the Sydney Morning Herald yesterday.

Mr V'landys stated: "There is no doubt Mr Latham is running an agenda for some very wealthy breeders who don't wish to be held to account for animal welfare. They have at all times resisted having their horses traced from birth to retirement. They are attempting a smear campaign on steroids."

These remarks are not only manifestly false but are deliberately misleading, and also defamatory. We demand Mr V'landys withdraws the comments and makes a public apology.

As Mr V'landys would know, TBA and TBNSW have championed welfare and traceability. We attached a copy of a proposal sent to the then Racing NSW and Racing Australia chair, John Messara, back in 2016 which sets out our proposal to improve welfare and traceability that is far more ambitious than any adopted since then.

Mr V'landys is also well aware that after the airing of the ABC investigation, The Final Race (in which he featured prominently), TBA urged Racing Australia to commission an independent review of thoroughbred welfare. That proposal was blocked at the Racing Australia board, with many sources stating it was Mr V'landys who blocked it.

In the absence of Racing Australia demonstrating any leadership on this matter, TBA itself commissioned an independent review of welfare, led by former Victorian Premier and veterinarian, Dr Denis Napthine, with a panel that included the former head of Equine Veterinarians Australia, Dr Ken Jacobs, the special advisor to three Prime Ministers on agriculture, Jack Lake, and renowned welfare expert Dr Bidda Jones.

This panel, the Thoroughbred Aftercare Welfare Working Group (TAWWG), was supported by all groups in the thoroughbred industry, including the trainers' association, jockeys' association, owners' association, the major clubs, and major owners from around the country. TBA made by far the biggest financial contribution to this review. The TAWWG received more than 150 submissions and met with more than 50 groups or individuals, allowing the panel to write a report that was widely hailed as being the most respected thoroughbred welfare report written globally.

Before the release of that report a group of industry stakeholders, including TBA chief executive Tom Reilly, Widden Stud owner Antony Thompson and panel member Jack Lake, met with Mr V'landys and Racing NSW chief operating officer Graeme Hinton.

Contemporaneous notes from that meeting show that Mr V'landys urged that the report not be made public. When told this was not possible, he said it should be released on Christmas eve to avoid any publicity.

Mr V'landys told the meeting words to the effect of: "We shouldn't talk about welfare publicly as it only encourages more scrutiny."

That is not the view of TBA or TBNSW. When the report (which we have attached) was released in November 2021 we publicly supported all of its 46 recommendations. We notified Racing Australia that breeders were willing to provide financial support for greater welfare efforts, on the basis this were done in accordance with a well-considered national plan.

The TBA's request to discuss this report with Racing Australia was rejected; something we believe was a significant missed opportunity, especially given our willingness to make a contribution to a national welfare strategy.

Far from avoiding account as Mr V'landys claims, TBA and TBNSW have called for more accountability. As we have stated publicly, and in correspondence with you and your board, we believe Racing NSW needs to be far more transparent in welfare matters; including the numbers of horses in your care, information on the conditions in which they are kept and how money levied from racehorse owners is used.

Both TBA and TBNSW have also supported many equestrian events for retired racehorses across NSW, while TBNSW also support the work of Kick Up, a not-for-profit set up to provide transparent information on welfare about our industry.

Again, in light of the above, we request that Mr V'landys withdraw his false and misleading comments and issues an apology.

Those comments are clearly defamatory and are likely to refer to and identify TBA and TBNSW, members of the Boards of TBA and TBNSW, as well as its members and its executive, in particular CEO Tom Reilly. Mr Reilly has also been previously the subject of similar unsubstantiated allegations by Mr V'landys of engaging in a smear campaign.

Mr V'landys is scheduled to appear tomorrow in the Rosehill Inquiry in the NSW Parliament. Whilst any comments he may make in the Inquiry are protected under Parliamentary privilege, those comments may nonetheless be relied on in establishing the identity of the "...very wealthy breeders who don't wish to be held to account for animal welfare." and the persons "...attempting a smear campaign on steroids" referred to in today's Sydney Morning Herald article.

It is incumbent upon Mr V'landys to refrain from identifying TBA and TBNSW, the members of TBA and TBNSW, their boards and executives, and making spurious allegations against them.

Kind regards,

Basil Nolan
President Thoroughbred Breeders Australia

Hamish Esplin
President Thoroughbred Breeders NSW