

**Submission
No 82**

INQUIRY INTO PROPOSAL TO DEVELOP ROSEHILL RACECOURSE

Name: Mr David Walter

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Dear Chair, Deputy Chair and Members,

Thank you for the opportunity to make this submission to your Inquiry.

Purpose of this submission

The central purpose of this submission is to overview the core structural and governance issues with the Club's proposed redevelopment of the Rosehill racecourse site as a large scale residential project - it strikes me, in my experience, as wholly unrealistic. That leads directly to real concern about probity in the process that culminated in announcement of the project as though it was already a "done deal".

I happily admit up-front that personally I am not in favour of the sale/redevelopment of Rosehill racecourse as proposed. I am open to the site being reconfigured in a way that is both sympathetic to its existing use (as a racecourse) and also involved in the wider residential development of the Rosehill/Camelia precinct. But getting to that point needs proper process - which I do not think has occurred to date.

Brief personal background

I am a member of the Australian Turf Club, and have been a member of its predecessor clubs, the Sydney Turf Club and the Australian Jockey Club, since around 2001. I am a regular racegoer in Sydney, across the major tracks (Rosehill, Randwick, Canterbury and less so Warwick Farm). A little while ago, I unsuccessfully ran for an elected position on the Club's board (having been beaten out by Mr Hale and Ms McSweeney in 2020).

Beyond being a Club member and racegoer, I am a racehorse owner and sometimes breeder, having grown up around the industry across generations in the Northern Rivers of NSW.

Outside of racing, I have spent my career in private legal practice - I have been a partner in two large global law firms since 2012, focusing on banking and restructuring (including in the real estate sector).

The structure and governance of the Club - suitability for the project

On any sensible view, the proposed redevelopment of the Rosehill racecourse site as a residential development is a massive, complex and time-consuming (i.e. slow) project - by the standards of any organisation. It would involve dealing with multiple levels of government, and multiple departments/agencies within those multiple levels of government.

In my experience, this would be a challenge for even the largest and most sophisticated real estate developers. Errors and missteps would be likely, even for such market players. Those errors would of course have real financial and temporal consequences for the project.

The Club is not obviously fit for such an undertaking. It does not have the governance structure to handle decision-making on such a complex project - one might say (flippantly) that the need for this Inquiry demonstrates as much. It does not have the financial resources and expertise - that is particularly the case in terms of raising equity for the project. It does not have the in-house real estate development resources and expertise. The Club's legal structure as a company limited by guarantee is not well suited to raising the requisite capital in relevant capital markets. And so on.

This leads to the conclusion that the Club is not a property developer and is not suited to this proposed project. And from that point that were the project to proceed, it would involve real risk of failure.

Perhaps the Club says that it would have various arrangements in place to jointly develop and manage the project with expert, substantial developers and consultants. But that has not been explained, at all.

For completeness - RacingNSW as regulator itself also does not appear to have the organisational capacity to deliver such a project. Again, it simply does not possess the resources to do so.

I say all of this without any criticism of the many terrific people involved with the Club and with RacingNSW - but they are not a large-scale property developer.

The probity issue

That leads to the probity measures in the process.

Without wishing to be critical of the Premier - it is difficult to understand how it could be thought that tasking the Club as owner of the site with conducting this massive project was feasible.

One can only wonder what the unsolicited proposal from the Club said on these core issues of organisational capacity to deliver the project - perhaps nothing at all. This would not be surprising, given that the Club progressed the proposal in apparent ignorance of the

requirement that it have member approval to dispose of the Rosehill site as a core asset - an unimpressive blunder of itself.

The end game

And so it must be concluded that the project is nowhere near being in a state to proceed.

As said in opening, personally I am open to the Rosehill racecourse site being reconfigured in a way that is both sympathetic to its existing use (as a racecourse) and also involved in the wider residential development of the Rosehill/Camelia precinct.

That could be done in many ways - which urban planners, developers and architects could no doubt come up with (much better than I could!). And now is a good time for this to be considered, in conjunction with the wider precinct development and with an eye to addressing wider Sydney housing supply needs. The Club would be well served to seek to play a role.

But the Club is not a property developer, and the process with this proposal to date has not been what it needs to be in order for such an effort to be successful.

Thank you for considering my submission.