REPORT ON PROCEEDINGS BEFORE

SELECT COMMITTEE ON THE PROPOSAL TO DEVELOP ROSEHILL RACECOURSE

CORRECTED

At Macquarie Room, Parliament House, Sydney, on Friday 9 August 2024

The Committee met at 9:00.

PRESENT

The Hon. Scott Farlow (Chair)

Ms Cate Faehrmann
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

The CHAIR: Good morning, everyone. Welcome to the second hearing of the Committee's inquiry into the proposal to develop Rosehill racecourse. I acknowledge the Gadigal people of the Eora nation who are the traditional custodians of this land on which we are meeting today. I pay respects to the Elders past and present and celebrate the diversity of Aboriginal peoples 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 persons who are joining us today.

My name is Scott Farlow and I am the Chair of this Select Committee. I ask everyone in the room to please turn their mobile phones to silent. Parliamentary privilege applies to witnesses in relation to the evidence they give today. However, it does not apply to witnesses in what they say outside of the hearing, and I urge witnesses to be very careful about making comments to the media or to others after completing their evidence. In addition the Legislative Council has adopted rules to provide procedural fairness for inquiry participants and I encourage Committee members and witnesses to be mindful of those procedures today.

The Hon. PETER McGAURAN, Chairman, Australian Turf Club, sworn and examined

Mr STEVE McMAHON, Head of Membership and Corporate Affairs, Australian Turf Club, sworn and examined

The CHAIR: Welcome, Mr McGauran and Mr McMahon. Thank you both for being here today to give evidence. Would either of you like to make a short opening statement before the Committee today?

PETER McGAURAN: Thank you, Mr Chairman. I was appointed to the board of the ATC in February 2022 as an independent director and was elected chairman of the board in August of that same year—2022. I'm a former chief executive officer of Thoroughbred Breeders Australia and Aushorse Marketing, a former executive officer of Racing Australia, and I've held senior roles at Tabcorp and at Racing NSW. The recent past has seen an extraordinary era in racing in Sydney. Racing NSW leadership, through a period of growth in wagering, has seen prize money levels that are the envy of the world, including the creation of the Everest race at Royal Randwick which has drawn record crowds and introduced a whole new generation of 18- to 35-year-olds to racing.

However, with a downturn in wagering over the last few years, the Australian Turf Club is looking at a challenging future. It's certainly headwinds ahead of us. The ATC's revenue received from Tabcorp distributions provided via Racing NSW has declined from a high of $90 million in financial year '21 to approximately $72 million in financial year '24. There would be very few businesses that could lose almost $20 million of their revenue of that kind. The year-to-date trend shows that Tabcorp distributions are down around 7½ per cent. Now what Racing NSW does, it provides us with a floor of $83 million. So even though we would only receive $72 million from Tabcorp this financial year, Racing NSW has always undertaken to give us that floor of $83 million. Importantly, the ATC has paid $220 million in prize money in financial year '24. But $150 million of it was provided by Racing NSW. The ATC provides approximately $65 million from our own income. So you can see almost the entire TAB distribution goes out in prize money.

Coming to the specifics of your inquiry, Mr Chairman, the ATC is exploring the possibility of developing Rosehill in order to secure a financial future with an income stream unreliant on wagering. To prosper—not just to survive but to prosper—and to build the facilities for racegoer and horse alike, we need hundreds of millions of dollars. The way people interact with sport and the fan experience generally is rapidly changing. There are new and different forms of media that are influencing the social changes and trends. There has never been more competition for people's sporting and entertainment attention. In addition, we have an ageing member, audience and fanbase. We have to find new ways to appeal to those 18- to 35-year-olds that will take racing through the next 50 years.

The current facilities at all of our four racetracks do not meet the expectations of many of the people that we need to attract as both members and racegoers. Separate to patron's facilities we need to continue to attract the best trainers, jockeys and horses to provide the very best racing. Large and ongoing investment is required to maintain and continuously improve our racing and training surfaces, and our stabling facilities, to ensure they're world class and certainly competitive with Victoria and other States, all of whom are heavy investors in facilities and training centres. The ATC does not have a sustainable business model to do all these things. For our club to grow and expand, it's incumbent on us to look at options like the potential development of Rosehill. It's only through looking at new financial structures that we can generate the type of return that will allow us to secure and transform our future.

The examination of the potential sale of Rosehill Gardens is about the future. You either have a commitment to look ahead and to plan and to invest or you accept the status quo. My own view is that the facilities currently enjoyed by members and racegoers will be frozen in time. You will be going to Warwick Farm and Rosehill and Royal Randwick and Canterbury, and either enjoying or tolerating what you have now. For hardened racegoers who love racing, the horse, or the punt, or the social aspects of it, that's fine. But it's like the suburban football grounds. There are new demands on the types of facilities, the luxury, the access, the viewing platforms and so on.

On 26 October last year my esteemed colleague Mr McMahon raised with me the idea that a full development of Rosehill might yield a return of approximately $5 billion if a metro station was developed at this site. If I can emphasise, although I'm sure members of the Committee are well aware, if there wasn't the metro station we wouldn't be having this discussion. Rosehill Gardens would never be sold because it wouldn't realise the significant funds which would allow us to address some of the challenges I've outlined.

My first reaction was, Mr Chairman, you don't sell racetracks. I've been in racing all my life. As a boy, as an amateur jockey, then as a racing steward and later as a racing administrator. We are a turf industry and turf tracks are hard to maintain and they're valuable wherever they are located. But my concern for the ATC and its

future and that of the overall industry led me to conclude that this was an opportunity that we needed to explore. I saw an opportunity to enable the ATC to reinvigorate and reimagine Sydney racing for the future, for 50 years or more. I therefore considered, as did my fellow directors, that it was our fiduciary duty to fully investigate the opportunity. It wasn't for us to automatically, on the spot, reject the potential of a $5 million dividend.

After getting an initial indication from both government and our regulator, Racing NSW, that neither were opposed to us pursuing this idea because either one could, if they withdrew their support, have rendered the whole exercise a waste of time and money on our behalf. So early soundings were made of both the Government and Racing NSW as to whether or not they supported us exploring the idea. Consequently we decided to engage in a non-binding process with the Government via the unsolicited proposals process. Our stage 1A submission was lodged on 28 March 2024.

As part of stage two of the process we are currently undertaking due diligence activities using a range of financial and planning experts, as well as further consultation with stakeholders. This stage two is non-binding and will assist us to determine whether to proceed to negotiating binding agreements with government at stage three. If it doesn't stack up, then we won't proceed beyond stage two. If we don't negotiate what we need from the Government in stage three, then we won't proceed. It's a members' decision. Under the Registered Clubs Act 1976 a racecourse is not permitted to be sold unless a majority of members vote in favour. If members vote against the sale of Rosehill Gardens that will be the end of the proposal and the members' decision will be respected. I would hope to have sufficient material to enable members to make a fully informed decision later this year or in the first quarter of next year. I thank the Committee for inviting me here today and I hope I can be of assistance.

The CHAIR: Thank you, Mr McGauran. Mr McMahon, did you have anything further to add?

STEVE McMAHON: Thank you, Mr Chair. My name is Steve McMahon, head of membership and corporate affairs at the Australian Turf Club. I have been employed by the ATC since 2016 and I have held a number of senior roles in that time. I had a passion for racing from when I was a boy and Mum would take me to the races during school holidays. As a consequence I have spent much of my professional life employed in the racing industry in various capacities. I have worked for participants, as a CEO of the New South Wales Trainers Association, and I have spent time in government working for a previous racing Minister.

I have also served on the racing industry consultation group, in the past as a representative for the Trainers Association, and now for the ATC. I've owned shares in a few racehorses, albeit slow ones, and currently have a small share in one. I disclose that I have been a member of the Australian Labor Party for many years. I've been a candidate, a councillor and a mayor. I have friends and colleagues from across the political spectrum and I have also been friends with Chris Minns and his family for around 25 years, and we served on Hurstville City Council together. For as long as I've been at the ATC I've been involved in plans for the Camellia-Rosehill precinct around the edges of Rosehill racecourse. This has included discussions with neighbouring landowners and with government in relation to potential rezoning, and also seeking a metro station for the site. Throughout that time there have been many changes of policy direction and we have been navigating a challenging planning process.

My experiences of those years as well as a number of meetings and discussions with government and other stakeholders over the course of that time in 2023, all they would need to consider is whether the development of the racecourse at Rosehill and the member and trainer benefits that would ensue should at least be explored by the ATC as an option. In 2023 I had a number of meetings and discussions with stakeholders where it became clear that only increased housing density would make a metro station at this location feasible. In August and October 2023 myself and members of the ATC property team had two key meetings where it was indicated and discussed that housing density would need to be of the order of 40,000 dwellings to justify a metro station.

The first was a meeting on 14 August 2023 with the newly formed independent metro audit review team. The second was a meeting on 25 October 2023 with the newly appointed secretary of the department of planning. After those meetings a couple of things stood out to myself and the property team. Firstly, the timeframe to secure a metro station was closing rapidly. Secondly, having a metro station at Rosehill would significantly increase the rezoning and housing potential, and therefore the value to the ATC. Thirdly, having a metro on the ATC's land would reduce the cost to taxpayers because it was already in alignment with the metro line and had a lower contamination and flood risk than neighbouring sites. All of that led me to conclude that there was a big opportunity for the ATC, and also benefit for the wider community, and that I needed to raise that with the ATC's chairman and CEO for further consideration.

On 26 October 2023 I briefed the chairman and CEO on the concept. We discussed the potential for this to deliver significant funds needed to provide a real step change to our training, track and spectator facilities and make them the envy of the world. It would also provide a means of securing our financial future independent of wagering. We agreed that it was incumbent on us to explore the opportunity for the benefit of ATC and its members. We agreed that I would meet with the Premier. We wanted to ensure that we weren't expending ATC's

limited resources on a proposal that the Government would be opposed to. We also wanted to confirm the appropriate process for such a proposal. On 30 October 2023 I met with the Premier and his chief of staff. They confirmed they were interested and that it was an interesting idea, but they would need to ensure there was a proper process and probity. Shortly after the Cabinet Office confirmed to me that the unsolicited proposals process should be used and that confidentiality was key due to probity requirements.

We also agreed in our team that we should brief Racing NSW, our regulator, to ensure that they would not be opposed. We did that on 1 November 2023. After that the Cabinet Office provided confidentiality deeds which were executed. The ATC board was briefed on the proposal and the USP process on 21 November 2023. They agreed to progress the proposal and sign a memorandum of understanding with government which was a statement of intent to work with them on the USP process. After that I was involved in briefing a number of parties and stakeholders across racing, government, everywhere.

This included a meeting on 19 December 2023. Along with our vice-chair Tim Hale and CEO Matt Galanos, we briefed members of the Opposition, including Opposition leader Mark Speakman and yourself, Mr Chairman, amongst others. Since that time I've continued to have discussions with members and industry stakeholders regarding the proposal as it's developed. We lodged the stage one submission under the USP process on 28 March 2024. We are continuing to pursue due diligence on the proposal. Once all the facts and details are known, the ATC members will be asked to vote on the matter. At this stage there is not enough information for an informed decision to be made. At all times in this process I have acted in the best interests of ATC and its members as a whole; not just because it's my job but because I want to see the ATC and racing thrive for many years to come. I thank the Committee for this opportunity.

The CHAIR: Thank you very much, both of you, for your opening statements. Your evidence is that this idea emanated on 26 November following a meeting you had with the department of planning. Is that correct?

STEVE McMAHON: This idea emanated over an eight-year period, since 2016. It came closer to fruition at that point in time as an idea.

The CHAIR: Prior to that, on 25 October, you'd indicated to Planning, according to those meeting minutes, that there were no plans at all to sell either Rosehill or Randwick Racecourse and that racing would continue permanently on those sites as the premier venues.

STEVE McMAHON: Yes. That was the position because that meeting wasn't the appropriate time to discuss any USP, and I had not had that discussion with our chairman or CEO.

The CHAIR: At that point had you contemplated a USP?

STEVE McMAHON: If we go back to the August meeting when the metro audit committee first—and that meeting was held in August, as I said in my statement—I was asked in that meeting had we ever thought about the racecourse being developed and at that time the answer was no. It's a premium racecourse; no. That's when the discussion was, "Well, you really need 40,000 homes or about that figure to justify a metro due to the cost of the metro and if you pay with developer contributions and the like." I guess that's when the idea was first put into our heads and we had a chat with a property team after that time. We then thought about it and then we had it again after October.

Ms CATE FAEHRMANN: Is it possible to ask for a copy of Mr McMahon's opening statement to be circulated?

The CHAIR: Indeed. Could Mr McGauran and Mr McMahon, who both made opening statements, hand them up to the Committee for the assistance of Hansard?

PETER McGAURAN: Just by way of clarification, it was in Mr McMahon's head. The first I knew of this was 26 October. But he was perfectly right to respond to every inquiry by the officials that the ATC had no plans and hadn't contemplated selling Rosehill Gardens. What at first might look like deceptive or misleading comments are actually exactly the policy of the ATC until it began to reconsider its position after 26 October.

The CHAIR: Mr McMahon, in terms of that determination did anyone else suggest to you that—you indicated that it was your idea to come up with the sale process for Rosehill racecourse. Was there anyone else who had suggested that to you at all?

STEVE McMAHON: Only in our property team, internally; that's it.

The CHAIR: With respect to the meeting you had with the Premier on 30 October, when did you seek that meeting?

STEVE McMAHON: It would have been after the 26th.

The CHAIR: So within those few days you what, texted the Premier, emailed the Premier?

STEVE McMAHON: I think I rang his chief of staff and asked for a meeting.

The CHAIR: A fairly urgent meeting to discuss this proposal?

STEVE McMAHON: Yes.

The CHAIR: In that meeting did you indicate that you wanted to seek an unsolicited proposal at that stage?

STEVE McMAHON: This is my recollection: It was to discuss the idea and the process.

The CHAIR: So at that stage you did not suggest an unsolicited proposal?

STEVE McMAHON: I asked advice on the process and was referred to the Cabinet Office. That's where I was advised about the USP process.

The CHAIR: In that meeting did the Premier suggest you should seek an unsolicited proposal?

STEVE McMAHON: No.

The CHAIR: Who did you receive advice from with respect to the completion of unsolicited proposals? Was that the Cabinet Office or did you have independent advice with respect to that?

STEVE McMAHON: Initially the Cabinet Office provided some advice but also our property team are familiar with the process, so they also had some information.

The CHAIR: When would you say you received that advice from the Cabinet Office?

STEVE McMAHON: Early November.

The CHAIR: In terms of that advice, when was Project Wattle effectively stood up?

STEVE McMAHON: I don't know why it's called Project Wattle. I didn't make that name up.

The CHAIR: Was that shared with you at any stage?

STEVE McMAHON: The name "Project Wattle"?

The CHAIR: Project Wattle, yes.

STEVE McMAHON: At some stage, but I wasn't asked about it.

The CHAIR: That was before an unsolicited proposal was initiated, though?

STEVE McMAHON: No it was after discussions had been undertaken with the Cabinet Office. It was before we submitted. We didn't submit until 28 March.

The CHAIR: With respect to the unsolicited proposal, who's doing the due diligence on the proposal?

STEVE McMAHON: Obviously we are. Our board is and I believe Racing NSW are also undertaking due diligence on the proposal.

PETER McGAURAN: If I may add, we are being careful not to duplicate the work that Racing NSW, as the regulator, is undertaking for their own due diligence. They've made it clear to me from the outset that they act on behalf of the entire industry; they don't act on behalf of the ATC or the Government. So we are coordinating with them to make sure we're not commissioning the same studies.

The CHAIR: Original documents show that the plan was originally to relocate racing from Rosehill to Warwick Farm. When did that change?

STEVE McMAHON: What do you mean, "relocate racing from Rosehill to Warwick Farm"?

The CHAIR: Relocate racing from Rosehill to Warwick Farm was in the original documentation. That was the original proposal as suggested around November; that racing would be relocated from Rosehill to Warwick Farm.

STEVE McMAHON: I'd like to know which document you are referring to. I believe you are probably referring to an early draft of workings for a board paper that was probably captured in the section 52 call for papers. Is that what you are referring to?

The CHAIR: There are several documents that have that indication, in either draft media releases or in commentary back and forth.

PETER McGAURAN: No, I agree with you, Mr Chairman, and particularly in the presentation to members which took place at Rosehill in early February and at Royal Randwick. Yes, we re-envisaged Warwick Farm as the replacement track. And we would invest on widening the corner, extending the straight, building new stabling, building new spectator and member facilities. So you are quite right to say that the idea of Homebush being an alternative premium track came later. But we did say from the announcement on 6 December we would be looking at another racetrack. It's our belief that the Homebush site, in terms of infrastructure, location and potential—there is a railway station; there is a car park; it's closer; it's in Western Sydney down the road from Rosehill and so on—needed to be examined. I think that sort of dawned on us late 2023 early 2024. But initially we didn't identify Homebush. We had it in mind, as we do other sites, but we didn't commit to it until probably March or April.

The CHAIR: So you've committed to Homebush, have you?

PETER McGAURAN: Committed to exploring it and assessing, because it is such an ideal site. So there will be engineering, environmental and ecological works underway.

The CHAIR: Have you visited the site?

PETER McGAURAN: Yes.

The CHAIR: You visited it with the Sydney Olympic Park Authority, or—

PETER McGAURAN: No. I visited on my own so I could walk it and drive it and make an assessment for myself. There will be challenges. Those of you who've been there will know. There are challenges—

The CHAIR: The Committee has been there, yes.

PETER McGAURAN: Oh, good.

The CHAIR: With respect to the Olympic Park site, though, this is a site that was ruled out for development when it came to the Olympics—the biggest infrastructure project in the State's history. What's changed in that process that now would allow for a racetrack to be constructed on that site?

PETER McGAURAN: I think, firstly, the vulnerability of the green and golden bell frog has eased considerably. Its endangered status has been modified to an extent. There are environmental challenges because of the wetland area that you would have seen for yourselves. So we have to address that. But otherwise it's an uncontaminated and non-environmentally sensitive area, apart from those areas that we need to address. Largely, it's a brick pit; an industrial site. You obviously—and I think one of your earlier witnesses said—will have to drain the brick pit. You would, of course, be potentially constructing a track running around the clifftop.

The CHAIR: Have you done any inquiries about the size you'd need for a track around that space or, indeed, how you would need to stage that track with the light rail that is going down the road right next to that site?

PETER McGAURAN: Those matters are under consideration.

The Hon. WES FANG: Mr McGauran, you said you've walked around the brick pit. Can you explain to me how you did that, given that it's fenced off and we required Sydney Olympic Park Authority to open the gates and lead us in. How did you manage to walk around the site?

PETER McGAURAN: I went the public areas. You must have accessed it at the bottom.

The Hon. WES FANG: Yes, we did indeed.

PETER McGAURAN: No.

The Hon. WES FANG: It's very clear to us that the challenges that you would have in putting a class one racetrack there with the short straights and the very tight turns would be nowhere near the quality of a track that you get at Rosehill. You'd be aware of that, right?

PETER McGAURAN: I don't accept that because I haven't yet got the engineering and the hydrological studies, but if I can—

The Hon. WES FANG: You put that forward as your solution to having a replacement for a class one racetrack. Do you believe that you can put a class one racetrack in the footprint of the brick pit?

PETER McGAURAN: I want to examine the possibility and—

The Hon. WES FANG: You had better be doing more than examining the possibility if you are preparing to sell Rosehill and reduce New South Wales to only one class one racetrack.

PETER McGAURAN: You speak of the brick pit. The racecourse is nowhere near the floor of the brick pit. So when you walked around the bottom of the brick pit that's got—

The Hon. WES FANG: I'm not talking about that; I'm talking about the surface area. If I was to put a top-down view of the brick pit, the length of the straights and the tight turns that are required to keep a racetrack within that footprint is nowhere near, I believe, what is going to be acceptable as a class one racetrack. So what are you preparing as an alternative for a class one racetrack if you sell Rosehill?

PETER McGAURAN: I'm suspending judgement until the experts—

The Hon. WES FANG: You had better be doing more than just suspending judgement, Mr McGauran. You had better have—

The Hon. BOB NANVA: Point of order—

The Hon. TAYLOR MARTIN: Let the witness answer. I think he has something to say on this point.

The CHAIR: Order! There is a point of order.

The Hon. BOB NANVA: Chair, the procedural fairness resolution requires that a witness be afforded the opportunity to answer the question that is being asked.

The Hon. WES FANG: Okay, understood.

The CHAIR: I ask the Hon. Wes Fang to let Mr McGauran answer the question.

The Hon. WES FANG: Mr McGauran—

PETER McGAURAN: No, I'd like to answer your earlier points, thanks. You made several. Firstly, I'm suspending judgement on the suitability of the Homebush site as a future racetrack until I have more information from particularly the engineers to address your practical concerns. There are other sites that we are looking at which I'm not going to flag publicly because of commercial property issues. It really is a matter of us concluding stage two so we can answer your questions more fully.

The Hon. WES FANG: Mr McMahon, you've been a former staffer, correct?

STEVE McMAHON: Yes.

The Hon. WES FANG: You'd be aware of, I guess, the requirements in making proposals to government, given your vast experience in government previously.

STEVE McMAHON: I'm not an expert in it but I'm aware of it, yes.

The Hon. WES FANG: Do you think it's appropriate for you to approach the Premier as the first point of call with such a significant proposal?

STEVE McMAHON: I'm pretty sure that you would agree—well, maybe you wouldn't agree—that it is commonplace in a number of situations before you invest resources from a member base that you want to make sure that they're not going to be automatically opposed to such a thing.

The Hon. DAMIEN TUDEHOPE: How much have you spent so far on this proposal?

PETER McGAURAN: Approximately $320,000. I got the figures out yesterday.

The Hon. DAMIEN TUDEHOPE: This week you would have seen a suggestion that the delivery of this new railway station may in fact extend the delivery of the western metro between three and five years. Given that timeframe, is this project worth pursuing?

PETER McGAURAN: It's still worth proceeding until we have all the information.

The Hon. DAMIEN TUDEHOPE: So in other words the train station will not be delivered, potentially, until 2035 or 2037. In those circumstances would you be recommending to your members that they proceed with this proposal?

PETER McGAURAN: It's a long-term project; it always was from the outset. Racing at Rosehill would have continued between five and seven years anyway.

The Hon. DAMIEN TUDEHOPE: The Premier was suggesting to the NSW Farmers conference last week that Rosehill racecourse will be closed down next year. Is that in your planning?

PETER McGAURAN: No, of course not.

The Hon. DAMIEN TUDEHOPE: So when the Premier said to the NSW Farmers you won't be able to hold your meeting there next year, that's because he had envisaged that—

The Hon. WES FANG: The bulldozers would be coming in.

The Hon. DAMIEN TUDEHOPE: —the racecourse would, in fact, be closing next year?

PETER McGAURAN: No.

The Hon. DAMIEN TUDEHOPE: So that's not in the proposal. The proposal you are taking to your members, potentially—and it's a bit unclear what that proposal is going to be—is the delivery of a railway station in 2035 or 2037?

PETER McGAURAN: Well, two things. I haven't seen the Premier's comments. They are at odds with the unsolicited proposal because Rosehill will be sold in stages so as to preserve the racing and training aspects. Secondly, depending on how the funding is derived for portions of the sale, then it is a long-term project. This is a bigger project than Green Square, and Green Square took 25 years. So this is a 40-year project.

The Hon. DAMIEN TUDEHOPE: You're suggesting, though, that there is going to be a return to the ATC of $5 billion. How did you get to that figure?

PETER McGAURAN: That's a calculation provided to us by experts in the area that are, after all the contingencies are subtracted—

The Hon. DAMIEN TUDEHOPE: Well, who are those experts?

PETER McGAURAN: Those experts are MostynCopper.

The Hon. DAMIEN TUDEHOPE: And they've been involved, have they not, in relation to this proposal, since 2016? Aren't they the property consultants that Mr McMahon was talking about earlier that he has been dealing with since 2016?

PETER McGAURAN: Yes, correct. But there have been few, if any, to my knowledge, large-scale developers who have contested the estimate.

The Hon. DAMIEN TUDEHOPE: That might be right. Given that they probably don't know all of the parameters of what the proposal is, it's a bit difficult to understand what the estimate is going to be. But let's put that to one side. In 2016 the proposal, of course, was the Rosehill-Camellia site, was it not? How many dwellings was that proposal mooted to deliver?

PETER McGAURAN: Approximately 3,000, best case scenario.

The Hon. DAMIEN TUDEHOPE: And the curtilage around the racetrack?

PETER McGAURAN: The 3,000 I'm talking about, the James Ruse land, non-core of the ATC, but for the other developers I think it's another 20,000-odd dwellings.

STEVE McMAHON: I think the original plan from 2016 which, again, changed a number of times, was around about 10. Other developers believed it was higher.

The Hon. DAMIEN TUDEHOPE: So the non-sale component—if you weren't selling the racecourse, there were proposals which you were working on over a period of time which could have delivered potentially up to 13,000 more dwellings?

PETER McGAURAN: No. The maximum for the ATC's land is 3,000.

The Hon. DAMIEN TUDEHOPE: But in terms of the site generally.

PETER McGAURAN: Correct, fair point, yes. That's a fair point but it's not anywhere near the minimum number for a metro station and it's the metro station that's the key to all of this.

The Hon. DAMIEN TUDEHOPE: Just to be clear, Mr McMahon, in 2016 I think in your earlier evidence you had this in your mind.

STEVE McMAHON: Not the racecourse sale. The Camellia precinct that your Government raised, yes, definitely.

The Hon. DAMIEN TUDEHOPE: When did the sale of the racecourse actually jump into your mind?

STEVE McMAHON: Not until probably after the audit committee in August.

The Hon. DAMIEN TUDEHOPE: What date was that?

STEVE McMAHON: In August. I referred to it in my opening statement, but it was 14 August.

The Hon. DAMIEN TUDEHOPE: But the proposal for the delivery of the western metro had been ongoing for some significant period of time.

STEVE McMAHON: Absolutely, it had.

The Hon. DAMIEN TUDEHOPE: Why wouldn't you have made a submission to the previous Government in respect of the delivery of a railway station and the sale of Rosehill racecourse?

STEVE McMAHON: With respect, we'd been dealing with your Government for a long time—

The Hon. DAMIEN TUDEHOPE: Well you may have been, but why didn't this proposal jump in—

STEVE McMAHON: There were two different Ministers, four different times—

The Hon. DAMIEN TUDEHOPE: This is the first we've heard of this proposal. When did this jump into your mind?

STEVE McMAHON: We'd been dealing with the Government for a long time. There had been a lot of changes in policy. There was going to be Camellia, there was going to be a metro, then there wasn't going to be. Then Lucy Turnbull through the Greater Sydney Commission got involved, and there wasn't going to be, then there was going to be. There had been a lot of changes. So we were trying to get a metro for our racecourse. And after the August meeting when it was talked about the need for 40,000 to make the metro feasible, after that meeting we thought to ourselves, "We should at least look at this. How can we make this happen? Let's look at the numbers."

The Hon. DAMIEN TUDEHOPE: Did you ask that question ever before about what would make a station at Rosehill feasible?

STEVE McMAHON: No, because we—

The Hon. DAMIEN TUDEHOPE: Had you ever asked that question before?

STEVE McMAHON: Yes. Over the eight years, yes.

The Hon. DAMIEN TUDEHOPE: And was that because you had in mind selling the racecourse?

STEVE McMAHON: No, it's because we wanted a metro station to replace the railway station that, with respect, your Government took away.

The Hon. DAMIEN TUDEHOPE: Did anyone tell you in the course of those negotiations you would need 40,000 dwellings?

STEVE McMAHON: Over the last eight years, no, because we never got a decision from government on the rezoning and on metro.

The Hon. DAMIEN TUDEHOPE: So you in fact came to your board with this proposal after you'd met with the metro to say, "Give us 40,000 dwellings and we'll give you a metro"?

STEVE McMAHON: It wasn't as simple as that. As I outlined in my opening statement, after the metro meeting and then after the other meeting with the secretary of Planning, after we'd done some more work behind the scenes, I took the matter to our CEO and chairman for further consideration.

The CHAIR: That was the next day, wasn't it, after the meeting with Planning? It was the next day.

STEVE McMAHON: Yes, correct.

The Hon. MARK LATHAM: Mr McMahon, did you speak to a members consultation meeting last month about this proposal?

STEVE McMAHON: Yes.

The Hon. MARK LATHAM: Did you say to them what you thought the value would be of the land, if it went on the market today?

STEVE McMAHON: I believe I did, yes.

The Hon. MARK LATHAM: That was an amount of $2 billion?

STEVE McMAHON: I believe the full context was that if, depending on how you cut it, you were to sell it right here today, it would be worth around $2 billion. But over time it would be worth $5 billion, or even more than that.

The Hon. MARK LATHAM: Does that worry you, Mr McGauran? You said earlier on no-one has contested the $5 billion amount that came from MostynCopper?

STEVE McMAHON: If it was sold today. There's no reason any—

The Hon. MARK LATHAM: If it was sold today. Well, your proposal is to sell it, what, in the next 12 months? So your estimation of $2 billion today is obviously relevant to what you are planning to do. Isn't that a clear contradiction that this $5 billion figure is not credible and it's not from a professional valuation?

PETER McGAURAN: No. The best advice we've had, if you wanted to sell Rosehill Gardens as is, no rezoning, walk-in, walk-out, $1.6 billion—not $2 billion. And of course that is a paltry return for the loss of a premium racetrack. We wouldn't even let that bid through the door.

The Hon. MARK LATHAM: But why do you think you're guaranteed to get a metro? It's only under consideration. There are flooding concerns, contamination concerns. Nearby Camellia was ruled out for a metro because of flooding and contamination. As Mr Tudehope has pointed out, the project has been delayed. Apparently the Premier has been briefed that, because of the Rosehill complexity in putting in a metro box, it wouldn't happen until 2035 at the earliest.

PETER McGAURAN: I can't comment on the Premier's deliberation.

The Hon. DAMIEN TUDEHOPE: Have you gone back and asked your valuers to say what impact that would have?

PETER McGAURAN: I can't comment on the Premier's deliberations, but the siting of the metro station is midway between the ends of the grandstand facing James Ruse Drive. If it—

The Hon. MARK LATHAM: When does that metro station need to open to make your $5 billion valuation valid?

PETER McGAURAN: If the unsolicited proposal stage three is agreed on, where the Government gives us the rezoning and the metro station, and we agree to the sale, that is binding not just on the government of the day but all future governments. It's an unsolicited proposal.

The Hon. MARK LATHAM: That's not answering my question. For your $5 billion amount to be valid, when does the metro at Rosehill need to open?

PETER McGAURAN: We have valuers looking at all that now, giving us options as to when and how you'd sell it, when the returns might be available. This is unique.

The Hon. MARK LATHAM: So it's worth $1.6 billion today but you don't know when it will be worth $5 billion. But you made that statement on 7 December on behalf of the ATC.

PETER McGAURAN: Do you mind re-asking the question?

The Hon. MARK LATHAM: Well, it's worth $1.6 billion today. You don't know, according to your evidence today, when it would be worth $5 billion, yet that was your definitive statement on 7 December at the press conference.

PETER McGAURAN: I'm yet to find any valuer or large-scale experienced property developer who disagrees with $5 billion. Now the challenge for us—

The Hon. MARK LATHAM: Five billion when?

The CHAIR: Let Mr McGauran finish, please.

PETER McGAURAN: The challenge for us is how to capture that. It's such a big project, how long would a developer take a risk for? Because you build 800 dwellings a day. So I agree with you, we do have to have an answer to that question, and we do have a very significant firm of valuers looking at it.

The Hon. MARK LATHAM: You don't have that answer today.

PETER McGAURAN: No, because we haven't finished our due diligence.

The Hon. MARK LATHAM: Mr McMahon, what happened at the meeting with the planning secretary on 23 August?

STEVE McMAHON: I'm sorry, on 23 August?

The Hon. MARK LATHAM: Yes. You said you met with the independent metro team on 14 August and then you met with the planning secretary on the 23rd.

STEVE McMAHON: Of October.

The Hon. MARK LATHAM: Okay.

The CHAIR: Was that 25 October?

STEVE McMAHON: Let me just check so I don't mislead you all. Yes, 25 October.

The Hon. MARK LATHAM: What happened at the meeting of 14 August, where you thought this could now be viable? What was said about a metro at Rosehill that made you think a full sale could happen?

STEVE McMAHON: On behalf of the ATC we were advocating, as we had been for years, for a metro station at Rosehill to service our racecourse. The discussion came that, if it was going to happen, to make it feasible it was likely that more density would be required. As you would be aware, over the last eight years there have been decisions to explore a metro there and then others to not and then to do so. Our point at those meetings was that a metro station on our land would save the taxpayers money, because the Rosehill racecourse land is less contaminated and less flood prone than the perimeter sites. I think some of the sites that were being investigated prior to that were around the perimeter. It would have been cost prohibitive, so it never really got off the ground. In those meetings we were advocating for a metro with the existing plans, and the discussion in that meeting was that you'd really need close to 40,000 to make it feasible for anyone to do it. So that's when we started thinking, "Well, let's have a look at the numbers", but we were opposed to it at the time.

The Hon. MARK LATHAM: When was the meeting with the planning secretary?

STEVE McMAHON: On 25 October. That meeting was about—

The Hon. MARK LATHAM: Right. That's where you told them that there's definitely no plan to sell Rosehill.

STEVE McMAHON: That meeting was to brief the new secretary on the plans for all of our racecourses and, again, the conversation came up—I believe from them but I could be wrong—about you'd need 40,000 to make a metro feasible.

The Hon. MARK LATHAM: The following day you spoke to your chairman and said, "We should go forward with the full sale"?

STEVE McMAHON: No. When we left that meeting, we had furthered a conversation with our property team and said, "Look, this has come up again. We want to get a metro off the ground." So we did some numbers. We got some numbers and they were quite attractive. I then rang the chairman and our CEO—

The Hon. MARK LATHAM: On the 26th?

STEVE McMAHON: —to say, "I think we need to explore this further." We were very conscious that in all public notices—and I've got one here from the Herald—it was very clear that the Government was close to making a decision on the metro and if we did not at least make a move to explore that opportunity then the train station would literally have left. So we needed to make that decision. Hence, I guess, a lot of the haste in having those decisions to pursue.

The Hon. MARK LATHAM: Mr McGauran, before going to the State Government to say you wanted to sell the full Rosehill site—

PETER McGAURAN: To explore it.

The Hon. MARK LATHAM: —shouldn't you have got a board decision to authorise that? It's the most important asset you own at the ATC. You're going to the Premier of New South Wales to say, "Let's work together to sell this", without a board decision to authorise that action?

PETER McGAURAN: There were two board meetings beforehand: a board meeting on 21 November and then a board meeting on 21 November. There's two board meetings and—

The CHAIR: With due respect, Mr McGauran, it was 30 October that Mr McMahon went to see the Premier about selling Rosehill racecourse.

PETER McGAURAN: Yes.

The Hon. TAYLOR MARTIN: Mr Latham's point is why was the cart before the horse? Why didn't you raise with the board whether that should proceed at all?

PETER McGAURAN: Firstly, an NDA, a non-disclosure agreement, had been flagged. Secondly, I wanted Mr McMahon to test the Government. This was a very big idea, so I wanted to be sure that the Government was supportive of us exploring the issues.

The Hon. MARK LATHAM: But because it's a very big idea aren't you duty bound to get a board decision to go forward to the Premier of New South Wales with your very big idea?

PETER McGAURAN: No, I don't believe so, because the board was fully informed and met on two occasions before the announcement with the Premier on 6 December.

The Hon. MARK LATHAM: Can you provide the board minutes to us, where there is an authorisation of the announcement you made at Rosehill on 6 December?

PETER McGAURAN: I'll take legal advice on that, Mr Latham, because clearly we are not a government agency. We are not a statutory authority.

The Hon. MARK LATHAM: But you have responsibilities under the law, the Corporations Act and other statutes of New South Wales.

PETER McGAURAN: Let me take legal advice on that matter.

The Hon. DAMIEN TUDEHOPE: Mr McMahon, have you had any further discussions with the Premier in relation to this proposal?

STEVE McMAHON: Only superficial, at functions and different conversations, along the lines of "How's it all going?", "Yes, we're working on it."

The Hon. DAMIEN TUDEHOPE: Did Mr Will Murphy from the Premier's Department suggest to you that this unsolicited proposal was the way to go?

STEVE McMAHON: Yes.

The Hon. DAMIEN TUDEHOPE: So it was the Premier's Department that asked you to put in an unsolicited bid?

STEVE McMAHON: No, they didn't ask us to put it in. I asked a question as to the correct process, and I was advised that—

The Hon. DAMIEN TUDEHOPE: There were four potential processes, were there not? Weren't you advised in fact, by Mr Murphy, that there were four different proposals—a direct dealing proposal, an unsolicited proposal, they could compulsorily acquire it? There were a number of potential options, and it was the Premier's Department who in fact solicited from you an unsolicited proposal?

STEVE McMAHON: That's not quite true. I asked what the process was. The idea and the proposal is ours.

The Hon. DAMIEN TUDEHOPE: But it was them that suggested the unsolicited proposal was the best way to go, wasn't it?

STEVE McMAHON: As the mechanism, yes, that's true.

The Hon. DAMIEN TUDEHOPE: So they solicited an unsolicited proposal from you?

STEVE McMAHON: No, they didn't solicit it. They recommended that was one of the processes that was advised as the best form of process.

The Hon. MARK LATHAM: Mr McGauran, in explaining this Rosehill sale decision to the trainers at the racecourse itself, why did you say that the track needs to be sold because there are too many Indians living in the Parramatta region? Isn't it the job of the ATC to attract people from all ethnic backgrounds to racing and to gain their patronage and support for this particular industry?

PETER McGAURAN: Well, that's offensive in the way you've phrased it, Mr Latham. I can recall saying that the demographics, including the high Indian population, was affecting crowd sizes. But there are other groups, community groups, and we have some research, that are attracted to Rosehill. So it was purely an examination of the likely target audience.

The Hon. MARK LATHAM: No. It was more than that. It was a reason why Rosehill should be sold. The demographics, as you call it, too many Indian families, means there's not enough interest in racing in the Parramatta region. That's what you put to them, wasn't it?

PETER McGAURAN: I didn't say there are too many Indian families. You're suggesting that I might have a problem with Indian families. What I've said is that Rosehill is suffering from a decline in attendance. Much of this is due to the removal of the heavy rail station, but a lot of it is also due to changing demographics in the region.

The Hon. MARK LATHAM: I'm not asking about the rail station. Why did you mention Indian families as a reason for why the track had to be sold?

PETER McGAURAN: That was one of many reasons why I wanted to consider it being sold. I'm still waiting myself, Mr Latham, for all of the evidence. But I wouldn't be putting this proposal forward if I didn't have the courage of my convictions to argue its merits. But it's my job to present all the information to members, who will then make the decision. I don't see the political conspiracy here or what the ATC board has done wrong.

The Hon. MARK LATHAM: Isn't it your job to work with the Indian community to get their interest in our great sport of racing and get them to Rosehill?

PETER McGAURAN: I think that's an asinine question and you know it.

The Hon. MARK LATHAM: Why is it an asinine question? You're paid a lot of money to do that.

The CHAIR: Thank you, Mr Latham. Mr Nanva has the call.

The Hon. BOB NANVA: You've both stated in your opening statement that the ATC has been seeking to redevelop Rosehill since 2015. In that time there have been a series of changes in portfolio Ministers. Would it be fair to say that on each occasion the ATC would revisit plans with each change of Minister to try and progress, I suppose, a vision into a reality?

STEVE McMAHON: Absolutely.

The Hon. BOB NANVA: It's not unusual for well-established plans, is it, to be rethought, reconsidered, redesigned, if it would help turn a stalled plan into an outcome?

STEVE McMAHON: As I articulated in my opening statement, we endured several changes—several Ministers, several changes of policy—and we adapted and worked with the Government on each of those. So, similarly, when you see a change of policy again from a new government you adapt to that. Seeing that a government was requiring housing, wanting a metro, having a metro audit review committee, it made sense to try to adapt to that, given the lack of success the previous Government had in actually enabling that.

The Hon. BOB NANVA: The idea of increasing density and housing around a metro station has been a proposition put forward by the ATC since 2018. Is that correct?

STEVE McMAHON: I believe 2016, Mr Nanva. Sorry, in 2015 the Camellia precinct was first floated by the New South Wales Government, and the metro project was announced in 2016.

The Hon. BOB NANVA: I want to take you to a meeting on public disclosure of Mr Anderson's disclosures of 18 October, I believe, 2022. I understand the homes Minister was present at that meeting.

STEVE McMAHON: Yes.

The Hon. BOB NANVA: Did Minister Anderson organise that meeting with the then homes Minister?

STEVE McMAHON: It's a question for him, but I believe the ATC would have requested that, given Mr Anderson was the racing Minister at the time. To the best of my recollection, that sounds correct.

The Hon. BOB NANVA: Presumably the housing Minister thought it was a good idea to be at that meeting?

STEVE McMAHON: I believe so.

The Hon. BOB NANVA: Did you discuss building additional housing and density at Rosehill in that meeting?

STEVE McMAHON: That meeting was about the original Camellia precinct, so it wasn't about the racecourse itself. It was about trying to get the Government to deliver a Camellia rezoning that was feasible and workable with a metro station there.

The Hon. BOB NANVA: So the previous racing Minister, the previous Government, was well aware of proposals to see additional housing at Rosehill?

STEVE McMAHON: They should have been, yes.

The Hon. BOB NANVA: Predicated on a metro station being delivered?

STEVE McMAHON: Absolutely. It wasn't just the ATC advocating for that. It was also the surrounding landowners around it.

The Hon. BOB NANVA: Can I take you to the future of the industry. You've noted the revenue headwinds that the industry faces. Is a significant proportion of revenue that the industry is reliant on from gambling sources?

PETER McGAURAN: Yes. Thoroughbred racing, like the other racing codes, differs very much so from other sporting codes in that we derive the bulk, perhaps as high as 80 per cent—I stand to be corrected, but around 80 per cent of our income comes from wagering. Whereas, obviously for the football codes to take an example, 80 per cent would come from media rights and a much smaller amount from wagering.

The Hon. BOB NANVA: With respect to the long-term financial security of the club, would it be your view that the board should be exploring and considering diversified revenue sources so the club's recurring revenue can keep up with the costs, the need for improved infrastructure, spectator experiences, tracks, stabling?

PETER McGAURAN: Yes, very much so. I strongly believe it would have been a breach of the board's fiduciary duty not to pursue this concept. Whether it's voted on affirmatively or negatively by members or we don't reach agreement with the Government, so be it. But I was not going to take it on myself, and nor were my fellow directors, to reject an opportunity like this. Look, the ATC breaks even. If we break even, it's a good year. We only broke even in financial year 2023 because we restructured and saved ourselves $5.5 million. We have very heavy costs. For instance, our subsidy for training, which is obviously trainers and owners directly on ATC training tracks, was $7.9 million we lost in financial year '24. It's estimated to be $8.6 million in the next 12 months.

Even so, the trainers will tell you we are not keeping their facilities, apart from the tracks—their stabling and added facilities—up to standard. You need hundreds and hundreds of millions of dollars, and people think, "Well, just go to Racing NSW." Even they don't have the sums that the ATC needs to leapfrog into the future. Everything else will be patching up what we've got. As I said earlier on, you'll be going to Warwick Farm and Canterbury in 20 or 30 years time and you'll have the same experience you have today. If you think young people and future generations are going to tolerate that, then I think you're mistaken.

The Hon. BOB NANVA: Can I just go back to the timeline of events, if I could. You were advised the best way to proceed with the proposition that was put up through an unsolicited proposal process was in November of last year. That's correct?

STEVE McMAHON: I believe so, yes.

The Hon. BOB NANVA: The instigation for the stage one part of that proposal was effectively triggered in March of this year. Is that correct?

STEVE McMAHON: That's correct, yes, 28 March.

The Hon. BOB NANVA: A bit has been made of the publicly stated position of the ATC around not seeking to sell Rosehill racecourse, but a publicly stated position on a plan that's been stalled since 2015 shouldn't disqualify an organisation, should it, from changing its plans and putting new proposals forward?

STEVE McMAHON: Correct. Absolutely.

The Hon. BOB NANVA: The brick pit proposition—this proposal isn't contingent on the brick pit from proceeding, is it? The USP process has a long way to go and there are multiple stages. Presumably, that would be the subject of further discussion and negotiation, but the point at the moment is to keep an open mind?

STEVE McMAHON: I'll defer an answer to that to our chairman. But what I will say is that we are very early into the stage two process, where all of these matters need to be detailed. The very name of stage two is the detailed assessment. So we are in the middle of getting all of those details. That's still to be determined by our board and by the Government and by everyone involved. So it's early days.

The Hon. WES FANG: Can I ask a clarifying question on that point then, Mr Nanva?

The Hon. BOB NANVA: I haven't finished with my questioning.

The Hon. WES FANG: Do you mind if I ask a clarifying question?

The CHAIR: Let Mr Nanva continue.

The Hon. BOB NANVA: There is obviously a desire to have a number of group one, class one tracks, that's correct? Whether that is the brick pit—

STEVE McMAHON: Quality racetracks, yes.

The Hon. BOB NANVA: Is there any reason why Warwick Farm couldn't be ungraded to a quality track?

STEVE McMAHON: The plan is to upgrade Warwick Farm to be a better track than what it is today.

The Hon. BOB NANVA: Group one?

STEVE McMAHON: Yes, absolutely. With the longer straights, with the plans that we've already gone through with the trainers and the members and the like to lengthen the straight, make it wider, make it safer, make it better for punters, make it better for everyone. Cambered. Safer. Better. Absolutely, that is part of the plan if this deal were to go ahead.

The Hon. BOB NANVA: If this deal were not to go ahead, is the status quo sustainable with respect to revenue, costs, the current state of infrastructure? As the chair of the club, would you feel comfortable with the status quo without an alternative plan?

PETER McGAURAN: No, I don't. If you look to the future—out of fear of repeating my earlier comments, it all depends on whether or not you want to plan for the future and you're not assuming that racing will always be as popular as it is today. So, frankly, I want to avoid the scenario where racing becomes a niche or minority sport, as it has in other countries. If you don't plan for the future, then you're hostage to it.

The Hon. BOB NANVA: The ATC is a public company, correct?

PETER McGAURAN: No. It's a not-for-profit company limited by guarantee. So we have to reinvest all of our funds for the benefit of members.

The Hon. BOB NANVA: There has been a range of witnesses that have expressed concerns about what would happen to any revenue that would result from the sale of the racecourse. Being a company owned by, effectively, members, presumably that money would go to the members for the members' benefit to pursue whatever infrastructure upgrades that are needed?

PETER McGAURAN: And the industry. Obviously, it is freehold land, owned by the club at Rosehill Gardens. Any sale proceeds belong to the ATC.

The Hon. BOB NANVA: There's no law, regulation or any other standard that you are aware of that would mean that those funds would not go towards the benefits of the industry and the members as a whole?

PETER McGAURAN: Correct.

The Hon. TAYLOR MARTIN: I am conscious of the time, and I will try to be brief. Mr McGauran, you provided some items in your opening statement and we've referred to them in Mr Nanva's line of questioning—a lot of items from the income statements. Do you mind if we turn to the balance sheet. Can I ask you how much the ATC owes Racing NSW.

PETER McGAURAN: Yes, this was a feature of earlier witnesses. We have loans of $113 million to Racing NSW. They are not $200 million, and they are interminable loans, meaning they are only refunded if we sell certain assets. If we sold Rosehill Gardens—theoretically, because I don't want anybody to think that myself, the board or anyone at the ATC, let alone members, think it's a certainty or a done deal. If the sale did go ahead, we would have to return about $50 million to Racing NSW on the basis of those interminable loans. The rest of the loans are associated with Royal Randwick.

The Hon. TAYLOR MARTIN: So they don't need to be repaid?

PETER McGAURAN: They don't need to be repaid—

The Hon. TAYLOR MARTIN: Unless—

PETER McGAURAN: —unless you sell, and only then the $50 million attached to Rosehill.

Ms CATE FAEHRMANN: Mr McGauran, who gave you the $5 billion figure? Before you gave that figure at the press conference, who gave you that figure of $5 billion?

PETER McGAURAN: Our property consultants, MostynCopper.

Ms CATE FAEHRMANN: And they gave that to you on the day? Was that $5 billion in a full valuation and are you able to table that as well for the Committee?

PETER McGAURAN: I'll take legal advice as to that, as to the commercial-in-confidence nature. If I can, I undertake to do so.

Ms CATE FAEHRMANN: So that $5 billion figure was in a written valuation that you were presented with—was it the day of the announcement?

STEVE McMAHON: The figure has been worked through by the property consultants who engage other consultants who are experts in this field, looking at all of that. Since that time—and it's subject to the USP process, so subject to legal advice and commercial in confidence. It's been tested further by other appropriate organisations that do that kind of work so the methodology behind it is sound. It depends on how you cut the pie at the end.

The Hon. DAMIEN TUDEHOPE: Does the $5 billion include any value capture component to be repaid to the State Government? They give you a railway station to get this up. Do you expect that the increased value, some of which will be recovered by the State Government for the purpose of developing the railway station, potentially will deliver other infrastructure to that site?

STEVE McMAHON: Yes. The valuation certainly captures the infrastructure required as per normal development applications and constructions. Naturally, and through the USP process, there would have to be a negotiation in regard to all aspects of that.

The Hon. DAMIEN TUDEHOPE: The $5 billion is fictitious in those circumstances if you don't—

STEVE McMAHON: It could be better than $5 billion. It all depends on the work being done now.

The Hon. DAMIEN TUDEHOPE: It could be a lot worse.

STEVE McMAHON: Very unlikely, sir.

The Hon. DAMIEN TUDEHOPE: It could be a lot worse if, in fact, the requirement of the Government is that there are hospitals to be built, roads to be built, water and sewerage infrastructure to be delivered, a railway station to be delivered. They may say, "Giving you an uplift of $5 billion, from $1.6 to $5 billion, we want our cut."

STEVE McMAHON: We're aware of that.

PETER McGAURAN: In which case stage three of the unsolicited proposal, where these matters are negotiated, including the gifting of Horsley Park, we wouldn't agree.

The Hon. DAMIEN TUDEHOPE: Mr McMahon, you're a pretty good tipper, aren't you? In fact, someone in my office tells me that you know how to tip. You would have to say this is a pretty bad tip at the moment. This isn't going to proceed, is it?

STEVE McMAHON: I'd have to declare that I have provided your staff with tips—five out of six, I believe—at the last carnival. I should disclose that openly. Look, no, I think it will be up to the members and until the members see all of the information, until we've done all of the work, and until we get to that final stage no-one can make an informed decision.

The Hon. DAMIEN TUDEHOPE: You were in December.

The Hon. MARK LATHAM: I'm a member and I'd like to know: In the $5 billion valuation what is the assumption made there about the opening of the metro?

STEVE McMAHON: You'll see all of that information when you get to have your vote.

The Hon. MARK LATHAM: No, no, no. The $5 billion has been touted. You've used it publicly repeatedly. It must have an assumption built in as to when the metro will open, given that the whole value, or the majority of the value with the $5 billion, is contingent on the metro.

STEVE McMAHON: But the model—as I'm sure you would understand if you talk to property people—once the Government confirms a rezoning, once the Government confirms that a metro is going to be built, then developers will make those based on those assumptions. When it's actually constructed, it depends on how you cut the pie. Having the station physically built obviously makes it easier to sell properties to people. But when people know it's coming and have that assurity from the Government—

The Hon. MARK LATHAM: That's not answering the question. The $5 billion is contingent on the metro opening on a certain date. What is that date?

STEVE McMAHON: It doesn't matter.

The Hon. MARK LATHAM: It doesn't matter?

STEVE McMAHON: It all gets made relative to the deal that you cut.

The Hon. WES FANG: Mr McGauran, in the answer you gave to Bob Nanva you indicated that the brick pit was mutually exclusive to the sale. Are you saying that the sale of Rosehill racecourse will not necessarily guarantee an additional racetrack being another class one racetrack in Sydney?

The Hon. BOB NANVA: Point of order: I'm sorry, Chair, but that wasn't the evidence.

The CHAIR: He can still put the question to him.

PETER McGAURAN: Can it be rephrased, Mr Chairman? I don't fully understand.

The Hon. WES FANG: Are you indicating to this Committee that the sale of Rosehill racecourse will not necessarily deliver Sydney another class one racetrack?

PETER McGAURAN: Our objective and our negotiations with the Government will be in regard to the Homebush site. We have to wait to see their response and how we respond in kind.

The Hon. WES FANG: If you are not given the opportunity to develop the brick pit, you will not sell Rosehill racecourse?

PETER McGAURAN: That is an option available to us. I won't commit to it because we are still in the early stages and there are other sites that could be available to us.

The CHAIR: Mr McGauran, as part of this program—and I guess this goes to the $5 billion question as well—$5 billion is achieved through the proceeds of sale of Rosehill, I take it to a developer is what you are envisaging? You're not envisaging developing it yourself, is that correct?

PETER McGAURAN: Correct.

The CHAIR: Okay. Then as part of that, that isn't $5 billion profit to the ATC, so to speak, because you will have some form of contingent liability to pay for another track in Sydney. Now you've used the term "the gifting" of an area—

PETER McGAURAN: Horsley Park.

The CHAIR: The gifting of Horsley Park. You don't envisage that you would be paying the taxpayers of New South Wales any money for that site?

STEVE McMAHON: It's all part of the negotiations.

PETER McGAURAN: It's part of the negotiations, as my friend reminds me. If we are to assist the Government with a metro station, the location of it, and all the economic and cultural and social—

The CHAIR: The Government is assisting you with $5 billion, as you put it.

PETER McGAURAN: If we are doing a land swap at its basic between the metro station and Horsley Park, that's one aspect. Then you've got the other aspect of where a future premium racetrack could be constructed. These are matters for negotiation and it's too early to enter into those. It's a stage three issue.

The CHAIR: But if you can develop on the brick pit site, as you say, shouldn't the Government just be turning the brick pit into housing then on their own site—

PETER McGAURAN: I didn't say—

The CHAIR: —where a metro is also going to go?

PETER McGAURAN: We might want to look at the *Hansard*. But I didn't say we could develop a racetrack at Homebush. I said we are examining it. Prima facie there is space, but let's see what the engineers come up with.

The CHAIR: Mr McGauran, your evidence as well before was that the status of the green and gold bell frog that held up development during the Olympics is apparently wonderful now and we don't need to concern ourselves with the brick pit site and any conservation of the green and gold bell frog there.

PETER McGAURAN: No, I didn't say we didn't need to concern ourselves with the frog; I said it's not as endangered a species as it once was, which was the automatic blocker back in 2000.

The Hon. WES FANG: I think I made the point we don't need to worry about the frog.

The CHAIR: Thank you for affording us a little extra time, but just one last question. Mr McMahon, in reaching out to the Premier or the Premier's chief of staff for that 30 October meeting, did you indicate what the meeting would be about?

STEVE McMAHON: To the best of my recollection, I said I wanted to present an idea that I think would be mutually beneficial for the community and for the racecourse—for the ATC.

The Hon. WES FANG: And they didn't ask for any further detail?

STEVE McMAHON: No, but I think it was—

The Hon. WES FANG: They granted you a meeting just on that very vague—

The CHAIR: It is quite extraordinary, on the basis of that, to be able to secure a meeting with the Premier within three days, which is then listed simply as a meet and greet in the Premier's diary disclosures.

STEVE McMAHON: I didn't list it like that, but yes.

The Hon. WES FANG: No, that's right, Mr McMahon, you didn't; the Premier did.

The CHAIR: Thank you both for your time and evidence before the Committee today. I don't think you've taken anything on notice, but you have taken on notice the requests of documents that members have put.

PETER McGAURAN: Correct.

The CHAIR: So if you could return, the Committee secretariat will be in discussions with you following this about the material you have undertaken to investigate giving the Committee.

(The witnesses withdrew.)

Mr TIMOTHY HALE, Vice Chair and Elected Director, Australian Turf Club, before the Committee via videoconference, sworn and examined

Ms CAROLINE SEARCY, Director, Australian Turf Club, affirmed and examined

The CHAIR: Welcome, Mr Hale and Ms Searcy. Thank you for making the time to give evidence. Thank you, Mr Hale, for agreeing to appear today via video link from Singapore. I understand the secretariat has been in touch regarding the application of parliamentary privilege to your evidence today, given you are appearing outside of the jurisdiction of New South Wales. While witnesses in jurisdictions in Australia outside of New South Wales are protected by national defamation laws, this is not the case for witnesses in overseas jurisdictions. Witnesses in these jurisdictions should be aware that their evidence to the Committee may be open to being adduced into court proceedings in that jurisdiction, although they are fully protected against any proceedings being brought against them here in New South Wales in respect to the evidence they may give.

I also understand that, given this scenario, the secretariat suggested you seek your own legal advice—of course, noting you are a senior counsel yourself—should this be required. I have asked Committee members to be cognisant of that particular circumstance of your appearance and we look forward to hearing your considered views on the terms of reference today. Thank you very much. Would either of you like to make a short opening statement before the Committee today?

CAROLINE SEARCY: I would.

The CHAIR: Ms Searcy, we'll start with you, in the room, and then we'll go to Mr Hale.

CAROLINE SEARCY: As mentioned, I'm Caroline Searcy, director on the board of the ATC. I came on the board in February 2023. I have my own media business. I host and produce a couple of shows that go on SKY Racing that I fund through the industry about promoting racing and the breeding industry and the rehoming of thoroughbreds. I've been involved in sporting and racing and media for over 35 years, and I've closely observed racing administrators for a large part of that—30 years of that time living in Sydney. I've bred and raced my own thoroughbreds and four of them are now back in my care post-racing. I by no means have the commercial ability to play at the top end of the racing and the breeding game, so I fully understand the huge investment that so many people make without a return in the racing industry, just for the passion that they have for these horses. I'd like to make a few points in particular about the proposal to sell Rosehill racecourse. The board of the ATC has not agreed at this point to sell Rosehill. We're currently investigating a proposed sale, but no decision has been made as yet by the board.

When we signed the memorandum of understanding, I made it very clear I was signing this document with a view to discussing it further with government and consulting with industry and, of course, the members. So there has been no binding agreement at this point. The priority for me has always been the club and its members and the industry stakeholders. Personally, my first instinct—same as our chairman said—is that you don't sell racecourses. I didn't get on this board to be selling assets that are as important and as big as Rosehill racecourse. I've lived in Adelaide; I've seen racetracks disappear. It's not been for the benefit of the racing industry, particularly in somewhere like South Australia. I know they are trying to regain some ground within the public sphere to make sure racing has the relevance that it really needs.

I think it is the duty of the board, as our chairman said before, to investigate what could be an incredible revenue stream for the club and our members, and the broader stakeholders and industry. If there is—and it is now, obviously, with all the questions being raised, not just in this room but also by the wider industry—the potential to pay for our wish list regarding improvements to Randwick, Warwick Farm, Canterbury, the track and training infrastructure and member and spectator facilities, then the board has the duty to explore that fully. The club's funding, as you heard also, is obviously very much challenged at the moment due to the changing wagering landscapes. So the board has to look at this potential opportunity of a major influx of funds that could secure the club's financial future, independent from wagering.

I do believe, however, in reference to some of what has already been discussed, that having a fourth track located close to the centre of Western Sydney is an absolute must. It is obviously the third biggest economy in Australia, that Parramatta region. I think having that footprint there is absolutely vital. I certainly would not approve the sale of Rosehill without that fourth racetrack as a group one facility for the racing industry. Obviously there are strong headwinds; we know about the wagering landscape at the moment. As I said, racing needs to remain very visible outside the racing industry. We need to engage with local communities, sponsors, take advantage of that growing business environment in that region of Western Sydney and the opportunity that it creates for racing itself.

I know a lot of people in the racing and breeding industry so I've spent a lot of hours talking to all sorts of different stakeholders—from owners, breeders, trainers, jockeys, past chairmen, former stewards—to really understand exactly what the sale of this course would mean to people whose businesses rely on the racing industry, and also those for whom racing is more of a leisure pursuit. So I'm looking forward to the board having the full details, after the due diligence is completed, to really know where we stand. Of course, as has also been mentioned, the sale cannot proceed without the vote of members in favour of that sale. So, again, I want to stress that the board has not made a decision to sell the course. I have an open but somewhat sceptical view about whether it will transpire. I will continue to act in the best interests of the club and the members as a whole. Thank you for your time.

The CHAIR: Thank you, Ms Searcy. Mr Hale, before you continue, just to let you know that the person in the background is somewhat visible on the screen, despite the green screen effect, unfortunately. Apologies for that, but I thought you might like to be aware of that before proceeding. If you'd like to make a short opening statement.

TIMOTHY HALE: My name is Tim Hale and I am the vice chair of the Australian Turf Club and have been so since August 2022. I am an elected director of the ATC. I was elected in November 2020, taking office on 1 February 2021. I'm the chair of the members' subcommittee of the board, chair of the members' consultative committee. I'm a member of the finance and audit subcommittee and I'm a member of the remuneration and nominations subcommittee. I am a practising barrister; I was appointed senior counsel for New South Wales in 1999 and Queens Counsel, now Kings Counsel, for Western Australia since 2000. My areas of practise include property law, property development and valuation law. I have, over the decades, appeared for government, councils and property developers. I have that familiarity with that—

The CHAIR: Mr Hale, I've had points of order raised by Committee members. Unfortunately, the individual is still visible in the background. I know you might be in a tight space in Singapore, unfortunately.

TIMOTHY HALE: Yes, I am.

The CHAIR: I know what it can be like in Singapore.

TIMOTHY HALE: Is that—

The CHAIR: That is out of screen now, thank you.

TIMOTHY HALE: I do apologise for that. It is a tight space I'm in. My areas of practice include property law, property development and valuation law and, as I say, I've appeared and acted for property developers, government and council over a long period of time and therefore have a familiarity with property development. I'm here today at the invitation of the Committee and I'm here to answer questions.

The CHAIR: Thank you very much. Mr Hale and Ms Searcy, you were both singled out by Gai Waterhouse in her evidence at the former Committee hearing, saying that she is "infuriated by the mendacity of the ATC board and its associates, but I exclude from criticism members Tim Hale and Caroline Searcy". I am just wondering why you are both excluded from her wrath, so to speak.

CAROLINE SEARCY: I haven't spoken to Gai since the first forum, or before the very first forum, where she was pretty aggressive about the role of the board and what the board should be doing. But I think perhaps Gai has heard about the fact—I know Tim, in particular, as well as myself, has spent a lot of time, as I said before, in speaking to a lot of people in the industry. We're not pushing the potential sale of Rosehill. I think we're probably more listening to what members and stakeholders are saying. So perhaps that feedback has gone back to Gai, but you'd have to ask Gai about that.

The CHAIR: Mr Hale, anything you would like to add to that?

TIMOTHY HALE: Yes. I did not know she was going to say that. I think my comment is much the same as Ms Searcy. I spend at least an hour to two hours just about every Saturday walking around the members, speaking to the members, and obviously this is an issue. I listen to what they say. It's possibly because I have made it known that I regard the integrity of the process as fundamentally important for the vote. I strongly adhere to the idea that the members' vote will be decisive and determinant of this. I think perhaps those views and the amount of time I spend talking to members of the ATC has probably led to this.

The CHAIR: For both of you then, in terms of those consultations you've been having with members, what is the feedback from members? What is your expectation of what any vote of the ATC would produce?

CAROLINE SEARCY: I think at the moment certainly we don't have the detail to give members, as yet, which is very frustrating. Because obviously you want to be able to say, "This is what this would cost. This is what it would cost to do up anything", whether it be Warwick Farm or to have Horsley Park built as a training

centre, or any of that. We obviously don't have that information as yet. However, the majority of the members that I speak to at the moment, a handful will say, "Look, you have to explore this. You must actually get that detail to the members." But I would say at the moment the majority are very much opposed to the potential sale.

TIMOTHY HALE: I imagine I've spoken to many, many hundreds of members, and overwhelmingly the view of those who attend the races is strongly against the sale of Rosehill. A number of them say, "I haven't got any detail. I have no information to make a judgement." But I would have thought a substantial majority of members will vote against this proposal when it comes to the members, if things stay as they are.

The CHAIR: With that being the case, and we've heard the evidence that $300,000 has been spent already by the ATC, why is it continuing in this fashion when it's wasting, effectively, your members' money and the New South Wales Government's money and we're essentially not going to end up with any transaction?

TIMOTHY HALE: It's a bit difficult to answer that, because there have been discussions at confidential level within the board about expenditure. So it's a bit difficult for me to—I would be disclosing confidential information if I answered that. Of course, if I am directed to answer, then I will.

CAROLINE SEARCY: I think all along it has been the role of the board to do that due diligence and to actually find out whether there is any merit in in. So I think to stop right at the moment—at the moment, I don't think there is a lot more money being spent. I think what has been spent has been spent. Racing NSW, it's also been publicly documented, is doing their own due diligence, as was referred to before, and taking some of those costs away from the club. So we're not actually spending a lot more money at the moment on that due diligence to find out at least what is possible with the proposal. Right from the outset my view is it's going to be a very hard thing to have happen and, as I said, I'm pretty sceptical about it. But, on the other hand, why would you stop now when right from the outset it was like that? You're following process to see where it goes before the next stage.

The CHAIR: I think we've heard evidence today that the first time this was taken to the board was 21 November. Is that both of your recollections as well?

CAROLINE SEARCY: That's right.

TIMOTHY HALE: Yes, that's correct.

The CHAIR: The sale of Rosehill, was that ever discussed prior to the 21 November by the board?

CAROLINE SEARCY: No.

TIMOTHY HALE: No, definitely not. Indeed, we only learnt about the proposed sale on 21 November after we had each signed confidentiality agreements with the State Government.

The CHAIR: Were you shocked that this was taken to the State Government prior to the board being apprised of the situation?

CAROLINE SEARCY: I think it was surprising, definitely. I can see why, as Mr McMahon said, that you wouldn't go any further if you didn't have government and you didn't have Racing NSW's approval or at least support for it. But, certainly from a board point of view, it's perhaps not the best governance.

The Hon. WES FANG: Point of order: In Mr McGauran's evidence, when the question was asked about the proposal being brought to the board after the Government had already been made aware, he said that there were two board meetings. He indicated 21 November was one of those. Are you saying that was the first time?

The Hon. MARK LATHAM: No, he said that twice.

CAROLINE SEARCY: Yes. The first time was 21 November, and then there was a meeting on 23 November, if I am correct, Mr Hale?

TIMOTHY HALE: That is correct.

The CHAIR: With respect to that meeting of 21 November or that meeting of 23 November, was the estimation of 25,000 homes the only estimation that was put before the board, or were there other figures that were put before the board?

CAROLINE SEARCY: In the original board papers we received on the 21st it did say 24,000 homes, I think it was. But there had been discussion as well that if it was just Camellia, there would be the 3,000 as opposed to the greater amount if the course was sold.

The CHAIR: Mr Hale, what is your recollection with respect to that?

TIMOTHY HALE: I think there were a variety of different figures referred to at various times, but 25,000 ultimately was the figure that was referred to.

The CHAIR: Was 12,000 ever put before the board?

TIMOTHY HALE: My recollection is there was a reference at one stage to 12,000. I think that might have been the very first board meeting.

The CHAIR: Who were you advised were doing the valuations on the project, and were they presented to the board?

TIMOTHY HALE: This then comes down to confidentiality, but it has been touched on, I think, by Mr McGauran about it. There has only been one valuation provided to the board.

The CHAIR: That was the valuation of MostynCopper?

CAROLINE SEARCY: The $5 billion? Yes, I think.

TIMOTHY HALE: Sorry.

CAROLINE SEARCY: You go, Tim.

TIMOTHY HALE: I'm a bit careful here, because we are talking about confidential matters. But we have never been provided with a valuation showing $5 billion. We'd been told the figure $5 billion, but we've not actually been provided with a valuation.

The Hon. MARK LATHAM: What have you been provided with?

TIMOTHY HALE: We have been provided with one valuation that Mr McGauran referred to earlier.

The Hon. MARK LATHAM: Showing, what, 1.6?

TIMOTHY HALE: Correct.

The Hon. MARK LATHAM: How can the chairman of the ATC, at the press conference with Chris Minns and subsequently, be, effectively, misleading the membership? We're talking about $5 billion here, where no such valuation has been provided to his own board and the current value is 1.6. What's going on here?

TIMOTHY HALE: I can't answer that, but the figure of 1.6 that Mr McGauran referred to was some time after the statement that was originally made in December of last year.

The Hon. MARK LATHAM: So you've got no faith in this $5 billion amount because you've never seen it?

TIMOTHY HALE: That's correct. It's also because in my professional capacity I understand valuation and I have a great deal of difficultly in accepting, and I have never accepted, that figure of $5 billion. I'm assuming it is $200,000 a dwelling for 25,000 home sites.

The Hon. MARK LATHAM: This is some kind of sad joke, isn't it, on the membership of the ATC? We pay our fees, we go to the races, we love our industry, and we now find out that the money that's been touted for the sale of the most important asset owned by the ATC is not even accepted or regarded as credible by the board? Is that what you're saying?

TIMOTHY HALE: I can't answer that question.

The Hon. MARK LATHAM: Well, that's how it appears, isn't it? It's obvious.

The CHAIR: Mr Hale, if I can just follow on from that and ask from your experience in dealing with developers, and what you do for a living, is it your understanding that is how developers determine the payment to an individual, in terms of a price per dwelling of, let's say, $200,000 in this instance, as you've estimated?

TIMOTHY HALE: The answer to that is no. But what usually happens in terms of valuation is you rely on comparable sales. That's the way we all look at it, when you buy and sell a house. When it comes to more complex developments, that's not always possible. So what is done is a hypothetical development method. Under the hypothetical development method, there is a whole lot of assumptions which must include what the ultimate sale price is, what will it cost, how long will it get there, profit and risk. Matters of that sort. So it has to be discounted over—if it's a long period like 30 years or the figures that Mr McGauran referred to, of course, the figures have to be discounted to bring them back to present value.

The Hon. DAMIEN TUDEHOPE: Can I just take you on a different direction. Some of the evidence which has been given is in respect of the funding which you receive from Racing NSW. Is there a set formula for the funding which you get from Racing NSW in relation to betting returns?

TIMOTHY HALE: The answer to that is, yes, it's quite complicated. It's under the Totalizator Act and a number of other Acts. But, in substance, under those various Acts there were agreements entered into in the late 1990s with Racing NSW and the industry that the ATC and other race clubs get a percentage of wagering turnover from the TAB.

The Hon. DAMIEN TUDEHOPE: One solution to what potentially we see as a reasonably precarious financial position would be to have a better return in terms of racing revenue, would it not?

TIMOTHY HALE: Agreed.

CAROLINE SEARCY: Absolutely, and something we bring up quite regularly—and it's been brought up obviously in the discussion about Rosehill—is the funding model. The TAB revenue that the club gets, they had a monopoly when this was all agreed on with the Act back in 1997. They had the monopoly and now corporate bookmakers, or through race fields, they've taken a huge percentage of the market away from TAB and that money is going to Racing NSW. Whereas potentially if you could have a better return for the club, we'd certainly have a better cashflow position.

The Hon. MARK LATHAM: That raises the point: Why isn't the ATC leadership pursuing a new funding model to solve these financial difficulties instead of wasting so much time, effort and money and dividing the industry and dismaying the entire membership with what increasingly seems like the absurd pipedream of selling Rosehill?

CAROLINE SEARCY: Absolutely. I mean it is something we keep asking, but at the moment with the process going through as far as Rosehill, that's been the answer.

The Hon. DAMIEN TUDEHOPE: Where is the barrier? Where is the resistance to negotiating a better funding model?

CAROLINE SEARCY: I think at the moment the way it's been told is we are focusing on the Rosehill proposal and see where that leads within the next few months. It is only a few months until the members would have the vote, if it gets to that point, where the board says there is enough information to say it's worth pursuing, continuing on to a members' vote. I think from that point you'd be looking at other models. But certainly, as I said, we've been asking about this funding model regularly, month in, month out.

The Hon. DAMIEN TUDEHOPE: And what is the response you've been getting?

CAROLINE SEARCY: Well, we need to see what happens with Rosehill, basically.

The CHAIR: Who was that response from?

CAROLINE SEARCY: I think within the executive that are trying to work out the best way to make ends meet, to make the club be able to do what it needs to do financially. Also, from the chairman of the board saying, "This is the direction that we are taking at the moment."

The Hon. PETER PRIMROSE: In terms of conducting the ballot of members, what's the formal process that would involve? If a decision presumably is made by the board to conduct that, who would conduct it? Under what rules is it conducted? Is there a proposal put out? Are there a number of proposals—a for and against case like a referendum? How does that actually take place and under what auspice? Would you be able to ask someone such as the Electoral Commission to do it? How does that all work and where is that written down? Can you tell us, please?

TIMOTHY HALE: As to the detail leading up to the vote, there has not been any information provided at this stage. I would assume there would be a for case and an against case. So far as the voting is concerned, I assume the voting would be conducted in much the same way elections for directors are conducted, which is by an independent organisation. So it would be online voting conducted by an independent party together with those who attend the general meeting.

The Hon. MARK LATHAM: Do you believe the question to be put to the members should be "Do you support or oppose the sale of Rosehill", rather than a suggestion the question might be "Should Rosehill racecourse be declared non-core land for the purposes of the ATC to get around the provisions of the licenced clubs Act?"

CAROLINE SEARCY: I believe currently the non-core land is the question that was raised at a members' consultative committee meeting. That would be the vote about the core versus non-core land.

The Hon. MARK LATHAM: Which, if it was carried—if the members were tricked into thinking that it's just about the classification under a statute rather than the sale or maintenance of Rosehill ownership—it would give the power to the board to sell it without reference to the membership. Isn't it clearer and more honest and transparent for the members to have a question that asks, "Do you support or oppose the sale of Rosehill?"

CAROLINE SEARCY: I would agree with that.

TIMOTHY HALE: I would agree with that, too.

The Hon. EMMA HURST: Thank you for coming today. I'm just wondering if you're worried at all about the chairman's relationship with the CEO of Racing NSW and whether that relationship has created any influence within your organisation as well?

CAROLINE SEARCY: Obviously, there is a close relationship between the two, but I think the role of the regulator—and this has been the case with, I think, other boards in the past as well, and past chairmen. I think it's a very strong role that Racing NSW has in the way it's not controlling but affecting the way that the ATC operates. I'm not sure that there is any difference, necessarily, in the fact that our chairman and the CEO of Racing NSW are close. I think that there's been that level of not telling a chairman what to do, but I think there has been that relationship for some time before that relationship.

The Hon. EMMA HURST: Are you concerned that would have some kind of influence on his position?

CAROLINE SEARCY: I think there are certainly instances where I think the club should have a little bit more autonomy and not be quite as controlled by the regulator. I think it's very important that we have a very good relationship with Racing NSW—vitally important, obviously. However, I think it does often go beyond what it should be in terms of the control over even getting down to what staff are able to do. I think it possibly goes too far. But I'm not sure it's necessarily because of that relationship.

The Hon. MARK LATHAM: My question is to both of you. In terms of corporate governance, are you concerned that the day before the board even considered this matter—so 20 November—Mr McMahon, a staff member from your organisation, was working with the Cabinet Office to draft a press release for the Premier supporting the full sale of 25,000 new homes as a "once in a generation opportunity"? Even before the board considered it, you had a staff member drafting a press release for the Premier, meaning your board is being treated like mushrooms or a rubber stamp?

CAROLINE SEARCY: Yes. As I said before, I think that discussing with government and Racing NSW before the board knew is not necessarily the best governance. I can understand that. But certainly as far as the announcement—and I'd made that clear myself in other deliberations. We initially wanted, as I said myself, that the announcement would say that the board had signed the MOU purely on the basis of continuing discussions et cetera. So, yes, that press conference being about housing, I think, probably was a negative in terms of the racing industry suddenly being told, effectively, that we are selling. I think that could have certainly been handled better.

The Hon. MARK LATHAM: Who's running the ATC—the board or Mr McMahon?

CAROLINE SEARCY: As I said, whether or not that's come from Mr McMahon or from other discussions that have taken place, I'm not entirely sure, but that's obviously the way it was done. Yes, I didn't think it was—

The Hon. MARK LATHAM: It's a funny old organisation, I've got to say.

CAROLINE SEARCY: I didn't think it was right, either.

The CHAIR: Just one final question from me: In terms of how it was presented to the board that the idea emanated, what was the evidence that was presented to the board as to the origins of this idea for the sale of Rosehill?

CAROLINE SEARCY: The way that Mr McMahon described it in terms of the discussions that had been about Camellia, and then it had come up that potentially it could be the overall sale of the land and that would obviously, with the metro station there, return an amount that could, at that time, have been something that could set up racing in New South Wales for the future. But, as we've heard since then, there is a lot more that we found out that makes it highly unlikely that it's possible, given the timeframes, given the detail of what the valuation of the land is at the moment.

Ms CATE FAEHRMANN: When you said that you didn't think it was right either, did you take those concerns to the board? Has the board discussed their concerns with the actions of Mr McMahon without the board's authority? Has that happened?

CAROLINE SEARCY: No, because at the time it was agreed between, I assume, the chairman and Steve, that was the way they handled it. We have discussed the fact we didn't like—

Ms CATE FAEHRMANN: You didn't raise it with the board at all?

CAROLINE SEARCY: Not the actual—

Ms CATE FAEHRMANN: The board has not had a discussion—

CAROLINE SEARCY: No. It was much later that it came out.

Ms CATE FAEHRMANN: Just to be clear, the board hasn't, as a board, had a discussion about the actions of Mr McMahon and that being inappropriate, and that should have gone to the board?

CAROLINE SEARCY: Not to my recollection in terms of the actual timing of it. But in terms of the press announcement, yes, that's been discussed.

The Hon. DAMIEN TUDEHOPE: We heard earlier this week, and you probably heard the evidence given earlier, that this whole scenario is predicated on the delivery of a new railway station at Rosehill. Given that the announcement earlier this week was that may be as late as 2035 or 2037—and this is to you, Mr Hale, in terms of the potential value of that site, given the timing of the delivery of the infrastructure. In those circumstances, does that make the property, because of the extended delivery of the railway station, more or less valuable?

TIMOTHY HALE: I would have thought less valuable.

The Hon. DAMIEN TUDEHOPE: So the $5 billion which was touted would probably be a reduced figure in view of the circumstances of a delayed delivery of the railway station?

TIMOTHY HALE: That would be the case. Because the way it works in development is the developer has to put up a lot of money up-front and there is a considerable time before the developer gets the money back. The longer that takes, the greater the holding costs, therefore the less profit and therefore it reduces the value of the land.

The Hon. DAMIEN TUDEHOPE: The value would certainly also be impacted upon by any requirement to deliver by way of some sort of value capture the supporting infrastructure, whether it's roads, water and sewerage, hospitals, train stations. That would also impact on, potentially, the value which would be returned to the members?

TIMOTHY HALE: The assumption—as I say, I haven't seen the $5 billion valuation, but that, I am assuming, is based upon a rezoning of the land. To get the rezoning of the land there would have to be provision for that infrastructure, so the developer would be taking that into consideration.

The Hon. BOB NANVA: You would agree that the opportunity, regardless of the specifics of the proposal itself, of putting billions of dollars into world-class facilities would provide New South Wales with a competitive advantage in the industry compared to other jurisdictions?

CAROLINE SEARCY: It would certainly be something that would improve racing and, as I said, there are a lot of headwinds in the racing industry. To be able to have, as you heard before, not only the racing surfaces, the safety for the participants, the hospitality—to have everything improved through a great influx of money certainly would be a fantastic thing for racing in New South Wales.

TIMOTHY HALE: That is certainly the case, yes.

The Hon. BOB NANVA: Prominent trainers have made public statements that Warwick Farm is a substandard track, no-one attends the races anymore and that Royal Randwick stables are coming to the end of their useful life. It would be fair to say that no change, or even limited change, is simply not a viable option for the racing industry in New South Wales?

CAROLINE SEARCY: I think there is a school of thought which we've heard earlier in the inquiry in terms of what you can do if you were to sell off part of the land around Canterbury, if you were to do the Camellia development. All those things change the funding model. Again, you're only talking potentially hundreds of millions, so it doesn't quite futureproof the same way this would if it was to come to pass, which, as I said, is problematic in itself. But Warwick Farm, I don't think—I mean, I'd love to see it done to a point where you could have some group one racing there.

But I don't believe at Warwick Farm—I think the trainers are right—that you could hold the 22 race meetings that you have a year at Rosehill on top of what they already have, which is close to around 20 anyway, to be able to make that the replacement for Rosehill. I think you definitely need a fourth track, I believe, in Sydney for the safety of the racing itself and the track maintenance. When one track is out of play, you're doing it up, you can have another one. I don't think Warwick Farm or Canterbury, no matter what you do up, would have the capacity to take over from Rosehill.

The Hon. BOB NANVA: We've heard previously about the importance of racing in Western Sydney, something that I wholeheartedly agree with. But we currently have 25 race meetings, as I understand it, at Rosehill. Nine are group one races, which is about half of what you'd probably see at Randwick. So clearly there is a

problem attracting races to Western Sydney. There is a problem with the spectator experience. There is a problem with the facilities. There is a problem with the infrastructure. Quite clearly, as members of the board, you would welcome that part of the proposal that would invest significant funds in upgrading all of those things?

CAROLINE SEARCY: I think there are certainly ways that you could do up Warwick Farm or Canterbury without having to spend enormous amounts of money. Certainly the tracks are going to take an enormous amount. Warwick Farm has never been rebuilt, the actual surface. There are a lot of things like that you must do for the sport itself. But I think the actual infrastructure and some of the facilities you could do up without having to raze the whole building, whether it be Canterbury or Warwick Farm. I'm an optimist in that I believe you can get more people back to racing in Western Sydney. I think it's a huge growth area, as we can see with any other sporting code wanting to be there. I think we don't want to lose the opportunity of growing racing in that growing region.

The Hon. BOB NANVA: But you welcome all parts of the proposal currently but for, obviously, that part that involves the sale of Rosehill racecourse. Would that be a fair assessment?

CAROLINE SEARCY: Yes, I don't like the thought of selling Rosehill at all. But we need to explore this. As I said, it's looking less and less likely from the time frame, from the current valuation, all that side of things. But still, if you can look at billions, potentially, you must take that to the members and have a look at it.

The Hon. MARK LATHAM: Isn't it a complete paradox that Racing NSW is buying up a raft of properties in Bull Street and Manning Street in Warwick Farm, training stables, instead of spending that money on actually upgrading the racecourse?

CAROLINE SEARCY: You'll be hearing from Peter V'landys and Graeme Hinton shortly, and I know that there is a model they are working on which is sort of a buffer around racetracks to make sure there's not an encroachment of more and more housing and you keep that area for racing around the tracks. But you can ask them more detail on that.

The CHAIR: Unfortunately, we will have to end it there. We are significantly over time. Thank you both for your appearances here today. Thank you in particular to Mr Hale for coming to us live from Singapore. You are a couple of hours behind as well, so thank you for that. I don't think you took any questions on notice; however, Mr Hale, you did flag on several occasions with respect to confidential information. The Committee may consider that further in our deliberations.

The Hon. MARK LATHAM: We have supplementaries, don't we?

The CHAIR: We do have supplementary questions, so I just wanted to foreshadow that. Thank you both.

(The witnesses withdrew.)

Mr GARRY CHARNY, Board Member, Racing NSW, sworn and examined

The CHAIR: Thank you for taking the time to give evidence today. Would you like to make a short opening statement?

GARRY CHARNY: I would. If I run over, I seek your indulgence. But I won't be much over. Thank you, Chair and Committee members. I have been advised to appear before this Committee. I did not seek that invitation, nor have I put any submissions to it. That said, I am an advocate of greater transparency and welcome the opportunity to assist the Committee in any way possible. For clarity, the views I express today are my own and not those of Racing NSW. I am a member of Racing NSW. That appointment commenced on 20 December 2022 and expires on 20 December 2024. I have been a member of the ATC since the merger and before that the STC. I am currently chairman of Centuria Capital Limited, a listed ASX-200 real estate fund manager with circa $21 billion of funds under management. I am also the chairman and founder of Wolseley Corporate, a Sydney-based corporate advisory house operating in Australia, Asia and the UK. I know a bit about development deals.

I only mention those last two positions to give the Committee some background with regard to some of my relevant experience in assessing the Rosehill proposal. Critically, I want to make it clear from the outset that I have, at this point in time, reached no final view as to whether the proposed Rosehill development is in the best interests of racing in New South Wales or not. I have been racing and breeding horses for over 35 years and am a member of the New South Wales thoroughbred breeders' association. I have also served on the advisory board of Magic Millions. My first horse was trained at Randwick in the 1980s by the late Betty Lane, who—as an aside—was the first female trainer to be granted a trainer's licence by the AJC. Gerry Harvey once described me as a "racing tragic". I do not cavil with that description.

With regard to the proposed development of Rosehill racecourse, I believe there has been a remarkable outpouring of emotion on all sides of the debate consistent with a group of people who all love the industry. Unfortunately, much of that discussion has been misinformed or based on limited information. Even today that misinformation continues and the lack of sophistication around an understanding of what the proposed deal is is remarkable. The only real fact we do know is that New South Wales has a housing crisis and that the Premier and his Government are trying to solve it. If racing in this State, as part of its social licence, can assist the Government in that endeavour, whilst futureproofing the industry, then that can be no bad thing. However, my lens is as a member of Racing NSW with statutory obligations, an owner, a breeder and a lover of the industry, and in those capacities the jury is out. We simply have insufficient facts to make an informed decision.

Today there are more questions than there are answers. Questions such as: What is the land really worth? What level of development risk will the ATC have to take on to get it done? Can we find a suitable site or sites on which to build a new and better racecourse and training facilities? How long will the process take? Will our trainers be properly looked after? Is it in the best interests of the industry? That due diligence is currently being carried out and, once we have those facts, I am hoping that all stakeholders will have a civil, informed and respectful discussion so that a decision can be made that behoves them acting in the long-term interests of an industry that is part of the fabric of this country.

We have a plethora of issues that face this industry. The terms of reference suggest this Committee will be looking at some of them. Good. Our social licence is being challenged. Our financial bedrock is diminishing. We have to do better on welfare. We need better training facilities. We need an avenue for young trainers to build sustainable businesses. Small breeders are being squeezed out. We need more women in senior board and executive roles. We have to stop the squabbling between the States. We must fix the pattern. There is much to do.

Finally, if I might, I take the opportunity to correct one very specific error of fact in Mrs Waterhouse's evidence before this Committee on 22 July. I first declare an interest. Not only is Gai an icon of the industry but I have known her for over 20 years as a friend and someone who has trained horses for me. Indeed, she is about to get another one. She is also the mistress of the hyperbolic one-liner. At page 6 of the transcript, she said she knows no-one on the board of Racing NSW. She went further and said:

> 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.

For the record, I just want to remind Gai that she does, in fact, know who I am and where to send her bills. She does, in fact, know that I attend the races and trackwork, often with very helpful advice, and last time I looked I had not become the third leg of a trifecta with Anne Boleyn and Marie Antoinette. That aside, as I said earlier, I am happy to assist this Committee in any way possible.

The Hon. MARK LATHAM: Good luck with your horse.

The CHAIR: Thank you, Mr Charny, and thank you for appearing here with your head. Could you outline, from your understanding, what the role of Racing NSW is with respect to any transaction on Rosehill?

GARRY CHARNY: The role of Racing NSW is outlined in the Act. It is to control, supervise and regulate horseracing in the State, including the economic development and strategic development, and to initiate, develop and implement polices considered conducive to the promotion, strategic development and welfare of the horseracing industry. That's what it is.

The CHAIR: No, specifically with respect to any proposed Rosehill transaction.

GARRY CHARNY: It falls within that remit. There is a substantial asset, perhaps the substantial asset owned by the ATC—in fact, the only asset really owned by the ATC—and they are proposing to sell it. That would have a fundamental effect on the ATC and on the industry. As the regulator, it's essential that we keep an eye on what's going on. That's our job.

The Hon. EMMA HURST: Thank you for coming here today. You have been a member of the board of Racing NSW for nearly two years?

GARRY CHARNY: For nearly two years; that's correct.

The Hon. EMMA HURST: What do you think is an appropriate length of time for someone to remain as a board member or a chief executive in any kind of organisation?

GARRY CHARNY: I think they're two completely discrete questions. I have a very strong view on the length of board tenure—not just on the regulator, on all boards. On my public company board we have a very strict rule about tenure and the general consensus is about 10 years. I think that's probably about right. It takes you two to three to know what's going on, another three to four to do something constructive, and then a couple more to work out you have to leave. That's about the rule of thumb for a board. I think Katie Page did a report for the New South Wales Government at one stage, suggesting that type of timeline I suggested was appropriate, and I endorse that. I think chief executives are a different question. By and large, I like to see a regular turnover. I don't think you can put a number on it. But there is always an exception that proves the rule, and I think it's very, very case-specific.

The Hon. EMMA HURST: Would you say that 20 years is too long?

GARRY CHARNY: You're talking about Mr V'landys—let's just say what it is. If you asked me in a vacuum, I would say it's getting towards the end of a good period. However, I would also say that we are in extraordinary times and, whether you like him or don't, he is the most effective tool I've seen for a long time. He knows how to get the job done. But for this Rosehill proposal, I might have had a different view. But in the current circumstances, I'd have to have a long think about it.

The Hon. EMMA HURST: Does he remain as a full-time employee?

GARRY CHARNY: He does.

The Hon. EMMA HURST: What is the full-time salary for a CEO of Racing NSW?

GARRY CHARNY: I think that's a confidential piece of information. I'm aware of the number, but whether it's appropriate to disclose it—

The Hon. EMMA HURST: Could you take that on notice and check if you are able to provide some details around it?

GARRY CHARNY: Yes, I can take that on notice.

The Hon. MARK LATHAM: Base plus bonuses?

GARRY CHARNY: Yes. It's base plus bonuses, yes.

The Hon. EMMA HURST: A number of submissions that we have received have raised concerns about the Equine Welfare Fund and how it's being spent. Does the board receive any reporting on how that funding is being used?

GARRY CHARNY: We receive monthly reporting. We get P&Ls of each individual section of the business, and we're taken through it, yes.

The Hon. EMMA HURST: That includes a breakdown of that Equine Welfare Fund?

GARRY CHARNY: Yes, I've seen a breakdown of the Equine Welfare Fund.

The Hon. EMMA HURST: Have you ever heard of the Equine Welfare Fund being used to fund the purchase of property?

GARRY CHARNY: No.

The Hon. EMMA HURST: That's not on any of the sheets that you receive as the board?

GARRY CHARNY: No.

The Hon. EMMA HURST: Are you able to provide on notice—and I understand if you do it confidentially—those monthly breakdowns that the board received over the past two years?

GARRY CHARNY: I'd have to take that on notice. But as Mr Hale said earlier, you can compel me to, so, yes.

The Hon. EMMA HURST: Thank you.

GARRY CHARNY: Sorry, I should qualify one question. That answer to "Have they bought any property on the P&L of that," I might qualify that a bit because I just haven't looked closely enough. By and large we don't, and I don't think we have ever put that in the welfare category. But I'd have to have a look.

The Hon. EMMA HURST: If you could double-check that and take on notice whether there was any property purchased using part of the fund, that would be really useful.

GARRY CHARNY: Yes, happy to.

The Hon. EMMA HURST: Does Racing NSW have an HR representative?

GARRY CHARNY: An HR representative? I actually don't know the answer to that.

The Hon. EMMA HURST: Can you take that on notice and find out for me?

GARRY CHARNY: I can take that on notice, yes.

The Hon. EMMA HURST: Are you aware of any staff at Racing NSW being required to sign a deed of release or a non-disclosure agreement in relation to a payout that they've received?

GARRY CHARNY: No, I'm not.

The Hon. EMMA HURST: You're not aware of that ever occurring?

GARRY CHARNY: No, I'm not.

The Hon. EMMA HURST: Does Mr V'landys need board approval to commence legal proceedings on behalf of Racing NSW?

GARRY CHARNY: There are delegated authorities, and he is entitled to commence proceedings up to a certain projected cost amount. So if it's going to cost more than a certain amount, he's not allowed.

The Hon. EMMA HURST: Do you know what that amount is, off the top of your head?

GARRY CHARNY: From recollection, I think it's $1 million.

The Hon. EMMA HURST: So anything under $1 million he has that delegated authority to make that decision, without the board?

GARRY CHARNY: Yes, he does.

The Hon. EMMA HURST: And is that based on an estimate? I'm assuming when you're talking about potential defamation cases it's hard to know how much they're going to cost.

GARRY CHARNY: Yes, it would be based on an estimate.

The Hon. EMMA HURST: Did you say you started on the board in December 2022?

GARRY CHARNY: That's correct. My first board meeting was in February 2023.

The Hon. EMMA HURST: Are you aware of any complaints of bullying or harassment in relation to Mr V'landys?

GARRY CHARNY: No, I am not.

The Hon. EMMA HURST: Would the board receive a complaint if there was one? Would that come to the board for consideration? Is that the process?

GARRY CHARNY: I would expect it to come to the board, yes.

The Hon. EMMA HURST: Are you aware of any accusations of sexual harassment in regard to Mr Peter V'landys?

GARRY CHARNY: No.

The Hon. EMMA HURST: Accusations, I'm talking about.

GARRY CHARNY: There's scuttlebutt throughout the racing industry. Has anyone ever come to me and made an accusation? No. Has there ever been a formal accusation? No. So, no, I am not aware of them.

The Hon. EMMA HURST: But you're aware of rumours.

GARRY CHARNY: Chair, I don't think this is about Rosehill anymore, is it?

The CHAIR: No, it is. Well—

The Hon. EMMA HURST: Could I comment on that?

The CHAIR: Yes.

The Hon. EMMA HURST: Obviously we've had various allegations about abuse of power in regard to the CEO of Racing NSW and that that abuse of power also results in a push on the sale of Rosehill. That's what I'm looking into.

The CHAIR: I rule that there are terms of reference for the inquiry. The terms of reference for the inquiry are:

> That a select committee be established to inquire into and report on the proposal to develop Rosehill Racecourse, and in particular …

There are many other points that are outlined. The "impacts on the racing industry in New South Wales" is one of those. If the member can constrain her comments to the terms of reference, that would be in order.

The Hon. EMMA HURST: Do you receive copies of the Racing Industry Consultation Group minutes as part of Racing—

GARRY CHARNY: RICG? Yes, we do.

The Hon. EMMA HURST: I understand you may need to get advice on this: Are you able to provide the minutes of those meetings?

GARRY CHARNY: All those documents are actually Racing NSW documents rather than mine. I'm here in a personal capacity. You should ask Racing NSW for those documents. You've got powers to get those documents. That would be the appropriate course, I would have thought. But, yes, they're available.

The Hon. EMMA HURST: And you receive them. How often do you receive them?

GARRY CHARNY: In our monthly board pack.

The Hon. EMMA HURST: And you're not willing to take it on notice to get advice as to whether or not they can be given to this Committee?

GARRY CHARNY: No, I don't think I'm the right person to ask. I think there's an avenue for this Committee to get those documents. You should go through the correct door.

The Hon. EMMA HURST: You started on the board soon after the death of Marina Morel, who died in February 2022. Did that come up at any point while you were on the board of Racing NSW?

GARRY CHARNY: Yes, that has come up.

The Hon. EMMA HURST: Have there been concerns about the trainer or the property that came to Racing NSW prior to her death, as far as you're aware?

GARRY CHARNY: When you say concerns, could you clarify that?

The Hon. EMMA HURST: I'm talking very broadly. Was anything raised with regard to the trainer or the property prior to her death?

GARRY CHARNY: I don't think I was on the board prior to her—

The Hon. EMMA HURST: You weren't, no.

GARRY CHARNY: It's come up in a report. I know of the unfortunate incident, but I can't recall the details of it.

The Hon. EMMA HURST: So there's a board report?

GARRY CHARNY: Like all things, we get good reporting on what's going on, yes.

The Hon. EMMA HURST: You mentioned before the delegated authorities that come to the CEO of Racing NSW.

GARRY CHARNY: Yes.

The Hon. EMMA HURST: Do you have any concerns about the parameters of those delegated authorities? Should the board have more input into what are the functions of the CEO—whoever that is?

GARRY CHARNY: Delegated authority is a thorny topic on all boards and with all CEOs. CEOs want more; boards want less. The delegated authority that currently exists in Racing NSW is somewhat old, I believe. Could it do with a fresh pair of eyes to look at it? Yes, I think it probably could. That's probably my assessment of it.

The Hon. MARK LATHAM: Is it the most broad delegation to a CEO that you've seen in your corporate experience?

GARRY CHARNY: I'm not on the Qantas board, but other than that—

The Hon. MARK LATHAM: I'm not asking about Qantas.

GARRY CHARNY: It is a broad delegation, yes.

The Hon. MARK LATHAM: It's the broadest you've seen in your corporate experience?

GARRY CHARNY: I'd have to go back and think about every delegation, but it's broad, yes.

The Hon. EMMA HURST: Lastly, would you support some kind of external audit into Racing NSW?

GARRY CHARNY: When you say an external audit, do you mean an audit of the books, an audit of the structure or an audit of the people? I don't quite know what that means.

The Hon. EMMA HURST: I guess of the structure and of the books.

GARRY CHARNY: Would I support it? I wouldn't be opposed to it. But do I think there's a screaming need right at the moment for it? No, I don't.

The Hon. DAMIEN TUDEHOPE: Just to that point, you would be aware that there was legislation that passed through this Parliament that, in fact, may have had the impact, if passed, to ensure that Racing NSW was subject to oversight by the Auditor-General—

GARRY CHARNY: Yes, I'm aware of that.

The Hon. DAMIEN TUDEHOPE: —was potentially subject to referrals to the ICAC, and the like, and oversight by a committee of the Parliament in the manner in which you're appearing now.

GARRY CHARNY: Yes.

The Hon. DAMIEN TUDEHOPE: Was the board consulted in relation to those proposals?

GARRY CHARNY: Consulted? No.

The Hon. DAMIEN TUDEHOPE: About whether you would agree that they would be a set of proposals which Racing NSW would agree to be subject to?

GARRY CHARNY: I was aware of the proposals but, no, there was no board meeting where we discussed it and said, "Let's form a position from the board."

The Hon. DAMIEN TUDEHOPE: But you would have thought that if, in fact, that had been brought to the board, the board would not have had an objection to that level of oversight, would you?

GARRY CHARNY: I've learnt never to speak for a board. I can't answer—

The Hon. DAMIEN TUDEHOPE: For yourself, though—I think in your answer to Ms Hurst, that you would, on the face of it, have no objection to that level of oversight, would you?

GARRY CHARNY: I fear no light being shined in dark corners.

The Hon. BOB NANVA: With respect to the racecourse proposal—

GARRY CHARNY: Thank you. Finally.

The Hon. BOB NANVA: We heard earlier that the proposal was formally submitted in March of this year. You would agree that we are at the start of the process and certainly not at the midpoint or at the end of the process, would you not?

GARRY CHARNY: We are.

The Hon. BOB NANVA: In that context, would you agree that the ATC's board and members should keep an open mind about the proposal?

GARRY CHARNY: I think all people in the world should keep an open mind on a range of subjects. But, in relation to this, yes.

The Hon. BOB NANVA: An open mind with respect to the costs and the benefits?

GARRY CHARNY: Absolutely.

The Hon. BOB NANVA: One of Racing NSW's functions is to, as you say, facilitate and supervise the economic and strategic development of racing in New South Wales. Do you think that it is sustainable for an industry to subsist predominantly on gambling revenue without looking to diversify in the long term?

GARRY CHARNY: No. I think if we continue the way we are going, there will be no industry in 50 years time. I think there has to be radical change and that gaming is going to decrease—the gaming revenue is going to decrease. Our social licence to engage with gaming revenue is going to decrease, in some ways. It's hugely problematic, so there has to be changes.

The Hon. BOB NANVA: We heard evidence earlier regarding the funding model and how that is ostensibly carved up between Racing NSW and the clubs. Would you agree that the funding model is entirely predicated on gambling and doesn't resolve the long-term revenue problem faced by the industry?

GARRY CHARNY: At the moment it is. Yes, that's correct.

The Hon. MARK LATHAM: Thank you, Mr Charny. You mentioned earlier on that the CEO has a delegation of up to $1 million of expenditure. I assume, then, that Racing NSW launching legal action against Tabcorp must have been a board decision, because clearly you spent much, much more than $1 million.

GARRY CHARNY: Are you talking in relation to the most recent one?

The Hon. MARK LATHAM: Yes.

GARRY CHARNY: No, that was not a board decision. It was brought to the board after the proceedings were commenced.

The Hon. MARK LATHAM: But that would be outside the million-dollar delegation, wouldn't it?

GARRY CHARNY: No, because I don't think the costs on that would have been $1 million.

The Hon. MARK LATHAM: What have been the costs?

GARRY CHARNY: I couldn't tell you. I could take it on notice.

The Hon. MARK LATHAM: Does the board receive a report on the total litigation costs Mr V'landys engaged in, including his own personal expenses for defamation and the like?

GARRY CHARNY: In the time that I have been on the board there have been no defamation cases, so I'm not aware of that. In relation to the Victorian litigation, yes, we got costs. In relation to the Tabcorp, no, I haven't seen a cost estimate.

The Hon. MARK LATHAM: What were the costs for the Victorian litigation?

GARRY CHARNY: I'd have to take that on notice.

The Hon. MARK LATHAM: More than a million dollars?

GARRY CHARNY: I'd have to take it on notice.

The Hon. MARK LATHAM: Do you believe that was a board decision or unilateral action by the CEO?

GARRY CHARNY: The Tabcorp decision?

The Hon. MARK LATHAM: No, the Victorian one.

GARRY CHARNY: Before my time.

The Hon. MARK LATHAM: The SO 52 documents available to our Chamber show the board of Racing NSW signing NDAs regarding the proposed sale of Rosehill. To the best of your memory, when did that occur? Had the board at that time actually made a decision regarding the sale?

GARRY CHARNY: That occurred on 21 November. I think that was the date. That was the board meeting where we were first told about the Rosehill proposal. We had no decision when we signed the NDA. We actually didn't know what we were signing an NDA about at that point in time.

The Hon. MARK LATHAM: Say that again? You didn't know what you were signing?

GARRY CHARNY: We didn't know what we were signing the NDA about.

The Hon. MARK LATHAM: And it was an NDA for which you hadn't been involved in any questions as to whether the board supports the sale or not?

GARRY CHARNY: No, not at that point in time.

The Hon. MARK LATHAM: How then did Mr V'landys and Mr Balding go to the State Government Cabinet Office on 17 November, four days earlier, with a whole range of very important policy decisions to support the sale, to take all the proceeds from the sale, to decide how to spend the money, to reform what they basically said was "the hopeless ATC board", not to be keen on the redevelopment of Warwick Farm and to take Kembla Grange into freehold? Were any of those major policy decisions board decisions?

GARRY CHARNY: No.

The Hon. MARK LATHAM: How can Mr V'landys and Balding go to the State Government if they're not actually policy decisions of the board?

GARRY CHARNY: You'd have to ask them that.

The Hon. MARK LATHAM: Okay, we shall. You were part of the delegation of very prominent racing participants to Chris Minns on 25 July—

GARRY CHARNY: I was.

The Hon. MARK LATHAM: —seeking no extension of the term of the chairman. What was the purpose and outcome of that meeting?

GARRY CHARNY: If I can correct one thing in that statement, we didn't go to see the Premier about not extending the term of the then chair, because at that point in time there was no suggestion—I mean, his statutory period had expired and, as far we knew, that was that. There was no suggestion that—

The Hon. MARK LATHAM: But it came up in the discussion?

GARRY CHARNY: There were no individuals discussed at that meeting. The purpose of the meeting was to impress upon the Premier—to meet the Premier and put forward where the industry was at but also to express a view that it was time, we believed, at least the four people in that meeting, that board renewal was important, that the gender balance on the board was hopelessly inadequate, and remains hopelessly inadequate, and that there were insufficient younger members coming through, so there was no real succession. Basically, you know, the board was old, male, stale and white.

The Hon. MARK LATHAM: What did the Premier say about board renewal given the chairman's term was about to expire, for example?

GARRY CHARNY: The Premier listened to us and took on board, I think, our comments. He didn't say a lot more than that. He didn't argue that boards need renewal and that boards need gender balance and that boards need younger people. I don't think there was any argument about that. But, other than that, he didn't say much.

The CHAIR: We are unfortunately at the end of our time, Mr Charny. Thank you very much.

GARRY CHARNY: Can I actually make a comment since nobody has asked me the most relevant questions for me to be here, which is this conversation about what Rosehill racecourse is worth? Because this has not been discussed, and that's the most critical issue here. If the Committee would give me an indulgence of just 60 seconds.

The Hon. MARK LATHAM: We discussed it earlier.

The CHAIR: But indeed, Mr Charny, if you wish to add that from your perspective.

GARRY CHARNY: There is a lot of contingencies in this debate, but the $5 billion number is completely wrong. Completely wrong. I think Mr Latham might have asked a question earlier about what the current value is, and it was $1½ to $2 billion. If you go and sell the racecourse today, in my view, that is the correct number. If you do a 30-year development with a developer over what I would call normal terms, taking some development risk, the value of this development is closer to $20 billion to the ATC. That number has not come out and I don't know why.

The Hon. MARK LATHAM: It's not the ATC proposal. That's why. They are proposing to sell it.

GARRY CHARNY: No. They are proposing to sell it, but there is a lack of sophistication in all the discussion. You don't just sell an asset like this. It's not how it works.

The Hon. MARK LATHAM: They are proposing to.

GARRY CHARNY: They need a little bit of help.

The CHAIR: I think we are out of time but thank you, Mr Charny. I don't want to silence you on that, but thank you for your evidence on that front. I don't think you took anything on notice today.

GARRY CHARNY: There were a couple of issues.

The CHAIR: Sorry. You did take things on notice. The secretariat will be in touch with you in order to determine getting those answers back. I think you also flagged if you were directed in such ways, and that may be open to members of the Committee to follow up.

GARRY CHARNY: I reiterate, Chair, that I think Racing NSW documents should come from Racing NSW rather than from me.

The CHAIR: Indeed. Thank you.

(The witness withdrew.)

(Short adjournment)

Mr RICHARD CALLANDER, Chief Executive, NSW Trainers Association, affirmed and examined

The CHAIR: Welcome. Would you like to make an opening statement before the Committee?

RICHARD CALLANDER: All I was going to say is in relation to—I'm not sure if everyone has got the letter that I replied to Mr Farlow. Thank you for inviting me here today. I, like many people, only learned of the concept and the sale and the development of the Rosehill racecourse being considered by the Government and the board of the ATC via the nightly news. I'm the CEO of the NSW Trainers Association. We provide daily assistance to New South Wales trainers across a range of issues and make recommendations to the governing body. I have no position of consultancy or employment with the Australian Turf Club, the owner of Rosehill racecourse, and hence I don't have any intimate knowledge of what their board may receive and consider.

You previously invited our association to make submissions to the inquiry. The problem that we found was that the current concept is very much an underdeveloped idea. The NSW Trainers Association could not materially comment, survey our members or make any meaningful comment until the concept was developed to a point where an information memorandum containing a detailed feasibility was generally available for consideration. More pointedly, whatever the views of the members of the NSW Trainers Association may be on such a concept, we were of the belief that it would then have to be put to the members of the ATC for them to consider what they may consider appropriate with their core asset.

In my other role as a media commentator, I've been very vocal in relation to the no sale of Rosehill racecourse, which I write in Australia's leading platform Racenet.com.au. I've also been quite vocal in the trainers meetings we've had that I don't believe the sale of Rosehill would go ahead. But all I say on behalf of the NSW Trainers Association is that we're going to monitor what goes forward and how any feasibility is developed. Once we know the details, we would then seek the views of our members in relation to the proposed sale of Rosehill. Thank you for having me here.

The CHAIR: It's fair to say from your opening statement that the NSW Trainers Association has no official position with respect to the sale of Rosehill, or the proposal as put forward by the ATC. Is that correct?

RICHARD CALLANDER: We have no real position. All I can say is that I think like the majority of us and, like a lot of witnesses have said today, your first thought is no. I've grown up in the racing industry all my life. It's a great asset. I've lived in the west of Sydney for the past 26 years, and I lived eight years further out at Blacktown. I'm a little bit closer but I'm still in the west of Sydney. I think Rosehill is one of our great assets. In relation to the Trainers Association, it was hard for my board, particularly the independent directors of my board, to make a serious recommendation without any detailed information. Every time we've attended any information session it's really just been, "We could do this, we could do that." My board found it hard to make a detailed submission in relation to the proposed sale of Rosehill.

The CHAIR: But you've outlined your personal perspective and it's something you've outlined before.

RICHARD CALLANDER: I thought I'd make that clear that's my personal view, without knowing the details, and I've made that on many occasions in my columns that I don't think the sale would go ahead. I don't think it's in the best interests of racing. I don't think it's in the best interests of Sydney, and particularly the people of Western Sydney who, I think, to a good degree, have been forgotten about. But everyone gets forgotten sometimes in life. The punters, who are probably our true heroes of racing, I think they get forgotten in a lot of things.

The Hon. MARK LATHAM: Richie, thanks for coming along. You were invited here primarily out of some evidence at our first day of hearings related to the very important question of parliamentary privilege.

RICHARD CALLANDER: Yes.

The Hon. MARK LATHAM: While politicians aren't as popular as we used to be as a group, it's still true that it's similar to telling a witness not to attend a Supreme Court hearing. You know, you end up in deep, deep trouble. Questions were raised, allegations were made and, under our procedural fairness provisions, you get a right of reply. Did you speak to any of the witnesses scheduled to appear here on our first day about the nature of their evidence?

RICHARD CALLANDER: About the nature of their evidence? No, I didn't encourage anyone to go, or not to go.

The Hon. MARK LATHAM: No, no. The nature of their evidence.

RICHARD CALLANDER: I assume you are only speaking about—I haven't spoken to Ms Waterhouse in a long time, so you're only talking about Mr O'Shea. We were at a meeting at Randwick. I think Mr O'Shea

leaned over his shoulder after Mr McMahon had told us, because all of us are naive to what happens in parliamentary inquiries, and Mr McMahon said, "They'll ask you this, they could ask you that, they could ask you that." John O'Shea then said to me, "Is Chris going?" I said, "I've got no idea", and he said, "I'll have to think about it."

I then had a conversation with him on the phone. I think the only conversation we spoke—John and I are both on the same thought process of no Rosehill sale. We're both thinking perhaps that the funding mechanisms need a rethink. In relation to the only thing that John and I spoke about, or any trainer—well, a lot of trainers have asked me questions, "What happens?" and I've basically said, "Nothing. I don't know." But in relation to John, we spoke about being up to date, and being aware of the animal welfare situation and the best practice that we have in New South Wales, in case we got some questions in relation to the animal welfare.

The Hon. MARK LATHAM: Did you discourage John from attending—

RICHARD CALLANDER: No, I did not.

The Hon. MARK LATHAM: —because of concerns that animal welfare would be raised?

RICHARD CALLANDER: No. We spoke about whether they would be raised. Discouraged from coming? No, that's not true.

The Hon. MARK LATHAM: Did you speak to Chris Waller in advance?

RICHARD CALLANDER: I spoke to Mr Waller. I spoke to a lot of trainers, yes.

The Hon. MARK LATHAM: And what was the conversation with Chris?

RICHARD CALLANDER: I spoke to Chris about basically the same things. We spoke about—I speak to Chris, I'd say, on a daily basis about different matters in racing. We spoke about Chris appearing here. The funny thing is, if you'd said to me, "Name three trainers in New South Wales who you couldn't change their mind about," it would be John O'Shea, Chris Waller and Gai Waterhouse. So, yes, I spoke to them about the animal welfare, about being over the subject. That was all we—

The Hon. MARK LATHAM: Did you discourage Chris from attending—

RICHARD CALLANDER: No, I didn't.

The Hon. MARK LATHAM: —because he dropped out.

RICHARD CALLANDER: Sorry?

The Hon. MARK LATHAM: He dropped out from attending on that first hearing day. Did you discourage him?

RICHARD CALLANDER: No, I did not.

The Hon. MARK LATHAM: Were you asked by anyone to speak to Chris Waller or John O'Shea about their appearance?

RICHARD CALLANDER: No. I spoke to a gentleman—he did mention you when I spoke to him—but I can't remember his name. He was helping Chris about things and I spoke to him. But neither of us discouraged Chris. My only interest, and it's my job—

The Hon. MARK LATHAM: He was going to give me a good tip at the races or something, was he?

RICHARD CALLANDER: I can't remember the gentleman's name but he said he knew you well; he might have worked for you. I can't remember the exact details.

The Hon. TAYLOR MARTIN: Mark's got a lot of friends.

RICHARD CALLANDER: We never spoke about encouraging, discouraging. No pressure has been applied to me from anyone.

The Hon. MARK LATHAM: At no stage did you say—

RICHARD CALLANDER: Because I came.

The Hon. MARK LATHAM: Sure. But at no stage did you say to any of our witnesses, "Look, it's better off for racing if you don't go."

RICHARD CALLANDER: Not at all.

The Hon. EMMA HURST: Thank you for attending today. Just to follow on from Mr Latham's questions, have you spoken with anyone at Racing NSW about the evidence that you will be giving today?

RICHARD CALLANDER: About evidence?

The Hon. EMMA HURST: Yes.

RICHARD CALLANDER: No.

The Hon. EMMA HURST: Not at all?

RICHARD CALLANDER: No. Not my evidence. No-one knows my evidence. I'll be honest, I don't know it yet.

The Hon. EMMA HURST: Did you have any conversations, though, about what you might talk about, what you might not want to talk about? There is actually nothing wrong with having conversations prior to giving evidence; I just wanted to know if they existed.

RICHARD CALLANDER: No. The only person—I've asked two people for any advice. My vice-chairman of the association, and my father, Ken. And Kenny said, "Just go in there and relax." That was all he said. "Tell the truth and relax."

The Hon. EMMA HURST: So you haven't spoken to Ministers, ministerial staff, nothing?

RICHARD CALLANDER: I don't know any of the Ministers.

The Hon. EMMA HURST: Fair enough. And you didn't speak with Mr Peter V'landys about the inquiry at all?

RICHARD CALLANDER: No. I've only spoken to Mr V'landys once in the last couple of months. That was—he gave up his time, like I did, two weeks ago. A young family lost their father with six children. We both spoke at the—I hosted a function and he spoke and made a contribution to the family who lost their father. That's the only time I've spoken to Mr V'landys. I'm 99.9 per cent I haven't spoken to him outside of that function, which was two weeks ago, today, yes.

The Hon. EMMA HURST: Chris Waller is a good friend of yours, is that right?

RICHARD CALLANDER: He is a friend of mine, yes.

The Hon. EMMA HURST: What were the welfare issues that you had been discussing that could be raised—that there were concerns about?

RICHARD CALLANDER: During each carnival, whether it be in Sydney, whether it be down at Warrnambool, there are always the placards out the front. Some of them, I would say, are less than truthful in the placards. I'd like to say that horseracing, particularly in New South Wales—I can't speak for other States, but we are certainly best practice. All our trainers this year, to gain their licence, had to attend a welfare seminar. Point blank, you did it, or you didn't get your licence. It was with an American professor who came out to Australia to speak. I just wanted Mr Waller, like myself, to make sure we push forward the barrow. You know, as much as we race horses, my trainers have their upkeep and care as their number one priority—the animal. For those who don't, they are dealt with appropriately by the authorities. But I just wanted Mr Waller, like, we often speak about different matters, and that was one of the matters we spoke about.

The Hon. EMMA HURST: You're the CEO of the NSW Trainers Association. Can I ask who hired you? What was the process of getting that role?

RICHARD CALLANDER: It was over four years ago now. I remember going for an interview with a couple of gentlemen that aren't even part of the association now. I think there was being a reshape of the association. I had no dealings with the association prior. I went for a chat, and I really can't eventually work out exactly how it happened, but all I know is—

The Hon. EMMA HURST: Could you take that on notice and give us some more details?

RICHARD CALLANDER: Yes. I can go back and have a look how—I remember going for, whether it be informal or a formal discussion in relation to it. I'm probably proud to say that I don't think there was probably anyone better credentialled to push the barrow of the trainers, because I understand that they carry the financial strain of our industry on their backs.

The Hon. EMMA HURST: I assume that perhaps one of the concerns about what might be raised at this inquiry is—obviously you were fined for breaches of the Australian racing rules in relation to dishonest and fraudulent actions and fined $10,000, disqualified for six months—

RICHARD CALLANDER: It was 10 years ago.

The Hon. EMMA HURST: Then very soon after that you did find yourself in this job.

RICHARD CALLANDER: I wouldn't say soon after.

The Hon. EMMA HURST: It was less than four years.

RICHARD CALLANDER: Yes, four years. So this happened well over 10 years ago. Look, we've all made mistakes. I read about a gentleman breaking a taxi driver's arm. But that's in years gone past. But I'd like to say that I made—

The Hon. MARK LATHAM: He was harder to catch than you, Richie, when I chased him, mate; don't worry.

RICHARD CALLANDER: I'd like to say that I've made a positive contribution to society with so much of—and I'm not here to push my barrow about my charity work. But I'd like to say that I've spent a lot of time doing a lot of charity work. You can come next Friday, if you like. We've got 550 people to raise awareness and funds for brain cancer research, but also to push the barrow of the trainers. I'd like to say that I think in my four years trainers have had a lot of positive results. I represent all their interests, whether they are out at Dubbo, whether they are down at Albury, whether they are up north. I was speaking to a lady the other day. We've got an appeal on for an older trainer next week. I certainly go in to bat for their rights, and that's my only objective each day when I get up. If my wife had her way, I wouldn't be doing this job because it plays on my mind.

The Hon. EMMA HURST: You mentioned that you've raised significant sums for charity, and I understand that is the case.

RICHARD CALLANDER: Yes.

The Hon. EMMA HURST: You mentioned a recent lunch—I believe it was in August—when Mr V'landys was present.

RICHARD CALLANDER: That was last year, 12 months ago.

The Hon. EMMA HURST: Twelve months ago, that one. Did any of the money that was raised at that event go towards the NSW Trainers Association at all?

RICHARD CALLANDER: It only would have been the cost that went to the Mark Hughes Foundation and the costings in that relation. I'd have to take that on notice and check exactly what. But the Mark Hughes Foundation, with my late brother, Matthew, built up a great relationship with the NRL Beanie for Brain Cancer. They were the recipients of the money from that function 12 months ago.

The Hon. EMMA HURST: You believe that any money that went to the NSW Trainers Association was just to cover the costs?

RICHARD CALLANDER: That's what my understanding is. I'd have to check whether—I'm pretty sure that is the case, but I'll take that on notice and get the exact detail, the exact number, if you like.

The Hon. EMMA HURST: Yes. Could you let me know the exact figure from the sums that were raised that went to the NSW Trainers Association and then also details of how that actually covered the costs, as well. Sorry, can you hear me?

RICHARD CALLANDER: Sorry, I didn't quite hear the last part.

The Hon. EMMA HURST: And how that also then covered the costs.

RICHARD CALLANDER: Yes, well, we paid for the function.

The Hon. EMMA HURST: Say it was $50,000 that was taken from what was raised—how that associated with the costs that it took to put the event on.

RICHARD CALLANDER: Yes.

The Hon. EMMA HURST: Thank you.

RICHARD CALLANDER: No problems.

The CHAIR: Mr Callander, with respect to the Rosehill proposal, of course, one element of it is the relocation of training facilities at Rosehill to a new centre of excellence at the Sydney International Equestrian Centre. Have you been abreast of those proposals at all?

RICHARD CALLANDER: We were given some drawings. Details and specifics? No, I wouldn't say that we're across it, and that's why we couldn't make a detailed report in relation to that. But we've been shown some pictures. But, certainly from my trainers perspective, on a majority, you wouldn't say it's something that they are for. They certainly don't believe that the racecourse at the brick pit is viable or is going to happen. The majority of feeling is we think that's up in the air.

The CHAIR: Fanciful?

RICHARD CALLANDER: Fanciful, yes.

The CHAIR: Mr Callander, with respect to the Sydney International Equestrian Centre, have you been out to that site and had a look around?

RICHARD CALLANDER: I've driven past it many times but I haven't stopped, no.

The CHAIR: What is your understanding in terms of the proposal that would be there for training facilities? Would it be a track similar or equivalent to the size of Rosehill?

RICHARD CALLANDER: I can't give you the specifics. I know that it was a lot of colours and a lot of pretty lines, but we didn't find there was a lot of detail in it. Our biggest worry, the biggest worry for my trainers is staff and there is no transport out there. We found that an interesting place to try to put a training centre, where you need to have hundreds and hundreds of staff.

The CHAIR: Mr Callander, with respect to that proposal, if that were to be the case and we were to see Rosehill cease to operate and trainers relocated to the Sydney International Equestrian Centre, do you think we would potentially endanger trainers in New South Wales? It may see them go to other States, for instance?

RICHARD CALLANDER: I think that is certainly a possibility. At the moment New South Wales, I think it's fair to say, leads the way. But there is a lot of work to be done. In relation to Rosehill, I think it's a hugely important part to the west of Sydney. I love Rosehill. I'm more of a Rosehill person, a Canterbury person, than I am a Randwick person. So I think it would be a massive, massive loss to the industry to lose Rosehill racecourse as a track.

The CHAIR: Thank you, Mr Callander. Any further questions from the Committee?

The Hon. MARK LATHAM: Just one more, Richie, on your association with Mr Waller. Have you ever spoken to any of the executives at Racing NSW seeking assistance for Chris Waller on an integrity steward or investigations matter?

RICHARD CALLANDER: No, I have not.

The Hon. MARK LATHAM: Never? Not on Lil Caesar?

RICHARD CALLANDER: No, I've not, no. Certainly not. No, certainly not.

The Hon. MARK LATHAM: That's your evidence under oath?

RICHARD CALLANDER: I didn't speak to anyone about—I went in there. For those who don't know, it was one error in my life that—we sold a horse, and we didn't disclose that we took a commission prior to the sale being sold. All the owners had agreed to sell. If I could go back in time, I would.

The Hon. MARK LATHAM: Well, you took a commission, and Glyn Schofields took it, who sold it into Hong Kong. How did Liam Prior get a commission, given he wasn't an owner and wasn't involved in commissioning the sale?

RICHARD CALLANDER: How did Liam Prior? Liam Prior and I were great friends. We're still friends. We don't see each other much because he doesn't live in Sydney now. But Liam was working for Chris Waller at that stage.

The Hon. MARK LATHAM: How did he get a commission?

RICHARD CALLANDER: Well, a lot of the horses where Liam and I bought horses for our friends, we bought, we put in, whether it was his friends, my friends, and that's how we did our horses. We did a lot together.

The Hon. MARK LATHAM: Did Chris receive any commission?

RICHARD CALLANDER: Not to my knowledge.

The Hon. PETER PRIMROSE: Point of order—

The CHAIR: There is a point of order, unfortunately.

RICHARD CALLANDER: Not to my knowledge

The Hon. PETER PRIMROSE: I propose to raise these continually from now on if obliged to. To which terms of reference is this line of questioning?

The Hon. MARK LATHAM: We have related matters and also the health of racing in New South Wales. Peter V'landys probably made a tactical error in this when he went to the Cabinet Office of your Government on 17 November.

The CHAIR: Mr Latham, please confine—

The Hon. PETER PRIMROSE: I've asked the Chair to rule.

The Hon. MARK LATHAM: You've asked the Chair to rule?

The CHAIR: I'm asking for Mr Latham's submission with respect to—

The Hon. MARK LATHAM: On 17 November Peter V'landys went to the Cabinet Office and said he would take the entire proceeds from the sale of—

The Hon. PETER PRIMROSE: Related matters have to relate somehow to the actual terms of reference.

The CHAIR: I'm prepared to rule on this. I think that there are broad terms of reference when it comes to paragraph (f) in particular, with respect to racing in New South Wales. I think, however, in terms of this it's probably out of scope for those terms of reference. I uphold the point of order raised by Mr Primrose.

The Hon. MARK LATHAM: All the questions were answered.

RICHARD CALLANDER: Yes.

The CHAIR: Mr Callander, thank you very much for your evidence today. I believe you did take some items on notice. The secretariat will be in touch with you to direct you in how to answer those questions and the time frame with which you'll have to comply.

RICHARD CALLANDER: No problem whatsoever.

(The witness withdrew)

Mr GRAEME HINTON, Chief Operating Officer, Racing NSW, affirmed and examined

Mr PETER V'LANDYS, Chief Executive, Racing NSW, sworn and examined

The CHAIR: Welcome, Mr V'landys and Mr Hinton. Thank you for being with us today. I invite each of you to make an opening statement if you wish.

PETER V'LANDYS: Yes. I'd like to make an opening statement. Firstly, thank you for allowing us to appear today. I should say from the outset that Racing NSW is a regulator. One of our main roles is to get rid of the cheats and the undesirables, especially the ones that are cruel to horses. I'm aware that some of them are using this inquiry to undermine racing in New South Wales. However, I make no apology in taking a zero tolerance to cheats, liars and those that are cruel to horses. Accordingly, their submissions are not credible. I'm aware of an email that's going around that's basically saying, "This is your chance to get rid of V'landys, so make up whatever you can, put a submission in. It doesn't matter if it's the truth, it doesn't matter if it's lies, but just smear him." I don't think this inquiry is—the intention isn't to smear people, it's to look into Rosehill. I'm concerned that some people have made a complete fabrication in this inquiry and I'd like to correct some of those falsehoods.

Firstly, I want to say that it was left with a perception or an inference that Racing NSW and myself stopped persons from coming to this inquiry. I wrote to the Chairman and basically told him, "That is completely untrue." We have never, ever tried to persuade anyone, directly or indirectly, not to attend this inquiry. The other complete fabrication and falsehood was that it was Racing NSW's idea to sell Rosehill. Completely false. When I found out about Rosehill being sold, I was actually in Washington. Unless it was Joe Biden's idea—it certainly wasn't mine. Because we never, ever put the idea forward to the ATC to sell Rosehill. We were aware that they have been discussing that precinct since 2017. I got a phone call from my chief operating officer while I was in Washington about the possible sale of Rosehill. So we absolutely had nothing to do with the Rosehill sale.

The evidence told by Mr Hamish Esplin was also completely false. He mentions the mares bonus. He stated that we got rid of it because he wrote a letter to the Minister objecting to Mr Balding being extended. We were not aware of any letter. That process took six months. He said that there was no communication. We wrote to Mr Esplin and his organisation advising him that we had concerns that the mares bonus wasn't working, and gave him the opportunity to put a submission in to the board if they had any input. They came back to us seeking more information. We then responded to that information. Then the analyst at Racing NSW did an analysis of the mares bonus. It was his recommendation that we do not proceed with the mares bonus. That went to the board. That was a board decision. At no time were we aware of any letters that were sent by the breeders association. To suggest that we made a decision because they sent a letter to a Minister is complete rubbish.

He also mentioned that we don't attend the RICG meetings. Every time I have been invited to RICG I have attended—every single meeting. He didn't point out that RICG only meet quarterly. The board has also met RICG on a number of occasions in joint meetings. So to say that we don't attend RICG again is completely false evidence. In the Act it states that either the chief executive or the chairman attends RICG. In this case it's always been the chief executive that's been invited. So, accordingly, I go. I have been to countless RICG meetings. I also go to Racing NSW Country meetings. I go to ATC meetings. I go to anywhere I'm invited. So I don't understand how he could say that we don't attend RICG meetings. Also, I should point out right here and now, Mr Chair, that I'm very concerned that I received a letter late last night from the breeders association, basically trying to intimidate me not to give evidence to this inquiry. I'd like to table that letter, because I think that letter should be tabled to the Privileges Committee. It states that—well, I'll read it to you. It states that any evidence that I give at this inquiry will be used against me in a court. So they've threatened legal action to intimidate—

The CHAIR: We can assure you, Mr V'landys, that you're covered by parliamentary privilege here today.

PETER V'LANDYS: I appreciate that, but I'd like to table the letter because I think it's in contempt of this inquiry. We get accused and smeared about this inquiry that we are trying to stop people from coming to this inquiry. Yet the group one hypocrisy, we then get a letter saying our evidence should be tampered.

The CHAIR: Mr V'landys, if you'd like to hand up that letter—

PETER V'LANDYS: Yes, I'd like to hand up that letter. We gave the redacted version, Mr Chair. There are other wild allegations in there that need to—

The Hon. MARK LATHAM: Point of order: If the letter is going to be tabled, it's got to be the full letter and not one that is selectively redacted.

PETER V'LANDYS: We can provide the full letter. I've just given you the—

The CHAIR: On notice, and the Committee will make a determination.

PETER V'LANDYS: I appreciate that, Mr Latham. I've got no problem providing the full letter. It's just that we wanted to give the section, and we've received senior counsel's advice that this is contempt of this inquiry. We'd like it referred to whatever department there is. If you're going to smear people and you're going to do people, you should be ready also for me to be allowed to give evidence and protect myself and be given due process and natural justice.

The CHAIR: Indeed, Mr V'landys. We will determine it in a deliberative later on. We will have a look at that document in the meantime and if you have the full letter as well and can supply that to the Committee, even in confidence, that would be appreciated.

PETER V'LANDYS: Absolutely. My evidence today will absolutely destroy what they've written in that letter anyway because none of it is true. The other thing that was said in Parliament, which is completely false, is that I interfere in stewards' inquiries. In the 20 years I have been at Racing NSW I have not interfered—and I want to say this under oath—in any stewards' inquiry. The only time that I ever say anything at a stewards' inquiry is to ensure that the participant gets due process and natural justice, and that they are given every opportunity to defend themselves. So to say that I interfere in stewards' inquiries is completely false and quite untrue.

Now the biggest fallacy that has been put to this Committee, Mr Chair, which I want to correct, is the funding of the industry. I'm going to take a couple of minutes on this because it's so important. What you've been told is complete rubbish—complete rubbish. When I started in the racing industry the TAB was the only wagering operator other than oncourse bookmakers. It provided 80 per cent of the revenue to the New South Wales racing industry. About 20 years ago—I can't remember the exact time—corporate bookmakers domiciled themselves in the Northern Territory in order not to pay the racing industry to bet on their product. The first thing I did when I started at Racing NSW was I sought copyright advice to see if we could enforce copyright on those corporate bookmakers to pay a fee to use our product.

Without boring you, that ultimately led to race fields legislation. That race fields legislation was challenged by the corporate bookmakers over a three-year period. Although I'm being smeared here in this inquiry, during that process I probably received more smears than any person because I was fighting for the racing industry. After three years we won that court case and corporate bookmakers and other wagering operators had to pay the product fee that we set.

That has generated the racing industry since that time over $1.65 billion. Without that $1.65 billion there would be no racing industry because they wouldn't have been paid a product fee. So the clubs that used to receive all their money from the TAB distribution continue to get their money from the TAB distribution, but we're also getting this revenue from the corporate bookmakers. What we did, we made a decision, because when the TAB was privatised 20-something years ago, when it received all of this extra money, none of it went back to the participants. The race clubs got this money, and they expended it on everything other than the participants. So what Racing NSW has done is basically give the clubs and pay the prize money. To ensure that the money is spent correctly, we give them the prize money. I'll go through some of the figures in a minute.

Since that time we also prosecuted a case about parity in how the TAB's gross wagering is shared because every other State was getting an advantage over New South Wales on the share of the TAB gross revenue. We were able to convince the Government that it was unfair and it was making the New South Wales racing industry uncompetitive. They provided the same tax rate as they do in other States. There was a speaker at the first meeting talking about the investment in TVN. That investment was probably the worst investment the racing industry has ever made. It lost between $50 to $100 million. The reasons these clubs are in such financial stress is because they lost so much money on their media rights. Since then we've been able to negotiate new media rights and they've received $30 million a year they weren't getting before. So, on top of the TAB distribution, they are getting $30 million.

We also negotiated digital rights and international rights which gives them another $30 million without those negotiations. We also negotiated a deal for PGI, which is pooling in the Isle of Man, that the racing industry gets another $10 million. We then prosecuted a case with the New South Wales Government that they were to be affecting our ability under race fields legislation to charge the corporate bookmakers and they needed to give us a share of the point of consumption tax. Again we were successful. Although we received the lowest share of the point of consumption tax in Australia, we still received a share of it. Now, where has all that money gone? That money has gone back to the clubs, and into infrastructure and prize money. And let me just explain something: The people that fund the industry isn't the punter, isn't the Government—it's the owner of the racehorse.

Owners of racehorses, in order to keep a horse competitive, spend around $350 million a year, although it's probably more now—it's $400-something million a year. Our prize money doesn't cover that. It's $100 million short. So they are subsiding the industry to $100 million. Now what the funding has done, I'll just quickly show you. In 2004, minimum prize money at Randwick was $45,000. It's now $160,000. Midweek was $20,000. It's

now $60,000. There was no—highway races, which are purely for country horses, is $120,000. Provincial went from $9,000 to $42,000. Country TAB went from $5,000 to $30,000. Most of the money that we were able to generate from these additional sources went to country. To say that we are starving the country clubs is completely false. Picnic races, which is the lowest form, went from $1,500 to $7,000, a 367 per cent increase. Since 2016, returns to owners has gone from $196.4 million to $407.1 million, an increase of 107 per cent in eight years. Trainers went from $17.4 million which is—

The Hon. DAMIEN TUDEHOPE: Point of order—

The CHAIR: I've got a point of order. I think I might anticipate what it is, but go ahead.

The Hon. DAMIEN TUDEHOPE: The general time which is allowed for opening statements—Mr V'landys has chosen not to make a submission. This material could all have been included in a submission. If he has a document that he is reading from that he wants to table by way of a submission, I think it would be appropriate for him to do so, rather than take up the questioning time of the Committee with him continuing to read from very voluminous—and I don't quibble with the material that you are seeking to elicit, but it is eating into the time of the Committee, and it is much more than the normal time generally allowed for an opening statement.

The CHAIR: Mr V'landys, to that point, if you'd like to conclude your—

PETER V'LANDYS: I'm responding. I'm responding to the evidence which was given on the first day and the second day. So it's hard to make a submission until I've heard the evidence.

The CHAIR: Many of these questions may be put to you as well, Mr V'landys, so if I could encourage you to be brief in concluding your remarks.

PETER V'LANDYS: The other thing to say, that we don't spend any money on infrastructure—we spent $153 million on a grandstand at Randwick, we spent $24 million at Rosehill, we've spent $18 million on polytracks, and we've spent $100-and-something million in regional areas. The race clubs in country and regional areas are now in the best financial position they've been in the history of racing. In relation to animal welfare, which is another one—although I can leave that for questions, if you like—there's been a lot of misinformation on that. I'll say one thing: Racing NSW leads the world in animal welfare. Even though some of our participants want to bring it down, we have the best program of any program, and I challenge anyone to say against it. The irony is, I thoroughly agree with Madam Chair. I do not—

The CHAIR: Don't misgender me. Madam Deputy Chair, maybe.

PETER V'LANDYS: The Deputy Chair, although she's taken a dislike to me, without knowing me, the thing is that I actually agree with her. I have zero tolerance on anyone on animal cruelty. So we have the best program anywhere in the world. I won't go into it, as Mr Tudehope said, but I can certainly give you some figures and certain things that prove that.

The CHAIR: Thank you very much, Mr V'landys. Mr Hinton, did you have anything further to add?

GRAEME HINTON: I'll be brief. Thank you for the opportunity. I look forward to answering any questions that come up today. I would just like to start with—there is a saying in racing that you back self-interest, because at least you know it's trying. The role of Racing NSW is to be independent of Government, to represent the 50,000 participants in this industry, and to act with neither fear nor favour to overcome that self-interest for what's in the best interests of all. Some of what has been put forward to this inquiry so far is clearly driven by that self-interest from a few different sectors, and clearly not driven for the best interests of the industry as a whole. There is a specific matter I will cover off that was debated this morning, and I'm happy to take questions on, which is around the Homebush site that is being explored with the ATC and us.

I would just like to say that a replacement track in Sydney is very important if Rosehill is to be sold. Deriving wagering turnover is what pays prize money. Prize money is what funds the participants in the industry and that is not lost on us. Designing that track and finding that track is a very, very critical part of what needs to be done. We are early in the due diligence process. We have identified that there are significant benefits of Homebush as a site. It's close to public transport, it's in a major event precinct, it's closer to the centre of Sydney than Rosehill, and it overcomes a lot of the shortcomings of Rosehill in terms of access to the site that we hear on a regular basis.

Anyone who has attended the Golden Slipper or the Golden Eagle in the past few years would have witnessed what is a very difficult venue to get in and out of, and that is only going to get worse, not better, in coming years. However, Homebush is still early in the stage of due diligence. I will say, for those that have been to the site, you probably viewed the site through the lens of the brick pit footprint in itself, not the brick pit precinct.

There is a broader area that reaches beyond the ring road that runs around that site that is equivalent to the size of Rosehill.

We see our role as thinking big on these ideas so that we can discharge our duties and not be derelict in our duties in making sure that we consider all possible outcomes that are the best in the interests of the industry. We look at Homebush as an opportunity as a 20-year, 50-year opportunity for the industry, not something that is easy to achieve, not something that is driven by short-term interest, but something that needs to be assessed absolutely in its completeness. That's the job we see ourselves needing to do. As that due diligence progresses, I'm sure we'll be able to answer far more detailed questions of this group and any others, and also ensure that information is available to the ATC members and to the broader industry as they consider what is the right course of action. I thank you again for the opportunity to appear today and look forward to any questions.

The CHAIR: Thank you very much, Mr Hinton. I'll start off there, in a sense. In terms of the Rosehill proposal, Mr V'landys, it's been reported that you have indicated that you will have the final say on the proposal. I just wanted to give you the opportunity to explain what you mean by that.

PETER V'LANDYS: Okay. One of the agreements that we have is called the intra-code agreement, which is from the privatisation of the TAB. The ATC is required to conduct a minimum amount of metropolitan meetings and at specific tracks. They need our approval in order to vary that agreement. That agreement is then backed up by legislation, the Totalizator Act, that we can give directions to the ATC, or any race club for that matter, in order for them to honour those agreements. They have to. They've got no choice but to honour those agreements. In those agreements, they have to conduct races at Rosehill. In order for them to sell Rosehill, they would need our approval, because that agreement would need to be varied.

The CHAIR: Thank you. You've outlined the identification of additional track. Is that part of your criteria for determination in terms of approving any final sale?

PETER V'LANDYS: Absolutely. We believe that there should be a replacement track. We need another metropolitan track. That's why Homebush was identified. I appreciate that there are these beautiful frogs there, but all the studies that we have done are that we can cohabit with those. As part of the due diligence we've had environmental experts et cetera, and engineers and surveyors look to see if we can put a track on that Homebush Bay. Early indications are that we can put a track there that is bigger than Rosehill that has—one of the things that we require for it in order for it to be conducive to racing is wide turns and long straights. At this stage, and it's only early, that can be done. The objective would be—we only race 23-30 times at Rosehill. We would like then to provide that facility—of course, with the approval of the ATC—to the residents as a parkland for the rest of the time. So we'd only use it for racing purposes. We would not accommodate horses at that racecourse, other than at race meetings. That could be used for the residents, which is a high density area, as open space land.

The CHAIR: So why is Racing NSW undertaking this work, rather than the ATC?

PETER V'LANDYS: Well, we have to make the final decision, because our statutory requirement is to act in the best interests of the industry as a whole. The ATC, surprisingly, is not the biggest in New South Wales. It only makes 49.7 per cent of the wagering turnover, which is 80 per cent to 90 per cent of our revenue. It's the provincial and country clubs that make up the majority of the turnover. So we have to consider everybody. The hardest part of my job is to balance the interests of everybody: jockeys, trainers, owners, breeders, bookmakers, punters et cetera. As Mr Hinton pointed out, self-interest is king. Some people are looking at this through a lens of self-interest. I have to look at it through the lens of the industry as a whole.

The CHAIR: So if Olympic Park is scratched as a starter when it comes to this proposal, have you got any alternatives?

PETER V'LANDYS: There are other alternatives that the ATC are going to put forward, and we will look at those. But I'll make it very clear that they will need a second track for this to proceed.

The CHAIR: So the bottom line is that for this proposal to proceed there needs to be a second track? Warwick Farm isn't good enough?

PETER V'LANDYS: We would look at Warwick Farm but, as I mentioned, we want a track that is conducive to competitive racing, which gives the horse less injury and gives the punter the best opportunity to win—because the wider the turn, the longer the straight. It is conducive to competitive racing. If an engineer can show us that Warwick Farm can accommodate all those minimum standards that we have on the radius of the turns, the length of the straights et cetera, we would certainly look at it. Canterbury certainly can't; it won't fit. Warwick Farm may be a possibility.

The CHAIR: Minutes of the meeting that you had with the Cabinet Office indicate that Racing NSW proposed legislative reform "to ensure that revenue derived from the ATC proposal is re-invested to benefit the

racing industry as a whole". Is it your belief that the proceeds of any sale should also come to Racing NSW rather than just being invested in the ATC?

PETER V'LANDYS: If you look at those minutes carefully, it doesn't say that. What we said—it's incongruous if you look at both of the statements. We said that because the ATC is going to receive so much money, they should have relevant skill on that board in order to manage that money. If we were going to take the money, why would we want somebody on that board that had the relevant skill? What we said was we wanted oversight to ensure that they spent the money on racing infrastructure. Because, at the moment, just to give an indication, the ATC receives $256 million from Racing NSW. They receive $6 million from members. The majority of the investment in that club comes from the racing industry. So the racing industry should have some say in how that money is being spent. We were never going to take the money, and that is not what the minutes say. We said we wanted oversight.

The board minutes at Racing NSW, which I can table for you, show exactly that. We said that we want oversight. Because my previous chairman's concern was—which I shared—is that we didn't want to see the money spent on members' indulgences like ski chalets and resorts in Fiji and resorts in Paris. We wanted to make sure that the money was spent on the core objective of the race club, which is to promote racing. If you look at their constitution, their constitution says their core function is to promote racing. So we wanted to make sure that they met the core objective of their constitution. And that's all we did. At no stage did we say we were going to take the money. As I said, if you look at the minutes carefully, it says that we wanted a relevant person with skill to be able to manage the money, and that we wanted oversight to ensure that it was spent on the racing industry.

The Hon. MARK LATHAM: It doesn't mention oversight.

PETER V'LANDYS: Well, that's their minutes. That's what we said.

The Hon. MARK LATHAM: Okay. You're disputing that the minutes aren't accurate?

PETER V'LANDYS: The minutes are accurate, but it depends on how you read them. But let me just say this about that meeting—just so you are aware, we didn't ask for that meeting. What happened is that the ATC requested that we contact the secretary of the Premier's office to get further information.

Ms CATE FAEHRMANN: Who at the ATC? When you're saying the ATC—who?

PETER V'LANDYS: I wasn't here. It was the chairman of the ATC who asked Steve McMahon, who contacted my chairman and asked if he could get a briefing from the secretary of the Premier's office. I was still in Washington, so I wasn't here. I only came in late to the meeting. But I can tell you that at that meeting—and I can assure you that the Secretary of the Premier's Department will tell you the same thing—we never, ever said that we wanted to take the money. We said we wanted oversight.

The Hon. MARK LATHAM: So are the minutes wrong?

PETER V'LANDYS: I haven't got the minutes in from of me, Mr Latham.

The Hon. MARK LATHAM: It says that "reforms to ensure that the revenue derived from the ATC proposal is re-invested to benefit the racing industry as a whole". There is no way in the world that the ATC is going to take the money and invest it in Tamworth course, or Albury—why would they do that? So any logical person reading that element of the minutes would think there must be a proposal for someone to allocate money beyond the ATC tracks around New South Wales, to benefit the racing industry as a whole.

PETER V'LANDYS: If you look at the previous minutes, Mr Latham—

The Hon. MARK LATHAM: No, I know what it said—

PETER V'LANDYS: Mr Latham, I'd like to respond to your question. That's one of the standing orders—to allow the person to answer the question. So if you're going to speak over me all the time, I'd like the Chairman to overrule you because you can't speak over the witness. If you want to intimidate and bully me like you normally do, fair enough.

The CHAIR: I think Mr Latham is being—

PETER V'LANDYS: I've put up with bullies all my life, so I know how to handle them.

The Hon. MARK LATHAM: Good on you, Peter. Can you answer the question?

PETER V'LANDYS: The question is—I've just told you, basically, that we never sought all the money. We wanted oversight, and if you look at the previous sentence in those minutes it says that we wanted somebody on that board—legislation to ensure that they had a person with the relevant skill to be able to manage that money.

The Hon. MARK LATHAM: But why would the ATC, if they take all the money, re-invest it right across the racing industry as a whole?

PETER V'LANDYS: Because they might—

The Hon. MARK LATHAM: And they're going to donate—

PETER V'LANDYS: No—

The CHAIR: Let Mr V'landys finish, please.

PETER V'LANDYS: Also, if you'll recall, they have non-returnable loans of around—what was it?—$100 million. So we could re-invest some of that money into the other parts. But my role, in my statutory role, is to act in the best interests of the industry as a whole. And that is what I said at that meeting.

The Hon. MARK LATHAM: The minutes state, "Racing NSW is very supportive of the proposal." Is that correct?

PETER V'LANDYS: We were supportive of the proposal if it sought the monies that were being indicated. But we always said to everybody that we would be doing our own due diligence to ensure the information we were getting is accurate. That's exactly what we're doing.

The Hon. MARK LATHAM: If you're very supportive of the proposal, why would your due diligence be independent and objective if you've already ticked it off?

PETER V'LANDYS: The proposal was to put in a proposal to government to look at it. So that's the proposal. The proposal at that stage wasn't to sell Rosehill. The proposal was to put in an unsolicited—UPs or whatever it's called.

The Hon. MARK LATHAM: A proposal to sell Rosehill?

PETER V'LANDYS: Yes, that was the proposal. But that doesn't mean that you're going to sell Rosehill.

The Hon. MARK LATHAM: But you are very supportive of the proposal to sell Rosehill?

PETER V'LANDYS: I'm supportive of a UP. And we said at the time, and continue to say, that we were always going to do it with due diligence. And that's exactly what we're doing.

The Hon. MARK LATHAM: The other matter that you were brought here for, Mr V'landys, was regarding the parliamentary privilege questions. You addressed them in a letter that you sent to the Chair and to the Committee. Can I ask, have you spoken to any of the witnesses to this inquiry about the nature of their evidence?

PETER V'LANDYS: No. Nobody.

The Hon. DAMIEN TUDEHOPE: Just Mr Hinton?

PETER V'LANDYS: Except for Mr Hinton, sorry.

The Hon. MARK LATHAM: Can you just repeat that under oath? My question is have you spoken to any of the witnesses to this inquiry about the nature of their evidence?

PETER V'LANDYS: No, I haven't.

The Hon. MARK LATHAM: You didn't have a two-hour meeting with Mr Charny on Wednesday?

PETER V'LANDYS: Other than my board and my—

The Hon. MARK LATHAM: No, that wasn't your answer. Your answer was "no".

PETER V'LANDYS: Well I thought you meant other participants—

The Hon. MARK LATHAM: No, I know what I mean. I asked you a question.

The Hon. PETER PRIMROSE: Is there any—

PETER V'LANDYS: I'd like to be able to—

The CHAIR: Mr Latham, let Mr V'landys answer.

PETER V'LANDYS: I'd like to clarify that. Other than people in Racing NSW, no, I haven't.

The Hon. MARK LATHAM: Why didn't you say that in answer to my question?

PETER V'LANDYS: I forgot that Mr Charny was actually here, and he was here as an individual. With the exception of Mr Charny and Mr Hinton, no, I have not.

The Hon. DAMIEN TUDEHOPE: Had Mr Hinton spoken to anyone?

The Hon. MARK LATHAM: Mr Hinton, can you answer the question?

GRAEME HINTON: I was in the room when Mr Charny was in our office on Wednesday. I can confirm as well that I talk to Richard Callander on a weekly basis and, at some stage during that, he mentioned he was attending. I told him, "I can't talk to you about that," and that was the end of that conversation.

PETER V'LANDYS: The only other meeting I had was with Chris Waller, but the inquiry was never raised.

The Hon. MARK LATHAM: You've never asked Mr Waller or Mr O'Shea, or asked someone to ask them, not to appear?

PETER V'LANDYS: Absolutely not. Never.

The Hon. MARK LATHAM: Okay. Is that as reliable as your first answer about Charny?

The Hon. BOB NANVA: Point of order—

PETER V'LANDYS: You're trying to do a gotcha moment, Mr Latham, and it's not working.

The CHAIR: Mr V'landys, stop for a moment. You will get your right of reply. I have a point of order, unfortunately, from Mr Nanva.

PETER V'LANDYS: I'm not going to be bullied, Mr Chairman.

The CHAIR: I understand—

The Hon. MARK LATHAM: Misleading under oath is worse.

The CHAIR: Mr Latham, Mr V'landys, please. Just one moment. Mr Nanva.

The Hon. BOB NANVA: Chair, procedural fairness resolution in paragraph 19 requires witnesses to be treated, at all times, with courtesy. I'd argue that hasn't been happening. I ask that it be upheld on this occasion.

The CHAIR: Yes, I will uphold the point of order. Mr Latham, you can put questions to Mr V'landys, but not make statements.

The Hon. MARK LATHAM: My question, Mr V'landys, is the nature of the evidence that's been presented to this inquiry. A number of very senior people who've worked at Racing NSW have made scathing commentary about your administration, and these come from a range of sources. One of them, for instance, points to "a toxic culture, an environment of fear and reprisal at Racing NSW, including that staff have CCTV surveillance of them, they have their email and web traffic monitored personally". Is this what is happening at Racing NSW?

The Hon. BOB NANVA: Point of order—

PETER V'LANDYS: Absolute rubbish. Again—

The CHAIR: Sorry to do this to you, Mr V'landys, but I have a point of order from Mr Nanva.

The Hon. BOB NANVA: Chair, I don't quarrel with the seriousness of what is being put but I would argue that the subject matter does not fit within paragraphs 1 (a) to 1 (g) of the terms of reference of this inquiry. I'd ask that you uphold that the questions not be—

The CHAIR: I'll hear from Mr Latham on the point of order.

The Hon. MARK LATHAM: To the point of order: We know from the minutes of the meeting on 17 November that Mr V'landys has said he will be a major player in the sale of Rosehill. I think they read that—taking the money and, obviously, doing the due diligence. So he put Racing NSW, its efficiency, its administration and its reputation at the centre of this inquiry as a related matter. These submissions that have been made to us are very serious matters. Under procedural fairness the witness should be able to respond to the allegations made. It's a related matter that goes to the health of racing in New South Wales and it's directly relevant.

PETER V'LANDYS: I don't mind answering the question.

The CHAIR: I was going to afford you that opportunity, Mr V'landys.

PETER V'LANDYS: Mr Latham's whole intention to smear me for some wealthy breeders. I'm aware of that.

The Hon. MARK LATHAM: Well, the wealthy breeders aren't making these submissions against you.

PETER V'LANDYS: And as I said to you before, we are a regulator. I've been there for 20 years. We're going to put the cheats and the liars and the undesirables out. Of course they are going to put submissions in. There's been no complaints whatsoever about a toxic culture. In fact, we take pride that the culture at Racing NSW is very vibrant and happy. I've never had a complaint from any person about the culture. Other than the normal security cameras that are in all buildings, there is no surveillance as such. I'm unaware of anyone's emails being looked at, other than after they have left the employment. Naturally, we would look at them after they've left, to ensure that all the things that are unattended have been attended. Again, Mr Latham, you can smear me all you like but there is absolutely zero credibility to what you are saying.

The Hon. MARK LATHAM: Well, these are not my submissions, you see. These are submissions that have been made against you to this Committee and I'm raising them with you.

PETER V'LANDYS: Well, who are they?

The Hon. MARK LATHAM: My question to you—

PETER V'LANDYS: No, who are the submissions? Put up the evidence. Someone can say that you got charged with domestic violence. I've got no proof of that.

The Hon. MARK LATHAM: No-one's made that submission.

PETER V'LANDYS: So how you can make allegations and smears against somebody, with absolutely zero evidence, Mr Latham? Zero evidence—zero. Zero.

The Hon. MARK LATHAM: Mr V'landys, no-one has made a submission about me to this Committee, but many, many people, your former—

PETER V'LANDYS: Have you ever been charged with domestic—

The Hon. MARK LATHAM: I'm not too sure that's what we're inquiring into.

The CHAIR: Okay. Both of you, please come to order.

PETER V'LANDYS: I'm not withdrawing it, because he has smeared me—

The CHAIR: Mr V'landys, I'm not asking you to withdraw it.

PETER V'LANDYS: —through the whole process—

The CHAIR: Mr V'landys—

PETER V'LANDYS: —with no evidence.

The CHAIR: Mr V'landys, please. Mr Latham, you can put questions to Mr V'landys. We are not going to have an exchange where both of you are going back and forth. Question, then answer, please.

The Hon. MARK LATHAM: I have been asking questions. You didn't address the question of the web traffic being monitored.

PETER V'LANDYS: No. Again, not to my knowledge. If the web traffic is—maybe if there was an investigation about a certain staff member, we would have looked at it. That was looked at independently, not by me.

The Hon. MARK LATHAM: And the meeting you had with Mr Charny on Wednesday? What was the purpose in terms of his evidence presented today?

PETER V'LANDYS: Mr Charny came and consulted me about his appearance and sought a briefing on relevant information, which I provided him as a CEO. He's a board member and I briefed him on any questions that he had, which is proper corporate governance.

The Hon. MARK LATHAM: Mr V'landys, have you, in the past five years, ever written a letter to a trainer threatening to no longer accept nominations of their horses, that is, to rub them out of the industry without a stewards' inquiry, without any charges, without even alleging a breach of the rules of racing?

PETER V'LANDYS: You'll have to give me specifics. I can't recall any letter to any trainer in that case. You'd have to give me specifics of who the trainer is, and what the reasons were. You just can't cherrypick something with no information.

The Hon. MARK LATHAM: You're the regulator. I'm asking a question. Can you recall writing to a trainer in the past five years—

The Hon. BOB NANVA: Point of order—

The Hon. MARK LATHAM: —to rub them out of the industry? This is a question.

PETER V'LANDYS: I don't understand how this is relevant to Rosehill.

The Hon. PETER PRIMROSE: It's not.

PETER V'LANDYS: It's just a smear campaign.

The CHAIR: I will hear the point of order.

The Hon. BOB NANVA: Chair, the witness may well seek to answer this but, again, I would suggest that those questions and the subject matter of those questions are not relevant in accordance with paragraph 9 of the procedural fairness resolution.

The CHAIR: Thank you. Mr Latham, on the point of order?

The Hon. MARK LATHAM: I make the same point I made earlier on: Racing NSW has put itself front and centre to the nature of this inquiry by virtue of the meeting with the Cabinet Office on 17 November. The efficiency, administration and reputation of Racing NSW is a related matter that we should inquire into, particularly the large number of submissions that have been received about these problems that seem like institutionalised problems at Racing NSW.

PETER V'LANDYS: From cheats and undesirables—

The CHAIR: Mr V'landys.

PETER V'LANDYS: —and people who are cruel to horses.

The CHAIR: I am going to determine, on this occasion, that I don't think the question fits within the terms of reference. Mr Latham, if you have anything that would relate to the terms of reference, please direct that to Mr V'landys.

The Hon. MARK LATHAM: On the brick pit, we visited there and the experts—the people who run the place—said that the cliffs are at a 90-degree angle and won't stabilise until they get to a 30-degree eroded angle. They are subject to landslides right now. How can anyone build a racetrack around it, knowing eventually the track will slip into the middle of the pit?

PETER V'LANDYS: Good question, Mr Latham. That's why we're doing due diligence. That's why we have all the relevant experts, all the engineers, to look at that. I don't know, because I'm waiting on that information from the due diligence. As I said, we have commissioned all the relevant experts to enable us to do that.

The Hon. MARK LATHAM: Have you spoken to the Olympic Park Authority, who provided this evidence to the Committee—that those cliffs will landslide down until they reach a 30-degree angle, making a racetrack absurd?

PETER V'LANDYS: I'm sure that the people that are commissioned to do the due diligence will be doing that.

The Hon. MARK LATHAM: The Committee has received credible evidence of you, Mr V'landys, interfering in the work of investigations and integrity sections of Racing NSW, with prominent trainers you favour treated lightly while others are fully investigated. Under procedural fairness you have an opportunity to deal with that.

PETER V'LANDYS: Complete rubbish. Absolute rubbish and it's got no relation to this inquiry, Mr Latham. You continue to try to smear me. You're taking submissions from undesirables and people that are cruel to horses, that want to take horses to knackeries.

The Hon. MARK LATHAM: Point of order—

PETER V'LANDYS: No—

The CHAIR: I will hear the point of order.

The Hon. MARK LATHAM: The smear from the witness, who doesn't know where these submissions have come from—credible former senior staff of his own organisation. He's just making up the allegation that

they're cruel to animals. The exact opposite is true, for any of us who've read the submissions. This shouldn't be allowed—

PETER V'LANDYS: I haven't had the opportunity to read the submissions.

The Hon. MARK LATHAM: —to be said at the Committee.

The CHAIR: I will rule on the point of order. Mr V'landys, the Committee is open to submissions from all parties. Some of those submissions are confidential submissions. Some of those submissions, we aren't even aware of where they've come from. These are allegations that are being put to you by Mr Latham. You, of course, have the opportunity under procedural fairness to be able to acquit yourself of those allegations, if you so wish.

PETER V'LANDYS: I take pride in that I give everybody due process and natural justice in these situations. I haven't seen these allegations. I don't know what the allegations are. I don't know who they are, or if they are credible. So how can I answer it? I'll take them all on notice, because I don't know. Unless you give me specific details—

The CHAIR: And that is open to you, Mr V'landys.

PETER V'LANDYS: Sorry?

The CHAIR: That is open to you, to take them on notice if you wish.

PETER V'LANDYS: I'll take them on notice. Let me say again under oath, Mr Latham: I have never, ever, ever interfered in a stewards' inquiry, ever.

The Hon. MARK LATHAM: Investigations and other inquiries?

PETER V'LANDYS: Investigations—I'd have to take it on notice to see exactly what that investigation was, because sometimes, if I receive from a whistleblower that somebody is cruel to horses, I will instigate an investigation, absolutely.

The Hon. MARK LATHAM: In fairness to you and the people who made these submissions, they are living in fear of reprisals, repercussions and losing their jobs. That's why they've made confidential submissions to this inquiry. They are credible. No Committee member here who's read them would say otherwise. But you want to take them on notice. I'll lodge a series of supplementary questions that give you the opportunity, under procedural fairness, to deal with that—

PETER V'LANDYS: I welcome them.

The Hon. MARK LATHAM: —to check your records about the letters you've written to trainers and the like, and provide accurate information to the Committee.

PETER V'LANDYS: I welcome them, because I don't think they are credible.

The Hon. DAMIEN TUDEHOPE: On a different tack, Mr V'landys, we've heard evidence earlier today in relation to the funding model which is made available to the ATC, and you gave some evidence about your support for the racing industry and the manner in which you spend. Can you just outline the manner in which funds are made available to the ATC in respect of ensuring that they remain a viable entity, and whether—and I'll come to supplementary questions in relation to that.

PETER V'LANDYS: No, it's a very good question, Mr Tudehope. As I said before, the race clubs relied on the TAB distribution. That was their main source of funding—80 per cent of their funding. Because the TAB distribution has gone down significantly, what we have done is we have supplemented them by giving them a payment to equate to what they've lost on the TAB distribution. So last year, for example, we provided $20 million in additional finding to the clubs to ensure they received the same as they would have in a specific base year on the TAB distribution. On top of that, we pay the prize money. So all the money that we receive from all the sources—we pay the prize money. To give an example, we give the ATC an above-the-TAB distribution. We give them an additional $100 million, or around that mark, to pay the prize money.

The Hon. DAMIEN TUDEHOPE: How do you decide what that is, though? Is there a set formula for you deciding—say you've decided to give them $20 million more. Is there a formula for what they could expect to receive every year, which has been worked out?

PETER V'LANDYS: Yes. Firstly, with the TAB distribution, we picked a base year. If they received, for argument's sake—and these figures are off the top of my head—$80 million, and they only received 60, we would give them 20 to get them up to the 80, or whatever the amount is. We always provide—and that's why there is a provision in our balance sheet, which was criticised, to allow us to be able to continue to pay those clubs any

shortfall in the TAB distribution. On top of that we have a five-year agreement with the ATC to pay at least $100 million. Is it 100?

GRAEME HINTON: It's 125.

PETER V'LANDYS: So $125 million in prize money. On top of the TAB distribution, on top of supplementing the TAB distribution, we give them another $125 million.

The Hon. DAMIEN TUDEHOPE: Could there be a different funding model, which gives them the level of certainty they need in relation to the activities of the club, which, they say, they need to use for the purposes of ensuring the viability of the ATC?

PETER V'LANDYS: On top of that—

The Hon. DAMIEN TUDEHOPE: No, no, could there be a different funding model?

PETER V'LANDYS: I think the funding model at the moment protects the participants. As I said, we have to act in the best interests of the racing industry as a whole. By giving them the $90 million towards prize money, it guarantees that money goes to prize money. Otherwise, it could go to overseas trips, or it could go to anything.

The Hon. DAMIEN TUDEHOPE: Whose overseas trips?

PETER V'LANDYS: Well, the ATC, some of the board members, do attend meetings overseas.

The Hon. DAMIEN TUDEHOPE: It was just that the proposal we heard from the ATC earlier today was that they have considerable pushback to the funding model which they currently have. They want to be able to ensure their continued viability. Isn't it the reality that the greatest impediment to their funding model is you?

PETER V'LANDYS: No.

The Hon. DAMIEN TUDEHOPE: Racing NSW, who doesn't guarantee a proper distribution of—and you might say to me that it is governed by the intercode agreement and the like—

PETER V'LANDYS: Intra-code.

The Hon. DAMIEN TUDEHOPE: Intra-code agreement. That is fine. What about funds that you get from race fields, tax parity, point of consumption tax? Where are they distributed?

PETER V'LANDYS: To the $90 million in prize money.

The Hon. DAMIEN TUDEHOPE: But there is a different funding model which you could provide to them, isn't there?

PETER V'LANDYS: No, there isn't, because at the moment there is the TAB distribution, there is a five-year agreement where they are guaranteed—and with all due respect to the two board members that were here previously, they are unaware of the agreement that we give them $105 million extra to pay the prize money. They are unaware of that. The majority of the revenue the ATC have comes from Racing NSW—$105 million. We also have paid $9 million. We paid for the Winx grandstand.

The Hon. DAMIEN TUDEHOPE: But you could make it better for them, couldn't you?

PETER V'LANDYS: I can't see how—

The Hon. DAMIEN TUDEHOPE: Because you are the largest distributor of funds in the racing industry. You could, in fact, by having a different funding arrangement with the ATC, guarantee them the funding model which delivers the outcomes that they are seeking, potentially, by way of this sale?

PETER V'LANDYS: We do exactly what you are saying, Mr Tudehope. We—

The Hon. DAMIEN TUDEHOPE: But could you increase it?

PETER V'LANDYS: We could—anyone—absolutely.

The Hon. DAMIEN TUDEHOPE: A different funding model?

PETER V'LANDYS: I can't see what other funding model there is when we already paid for all their capital improvements, we paid for all their prize money, we supplement the TAB distribution—

The Hon. DAMIEN TUDEHOPE: Wouldn't you like to see that they had much more control over the arrangement, rather than having to wait, cap in hand, for you to come along and say, "In the goodness of our heart

this year, ATC, we will give you this amount"? Isn't there a different manner that they could operate on, to make sure they have that level of certainty for the purposes of being able to deliver the product which they deliver?

PETER V'LANDYS: You've got to remember also that we provided them a $150 million grandstand which they need to get return on capital on. The racing isn't just their only function. They make revenue from sponsorships—

The Hon. DAMIEN TUDEHOPE: Events?

PETER V'LANDYS: Events. They make revenue from catering. They make revenue from a licenced club. They've got all these other revenues. If we continue to increase the funding, it makes them inefficient. They've got to have some responsibility—

The Hon. DAMIEN TUDEHOPE: So you decide that, whether they are inefficient?

PETER V'LANDYS: No. They decide that. Because, to give an example, the investment in TVN, which was a complete and utter waste of money—if we continued giving them funding, they would have continued wasting it.

The Hon. DAMIEN TUDEHOPE: Have you asked Mr McGauran about that?

PETER V'LANDYS: Well, Mr McGauran—

The Hon. DAMIEN TUDEHOPE: About why he was wasting money you were giving him.

PETER V'LANDYS: To be fair to Mr McGauran, he wasn't there during TVN.

The Hon. DAMIEN TUDEHOPE: In any event, one of the propositions which has been put to us today is that you were the one, you're the organisation, that gathers in all the cash, and you are the person who distributes that cash where you see fit, rather than having in place through Racing NSW, which is a regulator, a funding model which guarantees the continued existence of this body—which would, in fact, alleviate the necessity of selling this site.

PETER V'LANDYS: No, let me say this. We are not just a regulator. We are also the commercial operator of the industry. We were the ones who negotiated for them to get an extra $30 million a year for media rights. That's on top of all the other revenues that I've just told you about. We have to set the strategic direction of the industry and, at the moment, we believe that we need to make it attractive for owners to invest in the industry. At the moment the owners are losing $100 million a year. So we need to correct that disparity for them to continue to invest. With no horses and no trainers and jockeys you don't have an industry. So the funding model at the moment is designed to distribute the maximum to participants. That's what it is designed to do, and that is what it's doing. As I've shown—and I was cut short—every participant has benefitted. The one that I'm most proud of is that the lowest paid worker in the industry, through our efforts, now receives 1.5 per cent of prize money. Since we've introduced it, $30 million has gone to the lowest paid worker in the industry.

The Hon. DAMIEN TUDEHOPE: I don't quibble with your expertise and your desire. I just think that there is a model which, in fact, concentrates all the power in relation to the decisions in respect of the manner in which racing is operated in New South Wales with you. In fact, they have to come, if they need to have some idea, cap in hand to you for additional funding, rather than having a model which distributes that funding to them, allowing them to be the masters of their own destiny.

PETER V'LANDYS: That's where I disagree with you, Mr Tudehope.

The Hon. DAMIEN TUDEHOPE: That's fine, you can disagree with me.

PETER V'LANDYS: At the moment, there's an intra-code agreement, and there is a five-year agreement on funding. So they've got certainty. They know what their funding is because they've negotiated with us a funding agreement. And on top of that, they've got the—

The Hon. DAMIEN TUDEHOPE: Mr McGauran might not be such a great negotiator.

PETER V'LANDYS: He's not a very good godparent. I noticed someone said he was my son's godparent. He's a terrible godparent. So I don't know what he is like as a negotiator.

The Hon. EMMA HURST: Thank you both for attending today and for your time. Mr V'landys, you mentioned in your opening statement that you agreed with me on animal welfare provisions. Does that mean you support the end of the use of the whip?

PETER V'LANDYS: Let me explain the whip. The whip, at the moment, does not hurt the horse. If the whip hurt the horse, I'd be the first person to ban it. But it doesn't hurt the horse.

The Hon. EMMA HURST: We have someone coming this afternoon who is a professor of veterinary science. His research suggests it does hurt the horse. Do you reject the evidence that he puts forward?

PETER V'LANDYS: I reject his findings. Mr McGreevy, who you're referring to, has had this opinion and extreme view since I've been in the racing industry. He's nothing new to me. Previously, there used to be a leather whip, and the leather whip used to hurt the horse significantly. If they used a leather whip still, I'd be the first person to ban it. This whip is padded, and it does not hurt the horse. It doesn't leave any marks on the horse, it doesn't hurst the horse and the horse can hardly feel it. As I said to you, I owe my life to the horse. That's why I'm so hell-bent on ensuring that horses are not sent to knackeries.

The Hon. EMMA HURST: With that in mind, do you support whole-of-life tracking?

PETER V'LANDYS: Yes. At the moment, it's hard once—let me tell you this, Deputy Chair. We are the only jurisdiction in Australia that inspects where the horse is at all times. We have vets. I think we've done 3,000 inspections. No other jurisdiction does that. We have to look at the animal welfare program as a whole. You can't look at it in individual bits. A lot of our cost is ensuring that those horses that have been rehomed continue to be well looked after. So we go—we send our vets. They go to these farms or wherever these horses have been rehomed. They ensure that the minimum standard is set and that horse is well looked after. If the horse isn't well looked after, we either seize the horse, take it back, or we put that person on an excluded list. That means that person can never ever get another horse. As I say to you, we have the best animal welfare programs in Australia. The breeders association that Mr Latham represents, the wealthy breeders, they put a submission into the after care that they want to continue sending horses—

The Hon. EMMA HURST: You do support the whole-of-life tracking of racehorses?

PETER V'LANDYS: If I can finish that statement, they support sending horses to knackeries. Their submission to—

The Hon. EMMA HURST: Yes, I know.

PETER V'LANDYS: These are the people that are smearing me at the moment. They are fighting me because they believe they should be allowed to send horses to knackeries. I will not allow that in my tenure. They will not be allowed. Because it is no longer a commercial proposition to these people, no matter how old the horse is they want to send it to a knackery. Well, we won't allow that.

The Hon. EMMA HURST: I know this is a sensitive question, but this morning a comment was made—and the exact term was "scuttlebutt"—about gossip around sexual harassment complaints. Do you have a response to that?

PETER V'LANDYS: Complete and utter rubbish. Again, it's a smear with no evidence whatsoever. I have never had a complaint against me for any situation at any time in my career. For someone to suggest that is the lowest form of life. The other thing it does is take away credibility from people who genuinely do have complaints about people that they don't bring forward. There has never, ever, ever, ever, ever been a complaint about me.

The Hon. EMMA HURST: So you have never entered into a private settlement with a former employee—

The Hon. BOB NANVA: Point of order—

PETER V'LANDYS: No, I'd like to answer that. Absolutely not. Never, ever, ever. I have never paid a cent. I'm aware before my time that there was a person at Racing NSW that did a non-disclosure agreement. But I have never had a complaint—never. Not once. So to do a settlement disclosure agreement is complete rubbish. This is not intended to smear me; this is intended to look at the sale of Rosehill. At the moment, all it is is a smear campaign with absolutely zero evidence. There is no evidence that I've ever signed a disclosure agreement with any person, and I take great offence to it. I have worked my life for 20 years. I have three young children and they're going to hear from this inquiry that I've done this when I haven't. Did Mr Latham do domestic violence? No, he didn't.

The Hon. MARK LATHAM: What are you on about, saying that about me? You're complaining about people smearing you, and that's your best response: to smear me.

PETER V'LANDYS: I'm just giving you an example of how you can be smeared. I'm not saying that you did, but you can be smeared that way.

The CHAIR: Mr V'landys, back to the question, please.

PETER V'LANDYS: But you don't understand my point, Mr Latham.

The Hon. MARK LATHAM: Yes, I do.

PETER V'LANDYS: No, you smear me with no evidence.

The Hon. MARK LATHAM: I've got evidence. It's in the submissions.

PETER V'LANDYS: No you don't. You've got no evidence. You've got zero evidence. All you do is look after wealthy breeders.

The CHAIR: Mr V'landys, if I can draw you back, you're being asked questions by the Deputy Chair at the moment. You can address your response—

PETER V'LANDYS: Mr Latham interjected.

The CHAIR: To be fair, it was provoked. Please direct your response to the Deputy Chair.

PETER V'LANDYS: Sorry, Deputy Chair.

The Hon. EMMA HURST: Did you have anything further to say about it? Otherwise, I'll move on.

PETER V'LANDYS: No. As I said, never, ever, ever, ever, ever and I take offence to it. That someone can make a wild accusation with absolutely no substance and affect me personally for working hard for the racing industry—it's deplorable.

The Hon. EMMA HURST: I want to ask you about the Equine Welfare Fund. According to the New South Wales annual report, approximately $3.8 million was spent in 2023 and $4.1 million spent in 2022. Can I get an understanding of what that money was spent on?

PETER V'LANDYS: Yes, sure. I've got that here, if you give me two seconds.

The Hon. EMMA HURST: Are you able to table whatever document you're going to look at?

PETER V'LANDYS: I can tell you. Let me just explain how the program works, so it might give you an indication. The majority of horses are rehomed by the trainer or the owner, and that's their responsibility to rehome them. We get the horses that they can't rehome. We rehomed three horses of Mr Latham's. He couldn't rehome them, so we rehomed them. We got those horses and we rehomed them. They're the hardest to rehome because, to be fair, those trainers or owners haven't been able to rehome them. At the moment we have 500 horses on our farms that haven't been able to be rehomed. We take care of those horses because we will not send them to knackeries. We will not destroy those horses. I can give you the break-up of the costs.

The Hon. EMMA HURST: Yes, please. Is that for 2022 and 2023?

GRAEME HINTON: I can answer the question pretty quickly.

PETER V'LANDYS: Here we are.

The CHAIR: Mr Hinton, if you wish to.

PETER V'LANDYS: The staffing costs in the rehoming, which includes the investigators and making sure that the horses have been properly looked after, the vets, the farm staff and all the other staff, is $1.8 million. Administration costs, like printing, phones et cetera, is $12,000. Property costs are $190,000. Motor vehicle is $139,000. The biggest expense is horse feed, which is $789,000. We also have contractors that retrain horses for us. We don't retrain all of them; we have other farms that retrain the horses. That's $269,000 that we pay those. The vets, to ensure that the horses are kept in the best possible condition at all times, are $298,000. Then there's the replacement of all the capital infrastructure, which is about $391,000. I noticed, Deputy Chair, you asked my director if we've ever paid for a farm out of—we never have.

The Hon. EMMA HURST: Any property?

PETER V'LANDYS: No property has ever been paid out of the 1.5 per cent that's taken out. All the properties have been purchased through Racing NSW funds.

The Hon. EMMA HURST: You just read me a list of the breakdown of that expenditure. Why has that never been made public? I know a lot of people have asked about where the money is going, and there has been no accountability for the breakdown of those costs. Why has that been kept so confidential?

PETER V'LANDYS: That's a very good question. The way that that's presented is exactly the same as the way all our other expenses are presented in our accounts. We give a total figure in our accounts, otherwise the accounts would be 150 pages long. To give an example, we have a drug laboratory. It has line items of 200 expenses so we just put the total. We have stewards' costs and there are probably line items of 10 or 11 things. Let me say this, Deputy Chair: the reason people have focused—they've never focused on any other expense in

Racing NSW, but they're focused on it. You know why they're focused on it? Because they want to show that it's too expensive to rehome horses and that we should allow them to put them in abattoirs. That's what the campaign is about. The campaign is they want to get rid of me so they can put horses into abattoirs—

The Hon. EMMA HURST: Sorry to interrupt you, Mr V'landys, but my understanding as somebody in the animal protection space is that people want to know where that money is being spent to make sure that it is being spent in the right ways on animal protection. Those people are not campaigning that horses should be killed; they're campaigning the opposite. They also haven't been able to obtain that information.

PETER V'LANDYS: As I said, our annual accounts have been presented like that well before my time, and those accounts are presented in accordance with the Australian Accounting Standards. I don't have anything to do with the presentation of those accounts. I purposefully, at Racing NSW, do not sit on the audit committee. I wanted the audit to be totally independent of me. I don't even know who the auditor is, because the auditor does it completely independent of me and he reports to a subcommittee of the board. So the way the accounts are presented—

The Hon. EMMA HURST: Would you support more transparency about how those funds are actually spent?

PETER V'LANDYS: I'll give you an undertaking. In the actual report under "animal welfare", we'll break those costs—we've got nothing to hide. We're proud of what we do. Transparency is your friend. It's not because we're not trying to be transparent; it's because it's the way that the Accounting Standards ask us to present our accounts. I guess what we should be doing is probably presenting it in the report. Every department has a report. The stewards have a report, the vets have a report, equine welfare has a report. I will make sure that the breakdown of that expenditure is in that report.

The Hon. EMMA HURST: How many staff are there in Team Thoroughbred, if you're aware?

PETER V'LANDYS: Team Thoroughbred is more than just the animal welfare; Team Thoroughbred is also the training arm of Racing NSW. We bought the TAFE at Scone to ensure that we have a training program for our strappers and our jockeys and trainers. I'd have to take that on notice because I don't know exactly—

The Hon. EMMA HURST: And also on notice, how many specifically work in welfare? That would be useful.

PETER V'LANDYS: There are quite a few who work in welfare because they're all on the farms et cetera. There are quite a few staff. There are dedicated vets that go to inspect the horses, and there are dedicated investigators. That's why the biggest expense—that's why I say you have to look at the program as a whole; you can't take cherry little bits of it. One of the things we take pride in is the fact that we go and check that the horse is still okay some time after they have left racing.

The Hon. EMMA HURST: I have one more question. I see my colleagues are desperate to jump in, so you might need to take this on notice as well. In the past two years, how many horses have actually been taken in as part of the program? How many horses have been rehomed and how many are currently on the properties?

PETER V'LANDYS: Each year in New South Wales there are 2½ thousand horses retired. I have got those figures here. Of that, 1,492 get rehomed for equestrian pursuits and 613 stay within the industry for breeding. There are 148 that go into non-equestrian. The ones that can't be rehomed, there are about 75 that stay on our property. That's a total of 2,328 horses that are rehomed every year.

The Hon. MARK LATHAM: Are you sure that adds up? You've missed about 1,000 there.

PETER V'LANDYS: Sorry, have I? I will repeat them, just in case I made a mistake. I apologise. Equestrian pursuits is 1,492 or 64 per cent; breeding is 613, which is 26 per cent; non-equestrian is 148, which is 6 per cent; and Racing NSW retaining those horses at the farms is 75—for a total of 2,328. I do apologise if they are wrong. That is the number of horses that get retired each year, and that's the number of horses that we rehome. None go to abattoirs.

The CHAIR: Mr V'landys, for clarification and to assist Hansard, was it your indication that you would table those documents?

PETER V'LANDYS: Yes. Which document?

The CHAIR: The documents you were referring to in those answers.

PETER V'LANDYS: Yes, sure. Absolutely. I've got no problem.

The Hon. WES FANG: I am going to return to core business now. Mr Hinton, in your opening statement you spoke about the brick pit proposal. Can I ask, who has suggested the brick pit as a racing site? Was that done before or after the suggestion that we sell Rosehill?

GRAEME HINTON: It was after the suggestion of Rosehill to be sold. I, prior to this inquiry, went back and reviewed my notes on when I first spoke to some consultants about it and did a bit of my own research. It would have been late December or early January, I think, that we realised an additional site and a racecourse was going to be a key part of this process. Peter and I actually looked at different sites around Homebush and thought, "What's central to Sydney? Where do you have large open space?" It's a pretty natural thought that you do look towards Homebush. We consulted the ATC and the brick pit site is the largest space within that area. We started some more detailed work after that.

The Hon. WES FANG: Who is going to claim credit for the proposal to redevelop the brick pit? Who has the genesis of the proposal?

PETER V'LANDYS: In the end, the ATC would have to pay for that racecourse.

The Hon. WES FANG: What I mean is, who proposed it initially?

PETER V'LANDYS: It was actually Racing NSW looking at an alternate site. One of the requirements that we said we needed was to ensure that there was public transport and easy access. At the moment, Homebush is an entertainment precinct. Because it's an entertainment precinct and it already has the infrastructure in place, we saw that land and we thought—we oversighted it with a racecourse to see if it fitted and that's what we put forward to the ATC to look at as an alternative.

The Hon. WES FANG: I asked Mr McGauran whether the sale of Rosehill is contingent on a separate—a new—class one racetrack being built in the Sydney area. I don't mean like a Warwick Farm being amended; I mean a new racetrack so that Sydney doesn't lose any number of racetracks and it still has two class one racetracks in its vicinity. Is that Racing NSW's position, that there will be no approval for the sale of Rosehill unless another site is identified and the engineering can be delivered?

PETER V'LANDYS: The current board policy of Racing NSW is that they need to replace Rosehill. That is a requirement, yes.

The Hon. WES FANG: Mr Hinton, you said that work is underway to develop a strategy around preparing the brick pit to host racing.

GRAEME HINTON: Yes.

The Hon. WES FANG: You have said that the footprint can support a group one track with wide turns and long straights et cetera. You indicated that it would have to go outside of the brick pit precinct. Were you talking about into the mangrove area or to the north near the Wentworth Common area?

GRAEME HINTON: It's a combination of both. I think you've got to appreciate that, when you approach these things, sometimes you need to think big. We pride ourselves on having a can-do attitude and not short-term thinking. We don't try and find problems why things can't be done.

The Hon. WES FANG: Before you continue your answer, let me ask you, what engagement has happened with Sydney Olympic Park trust in order to develop this plan?

GRAEME HINTON: We haven't actively engaged firsthand with them because we first want to satisfy ourselves that it can be done, that it can fit and that it can work. That's the process of surveyors, some engineering expertise and also the ecological work, because—

The Hon. WES FANG: Do you not think that's a bit premature?

GRAEME HINTON: No. If the ecological work came back and the planning advice came back and said it can't be done, then the whole thing would have been a moot point.

The Hon. WES FANG: How are you doing that ecological work?

GRAEME HINTON: How?

The Hon. WES FANG: Yes.

GRAEME HINTON: We've engaged an expert ecological consultant as well as a town planning consultant to provide that advice. We are yet to receive—

The Hon. WES FANG: Are they going onsite to look at this?

PETER V'LANDYS: Yes.

The Hon. WES FANG: Because they would have to talk to Sydney Olympic Park trust to get access to the site, no?

GRAEME HINTON: Stage one of that engagement is to provide a planning pathway report that says, "To achieve the result, you need to do A, B, C and D"—

The Hon. WES FANG: I guess—

GRAEME HINTON: If you can let me finish answering the question, if you don't mind.

The Hon. WES FANG: Yes.

GRAEME HINTON: And also to provide an outline of the ecological prospects of success. We have only received early indication of that feedback. You've got to appreciate it's a pretty big project with a lot of moving parts and we've had a lot of back and forth. The early feedback we've received is that that planning pathway does have prospects. Your ecological report also has prospects, subject to State and Federal government support. And then stage two of that works is engage with the local authority and undertake significant on-ground studies. That's the next stage of this due diligence.

The Hon. WES FANG: I have two more questions. How much have you spent so far in engineering, environment et cetera on this proposal to have a racetrack at the brick pit?

PETER V'LANDYS: Without breaking confidentiality, it's around $200,000.

The Hon. WES FANG: Do you think you might have wanted to speak to the Sydney Olympic Park trust first? They have their own development plan in relation to the area. They briefed us on it when we went to site. I suspect that what you're planning is going straight over the top of their own development plans. Do you think you might have put $200,000 down the hole, given that you haven't actually engaged with them first—and perhaps should have—before you outlaid all this money?

PETER V'LANDYS: The $200,000 is the total due diligence. That includes all the valuation, all the funding and everything. It's not just that part of—that part is about $25,000. The first thing they are doing for that $25,000 is to make sure that we can coexist with the frogs and, ironically, the Latham birds.

The CHAIR: The Latham's snipe.

The Hon. WES FANG: Appropriately named.

PETER V'LANDYS: Aptly named.

The Hon. WES FANG: They're planning on having a number of thousands of homes built in that area. You've now gone and planned and outlaid hundreds of thousands of dollars for a track which is probably going to cut over their plans. They've got the light rail going in there. I just don't understand how these amounts of money are being spent on a proposal when it just seems that—you've got ATC members seeking to vote on this shortly. I don't see how you're going to put a racetrack here. The Government is planning on all this work happening. It's an absolute debacle, this whole program. Can you see that, from an outside perspective, it looks like the Labor Government hasn't done their work, it doesn't seem like the ATC has done their work and now it seems like Racing NSW hasn't done its work?

The Hon. BOB NANVA: Point of order—

The CHAIR: It's a proposition put to Mr V'landys.

PETER V'LANDYS: With all due respect, Mr Fang, I thought that the question was an opinion. What the inquiry asks is a question. I've already pointed out to you that we've only spent $20,000 on the Homebush site. The majority of the expenditure is on what's the value of Rosehill. This morning Mr Charny mentioned a figure. The current valuation, without breaching confidentiality, is actually $23 billion. That is what it is coming up over a period of time.

The Hon. WES FANG: How is there a discrepancy between $5 billion and $23 billion?

The CHAIR: Can we defer to further questions? On that point, if we are to take it that development can occur on the brick pit site, why should there be a $23 billion dividend to the racing industry rather than the Government leaving Rosehill where it is and undertaking its own development at the brick pit site?

PETER V'LANDYS: I don't think you can do housing development at the brick pit because of the environmental problems that are there. You can put a track there because you can put it around the perimeter of the brick pit and you can coexist. As I said, one of the beauties of it is that then you can provide it as open space

for the residents in a high-density area. It's up to us to sell it to the community, if it does go ahead; it may not go ahead and it might be a different site. It might be at Penrith. It might be at Warwick Farm. It might be somewhere completely different. But the point is that Racing NSW requires the replacement of Rosehill in order for this to proceed. As I said, at the moment, our study is showing that over—how many years is it?

GRAEME HINTON: It's 35 years.

PETER V'LANDYS: You've got to understand that, in this instance, there are 26,000 homes being built. They're not going to be built in 12 months. They're going to be built over a long period of time. So you have to net present value—what it's worth—over 30 years. At the moment, it's showing it's worth $23 billion.

The Hon. DAMIEN TUDEHOPE: Have you got that valuation?

PETER V'LANDYS: Sorry?

The Hon. DAMIEN TUDEHOPE: Have you got a copy of that valuation?

PETER V'LANDYS: Not yet. What I have just provided to you is from our expert that is doing the due diligence.

The Hon. DAMIEN TUDEHOPE: Someone has given you a figure. Is there a valuation—

PETER V'LANDYS: It's a confidential document, but, again, we can provide it if necessary.

The Hon. BOB NANVA: In the limited time available, it is widely accepted that there is a pressing need for the ATC to invest in training centres of excellence, upgraded tracks, stabling facilities and improved spectator experience, but there is a disagreement on how to pay for it because their current revenue streams don't accommodate that. A panacea that's often presented is that presented by Mr Tudehope around renegotiating the funding agreement. How much of the funding agreement is predicated on gambling revenue?

PETER V'LANDYS: All of it. At the moment we receive all of our revenue, except for some of the media rights—this is Racing NSW that I'm talking about, not the industry—predominantly from wagers. We receive race fields legislation, point of consumption tax, the parity and the PGI. If it wasn't for Racing NSW getting all those initiatives then that income wouldn't be here. If we didn't take the risk to go to the High Court of Australia to get race fields legislation, then we wouldn't be sitting around at this table because there wouldn't be a racing industry.

The Hon. BOB NANVA: It doesn't matter how you slice and dice the funding, the source of that revenue would be gambling?

PETER V'LANDYS: Yes. One of the things that we want to ensure is that the pays to our participants are maintained. We have a $100 million provision in our accounts to ensure that prize money can be paid in the next three or four years. The wagering turnover has dropped nearly 16 per cent in the last 12 months. That means there's 16 per cent less revenue. We are covered because we put $100 million aside. Racing Victoria has used $10 million of its reserves to maintain prize money. We've got $100 million which we haven't had to use yet. Can I also make a point about the training facilities? Mr McGauran made a very good point this morning that the ATC subsidised the training by $7 million or $8 million.

The rent they pay isn't commercial, so if you're going to build $40 million or $50 million worth of stables, then you're going to have to get commercial return on those. There is no trainer that will pay the rent on those stables on a commercial return of at least 5 per cent or 6 per cent of return on capital. It's already subsidised by $7 million. So if you go and build $40 million of stables, are you going to give a handful of trainers the use of $40 million worth of industry funds and be subsidised for another $10 million or $20 million, while the other 500 trainers get nothing? You've got to look at it as an overall model.

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

The Hon. MARK LATHAM: Like Ciaron Maher?

PETER V'LANDYS: Yes, like Ciaron Maher. Ciaron Maher has made more money for New South Wales racing than any trainer for a long time.

The CHAIR: It's Mr Nanva's time.

PETER V'LANDYS: I will explain that later.

The Hon. BOB NANVA: Could I put to you that it would be grossly irresponsible for any organisation, including the ATC, to pin its future viability on one source of revenue, particularly if that source of revenue is gambling, and not seek to diversify its income streams?

PETER V'LANDYS: I couldn't agree with you more. That's why we said, at the meeting that Mr Latham referred to, that there should be legislation to have skilled persons on that ATC board that know how to invest money. They can make $200 million a year out of those proceeds in additional revenue and not have to rely on wagering revenue. That's one of the attractions for Racing NSW. The ATC can sustain itself by getting $200 million out of investments every year so we can look after the rest of the industry. That's what we mean by the best interests of the industry as a whole—if they can sustain themselves on $200 million of revenue or interest because they invested $4 billion or $5 billion. Even on government bonds, which get a return of 5 per cent, that's around $180 million to $200 million.

I agree with you wholeheartedly. One of the attractions of this without a doubt is that reliance on wagering revenue is a risk moving forward. At the moment, the Federal Government is looking at providing ideology in restricting corporate bookmakers in advertising, which has absolutely no factual evidence to justify it. The majority of problem gambling is poker machines, which I think is 70 per cent, and lotteries are 20 per cent. Wagering for racing and sports is about 12 per cent, and yet all of the regulations are coming on sport and wagering. It's all ideology. Nevertheless, that's going to have an effect on wagering revenues and unless we have, as you correctly say, other sources of revenue, we could be in trouble.

The Hon. BOB NANVA: Finally, can I clarify the public criticism that has been made if this proposal does go through and the asset of $5 billion is realised—although you're claiming it's $20 billion.

PETER V'LANDYS: It's $23 billion.

The Hon. DAMIEN TUDEHOPE: Well, we'll talk about that. I think you are gilding the lily.

PETER V'LANDYS: I'll have a bet with you, Mr Tudehope.

The Hon. BOB NANVA: One of the public criticisms has been that the ATC and its members will not see that revenue which will be seized by Racing NSW. To be abundantly clear, you have absolutely no appetite, nor the legislative power, to seize that revenue other than perhaps as repayment of loans?

PETER V'LANDYS: No. We have never wanted to seize the revenue, but we have said that we want to see the revenue spent on racing infrastructure. We do not want to see it spent on indulgence of members, who contribute $6 million, when the racing industry contributes $256 million. It has got to be an equitable share in how the money is spent. The view of Racing NSW is that the majority should be invested so the ATC gets this revenue and is not reliant on gambling revenue.

The Hon. BOB NANVA: But you have neither the appetite nor—

PETER V'LANDYS: No. To be quite frank, I won't be around. The way Mr Latham is going, I probably won't be around tomorrow.

The Hon. MARK LATHAM: You will hear the cheer on racetracks everywhere.

PETER V'LANDYS: I doubt it, Mr Latham. I think there'll be cheers when you leave.

The CHAIR: Mr Nanva is asking the questions. You can have an exchange afterwards.

The Hon. BOB NANVA: This is the last question from me. If these investments are not made, if this proposal does not go through, if alternative revenue streams are not found and if we don't see the upgrades in infrastructure and facilities for spectator experience, then is there a risk that New South Wales could lose its competitive advantage to other jurisdictions like Victoria?

The Hon. DAMIEN TUDEHOPE: That is as good a leading question as I have ever heard.

PETER V'LANDYS: Absolutely. At the moment, racing in New South Wales is the leading jurisdiction on every key performance indicator, no matter what Mr Latham thinks. In every key performance indicator—not only in Australia, but in the world—New South Wales is the leading jurisdiction on everything: prize money, returns to owners and animal welfare. We are number one, so if we lose revenue then we could absolutely go backwards.

The Hon. WES FANG: The Premier's office has got to do better with its Dixers.

Ms CATE FAEHRMANN: I wanted to be clear on the date when you first learned about the proposal to sell the Rosehill racecourse. You said that you were in Washington and your COO phoned you. When was that?

PETER V'LANDYS: That was on Thursday 26 October. Graeme called me in Washington.

The Hon. WES FANG: October?

PETER V'LANDYS: Yes, and that's 2023. I asked Graeme to immediately call the chair because Graeme was the acting CEO while I was away. He contacted the chair. I don't know what he did, but I think he contacted Mr McGauran and Mr McMahon. I wasn't here, so I can't speak as to who he contacted. On Wednesday 1 November, when I came back from overseas, we were briefed by Mr McGauran and Mr McMahon on what their plan was with Rosehill. They were seeking our support. We have always said from day one that we would only support it with a due diligence process to ensure that everything that we are being told actually comes to fruition, and I've just been told wobbly figures.

Ms CATE FAEHRMANN: Mr Hinton, did that call to you come from Mr McMahon?

GRAEME HINTON: Correct.

Ms CATE FAEHRMANN: You then phoned Mr V'landys. Mr V'landys, when did you speak to the Premier about it?

PETER V'LANDYS: I don't think I spoke to the Premier about it until the day before the announcement. I never had any communication with anyone in the Government. I think I spoke to the Premier a day before the announcement.

Ms CATE FAEHRMANN: There was a meeting on 17 November, although I understand that was not with the Premier. You said you did not have any conversation with anyone in the Government, but you did have that meeting on 17 November?

PETER V'LANDYS: Sorry, I will rephrase that. I thought you meant with a Minister or member of Parliament.

Ms CATE FAEHRMANN: So there were no meetings with anybody from the Premier's office before that meeting on 17 November?

PETER V'LANDYS: Not with me personally, no.

Ms CATE FAEHRMANN: Before that meeting on 17 November, did you speak to the Racing NSW board?

PETER V'LANDYS: No, because one of the requirements of that meeting was that we sign confidentiality agreements. I consulted my chair—

Ms CATE FAEHRMANN: When were you notified that you had to sign a confidentiality agreement for that meeting?

PETER V'LANDYS: My recollection is that we were told right at the beginning, on 26 October, that in order for us to move this forward we would have to sign confidentiality agreements.

Ms CATE FAEHRMANN: Who told you that—the ATC?

PETER V'LANDYS: Steve McMahon.

GRAEME HINTON: It would have been by the first. I think 26 October was still too early. By the time we had a proper briefing on the first it would have been a case that, before this goes anywhere, an NDA would need to be signed.

Ms CATE FAEHRMANN: So the ATC didn't consult with their board? Their board didn't know about it, and the Racing NSW board didn't know about it. You all signed confidentiality agreements and went to this meeting on 17 November. At that meeting you suggested a completely new structure for the ATC, including something around governance and increasing board capability, but your boards didn't know. That is a bit hypocritical, isn't it?

PETER V'LANDYS: No, because I know the policies of the board. All we said was that if this was to proceed and move forward, they would have to have expertise on the ATC board. At the moment, it is probably not necessary to have legislative change because on the ATC board there are four elected members from the membership and there are three independent directors. The way it is supposed to work is that there is supposed to be a skill matrix on the board. Whatever skills are not on the board are made up by the three independents. In essence, you could have done that without having to do the other anyway.

Ms CATE FAEHRMANN: I have one final question because I am very conscious of time. Between 17 November and the announcement on 6 December, what discussions did you have at that point with Racing NSW and the board?

PETER V'LANDYS: We couldn't have any discussions because we signed a confidentiality agreement. Now—

Ms CATE FAEHRMANN: So there was no discussion with your board before it went to media?

PETER V'LANDYS: Can I finish my answer?

The CHAIR: Let Mr V'landys finish, Ms Faehrmann.

PETER V'LANDYS: I do not know why people do not have the courtesy to let people answer. First off, my chairman may have contacted some of the board members. I didn't because I had signed a confidentiality agreement. I am sure the chairman at the time had contacted a number of board members. But I can't speak for him because he is not here.

Ms CATE FAEHRMANN: Just to be clear, did the media find out before your board was formally briefed?

PETER V'LANDYS: I don't think the media found out before the board was briefed, no.

Ms CATE FAEHRMANN: You don't think so?

PETER V'LANDYS: I am not sure. I can't remember if it was leaked to the media or what it was. We signed confidentiality agreements so that it wasn't leaked.

GRAEME HINTON: I can tell you the first piece in the media was by Chris O'Keefe the day prior to the announcement. I know that because I spoke to him.

PETER V'LANDYS: And the board was certainly aware of it at that stage.

The Hon. TAYLOR MARTIN: I am conscious of time so I will try to be brief. Mr V'landys, thank you for nominating that $23 billion figure. Is that the approved value before costs are taken into account? Is that the top-line revenue?

PETER V'LANDYS: That's the top-line revenue. That is a percentage—I think, from memory, it is 26 per cent—of the total proceeds.

GRAEME HINTON: That is after construction costs.

The Hon. MARK LATHAM: Realised over what time period?

GRAEME HINTON: Over 35 years.

PETER V'LANDYS: That is how long it will take to construct 26,000 units. That is dependent on the availability of builders, tradies et cetera, of which there is a shortage.

The Hon. DAMIEN TUDEHOPE: Mr V'landys, what is a first-charge fee?

PETER V'LANDYS: The first-charge fee has been reduced dramatically—

The Hon. DAMIEN TUDEHOPE: No, what is it?

PETER V'LANDYS: In the original funding model, Racing NSW's costs were taken out of the tab distribution as a first charge.

The Hon. DAMIEN TUDEHOPE: What I want to put to you is this: If you put all the funding together—all the wagering funds—and they were all pooled together and allocated in line with the scheme and distribution in the intra-code agreement, what would be the impact in terms of the distribution to the ATC if you put them all into a new funding model? It would include all those funds that we indicated earlier, including first-charge fees and the like.

PETER V'LANDYS: I would have to do the calculations, Mr Tudehope, but I would suggest they would get more.

The Hon. DAMIEN TUDEHOPE: The ATC would get more?

PETER V'LANDYS: No, that they get more now. I will do the calculation but—

The Hon. DAMIEN TUDEHOPE: Can you take that on notice?

PETER V'LANDYS: I will take that on notice. But I will just say this: The way the intra-code is formulated, the ATC gets 55 per cent of the distribution, yet it only generates 49 per cent of the revenue. They set that in stone at the time. The provincial and country clubs naturally objected to that because they believe it should

be done on market share. I will do the analysis and give it to you, but I think you will find they actually get more money now, if you pro rata it, than they would under the TAB distribution scheme.

The CHAIR: I have one last question. In the evidence you provided in terms of the money staying within the ATC, during the meeting you had with the Cabinet Office in November, you indicated some suggestion of transferring the ownership of Kembla Grange to Racing NSW. Subsequently, in a meeting held with the ATC in February of this year, they indicated that Racing NSW wanted Kembla Grange to be part of that suite of upgrades. How does that fit in with that position?

PETER V'LANDYS: No, it is a little bit misleading in those minutes. Let me explain why. Kembla Grange was owned by the racing industry. Before Racing NSW was formulated, Kembla Grange club went into receivership. The racing industry paid the monies to pay the mortgage out. The racing industry paid it. For some unknown reason—because there was no Racing NSW at the time—the Kembla Grange asset went to the government. We have said to government over the whole time I have been at Racing NSW that it should rightfully transfer Kembla Grange back to the New South Wales racing industry because they own it. The Government does not own it. It is not Crown land. It is owned by the racing industry. It was coming up in ERC meetings under the last Government, and it was going to be transferred over to Racing NSW. Unfortunately, that never happened. We are just trying to get justice and get our land back, which is Kembla Grange. It has got nothing to do with the ATC. It is just a longstanding situation where the government took land that it didn't own and put it in its name. The racing industry wants it back.

The CHAIR: Thank you, Mr V'landys, for your evidence today.

PETER V'LANDYS: There is a circus of media outside who are going to be asking questions. What am I allowed to say or not allowed to say?

The CHAIR: Your evidence stands here today. You can say whatever you wish outside. But you will not be afforded parliamentary privilege for anything you say outside.

PETER V'LANDYS: Anything I do say, I will say outside. I am not a coward.

The CHAIR: That is fair enough. You can say whatever you wish. Mr V'landys, I note before your departure that you have taken some questions on notice and agreed to table some documents. The Committee secretariat will be in touch with you to determine how you will respond to those. I thank Mr Hinton as well.

(The witnesses withdrew.)

(Luncheon adjournment)

Ms JULIA RITCHIE, Spokesperson, Save Rosehill Group, sworn and examined

Mr JASON ABRAHAMS, Spokesperson, Save Rosehill Group, sworn and examined

The CHAIR: I now welcome our next witnesses, Mr Abrahams and Ms Ritchie. Thank you for your attendance. Would either of you like to make a brief opening statement before the Committee?

JULIA RITCHIE: I would like to make a brief statement and then Jason will make a formal statement of behalf of us both. Before we start, we are here to talk about the issues. We do not want to delve into the personal self. In terms of the accusations of intimidation, we have no further evidence to add in that regard. I would just like to say to anyone who was in the room at the last session, the CEO of the regulatory body described people like us, who have genuine concerns about this proposal, as "cheats, liars and torturers of animals." We reflect on that and ask Committee members whether they think this is an industry where people are afraid to speak out.

JASON ABRAHAMS: Thank you for the opportunity to address the Committee today regarding our submission on the proposed sale of Rosehill racecourse. As representatives on the Save Rosehill Group, we are here to voice our deep concerns about this proposal and, in particular, its potential impact on the thoroughbred racing industry in New South Wales. Our group was established by ATC members and industry stakeholders and is supported by many respected leaders in racing, including former chairs and committee members of the ATC, AJC and STC, as well as prominent owners and leading trainers. We and many others in the club and broader industry are steadfastly opposed to this sale. It is an insult to the members who have supported the ATC and its predecessors for generations. It is a violation of the cultural norm of a member-based sporting club and a warning to all of our peers across the city whose golf courses, tennis courts and football fields might stand in the way of the next development.

Let's be clear: As it stands, there is no credible alternative to Rosehill that will sustain premier racing in metropolitan Sydney. Both Rosehill and Randwick are crucial to maintaining our current racing ecosystem, and the loss of one would catastrophically undermine the industry. This will have ramifications for all of us, from breeders through to country race clubs. Our concerns about the proposed sale have been underscored by information released by the Government on the order of the Legislative Council. In those documents we have finally been able to get a glimpse of the process behind the proposal, but this little sliver of forced transparency has only raised further questions.

Some of these have already been raised this morning, but in particular we would like to highlight: What were the motives and machinations behind the extraordinary rapid change of heart by the ATC, that told the Government it would not countenance selling Rosehill, met with the Premier and one week later submitted a proposal to sell? Why were there discussions conducted behind closed doors and apparently given pre-emptive endorsement by some ATC board members and executives, and Racing NSW, before proper due diligence by the full ATC board or member consultation? What is the endgame for Racing NSW, that has suggested to the Government that the governance of the ATC be reformed and funds diverted away from the club in the event of a sale? Will the proposal entrench the consolidation of power and hoarding of industry revenue by an unaccountable entity that has arguably exceeded its remit as regulator? Can we count on the word of the Premier and the ATC chairman when they say that ATC members will have the final say on any sale, given that compulsory acquisition has been mooted and the unsolicited proposal process continues at a pace, despite vehement opposition from members?

Rosehill hosts 21 premium Saturday race meetings annually, including two major carnivals. It's a track of the people, home of legends of New South Wales racing and some of our country's most storied events, including the Golden Slipper. It's a foothold in the geographic centre of Sydney, a stone's throw from the second CBD and the envy of many of our peers in racing and across the sporting landscape. It's more than just a racecourse; it's a vital part of Western Sydney's cultural and economic fabric. We believe there are alternative options that could assist with housing delivery without compromising the future of thoroughbred racing in New South Wales. We also believe this proposal highlights broader issues with industry governance that warrant a formal review of the Thoroughbred Racing Act. We appreciate the Committee's consideration of these critical issues, and we look forward to discussing them further. Thank you.

The CHAIR: Thank you very much for your evidence. When did your organisation come into being?

JULIA RITCHIE: I will answer that one: basically, straight after the press release in early December. It obviously started to galvanise members' opinions about it and became quite a discussion point at the races. Early January, I think it took on much more momentum at that point, especially because we had horse sales and racing on at the same time, where we had a much bigger critical mass of people at the races and in racing. I would say it started then. We formed, mostly to start seeking out support, I would say, about February-March.

The CHAIR: With respect, are you a membership-based organisation or are you a mailing group?

JULIA RITCHIE: No. We're building—

The CHAIR: How do you determine your membership, so to speak?

JULIA RITCHIE: We've actually put it out to all ATC members, primarily, because obviously this is a members' issue. However, we're also looking for support from the greater community, because the loss of Rosehill is a bigger issue, as well, to greater Western Sydney.

The CHAIR: But ideally your membership is largely targeted at the ATC membership. Is that correct?

JULIA RITCHIE: Absolutely, because this issue lies in their purview.

The CHAIR: How many ATC members are there?

JULIA RITCHIE: The last we heard from the Australian Turf Club, it was about 11,500. We are building on our database as we speak.

The CHAIR: From your estimations, how many of those 11,500 are supportive of the sale of Rosehill at present?

JULIA RITCHIE: My voice is this way because I have talked to that many of them. However, I would say, on average, every race day I would speak to 150 to 200 people and, so far, I have not found one person to support it. We are now getting approached, via correspondence and emails, about finding out more about this issue and to support the campaign.

The CHAIR: So your evidence to the Committee is that nobody who is a member of the ATC supports this?

JULIA RITCHIE: I think there are three submissions that you may have received from members that may have supported it, but they are the only ones we're aware of. I am yet to meet anybody who has actively said, "Yes, we're all for this." I think it was raised in the earlier sessions that people are batting a bit blind with some of the information that we have. But as it's been delivered to the members at the moment, there is no support that we can see at all.

The CHAIR: There were members' forums held earlier this year, were there not?

JASON ABRAHAMS: There were two members' forums held, which members had to apply to visit. You had to put your membership number down to attend. I attended the Randwick version of the forum. It was standing room only, so that tells you how engaged the members were. There was vehement anger in the room towards the submission and the proposal, and there was a conga line of people wanting to give their thoughts over the microphone, to the board.

The CHAIR: You've heard evidence today with respect to the genesis of the proposal. Was the first time the membership heard about it when it was announced by the Premier in early December?

JASON ABRAHAMS: Yes, absolutely. No-one had any idea. It was a blind-side approach. There were phone calls going back and forth between all participants in the industry as soon as they saw that press conference. No-one knew anything about it at all.

The CHAIR: Was the sale of Rosehill something that had ever been contemplated before?

JASON ABRAHAMS: Never.

The CHAIR: You've also heard evidence today with respect to the investigation of alternative sites. We have heard from Racing NSW that would be a prerequisite for them. The main alternative site identified has been the brick pit at Sydney Olympic Park in Homebush. I note you have some analysis of the brick pit in your submission as well. What is your perspective in terms of the viability of the brick pit as a group one racing track?

JASON ABRAHAMS: I think, as we have already heard, that the brick pit is a laughable proposal. It's not big enough in size. We have ecological issues there. There are wastewater issues there. It is seven kilometres from where we already are. There have to be questions as to why we need to move seven kilometres away when we're actually in a better location in Parramatta, close enough to Parramatta CBD. But, honestly, as a premium track, which Rosehill is, the brick pit is not going to be large enough—it doesn't matter how much earthmoving you do—to make it a premium track of Sydney. For racing to exist in Sydney, you need at least two premium tracks for your Saturdays.

The CHAIR: I guess the argument goes, so to speak, that if the ATC doesn't do this, then racing in New South Wales will die because there will not be a sustainable funding source. What is your response to that?

JASON ABRAHAMS: I believe the funding model needs to be looked at again. As has been mentioned earlier today, the funding for racing changed in 2012 and, from that point onwards, corporate wagering went to Racing NSW. The ATC continued to receive funding from the TAB. The TAB's revenues have decreased, whilst corporate bookmaking continues unabated. It is more about the model for funding for the clubs as opposed to how wagering is going to continue. The best example I can give you is that at the forum the chairman said that to continue the maintenance of the ATC on a per annum basis it would need $12 million to keep the four tracks going, and it could only afford $4 million. Therefore, it had a shortfall of $8 million for the maintenance of the four tracks, and yet we see that Racing NSW has $286 million sitting in term deposits. So there is a funding issue for the clubs, most definitely.

The CHAIR: The ATC has previously had proposals in terms of the redevelopment of other, non-core parts of Rosehill racecourse, for instance. Is that something that your organisation would be supportive of?

JASON ABRAHAMS: Absolutely. We're not against assisting with the housing crisis whatsoever. There have been previous submissions where non-core property could be used for housing. The housing crisis and the racing industry are not mutually exclusive. They can coexist, and there is plenty of space around Rosehill and Canterbury that can be used, which has been previously suggested to the Government.

The Hon. MARK LATHAM: Thank you, Jason and Julia, for coming in. We all heard from this morning's evidence that there is nothing to commend the project for selling Rosehill, in the absurd governance that has been around it. The brick pit is a sad, ridiculous joke. As a replacement track, the finances don't stack up. The main issue is how we put together a sensible alternative for upgrading infrastructure and spectator facilities at Warwick Farm and Canterbury and the issue about the stables at Randwick. What's the view of the Save Rosehill Group? There seem to me to be four options that are available as an alternative to selling the major asset. The first of those is what was just mentioned, the 3,000 dwelling plan along the spine of James Ruse Drive on the current car park. Ironically, the ATC was saying that would raise $600 million, which is exactly the amount they need to upgrade Warwick Farm, Canterbury and Randwick. So why didn't they just go ahead with that?

The second available funding course has been identified by Tony Harris, the former Auditor-General, in his submission. There are hollow logs unspent at Racing NSW to the value of $260 million. The third source would be other ATC assets. Matt McGrath has put forward ideas of selling the bowling club at Rosehill and the circus site to raise capital funding. And I'd seek your comment on the final source: Why has Racing NSW, over the last seven years, spent $125 million acquiring 50 properties, one of them in Bathurst Street, Sydney? I don't know why Racing NSW needs to own inner city apartments. You certainly can't put retired horses there. But I'm particularly interested in their purchase of a whole number of properties in Manning, Bull and Stroud streets, Warwick Farm, where they seem to be buying up stables. Why isn't that money being put into the upgrade of the facilities at Warwick Farm Racecourse itself? How do we explain this misallocation of resources and the complete neglect of tracks like Warwick Farm, which have basically become a museum from the 1970s?

JASON ABRAHAMS: You can't explain it. There's no rhyme or reason. No-one is aware of what's going on and why it's happening. There is clearly land banking going on by Racing NSW. A lot of funds are going towards that. There are properties all over the State being acquired by—

The Hon. MARK LATHAM: What do you believe to be the purpose of that land banking? No-one can figure it out.

JASON ABRAHAMS: No-one can figure it out. We thought it was for the rehoming funding, but we have got no clarity on that. Many people have asked for clarification and transparency on that issue. We'd love to get it because, as horse lovers, we want to know where the horses are, whether they getting looked after and where the money is being spent. The owners contribute a lot of money to the Equine Welfare fund every week through prize money, so we'd love to know where that money is going and how money it's being spent.

The Hon. MARK LATHAM: But do you believe there are four valid alternative sources of funding for doing up Warwick Farm, Canterbury and Randwick?

JASON ABRAHAMS: There are many alternatives, including utilising our existing assets such as Rosehill better. We are already doing that through non-race day events. Absolutely, we need to be able to find out where we can best utilise the funds.

The Hon. MARK LATHAM: We've run out of time, but a supplementary question I'll put to Mr V'landys is about the due diligence of looking at these logical alternatives to selling the major asset, which will be rejected by the members 90-10 anyway.

JULIA RITCHIE: Could I add, Mr Latham, that two to three years ago the board at the ATC did undertake a complete property asset analysis to understand exactly what the club owned and what could be realised

to benefit the club for a future sale or development. We did all four racetracks—everything that the club owned—so we had a clear understanding. Obviously Rosehill was part of it and Canterbury was part of it. Warwick Farm identified a lot of the ancillary properties as well.

The Hon. MARK LATHAM: A comment was made by the Chairman of the ATC about the problematic demographics around Parramatta. Is that something that you experience with racegoers? I would have thought that Rosehill is a great location, in the centre of the demographic of Sydney and accessible to the western spine out to Penrith on the M4. Those of us in the south-west come up the M7 and the M4. The WestConnex makes it more accessible from the eastern side, and it also has good access from the north-west population spine. It has been a very good demographic for racing, hasn't it?

JASON ABRAHAMS: It's the geographical centre of Sydney. Racing has been happening at Rosehill since 1885. It has a long and proud history. Speaking to horseracing participants around the world, they know of Rosehill. They know of Winx; they know the Golden Slipper. It's a renowned racetrack worldwide. It brings a lot of money to the local community; it brings a lot of money to the State. I do not understand where that comment about racial backgrounds came into the equation from the chairman.

The Hon. MARK LATHAM: How do we explain the bias against Warwick Farm? Because it is also ideally placed on a railway station for the great population expansion on the south-west corridor, which is now stretching down to Appin. It's a great location, increasingly better. It is accessible to the M5, for people coming into the city from the eastern suburbs and North Shore. How do we explain the bias against Warwick Farm, where the neglect of facilities by Racing NSW and the ATC is, quite frankly, a disgrace? I draw your attention to some of the comments that were made at our first day of hearing, which were that Melbourne has three group one quality tracks: Flemington, Caulfield and Moonee Valley. But they say that at Warwick Farm's the straight is too short. It's a hell of a lot longer than Moonee Valley.

Warwick Farm traditionally had wonderful group one racing, from Phar Lap winning the Chipping Norton Stakes onwards. I can't see any reason why, especially when you look at the Moonee Valley precedent with the Cox Plate, Warwick Farm with the current track configuration can't take group one racing. It just needs the facility upgrade. The spectator facilities make it worthwhile. People will attend. Apparently Liverpool council put on a concert on New Year's Eve and they had 50,000 people there. What's wrong with racing that we can't get people to Warwick Farm with that huge population base that's available?

JASON ABRAHAMS: There has been a funding shortfall for Warwick Farm for a long, long time. It's like stepping back in time 50 years for sure. We can't explain why Racing NSW or the ATC haven't put more into Warwick Farm. They have invested in the track surface there, but there is no other explanation for it. In saying that, the ATC in their memorandum of understanding said that they did not believe Warwick Farm was a group one track in Sydney and it wasn't a viable alternative.

The Hon. MARK LATHAM: Ask Phar Lap. He won races there. We had the Chipping Norton Stakes there up until about 15 years ago. What happened to the money that Inglis paid for the riverside? Some $25 million was promised for the upgrade of Warwick Farm. That seems to have disappeared as well from when the ATC sold the very successful Riverside Stables. I understand Inglis would love their special restricted race opportunities for horses sold there to be run at Warwick Farm, to complement the wonderful investment they've made in riverside. So where did that $25 million go? Do we know?

JASON ABRAHAMS: Do you know?

JULIA RITCHIE: I can't speak to it because it happened between AJC and ATC for me, under a different regime. Definitely it was applied to improving some things, but I can't speak to that. You would need to ask the club for the appropriate paperwork on it.

JASON ABRAHAMS: We're talking about Rosehill being sold and developed. Yet I believe when the ATC sold that parcel of land to Inglis, they lost money on the deal because they had to provide infrastructure subsequently. I think if we're talking about the ATC being property developers, their history is not great.

The Hon. MARK LATHAM: What did they have to provide? The only infrastructure added is a set of traffic lights to get in there.

JASON ABRAHAMS: Yes.

The Hon. MARK LATHAM: How do you lose money on that?

JASON ABRAHAMS: That is a good question.

Ms CATE FAEHRMANN: Thank you both for appearing today. Mr Abrahams, in your opening statement you said something questioning the motive of the sale. What do you believe are the motives behind the sale, to begin with, and the reasons it is being kept from the membership? I'll go to you, Ms Ritchie, as well.

JASON ABRAHAMS: We don't know the motives behind it. We'd love to know, because at this point in time the proposal doesn't make any sense whatsoever. What I can say is that there has been a concentration of power and wealth by Racing NSW to the detriment of all clubs, not only the ATC. In the submission made by Racing NSW to the Government, they mentioned that they would like to divert proceeds from the sale away from the club to other areas. That leads you to think, as an ATC member, that ATC members won't get the full sale proceeds because Racing NSW looks to be elbowing in on the proceeds of the sale of an asset which, frankly, they don't own.

Ms CATE FAEHRMANN: Everything we've been told here is that the genesis of it wasn't Racing NSW; it was ATC, after the meeting with the department of planning, apparently. Steve McMahon and the chair had a discussion. That's what we've been told. Are you suggesting that Racing NSW had a little bit more involvement at that time?

JASON ABRAHAMS: Having been in the industry a long time, and hearing some of the submissions, I would say nothing happens in New South Wales racing without Racing NSW having its fingerprints all over it.

Ms CATE FAEHRMANN: Ms Ritchie?

JULIA RITCHIE: The question of the genesis—that's what you're asking?

Ms CATE FAEHRMANN: And the motive, yes.

JULIA RITCHIE: And the motive behind it. It mostly started earlier than last year, obviously. Over the years, the club had to apply for source funding to assist in capital investment and development. Often that was denied or it was taken to a certain point and not followed on by the regulator. But we also sought to collaborate with them to get money from them to develop things for the club. That had started long before this period. After I left, I can't speak to what that relationship became after it to find out what happened to those requests and support for those funding requirements. Warwick Farm was part of them, looking at realigning some of the track and redoing the chutes—doing things like that to actually improve the quality of our racing surfaces. The Winx Stand was actually funded by the club itself. It was money that the club was entitled to get through PGI. It was a very good negotiation done by our then chairman.

That was the club paying for something itself, which, by rights, should've been a joint venture. However, that is the money that was chosen to be put into what was called the Randwick development fund. That gets back to the funding issue. In fact, what we don't have anymore is a racecourse development fund of some stature with some guidelines so that the industry would have some certainty on how they would plan their capital investment and maintenance programs. At the moment, we have to, on a regular basis, go and say, "Please, can we have some more?" That's what we're looking for. Maybe prize money should be frozen for a while. I know it was mentioned earlier today—the commitment to prize money. However, that money could be better spent on the longevity of our industry—some of it, anyway.

Ms CATE FAEHRMANN: I get, Mr Abrahams, that you've said that you're not sure of the motives. I'm sure, within the ATC, a lot of people are speculating around what they would be. Would you care to share the speculation and what people are suggesting has happened? Again, it's highly unusual for the action to be taken in the way it was, by one of the ATC's paid staff members and the chair without any consultation with the board or any consultation with members. Why have they done that? You're saying it's not in the best interests of the ATC. Is that your view today?

JASON ABRAHAMS: The proposal?

Ms CATE FAEHRMANN: Yes.

JASON ABRAHAMS: Absolutely.

Ms CATE FAEHRMANN: So why would the chair and the head of membership and corporate affairs, Mr McMahon, put forward the proposal if it's not in the best interests of the ATC?

JASON ABRAHAMS: I think they mentioned that they have a duty to look at all options that may come before them.

Ms CATE FAEHRMANN: Do you think the option was put before them, then?

JASON ABRAHAMS: If you look at the history of what has happened, and within that two-week period, starting at the beginning of the two weeks, they were vehement that Rosehill was not to be sold. Two weeks later,

all of a sudden they're submitting a proposal to sell. Unsolicited proposals, I don't know much about them. Someone else might be able to tell me the answer to this one.

Ms CATE FAEHRMANN: Politically motivated, do you think?

JASON ABRAHAMS: There were meetings with government individuals, so maybe.

Ms CATE FAEHRMANN: Do you think the Premier had anything to do with it?

JASON ABRAHAMS: I have no idea.

Ms CATE FAEHRMANN: Is that what people are saying?

JULIA RITCHIE: We can only go on what was said today. None of us were there at the time. Some of that was quite enlightening for all of us as well, I might add.

The Hon. DAMIEN TUDEHOPE: We heard earlier today that the ATC has so far spent $300,000 of ATC members' money in pursuing the unsolicited proposal. Have you got a response to the wisdom of that investment?

JASON ABRAHAMS: We've been talking about the finances of the ATC. Now we find out today that they've already spent $300,000 on a proposal that I haven't met a member who would be supportive of. You can dare say that at least the chairman, and potentially some members of the board, are severely out of touch with their membership group.

The Hon. DAMIEN TUDEHOPE: In view of the meetings that took place where this proposal was considered and the members were significantly alarmed by the proposal, should the board have gone to the members, in your view, with the issue about lodging an unsolicited proposal at all?

JASON ABRAHAMS: I think if you gauge the room at the forum that they held—and keep in mind they cancelled the forums after the first two, given the feedback they were provided with—I dare say there was no need for the proposal in any way, shape or form.

The Hon. DAMIEN TUDEHOPE: One way to further damage the racecourse is to start winding it down. You may have heard evidence and the Premier's comments to the NSW Farmers Association that they'd have to look for a new venue next year to hold their conference. Do you have any concerns that the ATC, in pursuing the unsolicited proposal, may have in mind just letting the asset deteriorate?

JASON ABRAHAMS: There's every possibility that would happen. If they do plan to sell, they're not going to spend more money on it. That's for sure. At the forum, they mentioned a five-year period before Rosehill would close, which, in my mind, triggered alarm straight away, because they haven't found a replacement location. If you think of how long it would take to find a location large enough to hold a racetrack of the size of Rosehill somewhere else in the Sydney metropolitan area, procure it, develop it within five years and have it presented, I thought that was a fallacy.

The Hon. DAMIEN TUDEHOPE: That's not going to happen.

JASON ABRAHAMS: Correct. For the chairman to stand up there and support such a proposal with those comments, it made a lot of members irate.

The Hon. DAMIEN TUDEHOPE: Did you hear him make any comments about the "wrong demographic of people" in relation to the location of Rosehill racecourse?

JASON ABRAHAMS: I didn't hear any of those comments. From what I heard this morning, I don't think that was at the forum meeting. I'm not sure where that was.

The Hon. MARK LATHAM: It was an explanation to Rosehill trainers as to why they had to leave.

The Hon. DAMIEN TUDEHOPE: So it has never been made—

JASON ABRAHAMS: Not at the forum in front of members, no.

JULIA RITCHIE: No.

The Hon. DAMIEN TUDEHOPE: How many members were at that forum, or the two forums? Do you recall?

JASON ABRAHAMS: The Randwick one, there would've been probably 150. It was held in one of the rooms in the grandstand before the first race. There was standing room only up the back. The seats were full.

The Hon. DAMIEN TUDEHOPE: That was the first one?

JULIA RITCHIE: That was the second one.

JASON ABRAHAMS: That was the second one.

The Hon. DAMIEN TUDEHOPE: How many attended the first one?

JULIA RITCHIE: I was at the first one. I would say about 140, give or take. It was also scheduled on a day when a horse sale was on, so a lot of people were tied up in other venues. They had to come back from the horse sales to get there as well. The repercussion of all of it though—the members were waiting to see the outcome of the first two. As soon as the next two forums were cancelled, the whiplash effect was amazing. Everyone was saying, "But I was planning to go to the next one." It was building momentum amongst the members to find out more because they were hearing less and less about really what was being offered.

The CHAIR: Were you given any reason why they were cancelled?

JULIA RITCHIE: To cut to the chase, no.

The Hon. DAMIEN TUDEHOPE: You've made some submissions today about the funding model and that Racing NSW have too much control over the funding. I think you put it adequately when you suggested that every time the ATC needed to cover expenses or cover some project or whatever, they would have to come to the Racing NSW, cap in hand, to ask for that funding. What do you suggest is the appropriate funding model?

JULIA RITCHIE: I have to say the industry itself are actually starting to talk about it because it affects all of us and our future. At the moment the only pre-existing agreements we have are the old parimutuel TAB agreements, where there was some certainty of certain percentages of numbers. Beyond that, there is nothing. We need to sit down and actually work out where the money needs to be allocated. We're not saying—I think it should be welfare and it should be other things as well. But at the moment we don't have a racecourse development fund to actually invest in infrastructure. That's where everyone's suffering the most, whether it's at racetrack level or facility level, which impacts, obviously, on the race-day experience and safety of people and animals.

The Hon. DAMIEN TUDEHOPE: Rather than Mr V'landys making a decision about the development of racecourses, you say that there should be a separate body called the "racecourse development fund" which would have certain moneys distributed to it on an annual basis, say, on a formula, which would give certainty to the development of racecourses generally and would make provision for the deterioration of those or prevent the deterioration of those racecourses?

JULIA RITCHIE: I do agree. The original, previous regulator always had a racecourse development fund. That's how most of the country tracks—and that's in fact where the interminable loans came from to pay for certain things at Rosehill and Randwick, and stands. I do think it has a validity again. I'm not representing everyone, but it has been the topic of conversation with all of us now for quite a long time.

The Hon. DAMIEN TUDEHOPE: And separately administered from Racing NSW?

JULIA RITCHIE: Or have a group that should actually—we need determined guidelines as to what actually should fall into that. Also, it has to fit into a strategy. At the moment we are due to have a revisit of an overall strategy of our industry. It's now been over five years since we've had a strategy to look at where our industry is going and what we could be delivering on, anyway. But I do think it would align to delivery of our future that way.

The Hon. MARK LATHAM: One final question. Are you surprised at the level of incompetence at the ATC in the handling of this? I'll just give you one final example; we've had so many today. We as a Committee visited the Horsley Park site where they think they're going to put in a new training facility. The map that the ATC distributed took in the southern part of this proposed area. We found out at Horsley Park, from the Western Parkland City Authority, that the southern part there belongs to the parkland; that to have the full training facility that the ATC's proposed, you'd have to take substantial wooded parkland areas, knock it all down and, according to this plan, build tie-up stalls, horse walkers, accommodation, float drop-off, veterinary facilities, feed area and waste storage. The ATC can't even get their maps right as to what is SIEC land as opposed to—

JULIA RITCHIE: This is Horsley Park? Yes.

The Hon. MARK LATHAM: —intruding, well, basically appropriating Western Sydney parkland. I'm not known for my green credentials, but I'm pointing this out to say let's keep the parklands and not proceed with this nonsense based on incompetence. What do you think?

JULIA RITCHIE: I know they've spoken about Horsley Park, about servicing it with, obviously, your labour force, transport and access to all other facilities as well. The SIEC site is really a cross-country course.

The Hon. MARK LATHAM: Yes, they said they'd pretty well have to abandon the cross-country school competitions and the equestrians that they've got.

JULIA RITCHIE: Yes.

JASON ABRAHAMS: I'm sure they won't be happy.

The Hon. MARK LATHAM: Certainly during the building of this. It's not practical to have a shared facility, is it, because you've got the horses stabled there? For security reasons—people breaking in, letting the horses free or doping the horses or whatever—you don't want people around, do you? It'd be a high-security area where the horses are.

JULIA RITCHIE: It's a massive open area to make secure, exactly. I mean, there are some existing facilities. That's a hangover from the Olympics, as well, that whole site.

The Hon. EMMA HURST: I've only got a couple of questions. In your submission you talk about term limits for organisations like Racing NSW. What do you think those limits on a term for a CEO should be? I'm not asking you to comment on the specific CEO that is in place now but, generally, what term limit do you think is appropriate?

JULIA RITCHIE: For the ATC, to speak specifically to that?

The Hon. MARK LATHAM: You mean Racing NSW.

The Hon. EMMA HURST: Racing NSW term limits. Your submission states the importance of term limits in organisations like Racing NSW who act as a regulator.

JULIA RITCHIE: Term limits, I think, with an active succession plan. Sometimes we can shoot ourselves in the foot by having maybe too short—especially in the horse industry. I think it was said earlier today that it takes you two or three years to get your brain around it, two or three years to make a contribution, and then the last few years to actually make sure you've got someone who's going to be coming in to replace you that will carry forward strategy. If that's from the board perspective, again, personally, I think refreshing it—if you talk to the AICD and certain other financial groups, they would say 10 to 12 years tops.

JASON ABRAHAMS: I think the issue we're referring to is the extension twice of the chairman of Racing NSW, and on an attempted third occasion. When you have a chairman there that long and a CEO there even longer, the query we would have is around corporate governance for a body that has taken on a lot of assets and has a lot of power. That can lead to issues and, potentially, why we're here today.

The Hon. EMMA HURST: Absolutely. Another recommendation from your submission was that the Thoroughbred Racing Act be amended to make sure that Racing NSW is subject to the direction of the Minister, subject to audit by the Auditor-General. They are consistent with amendments passed by the Legislative Council that were put up last year. Can you explain why you think that greater transparency and accountability is needed generally within Racing NSW?

JASON ABRAHAMS: We just spoke about the strategic planning for Racing NSW. As part of the Thoroughbred Racing Act, that's meant to occur every three years. I think they skipped the last one and there is no sight of the next one. Either the chairman or the CEO is meant to attend monthly meetings, which they haven't been attending; they've been outsourcing that. When you talk of governance, I think the shorter terms, the reviewing of the Act will ensure that corporate governance is adhered to in a more appropriate way ongoing.

The Hon. EMMA HURST: Would you also support, say, mandatory reporting standards? I know you mentioned the spending of that welfare fund, for example. Would you like to see more transparency and accountability around how that money is being spent?

JASON ABRAHAMS: Absolutely. Most of the ATC members and a lot of industry participants are paying for those funds out of their own prize money. I'm sure they would all like to know where those funds are going.

The Hon. EMMA HURST: Do we know how many horses are being rehomed?

JULIA RITCHIE: I know Mr V'landys made rough reference to it. We were told at Capertee there are 300 horses out there at the moment, which is the property they bought out at Lithgow. We were told by someone who worked there. Considering it's over 2,000 acres, to have 300 horses—I know this morning he was—that's the first time we've heard any of the transparency on where prize money that has been taken off owners, particularly, to go to welfare, which we're totally supportive of and we do believe in that level of accountability, yet there were still no numbers of actual horses, really, based on what's happening out there.

The Hon. EMMA HURST: What numbers would you like to see? If there was a change for mandatory reporting standards, what numbers would you like to see in regards to the rehoming and the welfare funds?

JULIA RITCHIE: It's such a big issue. I think we actually have to sit down and work out, really, what are the numbers we're dealing with. I do think part of the traceability will give us the data to do that. At the moment, we are often anecdotal in how we are doing some of our stuff. As for me, as a property owner, I rehome wherever is humanly possible with the appropriate homes for certain horses. But I do think it warrants much more strategic thinking about it, which needs to be done now.

The Hon. EMMA HURST: This morning Mr V'landys said that he supported whole-of-life tracking of racehorses as part of that. Is that something that you would support as well?

JULIA RITCHIE: For me personally, the traceability—without making it onerous, which some of it is at the moment; if you move it from one yard to the next yard, sometimes they try to track you down. However, I do think it gives us the data we need to address our horses as they go through the system. At the moment we go, "Yes, there are 3,000 who are retired this year." It will give you a much better idea of the type of horses, where they go, what we're missing and what we still need to look at. It's a very big problem to fix and it's not going to be fixed overnight.

The Hon. EMMA HURST: What is the big problem?

JULIA RITCHIE: The rehoming—just the numbers of it. Let's be practical about it. We're an industry that want to collaborate on that. In my 50 years of doing this, I don't yet know anyone who doesn't want to care for a horse or ensure its future is protected in some form or another.

The Hon. MARK LATHAM: On that, I was quite stunned by Mr V'landys saying there were 1,400 thoroughbreds per annum that go to equestrian. Thoroughbreds are a more highly-strung type of horse. They're certainly not pony club horses, are they? I know there are some that are put into equestrian, but that would be 14,000 over a decade. I can't believe we've got that many equestrian horses or anywhere near that number in New South Wales. I'll be asking Mr V'landys on supplementary what definition is used for "equestrian". As a long-term racing person, have you got a sense of disbelief about that number?

JULIA RITCHIE: I think the broad description of "equestrian" is where we're getting lost in it. Most racehorses only translate to certain forms of riding after racing anyway.

The Hon. MARK LATHAM: Yes, I'd imagine it's jumping.

JULIA RITCHIE: Cross-country and jumping. You've got to remember that if you talk to most people who are capable riders, they like to retrain their own horses anyway. I was surprised by that number this morning. I'm a member of EA, which is Equestrian Australia, and I'm going to ring them to get a handle on what they're seeing as rehoming because that number took me by surprise.

The Hon. MARK LATHAM: It's a big number, isn't it?

The Hon. BOB NANVA: Turning to the funding model, no matter how you splice or dice it, it is all still predicated on gambling revenue, is it not?

JULIA RITCHIE: Having worked on administration for the club, the club has diversified its sources of income over the years, which is looking at substantial non-race-day hospitality businesses now, which they never used to have. They also have a lot more community-based programs from the point of view of conferences and events like that. We have the stitches show and the caravan show. It's embedded much more on non-race-day events as well. As I said, there is also sponsorship beyond membership. The club is always looking at alternative sources of income. Obviously, the prime driver had always been our TAB money. That has been going on forever.

The Hon. BOB NANVA: I accept that, but the most significant proportion of the industry's funding comes from gambling.

JULIA RITCHIE: Yes.

The Hon. BOB NANVA: If the funding agreement were to be renegotiated in order to put the ATC on a more sustainable financial footing, that would be predicated on shuffling gambling money around, would it not?

JULIA RITCHIE: It would be the income coming into Racing NSW.

The Hon. BOB NANVA: But gambling?

JULIA RITCHIE: Yes.

The Hon. BOB NANVA: Ms Searcy has stated in an interview on ABC radio, "We all know the Government is putting all sorts of regulations into place as far as wagering is concerned. All of those things threaten the industry."

The Hon. MARK LATHAM: Who said that?

The Hon. BOB NANVA: Caroline Searcy. Do you agree with that statement?

JULIA RITCHIE: Over to you.

JASON ABRAHAMS: I don't know the context of when she said that.

The Hon. BOB NANVA: Let me put it another way. Is it not a risk to the future of the industry to have a business model that is almost solely predicated on gambling without a desire to diversify revenue sources further than is currently the case?

JASON ABRAHAMS: There is definitely a desire to diversify the income streams, but the industry has run off wagering turnover for 150 years. It's not only the case here; it's also the case around the world.

The Hon. BOB NANVA: Just because it has been doesn't mean it can continue, though.

JASON ABRAHAMS: No, but I don't understand what the issue is.

JULIA RITCHIE: Are we splitting wagering and gaming? The other side of it is that the whole pokie side is perceived on that level as a higher profile area of that.

The Hon. BOB NANVA: I ask this in your capacity as a former ATC vice-chair: If there were a proposition that was put to the board that would result in the ATC's core assets significantly increasing in value, would it not be that board's fiduciary duty to put that proposal to the members?

JULIA RITCHIE: Only after doing due diligence and assessing it within the strategy of the business model of the club as well, and then the industry.

The Hon. BOB NANVA: I accept that, but there would be a fiduciary duty to, at some stage, put that proposal to the membership.

JULIA RITCHIE: Only if it goes through the due process. At the moment, we are not quite going that way at all.

The CHAIR: Thank you for your evidence today. If you took anything on notice, the secretariat will be in discussions with you about getting answers to those questions. Thank you very much for your attendance today and for your submission.

JULIA RITCHIE: Thank you for today too. It is much appreciated.

(The witnesses withdrew.)

Dr ROSEMARY ELLIOTT, President, Sentient, sworn and examined

Dr ANDREA HARVEY, Researcher, Sentient, and Associate Professor, Sydney School of Veterinary Science, University of Sydney, before the Committee via videoconference, affirmed and examined

Dr PAUL McGREEVY, Professor, Sydney School of Veterinary Science, University of Sydney, affirmed and examined

The CHAIR: Welcome to our next witnesses. I will start by seeing if anyone in the room would like to make a short opening statement. Dr McGreevy, if you wish.

PAUL McGREEVY: This inquiry offers an opportunity to consider the impacts of current thoroughbred breeding and racing practices. It should cover practices that are similar to those in other horse breeding and equestrian activities and those that are unique to thoroughbred breeding and racing. I've submitted a co-authored, peer-reviewed scholarly article that explores the evidence relevant to these practices using what's called a One Welfare lens that considers the industry's impact on animals, humans and the environment. My co-authors on that article are a geography scholar and a public health scholar. The stakeholders we include in this article are those horses directly affected by these industries, including breeding animals, horses in preparation for racing, racing horses and, where possible, off-the-track issues for racing horses' post-racing lives.

As a veterinarian and animal welfare scholar, I am delighted to guide the Committee through the use of the Five Domains approach to animal welfare assessment. This framework is explained in the article and it has been embraced by the International Federation of Horseracing Authorities, of which Racing Australia is a member. It is fair to say that Racing Australia has been slow to embrace the Five Domains approach, preferring instead to focus on the outdated five freedoms construct. The novel aspect of the article I have submitted shows how we can use the Five Domains approach when considering not only the welfare of horses alone, or in a virtual vacuum, but also the welfare of industry workers and the environment.

ROSEMARY ELLIOTT: This inquiry arises from what is described as an unsolicited proposal process for the sale of the Rosehill racecourse by the Australian Turf Club to enable, in consultation with the New South Wales Government, a mixed-use development including 25,000 new houses and a new railway station. The ATC stands to obtain a $4.8 billion yield from the deal, with real estate experts canvassing a yield more in the region of $10 billion. Whatever the true figure, and assuming the proposal proceeds, the ATC will need the support of the New South Wales Government. On 7 December 2023 the Premier described this proposal as a once-in-a-generation opportunity for Sydney.

The inquiry addresses the circumstances in which the proposal came to be undertaken and questions such as whether the sale proceeds should be applied for the wider benefit of the racing industry. Sentient's contribution is to the broader issue of animal welfare and integrity. In 2020 the Thoroughbred Aftercare Welfare Working Group, known as the TAWWG, was established by a collective of industry participants. This followed the ABC's *7.30* footage of the brutal treatment of thoroughbreds at processing facilities. In 2021 the working group released its report, entitled *The most important participant—A Framework for Thoroughbred Welfare*. This contains 46 recommendations with the potential to provide a robust framework to improve the welfare and aftercare of thoroughbred horses in Australia.

Despite this, there has been virtually no response from the Australian racing industry. This is disappointing and provides further evidence that this industry is not committed to improving the welfare of racehorses and cannot be relied on to do so voluntarily. The range of practices that continue to harm the welfare of racing thoroughbreds is extensive. Images of catastrophic falls, deaths on track, whip use and horrific handling in knackeries have been firmly planted in the public memory. These suggest an industry focused on profit and not prepared to honour its obligation to protect the animals enlisted as the mainstay of its business model.

Government intervention is long overdue. We respectfully submit to the Committee that it recommends to the Government that some meaningful portion of the sale proceeds be earmarked and designated to racehorse welfare. This would include an independent taskforce to review thoroughbred welfare in New South Wales to identify and address key issues including the number of horses born to the number able to be rehomed annually; reducing injuries and deaths; ending the practice of racing young horses; exploring ways to improve the management of horses, such as being maintained on pasture; actively lobbying State and Federal governments of the urgency of a national horse traceability register; facilitating the development of thoroughbred racehorse welfare standards and guidelines; and providing responses to the recommendations of the TAWWG report in relation to how and when they could be implemented in New South Wales.

We also recommend the proposed centre of excellence training and stabling facility at Horsley Park becomes a training hub for teaching equitation science principles to all industry participants, offering

thoroughbred rehoming initiatives, such as retraining horses for recreational riding, and making CT imaging available to identify subclinical conditions. Sentient further urges that the Government stipulates, as a condition of its support of sale, the prohibition on the use of whips and tongue-ties. The use of devices that cause pain and injury to horses signifies to the public an indifference to suffering. A Government-enforced ban would demonstrate to the wider industry and community that the welfare of these magnificent animals must be paramount. The proposed sale of Rosehill racecourse would not only be a once-in-a-generation opportunity for Sydney. We believe the New South Wales thoroughbred racing industry has a unique opportunity to become the leading jurisdiction in Australia to achieve genuine improvements in racehorse welfare.

ANDREA HARVEY: I don't have an additional opening statement. Rosemary was speaking on behalf of both of us.

The Hon. EMMA HURST: Thank you all for coming today. Thank you, Dr Elliott, for coming even though you sound like you're still recovering from something. Thank you for your time today. I'll start with a question to Dr Paul McGreevy. This morning, CEO Peter V'landys gave evidence. He said that he didn't support ending the use of the whip because whips don't hurt. He said that a padded whip is now used and it doesn't hurt, and he rejects your research that suggests otherwise. Can you tell us about your research specifically into the padded whip, and can you tell us if it really does hurt?

PAUL McGREEVY: Certainly. Thanks for the question. The padded whip is padded at one end. The distal third is padded. Our studies of slow motion videos have shown that more than 65 per cent of the time, the unpadded section hits the horse. The padded section, nevertheless, can leave welts on the horse. A comparative study of human skin and horse skin shows that, anatomically, you would assume that the horses are feeling an equivalent amount of pain to humans when struck. That's because horses have thick skin but the layer at the outer surface—the epidermis—is as richly innervated in horses as it is in humans. The padded whip is not a "get out of jail free" card at all. Having been struck by the padded whip, because I couldn't get ethics approval to do that to an animal, I can tell you it does hurt.

The Hon. EMMA HURST: Why do you think the CEO of Racing NSW could be so off base here? If you're saying that the evidence suggests one thing, why is he here saying—

PAUL McGREEVY: I assume that he has not been trained as a scientist.

The Hon. EMMA HURST: So he doesn't have the qualifications to put those statements forward?

PAUL McGREEVY: That's correct. I have done my best to articulate the science in Conversation articles, for instance. I can't really explain his resistance to the evidence.

The Hon. EMMA HURST: Is it just you who's talking about the pain that is caused by the padded whip, or are there other welfare experts or changes worldwide that recognise that these whips need to be removed?

PAUL McGREEVY: Yes, worldwide, there's an organisation called World Horse Welfare. They are friendly with the racing industry in Britain, but they have now withdrawn from the suggestion that the whip is a source of encouragement. They're accepting, instead, that it is a source of pain. The late racing writer Patrick Smith, in *The Australian*, noted that if it didn't hurt, they wouldn't use it. It's not neutral. It's not attractive. It's aversive.

The Hon. EMMA HURST: There was a lot of support for whole-of-life tracking. That's something that has come up a bit in this inquiry. Overall, there has been quite good support on it. I'll throw this to either of you. Is that something that we need to see implemented? If so, why?

ROSEMARY ELLIOTT: I will speak, but I don't fully understand what the proposal is in terms of whole-of-life tracking. What we support, for Sentient, is a national horse traceability register. It's national. I think it would be very difficult to have responsibility for a horse until the horse dies after being retired. That could be 20 years. The national register never got off the ground, but I believe the racing industry should be lobbying for it. Perhaps an owner rehomes a horse.

They have to complete forms for Racing NSW et cetera. But that horse could then be moved on and on, interstate. The horse is lost; we know nothing of the horse's outcome. If you've got a national register, we can always trace what happens to that horse. Because the risk is that horses are then just sold on to somebody who neglects them. They may be sold on for some awful use, they may go to a dodgy knackery and be slaughtered inhumanely. There are so many risks to these horses. So whole-of-life tracking can be supported by the National Horse Traceability Registry. That's one of the recommendations we are making to the industry—to lobby really hard for that at both State and Federal levels.

The Hon. EMMA HURST: Dr Elliott, you said it never got off the ground. Are you suggesting that it nearly did and then something happened? Can you explain what you mean there?

ROSEMARY ELLIOTT: You might want to speak to that, Paul. I know we made a submission to this, but were never called to give evidence.

PAUL McGREEVY: My understanding is that traceability was core to the TAWWG report. None of the TAWWG report's 46 recommendations have been acted upon at all.

ROSEMARY ELLIOTT: It is recommended by the TAWWG.

The Hon. EMMA HURST: Just to jump back to the whip quickly. My understanding is that there were other States, such as Racing Victoria, that were eager to phase out the use of the whip, but Racing NSW was blocking that. Was it Racing NSW under CEO Peter V'landys actually blocking that welfare reform? Or is that just a rumour?

PAUL McGREEVY: I can't speak to that.

The Hon. EMMA HURST: You're not aware?

PAUL McGREEVY: I have heard that rumour as well.

The Hon. EMMA HURST: Okay. So you've only heard it as a rumour? But you're not sure.

PAUL McGREEVY: I would say that Racing Victoria is showing great leadership on whip reform—trying to.

The Hon. EMMA HURST: What do you mean by they are trying to?

PAUL McGREEVY: They are trying to embrace the science and accept that there is a strong case against the whip.

The Hon. EMMA HURST: Are there any other racing authorities in other States that are also looking to change that as well?

PAUL McGREEVY: I'm not aware of any. But, internationally, there are countries that do without the whip.

The Hon. EMMA HURST: Where is that?

PAUL McGREEVY: Norway and Sweden.

The Hon. EMMA HURST: Have they phased out the whip in those areas now?

PAUL McGREEVY: Yes. Norway has done without the whip for at least 35 years. That was through an Act of Parliament, not the industry-led change.

The Hon. EMMA HURST: Both of your submissions reference the Five Domains model. It sets out the minimum standards of care required to achieve good animal welfare. Do you feel that the racing industry in New South Wales is currently meeting those Five Domains?

ROSEMARY ELLIOTT: To meet those Five Domains the most important domain is the fifth domain, which is the mental state. The four physical domains each have a mental state consequence. So what you are looking at is, is the animal leading a life worth living. Are they getting enough agency, enough satisfaction? Are they are able to perform natural behaviours? Are their interactions with humans safe for them, or are they being harshly handled? It covers everything from nutrition to stabling. I could really talk at length about that. I think once you look at all of the other four domains, they are quite suboptimal. Which means that the ultimate is the fifth domain, which is mental state. That's what we base our overall assessment on. I know that Dr Harvey is an expert in this area so I don't know if you mind if I hand that to Dr Harvey?

ANDREA HARVEY: I think it's a really good question, and one I've been listening to at the previous hearing. Obviously there is a lot of "he says, she says". We know that there are a lot of welfare challenges that thoroughbreds face. People in the industry often say, "These aren't issues with the horses we are working with." From an animal welfare science point of view, what I feel is that we need to actually get out and be scientifically assessing the welfare of these individual horses. The Five Domains model provides a perfect framework to do that. In other words, instead of theoretically discussing what the different welfare challenges of the horses are, we need data on those horses, and actual scientific assessments of what is their welfare. What are the welfare challenges of each individual horse? How many racehorses in New South Wales are experiencing good welfare or poor welfare? That is a very neutral and scientific approach. Until we do that we can't answer the question.

There could be a lot of improvements that have been made that we don't know about, but unless we can actually have an independent animal welfare body that can go out and actually do on-the-ground scientific assessments of these horses, we can't really answer that question. If the industry does feel that they have been making improvements, and they do have good welfare of these horses, then they should be embracing that kind of activity to demonstrate that they are doing a good job. It's a win-win situation that something like that should be done. That was one of the recommendations in the Thoroughbred Aftercare Welfare Working Group. They recommended setting up a single, national organisation for the development and implementation of a national welfare strategy they suggested be called "Thoroughbred Welfare Australia". They outlined suggested key functions for that body. There is no reason why a similar body couldn't be formed at a State level as well. That would be my recommendation.

The Hon. EMMA HURST: Dr Elliott, you mentioned in your opening statement and in your submission that if the sale of Rosehill did go through, that some of the money should be allocated specifically towards welfare. Do you know how much the industry is currently spending on welfare or where that is going to?

ROSEMARY ELLIOTT: It's a bit inscrutable. But I did look at Racing NSW and I noticed that—and I didn't realise this—they have a 1.5 per cent Equine Welfare Fund, which will be increasing to 1.5 per cent of all prize money. This will be going to welfare. This is to help the horses.

The Hon. EMMA HURST: There have been some questions today about how much of that money and where it's going to—there's some transparency issues.

ROSEMARY ELLIOTT: That is a great initiative. Across the board, I don't know. I might go back to my previous question about the welfare overall. My comments about—and I totally agree with what Dr Harvey said. You actually need to get in there. There may be better welfare here, dreadful welfare there. Without this being assessed, as Professor Harvey is advising, we can only go by metrics that are published. If we have peer reviewed articles that say, "by four months of training, 80 per cent to 100 per cent of racehorses have gastric ulcers and are being treated with medication," that is not good welfare. It's hard to get data on a lot of things.

The Hon. EMMA HURST: What do you think the priorities for welfare spending should be? Particularly if there was more money for welfare spending, what should that money be specifically targeted at?

PAUL McGREEVY: The beauty of the Five Domains approach is that it will tell you where the low-hanging fruit are for improvement. At a glance you would tackle metrics of gastric ulceration. Also shin soreness, which is thought to be around 80 to 90 per cent in two-year-olds. Where they are taken out of work because of damage done, you'd apply the Five Domains model and you would work out where you would get the biggest bang for your buck. It could be in the way the animals are confined for 23 hours a day, or the way they are denied contact with members of their own species. There are rumours that many trainers have to sedate horses for trackwork—even leading horses to the horse walker. That is a reflection of the intensity of their management. They are confined, fed inappropriate diets and lack of forage. They are boiling over with contained energy that means that people can only handle them safely with sedation, which I think is remarkable—that people are being asked to ride horses that are sedated.

The Hon. EMMA HURST: Can you just explain that a bit further? Are they still under the effects of some kind of sedation?

PAUL McGREEVY: Yes. That is the purpose of the intervention. These amazing animals are bred to run, but we don't want them just kicking around a paddock and burning off energy without our say-so. So we put them in stables and we feed them concentrated diets instead of forage, instead of fibre, because we don't want them carrying bulk on the racecourse. Then we're surprised when they're popping out of their skins when we take them out of the stable, and then members of our profession are asked to sedate the animals to make them manageable.

The Hon. Dr SARAH KAINE: Thank you for your evidence. Professor McGreevy, you spoke about not being able to get ethics approval. I know what ethics approvals are like—they're hard at the best of times. Why would an ethics committee not allow you to run your experiment?

PAUL McGREEVY: Animal ethics committees at universities work under the National Health and Medical Research Council code for the use of animals in teaching and research. The premise of that code is that they apply the precautionary principle. That is, if something hurts a human, you should assume that it hurts an animal. Therefore, applying to whip horses is very tricky because the assumption is it will hurt them and the scientific gain is minimal.

The Hon. Dr SARAH KAINE: The assumption is that it is going to hurt, that there's a risk to the animal?

PAUL McGREEVY: That's right.

The Hon. MARK LATHAM: Thank you to the panel for participating. In particular, I thank Dr Harvey for the work and research she has done about the brumby horses in the Snowy Mountains, which continue to be slaughtered under the policies of this Government. Can you give us an outline of a comparison of the longevity of the brumby versus the thoroughbred racehorse? The thoroughbred racehorse obviously has better nutrition, vet care and lower rates of infection. I understand that 28 per cent of the general horse population dies of colic, but among racehorses it is less than 9 per cent. Generally, my understanding is a thoroughbred can live to 25 years but the wild horse is more likely to live to 10 years of life.

ANDREA HARVEY: Thank you for that question. It is a good question because actually I don't think there is good scientific data comparing the two populations, and the outcomes would be extremely variable. In terms of the brumbies, or wild horses more generally, we don't have good data on the longevity. I think it would be fair to say that the duration of life is going to be very variable depending on the specific context they're in. Probably one of the biggest causes of death in wild horses is ultimately going to be lack of feed, and so that's going to be very dependent on environmental conditions.

I think it is very hard to speculate about what the average life span of a wild horse is. There have certainly been horses in the wild found at 20-plus years. I suspect, based on my research, that the average life span is lower. Once they're removed from the wild, if they are well cared for—and that's mainly nutritional care and preventive care—they certainly can have very long life spans. The same would be for thoroughbreds. At the end of the day, it's going to be dependent on how well they're looked after and what happens to them after their racing career. I actually have an old thoroughbred myself. He is 27 years old. I look after him very well. He has very good vet care and has needed some quite extensive dental treatment. He is cared for quite well.

That can be costly so, understandably, not all owners of old thoroughbreds are prepared to put in that effort and cost to keep them very healthy to meet their natural life span with that added care. But there certainly will be a lot of old thoroughbreds out there. I realise that's not really answering your question, because I think the bottom line is that it's very variable and we don't have good data comparing the two populations. But, absolutely, the life span is going to be longer if they can receive good preventive veterinary care and good nutrition. Those would be the main things I'd say impact life span.

The Hon. MARK LATHAM: That is the experience for a lot of thoroughbred horses. Dr Elliott, the Sentient website says that 30 per cent of thoroughbreds born in Australia get to race, only 30 per cent. But the real figure is 74 per cent according to the official stud book data. How have you got it so badly wrong?

ROSEMARY ELLIOTT: I think what we were referring to in that figure was foals, the percentage of foals born who get to race.

The Hon. MARK LATHAM: The industry wouldn't exist if 70 per cent of the horses you bred didn't race, because you'd have to get prize money.

ROSEMARY ELLIOTT: No. But then I guess, of those foals who do get to racing, so we're talking about—what did I say?

The Hon. MARK LATHAM: Thirty per cent. I think you should correct it to 74 per cent.

ROSEMARY ELLIOTT: Forty per cent or something of them? So say 30 to 40 per cent don't get to race. Of those who do get to race, there is quite a high dropout rate each year.

The Hon. MARK LATHAM: Some of them are slow, like the rest of us.

ROSEMARY ELLIOTT: That's right, because it is all about that, isn't it? It's all about speed.

The Hon. MARK LATHAM: Of course. They're speed animals.

ROSEMARY ELLIOTT: Because of the focus on speed rather than such as, perhaps, durability, what you've got is pressure on the breeding industry to keep pumping out foals.

The Hon. MARK LATHAM: Fast foals.

ROSEMARY ELLIOTT: Now, what we need to improve welfare—this is going back to a question that Ms Hurst raised—is a formula about how many we can rehome before we just keep breeding the number that we're breeding.

The Hon. MARK LATHAM: Do you and Dr McGreevy acknowledge that there is microchipping of every foal? If you want to register for the stud book, it's got to be microchipped and then it's traced. But it's not practical for the industry to trace horses that are sold outside the industry.

ROSEMARY ELLIOTT: I'm not talking about that. I'm talking about—

The Hon. MARK LATHAM: I mean, every day in Australia thousands of animals are bought and sold and no-one traces any of them. It is not practical for thoroughbreds, once sold out of the industry for whatever purpose, to be the responsibility of the industry.

ROSEMARY ELLIOTT: I agree there; that's why I think a national register is the way to go. But I guess the concern I was expressing was that the number of foals you breed should not just be because of wanting to sell all those foals. There has got to be a match between the number bred and the number of horses that can ultimately be rehomed. I don't believe the industry has a formula for that.

The Hon. MARK LATHAM: I have questioned the rehoming number of 1,400 equestrian in New South Wales, so we will get some more data on that, and perhaps your point is verified there. With regard to your point about the tongue tie, the tongue tie is used to help horses breathe. Horses get their tongue over the bit. If they do that, they can choke when they run, so the tongue tie is there to help them.

ROSEMARY ELLIOTT: Well, a recent study actually disproved that.

The Hon. MARK LATHAM: What do you mean? Horses get their tongue—well, how they get their tongue over the bit.

ROSEMARY ELLIOTT: There are two reasons for a tongue tie. One is to stop—

The Hon. MARK LATHAM: You've got to tie it back down.

The CHAIR: Mr Latham, let Dr Elliott answer the question.

ROSEMARY ELLIOTT: There are two reasons for a tongue tie. One is—I feel like I need one. One of them is because the bit pressure can be so strong that horses are uncomfortable, so they try and get their tongue on top of the bit to avoid that pain. Now, gentle riding doesn't produce that, right? So we've got constant pressure on the reins—constant. It would be painful or uncomfortable. But the other thing is to stop soft tissues going back down into the windpipe and choking them. The study that I came across said that there was actually no evidence that the use of tongue ties keeps the airways open during the galloping.

The Hon. EMMA HURST: Would you be able to table that research paper, on notice?

The Hon. MARK LATHAM: Well, they choke.

ROSEMARY ELLIOTT: Yes.

The Hon. EMMA HURST: That would be really useful. Thank you.

The Hon. MARK LATHAM: They choke if they get the tongue over the bit.

ROSEMARY ELLIOTT: I will table that.

The Hon. MARK LATHAM: Finally, with the whip—whether it is padded or not, and the argument whether it is painful or not—do you acknowledge that in race environments in the straight, jockeys with the whip sometimes use it to straighten the horse and avoid accidents? Horses can run erratically, especially young horses, so the whip is there to try to help the jockey straighten the horse and avoid horses and people being killed.

ROSEMARY ELLIOTT: The evidence is it doesn't help them. I'll let Paul—

The Hon. MARK LATHAM: It doesn't help them?

PAUL McGREEVY: Well, the argument is that you could steer a horse with a whip and the evidence is that whip-free races show no difference in deviations of the trajectory of the horses. Fortunately for the science, because we can't get permission to whip horses through an animal ethics committee, we can look at the data from the UK which allows us to compare whip-free races with whip races. Incredibly, when the industry is arguing that they need the whip for safety, in the UK, for decades now, they've been conducting races for apprentice jockeys where there is no whip use. We've done a study looking at the stewards' reports and we found no difference in safety issues, no difference in steering and no difference in race times.

The Hon. MARK LATHAM: Have you interviewed jockeys? Because they'll obviously say that when a horse is running out, they switch the whip to the left hand to straighten it. If it ducks in, they'll switch to the right hand. As a race observer, and maybe you've got your money on the erratic horse, when they do that it obviously helps, because they do straighten.

PAUL McGREEVY: We have looked at hundreds of images from racing and we found that despite the fact that horses race in two different directions, New South Wales versus Victoria, which would make you predict that the whip hand would change in two States, it doesn't.

The Hon. MARK LATHAM: No, they don't necessarily—when they go the other way, they don't necessarily run about.

PAUL McGREEVY: I think the peer-reviewed evidence suggests that the whip is not necessarily used for steering.

The Hon. MARK LATHAM: How often do you go to the races to watch this?

PAUL McGREEVY: I ride horses almost every week.

The Hon. MARK LATHAM: But how often do you go to the thoroughbred races?

The CHAIR: Mr Latham, we will defer to Ms Faehrmann now.

Ms CATE FAEHRMANN: I was just about to ask about whips as well. With the evidence of Mr V'landys this morning about these amazing padded whips, his evidence was that the horse pretty much doesn't even feel them anymore. Why would a whip even be needed then, if the horse can't feel them? I was going to ask why a whip was needed at all and I think you just answered it in your previous evidence. If Mr V'landys is saying the whip is needed, it would be because the horse is responding to it, wouldn't it?

PAUL McGREEVY: That's correct.

Ms CATE FAEHRMANN: Clearly, the horse does feel it and is responding to it because it's causing some kind of distress or pain.

PAUL McGREEVY: Yes. We're pushing horses to the limits in racing. That's what racing is about. But there is a human welfare aspect to whip use. There are two studies from the UK—

Ms CATE FAEHRMANN: Sorry, Chair, it's very difficult to hear.

The CHAIR: Everyone heard you in silence, Mr Latham and Mr Tudehope. Pay them the same courtesy, please.

PAUL McGREEVY: There are two studies in the UK that have shown that whip use is associated with catastrophic falls. We're asking jockeys to push horses to their limits in the knowledge that the vehicle, if you like—the animal they're riding—could actually crash to the ground because we're pushing horses to their physiological and physical limits. When a horse knows that it has done its best and it's beginning to feel its legs, it will begin to slow down. That's when it attracts whip use to please the punters. So we've got a horse welfare issue and a human welfare issue. That's why I commend the One Welfare model to the Committee.

The Hon. MARK LATHAM: Point of order: Chair, in terms of your rulings, why is any of this relevant to the sale of Rosehill when earlier on you ruled out of order—

Ms CATE FAEHRMANN: It is in the terms of reference.

The Hon. EMMA HURST: You asked questions about this as well.

The Hon. MARK LATHAM: —my questions about the administration of Racing NSW?

The Hon. EMMA HURST: There actually is a specific term of reference to animal welfare.

The CHAIR: There is a term of reference with respect to animal welfare.

The Hon. EMMA HURST: Dr McGreevy, you provided a copy of an academic article about the Enhanced One Welfare Framework. Within that paper, you identified that racing can negatively impact human welfare. Can you talk us through that a little bit?

PAUL McGREEVY: Yes, certainly. I've mentioned the association with catastrophic falls and whip use. That's one emblematic example. In the paper that I've presented to you, from page 11 through to 16, I think, we're talking about the impact on humans. Obviously, we use the Five Domains approach, again, because we're trying to be consistent. We talk about the effect of weight limits on young people as they try to retain a position in the industry, and the use of diuretics and laxatives is quite prevalent. The rather astonishing statistic for me was that a fairly recent New Zealand study shows that the average working life of a jockey in New Zealand is only two years. Those young people are leaving with a sense of failure but also some health consequences. They're riding very powerful animals with limited deceleration provision. The brakes on a racehorse are not good. We're asking them to do some fairly dangerous things—

The Hon. EMMA HURST: Sorry to interrupt, but when you mentioned that, I thought of something else. Obviously, the railing in New South Wales is metal whereas in, say, Victoria, it's plastic. Does that pose a risk for both the human jockeys and a welfare risk for the horses, if they ride into those railings?

PAUL McGREEVY: Yes.

The CHAIR: It being 3.30 p.m., we will have to leave it there. Thank you for your attendance today. I note you took some questions on notice or indicated that you would provide some documentation. The secretariat will be in touch with you about answering those questions. The Committee will now recess for 15 minutes and return at 3.45 p.m. for the last session today.

(The witnesses withdrew.)

(Short adjournment)

Mr CHRISTOPHER WALLER, Racehorse Trainer, sworn and examined

Mr RICHARD FREEDMAN, Racehorse Trainer, sworn and examined

The CHAIR: I thank the witnesses for their attendance this afternoon. The opportunity is afforded to either of you to make a short opening statement. We might start with you, Mr Waller.

CHRISTOPHER WALLER: I'm a horse trainer at Rosehill. I am also on the board of the NSW Trainers Association. I was born in New Zealand and raised on a dairy farm. I moved to Australia in 2000, with no money, but I was given the opportunity to train at Rosehill by the then privately owned Sydney Turf Club. I am still training there today and have been fortunate enough to establish one of Sydney's leading stables. I now employ approximately 100 people, the majority of whom do not have any tertiary education, but they all love working with animals and enjoy the satisfaction of what this brings to their life. I also appreciate the huge challenge of young people needing to buy their own homes and the challenges this provides to the New South Wales Government. My wife, Stephanie, and I have faced this challenge, and that is the reason we moved to Sydney's west. We were excited when we bought our first home, an apartment in North Parramatta, in 2010.

I do not think giving up the Rosehill racecourse for housing is the right way to go when you consider the great loss this would be to the entertainment and lives of so many who live in Western Sydney. Once Rosehill is gone, Western Sydney has lost one of its greatest community attractions. To suggest it can be replaced, or that another satisfactory site can be found to build a racetrack, is fanciful. Although I am totally in favour of the retention of Rosehill, I am open to suggestions of alternative proposals, such as the selling-off of part of the Rosehill precinct for housing—such as areas not regularly used for car parks—and also for Rosehill to be used by the community during non-racing and training hours. There are several parts of Rosehill that could be transformed into public parkland and sporting fields to be utilised for many hours of almost every day.

A study of Sha Tin racetrack in Hong Kong, Flemington in Melbourne or Doomben in Brisbane show how high-rise apartment blocks can exist on previously racing-owned land. A rebuilt Caulfield track in Melbourne is going to have parkland in the centre of the track that is open for community use as well as for housing. Horseracing has to move with the times, but it has to be remembered what horseracing has done for the communities of Australia and New Zealand since it was first introduced at Hyde Park in Sydney in 1810. It has provided so much entertainment to so many. Indeed the history of horseracing flows freely through the history of Australia. It includes all nationalities and all religions, and it brings all of these people together as one from their day of birth until their final days.

Horseracing, besides being a great part of so many people's lives, has had to move with the times, and it has. Racing stables have a great responsibility to care for the thoroughbred horses in the best possible way. I am grateful that the RSPCA has taken up the offer of stable visits to see how well these horses are looked after and cared for. I welcome these visits. Through good administration and leadership, strict rules are in place for those that mistreat horses. I feel that is a large part of the reason why racing in Sydney continues, and why it continues to be accepted by so many people. If racing closes at Rosehill, the enjoyment of racing will be lost to the people of the greater part of the Sydney metropolitan area, as it is not practical for these people to travel to the eastern suburbs to get their enjoyment and entertainment.

Racing lovers are just as vital a part of the community as football fans or patrons of the arts. To repeat, I am fully aware of the housing shortage, but to have homes with limited entertainment for those that live in these homes seems to me to defeat the idea of a good community. Despite being born in New Zealand, I am now a proud New South Welshman and a resident of Western Sydney. I respect all parties that have a presence in this hearing. I hope we can find the right balance in having a major racetrack in the west, affordable housing and responsible green areas for all to enjoy. In closing, I acknowledge the Indigenous community and their Elders as the original owners of this land.

The CHAIR: Thank you very much, Mr Waller. Would you like to make a statement, Mr Freedman?

RICHARD FREEDMAN: I am one of the seven racehorse trainers at Rosehill. That may seem like a small number, but we represent a much larger community, as Chris has alluded to. Amongst our community are the people that we employ, the people that supply us with services and the people who we contract. We would represent hundreds of people. They're all very concerned about what is going on with Rosehill, because we all feel like we are flying blind. Even the seven trainers do not have the same opinion. I agree with a lot of what Chris has said, but we don't agree on every part of it. My view is a little more open to the idea of a new racetrack and a new training facility, but I don't have the information on hand to make any informed decision, and I don't know how anyone has. All of the detail that we would need to know to put our minds and the minds of our employees at ease, we don't have.

I can go through a laundry list of things that we would need to know before we could possibly support the sale of Rosehill and the building of a new racetrack and training centre. On the training centre in particular, where will it be located? What will the stabling be like? How many trainers will be there? Which trainers will they be? How many stables will we get each? What sort of track will we have? What will the surface be like? Will we have swimming pools, dry walkers and vet facilities? Will there be farrier facilities out there? We don't know any of these details. You're asking seven trainers, if this proposal succeeds, to uproot their entire lives—some of them have children in local schools, and many of our staff have children in local schools—and move to another place. That place has got to be significantly better than what we've got, but we don't know what it will be.

I understand that this is a staged process. We've had stage one where we've had an idea. That idea was conveyed to all of the trainers at Rosehill, including Chris and me, by Peter McGauran. He came out and personally told us, "We're going to propose this." This was on the afternoon before a statement came out in the newspaper. It had already broken in the newspaper by then. It was a broad idea about what might be achievable and what we might be able to have. Of course, the number of $5 billion was floated then. It has been some months since then and we have only had one briefing as trainers. Chris and I both attended and saw a couple of slides about what could be achieved at a training centre, but it was very rudimentary. We don't know all of these things. I don't know how anybody has come to a conclusion on this—including Chris, and Chris and I have had this discussion before—without any of that knowledge. We're flying blind.

While I am open to the idea, there is so much I don't know, and that is really where I come from. I don't know why we are even having an inquiry when the people who are most affected—which are the Rosehill trainers, their staff and contractors, and all of the people who depend on them—when we don't have the information to really make a judgement. It is like buying a house without even inspecting it. I do have those concerns. The other concern I have—and Chris and I differ on this as well—is that, in my view, if you try and sell off all the land around Rosehill to developers to develop apartment buildings and 20,000 dwellings around the racetrack, and you plan on keeping the training centre there, then those horses are going to be living in a major construction site for a decade.

Building 20,000 dwellings will not finish for a decade. You have staff put at risk by what we already have there, which is construction over the back fence that will go on for another couple of years yet, and you can add a decade on top of that. Those staff are at risk, because every time something goes crash or bang over the fence, fit racehorses put them at risk. We are mindful of that and are mitigating that risk as best as we can. That will go on for a decade, and I don't think that it's fair to make Rosehill trainers carry that burden for the benefit of the rest of the industry. I know some of my colleagues that live across town are less concerned about that than we are at Rosehill. It is a very easy option to propose from afar, but once you face up to the reality of living in a construction site for a decade and trying to train racehorses in there, I think you would understand that I've got major concerns about that.

From an industry perspective, I understand the opportunity. I understand that it is a very large number and it could underwrite a lot of the costs of the racing industry for a very long time. That is, if the number is right. I have no idea whether the number is right or not. There should be some kind of guarantee that those numbers will be right, because the people who will pay the penalty if the numbers are wrong and the money is not there are the Rosehill trainers. They would have foregone training facilities and be in a new facility that the industry may no longer be able to afford. The new training centre may never get built so we will just get uprooted and moved to a different racetrack. I do not know. I do not have any of those answers.

I do not really know how anyone can make a judgement with the little information we have at the moment. Those are my major concerns. To get a guarantee on a number that big, there is no developer who would have a balance sheet that could give you that sort of guarantee. There is only one entity that could give that guarantee, and that would be government. It is the only entity with a big enough balance sheet. If you want people to embrace the idea of selling Rosehill—trainers like me and Chris and everyone else—we need some information. That is where I am at a loss to know how we are talking about it. We just don't have that info.

The CHAIR: Are you both members of the ATC?

RICHARD FREEDMAN: As members of the club?

The CHAIR: Yes.

RICHARD FREEDMAN: No, I am not.

CHRISTOPHER WALLER: Yes, I am.

The CHAIR: Mr Freedman, do you have any say over this proposal as a trainer if you are not a member of the ATC?

RICHARD FREEDMAN: That is very good question. I would have thought that as the people who are doing the heavy lifting we might have been considered quite important to the process. But legally I probably do not have a vote because I am not a member. I could join now and have a vote, I suppose. But as it stands right now, no.

The CHAIR: And, Mr Waller, I take it that your only say will be as a member of the ATC?

CHRISTOPHER WALLER: It would be, yes. Obviously we get well heard in the media, which we are very grateful for. The media does follow racing; it is a good story. We get our view across through the media, which is pretty fair.

The CHAIR: Mr Freedman, as you indicated, if there is going to be a new facility, it needs to be an upgrade on what you have got at present at Rosehill. Have you been to the Sydney International Equestrian Centre and do you have any understanding of the facility that is proposed for trainers there?

RICHARD FREEDMAN: I have been there. It has been quite some time since I have been there, but I have been there on a number of occasions. Once again, if you have enough money, I am open minded about what can be created. It is a greenfield site. Does it have enough water? I do not know. These things soak up massive amounts of water for the tracks and to keep the whole place green and running. Once again, I do not know enough about that site to have any opinion on whether it is possible or whether it is financially viable.

The CHAIR: Mr Waller, do you have any perspective on that site?

CHRISTOPHER WALLER: I think we've got to be looking towards the future and the next generation well beyond us. I just don't really see a place the size of Horsley Park being good enough. That is why I am suggesting they do need some money. Maybe a partial sell-off is helpful because they need to start with a blank canvas and everything needs to be considered—suitable housing for horses; a suitable racetrack to be able to host big events and large numbers of people; and the welfare of horses without enclosed areas. It needs to be an asset for those beyond us. With Horsley Park, it is Crown land and it wouldn't really be an asset for the industry either.

The CHAIR: Mr Waller, you mentioned in your submission and your opening statement today that the proposal for Sydney Olympic Park or another track was fanciful in the centre of Sydney. This morning did you hear the evidence from both the ATC and Mr V'landys that it seems that Sydney Olympic Park and the brick pit site are a goer in their perspective? What do you say to that?

CHRISTOPHER WALLER: I only heard some parts of this morning's evidence. We have to respect what the leaders tell us. We have to have confidence in those people to be telling us that those places are big enough. I heard questions from the Parliament in relation to the suitability of the size and it did raise my eyebrows.

The CHAIR: Mr Freedman, do you have any perspective on the brick pits site when it comes to its suitability for racing?

RICHARD FREEDMAN: No, I have no idea about what that site looks like, whether it is possible or whether it is large enough.

The CHAIR: With respect to the proposals—and this is where you may differ as well—Mr Waller, you indicated some support for development around the site of Rosehill racecourse. Of course, as we have heard in evidence, there have been continuing discussions by the ATC about the planning of developments around there. One of the challenges that came through in those documents was that the stable site was identified for a new school in the precinct. Had you had any discussions prior to this proposal with respect to that identification from the Department of Planning?

RICHARD FREEDMAN: No.

CHRISTOPHER WALLER: No.

The Hon. DAMIEN TUDEHOPE: What is the value of your facility at Rosehill, if you had to put a figure on it?

CHRISTOPHER WALLER: I am not sure, sir.

The Hon. DAMIEN TUDEHOPE: Do you own it?

CHRISTOPHER WALLER: No, we lease.

RICHARD FREEDMAN: We are rent payers.

The Hon. DAMIEN TUDEHOPE: How long is your lease for?

CHRISTOPHER WALLER: We have to sign a document every year.

The Hon. DAMIEN TUDEHOPE: So it is an annual licence fee?

CHRISTOPHER WALLER: Yes, we have to abide by their rules. Yes, it is a pretty high rental.

The Hon. DAMIEN TUDEHOPE: And it is between you and?

CHRISTOPHER WALLER: The Australian Turf Club.

The Hon. DAMIEN TUDEHOPE: Who constructed the facilities?

CHRISTOPHER WALLER: The Sydney Turf Club.

The Hon. DAMIEN TUDEHOPE: And part of the fee that you pay gives an entitlement to occupy those stables?

CHRISTOPHER WALLER: Yes, sir.

The Hon. DAMIEN TUDEHOPE: That is the same for you, Mr Freedman?

RICHARD FREEDMAN: Yes, part of the licencing arrangement from the ATC is that you rent your stables and you have the right to use the track. They charge us rent and a charge for using the track.

The Hon. DAMIEN TUDEHOPE: How many horses do you have in training at Rosehill?

CHRISTOPHER WALLER: Just over 140.

RICHARD FREEDMAN: We are much smaller. We have about 35.

The Hon. DAMIEN TUDEHOPE: In respect of the proposal, we heard evidence from John O'Shea on a previous occasion. Were you aware of that?

CHRISTOPHER WALLER: Yes.

The Hon. DAMIEN TUDEHOPE: He seemed to indicate that you did not appear on the last occasion because someone spoke to you and encouraged you not to appear.

CHRISTOPHER WALLER: That is not true.

The Hon. DAMIEN TUDEHOPE: That is not true?

CHRISTOPHER WALLER: No, that is not true, sir. I get a bit emotional and I decided to put a submission in. It is a little bit intimidating. I am a horse trainer. When I got a second letter I decided I should come. Other people have suggested I should come.

The Hon. DAMIEN TUDEHOPE: You made a submission to the inquiry when you saw the terms of reference of the inquiry?

CHRISTOPHER WALLER: The submission was what I read out.

The Hon. DAMIEN TUDEHOPE: Yes, that is right. So when you saw that there was an inquiry into the proposal to sell Rosehill, you made a submission to that inquiry. What motivated you to do that?

CHRISTOPHER WALLER: There is some self-interest. Obviously, I train at Rosehill. I also firmly believe that with the size of Sydney—which, I am told, will be 10 million people in 10 years time, with five million people in the greater Western Sydney area—we need a racetrack. That racetrack is a community centre, if used properly. It attracts a lot of people for the future of the industry. That money and investment flows on to a lot of people. We need a presence and a footprint in one of the greatest cities in the world.

The Hon. DAMIEN TUDEHOPE: Mr Freedman, you did not make a submission. Why not?

RICHARD FREEDMAN: I knew Chris was making a submission. Chris is by far the largest trainer at Rosehill and any extremely important cog in the wheel there. I did not want to make a submission that would make it look like the Rosehill trainers were not united in our view. We are united on a lot of it. We differ in parts of it. I just thought it might be a little bit confusing. I didn't feel the need to put my view forward at that time. I can put my view forward publicly.

The Hon. DAMIEN TUDEHOPE: Did you attend the public meetings that the ATC organised?

RICHARD FREEDMAN: No.

The Hon. DAMIEN TUDEHOPE: Did you, Mr Waller?

CHRISTOPHER WALLER: Yes, I did.

The Hon. DAMIEN TUDEHOPE: Did you attend both of them?

CHRISTOPHER WALLER: Yes, I did, sir.

The Hon. DAMIEN TUDEHOPE: How would you gauge the mood at both of those meetings?

CHRISTOPHER WALLER: It was very emotional for the members, and the communities of those areas. And it showed overwhelming support—that everybody was against a sale of Rosehill.

The Hon. DAMIEN TUDEHOPE: We've heard a lot of evidence in terms of the funding model for the ATC. Would you agree with the proposition that the ATC is beholden to Racing NSW for all of its funding?

RICHARD FREEDMAN: I used to work at the AJC before it became the ATC, for a brief period of time. But I'm not aware of what channels the ATC these days—it was many years ago I worked there. I'm not aware of what their funding channels are now.

The Hon. DAMIEN TUDEHOPE: Are you aware at all, Mr Waller? If you want work done, for example, what's the process that you have to go through to upgrade a facility?

CHRISTOPHER WALLER: We'll go through our trainers' association and try to go direct to the committee of the ATC, and that's managed to get us an upgrade in training tracks. Dare I say it, we're a little bit spoilt in the city. We probably are the first trainers in the food chain. But I think, to respect Racing NSW, it is flowing through to the provincial and country areas. But, obviously, everybody wants more than they can get. I was here in 2000, and things to me were good because, as I said, I had no money and it was a great opportunity for me. But I could soon see, early in the 2000s, that things were a struggle and there needed to be good leadership. I have heard the debate, good and bad, towards leadership in Racing NSW, but overall it's put racing in a very good place, and it's now our job to continue it.

The Hon. DAMIEN TUDEHOPE: I'm not arguing with that.

CHRISTOPHER WALLER: Sorry, sir.

The Hon. DAMIEN TUDEHOPE: But what I'm putting to you is—

CHRISTOPHER WALLER: Funding.

The Hon. DAMIEN TUDEHOPE: Yes, the funding. Is there another model which could, in fact, guarantee—

CHRISTOPHER WALLER: It's beyond our expertise, in my opinion. You get differing opinions from both sides; it's as simple as that. It gets quite confusing, and we just want to focus on training horses. I'm a coach.

The Hon. DAMIEN TUDEHOPE: Focus on training and having horses that win.

CHRISTOPHER WALLER: Yes.

The Hon. MARK LATHAM: The purpose of this inquiry is to gather information and assess evidence. We visited the brick pit. The idea that a racecourse could be built around the perimeter is laughable. Experts have said that the cliffs—that are man-made; it was an industrial pit—are 90 degrees sheer and won't stabilise until they are at a 30-degree gradient from erosion and landslips over time. So if a racetrack is built around the perimeter, it will slip into the pit. That's obviously a bit of a problem, isn't it? It doesn't seem to be viable. I don't think anyone on the Committee saw an attraction there. Can I ask about your knowledge of the ATC proposal at Horsley Park? Have you seen a map of what the ATC is proposing, with the detail about the straight track, the oval track and all the accommodation—the stables—it would build? Have you seen the map that was produced at the end of last year?

RICHARD FREEDMAN: I saw it briefly at the trainers meeting. If it's the same one that Peter McGauran showed us then, yes, I have seen that.

The Hon. MARK LATHAM: There seems to be a major problem with it. We visited Horsley Park. The southern part of this proposal, which would have the tie-up stalls, the horse walkers, the stable accommodation, float drop-off and dedicated feed areas, a veterinary facility, shared equine aquatic training facilities and the admin building is actually part of the Western Sydney Parklands. It looks like the ATC has messed up the boundaries of what is SIEC. I don't think any government is going to knock down trees and parkland to make this facility complete, so it looks as ridiculous an alternative as the brick pit. In that circumstance, if ATC goes ahead with the sale of Rosehill, the brick pit is not a goer and Horsley Park is not a goer, Mr Waller, what does someone like you do with your 140 horses? Do you expand your operation in Victoria, say at Macedon Lodge?

CHRISTOPHER WALLER: Yes, you have to look at alternatives. I wouldn't want to leave Australia but—

The Hon. MARK LATHAM: Well, New South Wales is part of Australia.

CHRISTOPHER WALLER: That's right.

The Hon. MARK LATHAM: And although Victoria was threatened with expulsion when it was under Dan Andrews, it is still part of Australia.

The CHAIR: Or are you telling us you'd go straight back home to New Zealand?

CHRISTOPHER WALLER: It would be a sad state of affairs. As I said, personal interest aside, the history behind Rosehill, I think as a government, as a community, we're a bit better than just selling off our key asset. Yes, we could do something better with that land, with the community.

The Hon. MARK LATHAM: But you would have to move your horses to Victoria or Brisbane?

CHRISTOPHER WALLER: You would, yes.

The Hon. MARK LATHAM: You'd increase your numbers where you already have a presence elsewhere?

CHRISTOPHER WALLER: That's right.

The Hon. MARK LATHAM: What would you do, Mr Freedman, with your 35 horses?

RICHARD FREEDMAN: If what you're saying is correct, and I'm not questioning you on that, the opportunities—I'm not really thinking for me. I'm in partnership with my son, who is 32 years of age and has his whole career ahead of him. My main focus is to provide him with a platform that he can train from. Simply, to support the proposal, there has to be a training centre that is viable, that is better, that is world-class, that is perhaps along the lines of the Japanese training centres. I don't know if anyone has ever seen Ritto or Miho; they're outstanding training centres purpose-built for training. I think Racing Victoria has gone down that path in Victoria, of having dedicated training centres. I would very much like to see a dedicated training centre for racehorses in New South Wales. Whether that can happen without this proposal moving forward, I'm not in a position to know.

The Hon. MARK LATHAM: The other site that the ATC is looking at is Penrith Lakes. Would you move as far out as Penrith? That is a question to both of you.

CHRISTOPHER WALLER: If there was no other alternative.

RICHARD FREEDMAN: If the opportunity was good enough.

CHRISTOPHER WALLER: At least the size of the land is big enough and you could start from scratch. But, again, you need to be able to connect with the general population on race day, as well as training.

The Hon. MARK LATHAM: It's lake land, so there may be flooding issues. That is what they say. I suppose the other option is Hawkesbury. What is your view of an expansion of Hawkesbury—doing a bit better with the alignment of the finishing posts and the grandstand?

CHRISTOPHER WALLER: Hawkesbury has been there for a long time, and it hasn't attracted the mass. There are some really good horse trainers there and there are some good horses trained out of there. It's another track that we need. But we need more racetracks, so it's a safer racing surface, not less racetracks.

The Hon. DAMIEN TUDEHOPE: It's flood-prone, isn't it?

RICHARD FREEDMAN: I trained there for a little while, at Hawkesbury. I think it's a very good racetrack and, potentially, it could be a lot better. I don't know how much land there is there to accommodate a large number of horses in training. I would hate to see us leave a facility at Rosehill to have something basically the same at Hawkesbury. It would want to be better than what we have at Rosehill.

The Hon. MARK LATHAM: I think the difficulty with Hawkesbury is that it would leave large tracts of Sydney's population, from Parramatta south, a long, long way, viably, from a racetrack.

CHRISTOPHER WALLER: That's right.

The Hon. MARK LATHAM: Randwick is a hike and Hawkesbury is worse, given they don't want to upgrade Warwick Farm to group one status.

CHRISTOPHER WALLER: All the tracks need an upgrade, but we have to make sure it's done properly.

The Hon. MARK LATHAM: Can I ask you about Warwick Farm, Mr Waller? You became legendary by training the great Winx to win four Cox Plates. They say Warwick Farm is a problem because of the short straight and the short circumference, but it's a lot longer than Moonee Valley, isn't it? Why do we honour Moonee Valley with its 250-metre straight—they take off at the 500 mark to jostle for a position—but we think Warwick Farm is problematic?

CHRISTOPHER WALLER: I think Moonee Valley is a rebuilt track, a new track. It's like a velodrome so, yes, the horses have an advantage—well, not an advantage but less disadvantage, because of the beautiful curve.

The Hon. MARK LATHAM: The camber?

CHRISTOPHER WALLER: Yes, camber. Warwick Farm is a great track. As you touched on, Phar Lap, I heard mentioned, raced there. But, yes, it needs a lot of money spent on it.

The Hon. MARK LATHAM: And Winx raced there.

CHRISTOPHER WALLER: She did. But, yes, the tracks need some upgrades, and facilities.

The Hon. MARK LATHAM: So put a camber on Warwick Farm and it has the potential to be as good as Moonee Valley?

CHRISTOPHER WALLER: For sure.

RICHARD FREEDMAN: I might add in there, if I can, I am not in favour of promoting any more small racetracks in New South Wales. I have trained in Victoria. They have quite a large number of large racetracks. In New South Wales we have quite a large number of small racetracks: Gosford, Wyong, to a degree Canterbury, Warwick Farm. The trouble with them is—and you will notice this—the horses that draw wide at those tracks get scratched. You end up with small field sizes, which is not good for betting turnover. Your owners are not happy jumping from wide gates. We need tracks where the shape of them allows horses to jump from wide gates and have a chance. They are, essentially, the larger tracks. Rosehill and Randwick obviously fill the bill there. Newcastle, Kembla, Scone, Goulburn—they're all large tracks where you can jump from wide gates, so you simply get bigger fields. Bigger fields generally bring bigger turnover.

The Hon. EMMA HURST: Thank you both for coming here today. Mr Waller, you mentioned in your answers to questions from the Hon. Damien Tudehope that you had been planning to come to the first inquiry but that you felt intimidated. Can you tell me what you mean by that?

CHRISTOPHER WALLER: I think I said I get emotional. I'm a horse trainer. I'm not really—

The Hon. DAMIEN TUDEHOPE: Cut out for this.

CHRISTOPHER WALLER: Yes, this is quite intimidating just being here. I respect you people, and you lead our State. It's a big part of Australia's economy and you're the decision-makers. It's quite overwhelming to be here in front of you today and telling you what we think. We appreciate the opportunity. I've made myself pretty clear in the media and got my voice across and did my submission. I was hoping that would be enough, because I could see there was a weight of support behind what I would be saying anyway. You didn't need me telling you what 10 other people have told you. That's how I saw it.

The Hon. EMMA HURST: Did you speak to Mr Richard Callander and discuss the evidence that you were going to give at this inquiry?

CHRISTOPHER WALLER: No.

The Hon. EMMA HURST: Did you have any discussions with him before the other inquiry about concerns?

CHRISTOPHER WALLER: I raised it with him that I was going to the inquiry and asked what questions would be asked, very basic jargon. I remember him saying that he thought I should go because he felt I was a good spokesman for the industry.

The Hon. EMMA HURST: He told us this morning that the two of you had discussed animal welfare and concerns that animal welfare may come up. Can you expand, from your perspective, on what that was about?

CHRISTOPHER WALLER: He and others that I spoke to—including an adviser they use, Mr Jack Lake—suggested that there would be a range of questions. It could range from animal welfare to the amount of horses I train and all sorts of things. Just a briefing was only evidence or only jargon I had with anybody.

The Hon. EMMA HURST: Did Jack Lake encourage you not to attend at any point?

CHRISTOPHER WALLER: He encouraged me to attend. He said I should attend.

The Hon. EMMA HURST: Was there anyone who did encourage you not to attend?

CHRISTOPHER WALLER: No.

The Hon. EMMA HURST: The previous inquiry or this one?

CHRISTOPHER WALLER: Definitely not.

The Hon. EMMA HURST: When we're talking about some of the animal welfare issues coming up and some of the concerns around those, was any of that to do with the sale of Lil Caesar, which we talked about with Mr Callander this morning, or the group one race where you had a horse disqualified for testing positive for drug use?

CHRISTOPHER WALLER: No.

The Hon. EMMA HURST: They weren't the concerns that were on the table?

CHRISTOPHER WALLER: Definitely not, no. I had nothing to do with the sale of the horse you mentioned; and yes, that was just a legitimate mistake when the horse had the positive swab. It happens in racing, unfortunately, and it was disappointing.

The Hon. EMMA HURST: Can you explain what you mean by that?

CHRISTOPHER WALLER: We race 1,500 horses a year. There was a man-made mistake, an honest mistake that happened and a horse had a substance in its system that it wasn't allowed to race on. It's not a banned substance but you're not allowed to race on it, and he had it in his system.

The Hon. EMMA HURST: Sorry, what was the mistake?

CHRISTOPHER WALLER: The horse can't race without a—it's got to be free of the substance that it had. It got disqualified. That was about 10 years ago. I've had probably 2,000 winners since, and probably 10,000 runners since, so I think our record's pretty good.

The Hon. EMMA HURST: Have you ever directly reached out to Mr V'landys over any integrity matters?

CHRISTOPHER WALLER: No.

The Hon. EMMA HURST: No? Would you say you owe Mr V'landys any favours?

CHRISTOPHER WALLER: No.

The Hon. EMMA HURST: You're quite close with Richard Callander; is that correct?

CHRISTOPHER WALLER: I'm on the board with him. I'd speak to him very regularly.

The Hon. EMMA HURST: But the two of you are friends? I think he indicated—

CHRISTOPHER WALLER: Yes, it's fair to say.

The Hon. EMMA HURST: —this morning that you are close friends as well.

CHRISTOPHER WALLER: That's right, yes.

The Hon. EMMA HURST: Can you confirm on the record that you didn't know about the money from the sale of Lil Caesar and that you didn't financially benefit from those actions?

CHRISTOPHER WALLER: On the Bible, I can, yes. I just had two people turn up at the racetrack one morning and say, "We've done a very silly mistake." That was the first I knew of it. That's on the Bible. I appreciate you asking.

The Hon. EMMA HURST: Good. There's an accusation as well, which came to my office, that as part of that investigation you declined to give your computer to Racing NSW. Did you want to put on the record what your side of that is?

CHRISTOPHER WALLER: No, that's not true.

The Hon. EMMA HURST: That's not true? Okay, thank you.

The Hon. BOB NANVA: I have one question. If we put aside the proposal that's on foot at the moment, I have a more general question. If there was no substantial injection of funds in the medium to long term to upgrade facilities, tracks, stadiums, stabling facilities and spectator facilities, what do you think the future holds for the industry?

RICHARD FREEDMAN: It's a pretty big question. I'm sort of trying to get my head around what you're asking. Is it that if there's no money in the future to upgrade facilities or maintain facilities, what would racing look like? Is that what you're saying?

The Hon. BOB NANVA: I suppose I'm asking, if we don't have a substantial injection of funds to improve the facilities and the spectator experience and develop a training centre, what do you think the future holds?

CHRISTOPHER WALLER: I guess, with the current funds and the funding model we've had for quite a long time, we do get constant upgrades to training facilities. Certainly the training facilities at Rosehill since I've been there—I've only been there eight years—are a lot better than they were. We have been improving the facilities, and we have been improving them not only for the training aspect but for the horse welfare aspect as well. They've laid a lot of rubber around so horses don't slip. The tracks are maintained, I think, better than they've ever been. That has been an ongoing process. Every track I've trained at—and I think I've trained at half a dozen, maybe up to 10 racetracks in Victoria, New South Wales and, at times, in Queensland—there are constant upgrades to it. It is part of the current funding model. Provided nothing substantially changed from that model, I would expect that things would continue to improve.

The Hon. MARK LATHAM: Are you aware of racing jurisdictions overseas that have wonderful facilities, a viable industry and no gaming revenue sources at all? I'm thinking there of China and the UAE.

RICHARD FREEDMAN: Yes, I'm aware of them.

The Hon. MARK LATHAM: Gaming revenue is not necessarily, internationally, the only way in which you can fund a racing industry.

CHRISTOPHER WALLER: Yes, we have to learn to be a little bit—

The Hon. MARK LATHAM: We need Sheikh Mohammed to visit Australia.

CHRISTOPHER WALLER: Yes, there's a lot of money still behind those race clubs.

The Hon. DAMIEN TUDEHOPE: Who trains his horses?

The Hon. MARK LATHAM: James Cummings.

RICHARD FREEDMAN: The Japanese model is probably the leading model in the world at the moment. It is funded to a degree—I'm not sure of the exact proportions, but it is funded by wagering. I think the UAE is quite unique in that they have a very substantial benefactor there. The Chinese model is a mystery to me. I don't know how that is actually operating at the moment. It seems to be burgeoning.

The Hon. MARK LATHAM: But other codes, like rugby league, get huge amounts of government funding for Allianz Stadium, Bankwest, Penrith Stadium, don't they?

RICHARD FREEDMAN: Yes.

The Hon. MARK LATHAM: There's more than one way of funding an industry.

RICHARD FREEDMAN: Their funding probably comes from TV rights more than anything. That's not the case in racing.

The Hon. TAYLOR MARTIN: We had a bloke we could have asked earlier.

The Hon. MARK LATHAM: Yes.

The CHAIR: Mr Waller and Mr Freedman, thank you very much for your evidence. I don't think you took anything on notice, but if I happen to be wrong, the Committee secretariat will be in touch with you. That concludes our hearing today.

(The witnesses withdrew.)

The Committee adjourned at 16:25.