

**Submission
No 67**

INQUIRY INTO PROPOSAL TO DEVELOP ROSEHILL RACECOURSE

Name: Mr Brian Nutt

Date Received: 18 July 2024

NAME: BRIAN LIDDELL NUTT

OCCUPATION: THOROUGHBRED STUD OWNER

DATE OF SUBMISSION: 17 JULY, 2024

AFFILIATIONS: ATC MEMBER SINCE 1991, LIFE MEMBER SCONE RACE CLUB

Dear Committee members,

My name is Brian Nutt and I own and operate a stud farm near Scone in the Hunter Valley. I have worked in the thoroughbred industry for more than 36 years and have run my own business for 24 years. As well as being a vendor at most major thoroughbred sales, I have long been an owner of racehorses in NSW and have been a member of the Australian Turf Club since 1991.

As a passionate supporter of the thoroughbred industry in this state, my aim in making this submission is to highlight areas of significant concern relating to the governance of racing that have been exposed by the proposal to sell Rosehill.

I commend the members of Legislative Council for holding an inquiry into the mooted sale of Rosehill as there are a number of elements to this proposal that deserve greater scrutiny.

Firstly, I will comment on the importance of Rosehill to the racing industry. As members of the Committee may know, only Rosehill and Randwick are considered premier tracks in NSW. While Canterbury and Warwick Farm racecourses are also located in Sydney, these courses are not deemed to be of sufficient standing to hold race meetings on Saturdays, nor the upper echelon of races that are known in the industry as Stakes Races (just 172 of the 5,501 races in NSW carry the status of being a Stakes race).

The NSW industry considers itself a world leader; we host 49 races worth a million dollar or more. The Australian breeding industry – which is dominated by the Hunter Valley – is also regarded as a global leader; with 15 of the past 16 world champion sprinters coming from this country.

For the industry to maintain its renown worldwide it needs a minimum of two top level race tracks to share the load of major races. If Rosehill were to be sold for residential property and no suitable new track be developed, the NSW thoroughbred industry would be severely damaged.

While the ATC has publicly discussed the possibility of building a racecourse at the Brickpit site in Sydney's Olympic precinct, I believe this suggestion is nothing more than a diversion. Firstly, the site is not big enough to fit a premier race track, let alone the facilities, such as a grandstand and tie-up stalls, needed on a raceday; secondly, the topography – it is disused quarry with a 25 metre deep hole – make it unsuitable to develop for racing; and thirdly, the site could not be used for the Olympics because of the presence of two species of endangered frogs, that still reside at the Brickpit.

A proposal to relocate the training currently at Rosehill to Horsley Park in Sydney's outer west does not have the support of industry. There are also welfare concerns given Sydney's extreme high temperatures, which are only set to increase in coming years with climate change. Currently high temperatures are something that trainers at Warwick Farm have to

manage, with efforts to ensure stables are cooled on hot days. Given Horsley Park's location further west, this issue is only likely to be exacerbated.

While I believe any sale of Rosehill would have grave impacts on our racing industry, my greatest concerns with this proposal relate to complete lack of a proper process.

It has been revealed that the current CEO of Racing NSW and former chairman, Russell Balding, met secretly with the Cabinet Office and Premier's Department on November 17, when they told those officials they were "very supportive" of a sale. They also lobbied the government to change the governance structure of the ATC, citing a need to ensure the "capability" of the board, and stated the funds from the proposed sale be used to benefit the industry as a whole (and presumably be administered by Racing NSW).

It seems incredible to me that officials with the state regulator would make such an approach without the knowledge or permission of the ATC Board. The Inquiry should also establish whether Mr V'landys and Mr Balding had the support of their own board to sell Rosehill before meeting these officials.

It has now become clear that, at the time of this meeting, the board of the ATC had still not been made aware of the potential redevelopment of Rosehill. As a member of the club I find it disgraceful the clubs chair, Peter McGauran, and senior executives did not inform the full board at the earliest opportunity. In fact, given Mr McGauran is appointed to the board of the ATC by the state government, I would have thought it appropriate that he excuse himself from discussions given the clear conflict of interest he faces.

An important question for the Inquiry to resolve is at what point did Mr McGauran and Mr McMahon determine that Rosehill could and be sold for redevelopment.

Government documents made public in April show the Department of Enterprise, Investment and Trade received a legal opinion on November 13, 2023, that the board of the ATC could sell Rosehill without first getting the support of members through a vote. The Cabinet Office also commissioned an options paper in early November that examined four ways in which the government could take control of the Rosehill site.

These documents strongly suggest the proposal to sell Rosehill was not an unsolicited proposal, but driven, at least in part, by the Minns government. The Inquiry should also examine what was discussed at meetings between the Premier and the ATC on October 30, as well as a meeting between Racing Minister, David Harris, and Russell Balding on November 1.

I would also encourage the Inquiry Committee to recommend that the views of the ATC members be respected in any vote on the sale of this track, if this proposal is not abandoned before a vote can take place.

Furthermore, I believe the Committee's final report should recommend a review of the powers and governance of Racing NSW.

It has become clear to many of us in the industry that this body is incapable of providing the leadership the industry needs to grow.

One of the reasons put forward for selling Rosehill by Mr McGauran at a recent members' meeting was that the ATC should be spending \$12 million per year on its facilities but can

only afford \$4m. This seems incongruous given the club hosts five races that have a combined value of \$45 million (The Everest, Golden Eagle, King Charles III, Golden Slipper and Queen Elizabeth II).

While I am not an accountant, I understand Racing NSW has reserves of over \$100 million but that, when funds in provisions are taken into account, it has more than \$400 million to call upon, including \$110 million in a capital expenditure provision.

Given the financial strength of Racing NSW the proposal to sell the industry's most valuable asset is nonsensical.

Clearly, if Mr McGauran's comments are taken at face value, the funding mechanism to the state's racing clubs is not working. I understand this dates back to the changes in wagering distribution after the introduction of Race Fields legislation, which sees revenue generated from corporate bookmakers directed to Racing NSW. Revenue from the Point of Consumption Tax, which was more than \$70 million last financial year, is also directed to Racing NSW.

This distribution mechanism is not helping to support the industry and its growth. As well as having strong prizemoney it is essential that we have good facilities to race and train on. As a proud New South Welsh-man it frustrates me to say our state has fallen behind Victoria in investment in our infrastructure and facilities.

While many projects have been announced in NSW, few have been delivered. We have witnessed this in Scone, where the freehold for the land the race club is situated on was transferred to Racing NSW in 2019 on the promise there would be significant investment in stabling, a training track and the development of an academy for training and education. This project was even supported financially with a government grant under the Racing for the Regions program.

More than four years after Racing NSW acquired Scone race club, this project has not been progressed in any meaningful way. Indeed it is my understanding that none of the five projects announced as part of that Racing for the Regions Program have been progressed; despite the funding for these projects being transferred to Racing NSW by the Perrottet government.

Other infrastructure projects that have not been announced but not progressed include the the redevelopment of stabling at Newcastle and roll out of plastic running rail at the provincial and country tracks.

These clear failures of Racing NSW to drive projects to completion reflect very poorly on the board and senior executives of the organisation.

It is also my view that it is completely inappropriate Mr V'landys be allowed to chair the Australian Rugby League Commission while serving as Racing NSW chief executive.

Our industry needs committed leadership and a chief executive who is entirely focused on the issues we face, not somebody who is leading another sporting code. The conflicts in

holding both roles should have been obvious to the directors of Racing NSW, who should never have allowed it to happen.

Mr V'landys has also aggregated significant influence and power in himself, especially through his relationship with the media, in particular the Daily Telegraph.

I understand Racing NSW has a multimillion-dollar commercial relationship with News Ltd (publisher of the Telegraph and Racenet) that includes a provision for editorial control on commentary of Racing NSW. I also understand the daughter of the Telegraph's editor, Ben English, works at the racing regulator, as does Ray Hadley's son, Daniel.

The influence Mr V'landys appears to wield over the media means there is very little objective reporting of the performance of Racing NSW. This may lead to the directors of the organisation believing they are doing a good job, when the majority of the people in the industry I speak to believe the opposite is true.

When one looks at the board of Racing NSW, six of the eight directors have served for more than six years, which is the maximum term length for state owned corporations. The legislation establishing Racing NSW allows for those directors to serve up to 12 years, which is far too long. Of course, this lack of rotation on the board is compounded by the fact that Mr V'landys has served as chief executive for some 20 years.

The Minns government even attempted to change legislation to extend the term of former chair Russell Balding to 14 years, despite being elected after campaigning for good governance. Given what we now know of the secret discussions happening between Racing NSW and the government relating to Rosehill, it is appropriate that this Inquiry examine whether the Premier and Racing Minister Davide Harris appointed (or sought to appoint, in the case of Mr Balding) directors to Racing NSW with the knowledge they would support the redevelopment of the racecourse.

The appointment in February of Saranne Cooke as chair, and the reappointment of former Labor MP Kevin Greene, who as well as being a previous racing minister, had already served as a director of Racing NSW, was deeply disappointing to the majority of the industry in NSW. Our industry, which is a major employer in NSW and drives hundreds of millions of dollars of investment each year, deserves far better and requires some fresh thinking around the board table.

I strongly believe a review of Racing NSW should call for a reduction in the terms of the directors, in accordance with good governance practices.

Finally, I would again commend the Legislative Council for holding this Inquiry and state that I am happy to assist its work in any way I can. I respectfully ask that my submission be made publicly available.

Kind regards,
Brian Nutt